Dairibord
Holdings
More Than Just Milk

ANNUAL REPORT
2021

www.dairibord.com

Our Core Values

Our Vision

To be the leading foods and beverages Company in Africa, commanding a position of sustainable market leadership driven by strong brands and superior human capital.

Our Mission

To provide our customers with the best quality foods and beverages for the sustenance of good health.

Our Values

Responsibility
As a corporate citizen, we are committed to discharging our duties responsibly in all our dealings with stakeholders.

Integrity
Our integrity will be displayed in all our interactions with stakeholders while embracing environmentally friendly practices.

Accountability
We take responsibility for our own actions.

Teamwork
We shall nurture a spirit of teamwork to optimize synergies and benefit from mutual co-existence.

Fairness
We will be fair in all our dealings.

Zero Tolerance to Corruption
Our strategies and operations are anchored on principles of sound corporate governance. To this end, the Group operates on a zero tolerance to corruption policy

About This Report

Dairibord Holdings Limited, a company listed on the Zimbabwe Stock Exchange (ZSE) since 1997, presents its annual report for the year ended 31 December 2021. The report integrates both financial and sustainability information to inform our stakeholders on our social, environmental and economic performance and impacts as well as our prospects and strategy as a Group.

Reporting Scope and Boundary

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

Reporting Frameworks

This report was prepared with due consideration of the following reporting requirements and provisions:

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

Sustainability Data

This report was prepared using qualitative and quantitative information extracted from Company policy documents, records and personnel responsible for the material topics presented in the report. In some cases, estimations were made and confirmed for consistency with business activities.

External Assurance

The financial statements were audited by Deloitte and Touche Chartered Accountants (Zimbabwe). An independent auditors' report on the financial statements contained in this report appears on pages 75 to 82 of our annual report. Management validated the report for consistency with business operations before publication. The sustainability information disclosures were verified for compliance with GRI Standards requirements by The Institute for Sustainability Africa (INŚAF) as subject matter experts. A GRI Content Index is available on pages: 169 to 171. The sustainability data provided in this report has not been externally assured.

Restatements

The prior year cost of sales and monetary gain in the inflation adjusted statement of profit or loss and other comprehensive income was restated due to a change in methodology for computing inflation adjusted cost of sales. Refer to Note 34 for detailed information relating to the restatement. Apart from the fore-mentioned, there was no other restatement of data.

Report Declaration

The Board of Directors and Management takes responsibility that this report has been prepared in accordance with applicable GRI Standards: Core Option.

Forward looking Statements

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

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

Management validated the report for consistency with business operations before publication.

Josphat Sachikonye
Chairman

Antony Mandiwanza
Group Chief Executive

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DAIRIBORD
Chimombe
Full Cream
Milk
No refrigeration necessary before opening
Refrigerate after opening and use within 4 days
1litre

Overview

In this section

- History of the Dairibord
- Dairibord Holdings at a Glance
- Our Value Chain
- Group Brands and Markets
- Markets Served
- Our Sustainable Business Model
- Memberships and Awards

History of Dairibord

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

Our set up in 1952 provided a foundation on which we have grown to be one of the leading milk processors in Southern Africa.

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

1960 – New Dairy commissioned in Harare.

1983 – Sterilised milk plant commissioned in Chipinge.

1993 – Chitungwiza powder and butter plant commissioned.

1994 – DMB is commercialised and Dairibord Zimbabwe Limited (DZL) is born.

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

1998 – Dairibord Malawi acquired.

2001 – DZL acquires 100% of Martindale (Pvt) Ltd [Lyons].

2016 – DZL re-organises Martindale (Pvt) Ltd and NFB (Pvt) Ltd, its Zimbabwe operations into one operating entity, Dairibord Zimbabwe (Pvt) Ltd.

2019 – Dairibord Holdings Limited divests out of Malawi.

Sustainable growth

Dairibord Holdings at a Glance

Dairibord Holdings Limited (DHL) is a manufacturer and marketer of quality milk, foods and beverages. The Company is listed on the Zimbabwe Stock Exchange and owns Dairibord Zimbabwe (Private) Limited as its flagship subsidiary.

Dairibord Zimbabwe operates 4 manufacturing factories located in Harare, Chitungwiza, and Chipinge. The business also operates distribution centres located at our factory sites and additional distribution centres in Mutare, Gweru, Bulawayo, Masvingo and Victoria Falls. The business also has 15 franchises spread around the country and over 800 independent vendors . Inbound and outbound logistics of inputs and distribution of products is managed through the Commercial department.The farmers that supply us are managed through the Milk Supply Development Unit.

Factories and Depots		Franchises
Factories	**Depots**	
Harare, Chitungwiza and Chipinge	Mutare, Gweru, Bulawayo, Gwanda and Masvingo	Bindura, Marondera, Chinhoyi, Kwekwe, Kadoma, Chegutu, Rusape, Chiredzi, Murewa, Gokwe, Kariba, Zvishavane, Beitbridge.

Group Structure

In addition to the main subsidiary Dairibord Zimbabwe (Private) Limited, Dairibord Holdings has 100% interest in four (4) property companies: Goldblum Investments, Chatmos Enterprises, Qualinex Investments, and Slimline Investments. Lyons Africa, Lyons Zimbabwe and NFB Logistics are dormant companies also owned by DHL.

Our Value Chain

Our success relies on human capital, raw milk, raw and packaging materials, utilities, and multiple stakeholders including farmers, suppliers, customers and employees to drive sustainable shareholder value. We count on the trust and revenue provided to us by our consumers to generate long term value. We share this wealth across our value chain. The business also outsources various services to third parties.

Merchandising: Merchandising of our products in major retail outlets is outsourced to external merchandisers. All the merchandisers are employed by a third party.

Vending: Products that are 'consumed on the go' are also sold through vendors. The vendors are independent contractors. The products include ice cream, yoghurt, maheu and Cascade.

Security Services are outsourced.

Canteen – all canteen services are outsourced.

Cleaning - Only outsourced at one site (Rekayi Tangwena Factory).

Inputs

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

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

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

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

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

Processes

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

Marketing and Sales

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

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

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

Vending: This is a cash channel with independent vendors.

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

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

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

Group Brands and Markets

The Group produces an extensive range of products which includes Liquid Milks (sterilized milk, UHT milk, and cultured milk), Foods (yoghurts, ice creams, condiments and spreads) and Beverages (cordials, dairy and non-dairy fruit juice blends, cereal based ready to drink, tea and water) which are marketed and distributed in domestic and export markets. Our products are not banned in any market.

Our Brands

Liquid Milks

- Dairibord Chimombe Long Life Milk
- Dairibord Lacto
- Dairibord Steri Long Life Milk – Sterilised Full Cream Milk
- Dairibord Supreme Creme
- Dairibord Super Milk
- Dairibord Flavour Ravers Chocolate

Beverages

- Cascade
- Aqualite
- Dairibord fun 'n fresh
- Lyons Quick Brew Tea Bags
- Dairibord Pfuko
- Drinking Chocolate
- Quench
- Dairibord NUTRIplus

Foods

- Yu-mmy Yoghurt
- Lyons Maid – The Cream O Ice Creams
- Dairibord – a real dairy ice cream
- RabRoy
- Dairibord Cool Summer Stars
- Lyons Peanut Butter

Markets Served

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

Exports

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

EXPORTED PRODUCTS

Milk: Sterilised Milk; Chimombe UHT.

Foods: Lyons Peanut butter, Rabroy tomato sauce, Rabroy salad cream,Rabroy mayonnaise, Yummy yoghurts, Stick ice creams.

Beverages: Quench Cordials, Pfuko, Quickbrew tea.

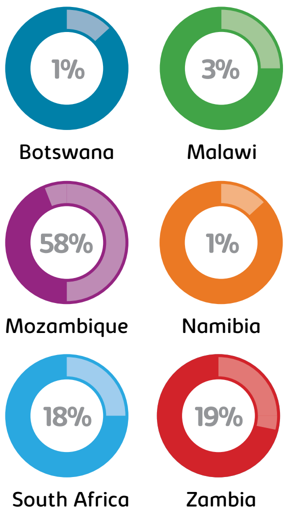
EXPORTS

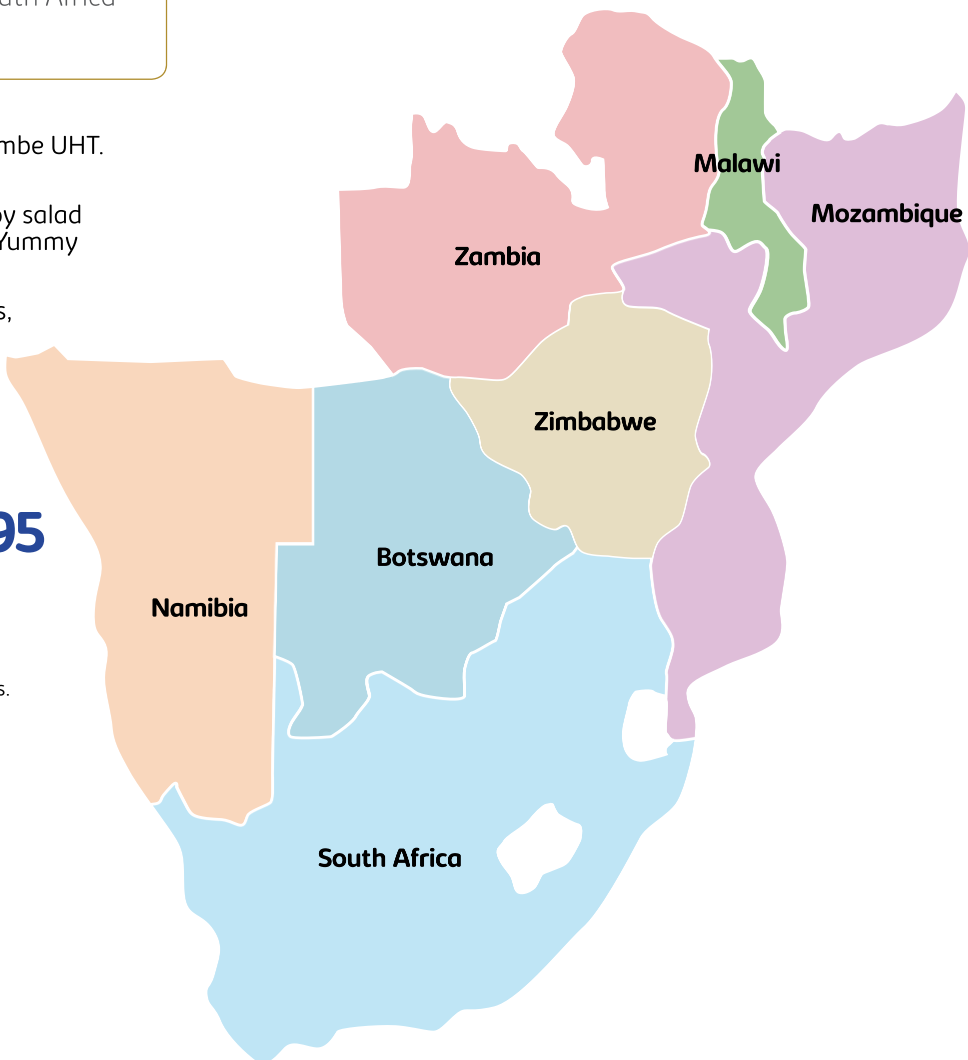
Products exported to **6** countries.

ZWL **$347,081,495**
value of products sold.

US **$3,757,433**
foreign currency earned from exports.

Export Contributions By Country





Our Sustainable Business Model

The Group creates value through the manufacturing and marketing of, nutritious foods and beverages of high quality. Our business model rests upon exploring and exploiting local and regional opportunities in the Liquid Milks, Foods and Beverages space.

Our strategy at a glance

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

FOCUS

· Liquid Milks
· Foods
· Beverages

KEY STRENGTHS

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

OPPORTUNITIES

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

PRIORITIES

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

Memberships And Awards

Marketing Executive, Ruvarashe Matambo, receives Pfuko Superbrand Award as Commercial Executive, Trymore Chikomo (2nd from right) looks on

Awards

Super Brands Awards 2021 by the Marketing Association of Zimbabwe (MAZ).

Dairibord Pfuko/Udiwo	Winner FMCG Non Alcoholic Brew.
Cascade	First Runner Up, FMCG Non-Alcoholic Beverages.
Dairibord Chimombe	First Runner Up, FMCG Dairy Sector - Fresh Milk.
Dairibord Steri Milk	Second Runner Up, FMCG Dairy Sector - Fresh Milk.
Lyons Quick Brew	Second Runner Up, FMCG Hot Beverages.
Lyons Quench	Second Runner Up, FMCG Non Alcoholic Cordials.
Dairibord Chimombe	18th Position, Business to Consumer Category.

Business Associations and Memberships

Confederation of Zimbabwe Industries (CZI).
Zimbabwe National Chamber of Commerce (ZNCC).
Marketers Association of Zimbabwe (MAZ).
Zimbabwe Business Council on Wellness (ZBCW)
Buy Zimbabwe (BZ).
Zimbabwe Dairy Industry Trust (ZDIT).

Certifications

SAZ ISO 22000 Food Safety Management System.


DAIRIBORD
LACTO
DO NOT SHAKE
KEEP REFRIGERATED
CHENGETA MUFIRIJI
GCINA PHAKATHI KWEFIRIJI
Nutritional Information
Average values per 100g
INGREDIENTS:
Whole Milk, Milk Solids, Stabiliser, Natural Food Colour (Anatto), Culture
Best before: See bottle
DAIRIBORD
LACTO
Thick & Creamy
2 litre
DAIRIBORD
DAIRY DELIGHTS
DAIRIBORD
LACTO
Thick & Creamy
500ml

Strategy & Performance Commentary

In This Section

- Performance Highlights
- Chairman's Statement
- Group Chief Executive's Review of Operations

Performance Highlights

	INFLATION ADJUSTED		HISTORICAL	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Revenue	13,171,415,001	8,475,482,829	10,635,419,475	3,661,897,369
Operating Profit/ (Loss)	790,666,199	(86,959,991)	1,006,396 203	356,536,491
Profit/ (Loss)	259,125,737	(88,839,863)	476,334,545	305,123,918
Earnings Before Interest and Tax Depreciation and Amortisation (EBITDA)	1,024,551,400	231,542,435	1,059,193,919	367,925,560
Net Cash flows Generated/ (Used In) Operations	834 413 678	(74,664,005)	479,620,861	(87,106,160)
Net Assets	3,392,712,839	2,770,970,215	1 883,857,576	1 240,302,272
PROFITABILITY RATIOS				
Operating Margin (%)	6%	-1%	9%	10%
EBITDA (%)	8%	3%	10%	10%
Return on Equity (%)	2%	-4%	25%	25%
Interest Cover (times)	2	0	3	7
LIQUIDITY RATIOS				
Gearing Ratios	21%	16%	21%	16%
Current Ratio	1.62	1.75	1.41	1.42
Acid Test Ratio	0.65	0.99	0.63	0.59
SHARE INFORMATION AND PERFORMANCE				
Earnings per share				
Basic (ZW$ cents)	16.93	(34.41)	133.05	85.23
Diluted (ZW$ cents)	16.93	(34.41)	133.05	85.23
Headline Earnings (ZW$ cents)	22.77	(40.72)	130.25	5.95

SUSTAINABILITY PERFORMANCE	2021	2020	2021	2020
Electricity consumption (MwH)	10,927	10,019	10,389	13,044
Water consumption (ML)	479,887	362,736	397,108	465,145
Coal consumed (tons)	5,669	4,565	5,762	6,458
Diesel consumed (000L)	1,165	2,385	2,237	2,009
Labour turnover (in numbers)	252	173	19	31
Sales Volume (000'L)	94,184	63,823	94,184	63,823

Chairman's Statement

Given the current domestic inflation trend, foreign currency challenges, global inflation and attendant anticipated supply disruptions; the business will focus on sustenance to preserve value with moderate growth expectations.

INTRODUCTION

I am pleased to present the Group's audited results for the year ended 31 December 2021. The commentary on financials is based on the inflation adjusted numbers. The historic numbers are shown as supplementary information. The overall performance reflects a more stable operating environment than prior year.

OPERATING ENVIRONMENT

Despite COVID-19 induced disruptions, Zimbabwe's economy remained risilient and recorded a GDP growth of 7.8%. The growth was driven by higher agricultural output from the good 2020-2021 rain season, improved capacity utilisation in industry, large public infrastructure projects across the economy, a slowdown in inflation and improved availability of foreign currency.

Month on month inflation largely remained below 5% throughout the year but started to trend upwards in the 4th quarter, culminating in an annual inflation rate of 60.7% for 2021.

For the business, the net impact of a more stable environment, dual currency and access to foreign currency through the auction system for part of our requirements, was an improved ability to source raw materials and invest in retooling. Some negative impacts, such as longer lead times across supply chains, long delays in disbursement from the foreign auction system, increased labour and utility costs as well as increased COVID-19 mitigation costs, resulted in mounting pressure on costs and margins.

PERFORMANCE

Raw Milk

Raw milk processed in the year at 27.5mln litres was 1% above prior year. The raw milk processed represents 34.5% of the milk that was produced in the country of 79.6mln litres.
Raw milk supply remains a key input for the business, and therefore Dairibord actively invests to support low cost milk production models that are sustainable in the face of regional competition.

Volumes and Revenue

Sales volume for the year at 94.2 mln litres was 48% ahead of prior year, and was the highest volume recorded in the last 5 years. The increase was largely driven by significant growth in the Beverages segment. Liquid Milks grew by 10%, Foods grew by 34% while Beverages recorded a significant 84% increase due to growth in volumes of Pfuko and Cascade. 20% of the volume was sold in foreign currency up from 16% in 2020. Despite the strong volume growth, the business was not able to meet strong consumer demand due to production capacity constraints and Covid 19 supply side disruptions.

Chairman's Statement Cont'd

Revenue for the year grew by 55% [Historical: 190%] over prior year to ZW$13.17 bln [Historical: ZW$10.64bln], driven by the 48% growth in volume and moderate upward price adjustments of 5%, which were well below the inflation rate. Total foreign currency revenue increased by 120% over 2020 as a result of a focus on foreign currency generating initiatives. The foreign currency revenue generated, coupled with proceeds from the auction market, contributed towards meeting the company's import bill.

Profitability

The operating profit increased to ZW$791 mln [Historical ZW$1.01 bln], a growth of 1009% above prior year [Historical 182%]. The Group achieved a profit after tax of ZW$61 mln [Historical ZW$476 mln], an increase of 149% above prior year [Historical: 56%].

While revenue grew by 55% [Historical: 190%], cost of sales increased by 50% [Historical: 202%] mainly driven by the depreciation of the Zimbabwe dollar as well as increases in commodity prices, petroleum-based packaging materials, milk powders and freight costs. The focus on cost management and cost containment of overheads resulted in an improved operating profit margin for the year of 6% up from -1% in prior year.

This was a satisfactory performance under the circumstances.

Working capital

Net cash generated from operations increased by 1218% [Historical 651%] to ZW$834 mln [Historical ZW$480 mln] on account of improved operating performance. Growth in cash flows was subdued by the significant investment in inventories and prepayments to suppliers, to mitigate value erosion from rising inflation. The business closed the year with foreign obligations of US$2.8 mln, including a long term loan of US$0.73 mln. The obligations were adequately covered by foreign currency assets and expected disbursements of outstanding allotments from the auction market.

OUTLOOK

Although the authorities are projecting a positive economic outlook in 2022, the poor start to the 2021/2022 summer agricultural season, erosion of consumer disposable incomes due to escalating inflation and exchange rate disparities heighten the risk of a slowdown in growth compared to 2021. The geopolitical effects resulting from the Russian-Ukraine war, are expected to further disrupt global supply chains, exert upward pressure on inflation and result in slowdown in economic growth.

Covid-19 remains a threat due to vaccine uptake hesitancy. However, most economies are moving towards a more normalised state where economic and social activity must live alongside the virus.

Demand for the United States dollar is expected to remain firm in an inflationary environment, however, it is expected that the Reserve Bank will continue to maintain a tight monetary policy and improve the foreign auction system. It is further expected that the Fiscal Policy will remain aligned with the goals of the National Development Strategy 1, to stimulate economic growth while maintaining fiscal discipline [i.e. Budget deficit in line with the Budget Strategy Paper targets of below 3% of GDP].

Given the current domestic inflation trend, foreign currency challenges, global inflation and attendant anticipated supply disruptions; the business will focus on sustenance to preserve value with moderate growth expectations. Key areas of focus will be:

- Localising supply chains of key inputs, through a sustained focus on smart partnerships with key suppliers;
- Cost reduction, cost containment and enhanced working capital management to defend margins and preserve value;
- Strategies that optimise the dual currency system, channel and product mix and export markets to ensure more than enough foreign currency is available for input requirements;
- Taking advantage of market opportunities by leveraging on the US$2.8 mln investment in property, plant and equipment made in 2021 to increase availability of foods and beverages;
- Climate change sensitive investments for volume growth, cost reduction, continuous efficiency improvement, wider market reach and better service delivery;
- Investments in Environmental, Social and Governance Initiatives (ESG); and
- Investments in brand building and man power development to deliver stakeholder expectations.

SUSTAINABILITY

Dairibord, as one of the pioneers for adopting sustainability reporting in Zimbabwe, remains resilient and committed to enhancing its contribution to sustainable development. We know where our significant positive impacts come from; through nutritious foods and beverages for the sustenance of good health. We are partnering and collaborating with partners across our value chain to foster inclusivity, creating business opportunities for small scale businesses, farmers and vendors etc. The board has made an express commitment for the need to focus on the Group's impacts on enhancing corporate social responsibility, water management, energy efficiency and improved environmental management of packaging. The Group remains optimistic of its ability to manage these priorities despite the unpredictable operating environment.

Chairman's Statement Cont'd

DIVIDEND DECLARATION *

In consideration of the improved performance of the business and in line with shareholder expectations, at the meeting held on the 28th of March 2022, the Board resolved to declare a dividend of ZW$0.41 per share for the year ended 31 December 2021. The dividend will be paid to shareholders registered in the share register of the company at close of business on the 22nd of April 2022. The payment of the dividend will take place on or about the 13th of May 2022. The shares will be traded cum-div on the Zimbabwe Stock Exchange up to the 18th of April 2022 and ex-div as from 19th of April 2022.

APPRECIATION

I extend my appreciation to all stakeholders, fellow board members, management and staff for the continued commitment to the success of the business.

J Sachikonye
Chairman

28 March 2022

* Post dividend declaration date, significant changes occurred in the operating environment which brought about uncertainty and disrupted credit market. Dairibord Holdings Limited board, at a meeting held on 10 May 2022, considered it prudent not to pay the scheduled dividend so as to preserve working capital. Shareholders were advised of this change in the notice dated 11 May 2022.

Group Chief Executive's Review of Operations

The continued depreciation of the ZW$ poses a threat to business performance and on-going collaborative dialogue is imperative between private and public sector stakeholders, to ensure business confidence and the attendant economic stability that will drive growth.

OPERATING ENVIRONMENT

The Covid-19 pandemic related social and economic disruptions continued in the year under review, as new variants emerged. Both H1 and H2 started with Level 4 COVID-19 lockdown measures instituted on 5 January up to 28 February, and 29 June to 7 September respectively. The lockdown periods disrupted supply chains, market access, trading hours and disposable incomes. The impacts of restrictions were however not as severe as those experienced in 2020, as economic players were better prepared to mitigate and reduce the effects of these disruptions.

During the year under review, macroeconomic fundamentals maintained a relatively stable trend, continuing from the fourth quarter of 2020. Foreign currency availability and currency stability improved in the first half of the year, stabilising price movements and therefore reducing inflation. In the second half of the year, the economy began to show strain due to the COVID-19 pandemic, delays in the disbursement of allocated foreign currency on the auction trading system, devaluation of the ZW$, currency distortions, cost push from imported inputs, high utility and labour costs, low market liquidity and high interest rates. The net impact of the above factors was a year-on-year inflation of 60.7% for 2021, which was a significant drop from 348.6% in prior year.

Despite these macro-economic challenges, Zimbabwe attained a growth rate of 7.8%. This positive growth was on the back of good rains in the 2020/2021 agricultural season and its ripple effect on industry, as well as increased export revenues from strong commodity prices.

In response to the operating environment, the business focused on:
- promoting employee and customer safety, including a vaccination campaign that saw 100% of our labor force having their first dose of the COVID vaccine by the end of the year;
- developing smart partnerships with local suppliers across the value chain to reduce dependence on foreign currency hungry imports while empowering small and medium scale local businesses;
- improving efficiencies by driving volumes and minimizing production losses through optimizing use of raw and packaging materials, utilities and labor;
- route to market adaptation to increase market access and improve cash and foreign currency generation;
- product adaptation to align with new consumer trends, shifting towards home consumption packs and also bottom of the pyramid stock keeping units;
- utilizing the dual currency regime and the foreign exchange auction to access foreign currency for procurement of inputs and funding of capital projects; and
- investments in capital equipment to improve supply in the face of growing demand for our products.

Group Chief Executive's Review of Operations Cont'd

PERFORMANCE OVERVIEW

The financial commentary presented in this report is based on inflation adjusted numbers. The historic numbers are shown as supplementary information.

Dairibord operations were designated as essential services which enabled the company to continue operations throughout the COVID-19 lockdown periods. This, however, did not fully shield the business from supply chain disruptions and cycles of limited access to the market.

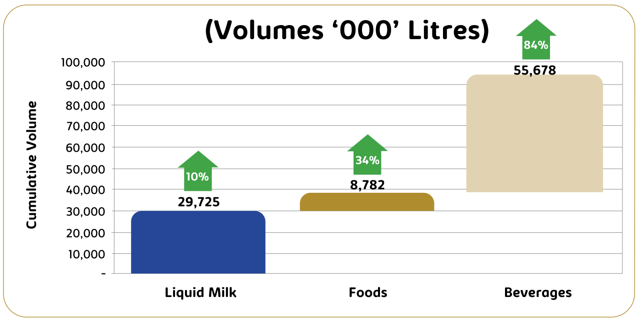
Sales Volumes and Revenue

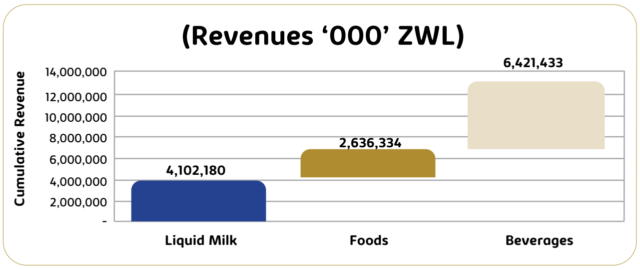
Demand was firm across all product categories. Sales volumes for the year at 94.19 million (mln) litres were 48% ahead of prior year and the highest volume performance in the last 5 years. The performance in Q2 was notable at 112% above the same period in prior year, leading to an H1 performance of 54.5% above prior year. Foreign currency sales volume accounted for 20% of total volume up from 16% in the previous year. Despite the growth, demand still outweighed supply across the product portfolio, particularly in the liquid milks category which is constrained by raw milk supply shortages.

Revenue for the year at ZW$13.17 billion (bln) [historical: ZW$ 10.64 bln] was 55% ahead of prior year [historical: 190%]. The revenue performance was driven by a 48% rise in sales volumes and moderate price adjustments to minimise margin compression. The focus on generation of foreign currency revenues continued, resulting in a 120% increase over prior year, contributing significantly towards meeting the import bill.

Portfolio Performance

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





Liquid Milks

The Liquid Milks category recorded a 10% volume growth compared to prior year in response to an improvement in the company's raw milk intake volumes, augmented by the importation of milk powders. Growth in the category is however constrained by the national raw milk production deficit, estimated at 37.5% shortfall and limitations on duty free quotas on milk powder.

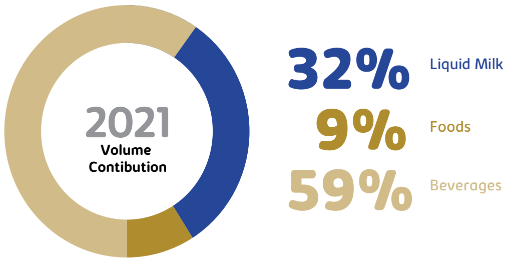
Foods

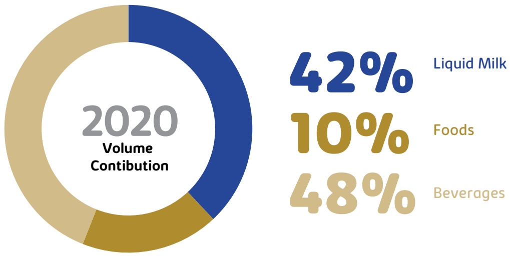
The Foods category recorded a year on year volume growth of 34%. The growth is attributed to new line extensions for the bottom of the pyramid market segment, such as the affordable Yoggie drinking yoghurt. There was also focus on high margin, high value foods such as tomato sauce, salad cream, ice creams and the Yummy yoghurt.

Beverages

Beverages volumes grew by 84% compared to prior year mainly due to a stellar performance from flavored maheu, with a year on year growth of 110%. Demand for "on the go" beverages such as Cascade 400ml improved, due to eased lockdown measures. Significant growth was also realized on the juice home consumption packs, through the 1 litre Cascade and Fun n Fresh packs and the 2 litre Cascade. The Beverages category presents opportunities for growth through focus on ambient products, affordability and right sizing of product offerings, in line with changing consumer preferences.

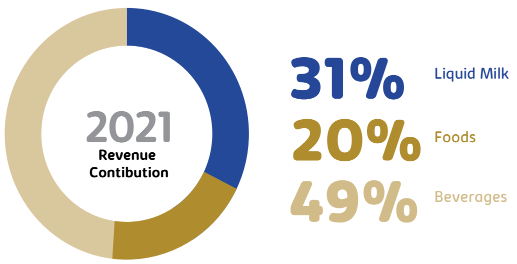
Portfolio Mix

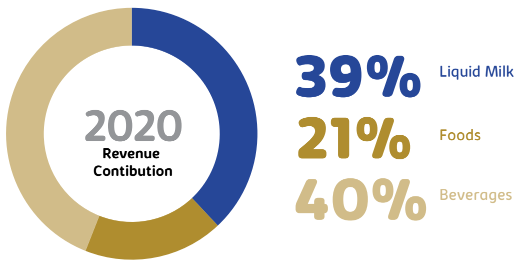




Group Chief Executive's Review of Operations Cont'd

The chart below shows revenue mix by portfolio:





The chart below shows the volume mix by portfolio:
The company's revenue portfolio remained relatively balanced, with growth in the beverages category assisting to support margins.

PROFITABILITY

An operating profit of ZWS 791 million (mln) [historical: ZWS 1.01 bln] was recorded, which was a 1009% increase [historical: 182% increase] over prior year. The operating profit margin achieved was 6% [historical: 9%] up from -1% [historical: 10%] in 2020. The margins were constrained as a result of inflation linked operating costs, with the most pronounced cost drivers being raw and packaging materials and overheads such as labor, MIS charges, rent and rates, merchandising costs, bank charges, 2% IMT tax and depreciation.

After accounting for exchange losses, sundry income, property valuations and the interest bill of ZWS 432 mln [historical: ZWS 341 mln], a profit before tax (PBT) of ZWS 259 mln [historical: ZWS 678 mln] was achieved. Excluding the property valuations adjustments, the PBT was ZWS 285 mln [historical: ZWS 657 mln] and grew by 380% [historical: 115%], a commendable performance ahead of inflation of 61%. The business incurred high interest borrowings to support the growing volumes and capital expenditure.

The strategy to focus on revenue enhancement, cost containment and cost reduction through improved productivity and efficiencies contributed to achieving profitability in a challenging business environment.

Borrowings

Interest bearing borrowings (including overdraft) decreased from ZWS 707 mln [historical: ZWS 440 mln] as at 31 December 2020 to ZWS 688 mln [historical: ZWS 688 mln] at the end of 2021. The borrowings throughout the year were largely driven by inflation and volume growth induced increases in working capital requirements. Borrowings were deployed to fund working capital and capital expenditure.

The net gearing remained satisfactory at 21% and still provides headroom to pursue opportunities that enhance value creation. Internal Treasury, are however ceased with the need to balance funding the business through debt with the risks that arise from an illiquid local economy, that is characterised by mostly short term funding at high interest rates.

Cash generation and utilization

Cash flows generated from operations during the period were at ZWS 834 mln [historical: ZWS 480 mln], a 4252% [historical: 651%] increase over prior year driven by the improved operating performance and delays in creditor settlements.

The cash flows from operations and new borrowings of ZWS 1.1 bln [historical: ZWS 635 mln] was used to invest in capital equipment of ZWS 308 mln [historical: ZWS 280 mln], that went towards expansion in plant and equipment to increase volumes and improve efficiencies. ZWS 419 mln [historical: ZWS 327 mln] was used to pay interest. As a result, cash balances at the close of the period were at ZWS106mln, down from ZWS 331 mln [historical: ZWS 206 mln] in 2020.

Net finance charges were high at ZWS 432 mln [historical: 341 mln], a 230% [historical: 464%] growth over prior period on account of increased borrowings and costs. The borrowings were invested in supporting growing volumes through purchase of raw and packaging materials and to fund longer working capital cycles, resulting from protracted global supply lead times and delays in disbursements from the foreign currency auction system.

MILK SUPPLY

Throughout the COVID-19 restrictions, the agricultural sector including dairy farms, remained operational. Raw Milk utilised in the year at 27.49mln litres was 1% above prior year, representing 34.5% of national milk supply which stands at 79.6 million Litres.

The full potential for milk production growth during the year was

Group Chief Executive's Review of Operations Cont'd

however, stunted by heavy rains in the first quarter which reduced productivity of the national dairy herd, thereby reducing raw milk supply volumes. In addition, escalating feed costs further reduced yields, as farmers struggled to optimally feed their herds. The increase in feed costs was partly as a result of the borders being closed to maize and maize product imports. Although maize was readily available, volume of maize milled reduced, hence a shortage of maize bran. For the protein component, the soya crop volume output was below requirement therefore the majority of the cotton seed produced in the country was allocated to the cooking oil processors, leaving little for stock feed companies.

The company's Milk Supply Development Unit continued to assist raw milk farmers to find solutions to the challenging environment and also ensured that the producer price moved in line with inflation to aid in maintaining the viability of farmer operations. During 2021, Dairibord small scale farmers benefited from the Zimbabwe Agricultural Growth Program funded by the European Union, implemented by We Effect and supported by the Government of Zimbabwe. 45 small scale DZPL producers benefitted from the scheme, with the support of Dairibord, to meet their matching requirements.

Dairibord has entered into smart partnerships with farmers that need to grow and has assisted with financing for 29 of our producers, while continuing to support the retooling and growth initiatives of the dairy farmers that supply it. We are confident that the initiatives listed above, added to the services that are already offered through the Milk Supply Development Unit, will lead to a growth in the milk intake for 2022 to support our brands.

BRAND BUILDING

Despite a more aggressive competitive landscape, the Group's brands remained resolute in both the domestic and regional markets. In spite of a 48% growth in volume compared to prior year, the business failed to meet market demand, which remained high.

Our iconic brands are well-entrenched across consumers in Zimbabwe and beyond, with our key product lines continuing to achieve our target of occupying a top 3 position in the categories they compete in. This is also illustrated by the below accolades won at the Marketers Association of Zimbabwe Super Brands 2021.

1. Pfuko – Overall Winner: FMCG Non- Alcoholic Brew
2.Chimombe – 1st Runner up: FMCG Dairy Sector, Fresh Milk
3.Cascade – 1st Runner up: FMCG Non- Alcoholic Beverages
4.Steri – 2nd Runner up: FMCG Dairy Sector, Fresh Milk
5.Quickbrew – 2nd Runner up: Hot beverages
6.Dairibord Lacto – 2nd Runner up: FMCG Dairy sector
7.Dairibord Chimombe – 18th position in the business to consumer category

In the face of growing competition, it will remain our priority to invest in building endurable brands that are future proof, relevant, appealing and highly competitive in both local and regional markets. Other key focus areas include:

- Continuous product improvement, consistent product availability and sustained marketing support;
- Product differentiation in the face of heightened competition;
- Market share growth;
- New product development and innovations;
- New market opportunities; and
- Corporate brand building.

HUMAN CAPITAL

A skilled and motivated human capital base remains a central pillar in achieving our strategic objectives. During the reporting period, the company put in place a number of measures to ensure that staff are cushioned against current economic hardships. Various technical and developmental programs including enhancing the talent pipe line through graduate trainee recruitment were implemented. For the period under review the industrial relations climate was sound and cordial.

SUSTAINABILITY AND COVID-19 RESPONSE

Dairibord, like all businesses, faced the significant challenges posed by COVID -19 and the resultant local economic downturn. Despite these challenges the world over, our commitment to sustainability remains resolute. We continue to focus our efforts on what matters for our stakeholders and material impacts from our operations. In order to ensure business continuity and mitigate against the spread of COVID- 19 pandemic, the company collaborated with various service providers in Health Care to achieve a 100% employee vaccination. The program also covered employees of outsourced services.

During the year, the business provided significant support to the local communities, channeled towards supporting health, education and vulnerable groups. The business also supported local communities through the creation of opportunities for small businesses, small scale farmers and vendors. There has been a notable increase in the number of female employees recruited and the appointment of women in senior leadership over the years and Dairibord boasts of the 50:50 ratio in senior executive management. The business is proud of the efforts it has made to date and aims to do more to enhance its positive impacts.

Group Chief Executive's Review of Operations Cont'd

OUTLOOK

The overall outlook of the economy is expected to be moderate growth in a hyperinflationary environment, driven by the following factors:

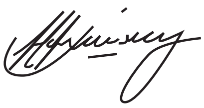
- Continuation of global and local vaccination programs to allow the global economy to become more open and operate alongside COVID-19;
- Global slowdown in growth due to the overhang of COVID-19 as well as the emergence of the Russia- Ukraine war;
- Lower than anticipated output in the Zimbabwe 2021/2022 summer agricultural season which will however, be partially mitigated by an anticipated firming of commodity prices that will aid growth in export revenues;
- Continued dual currency regime and auction market system aiding business. The benefits will however, continue to be constrained if long lead times in disbursement of auction allotments and disparity in the formal and parallel exchange rates are not addressed;
- Increased supply chain disruptions particularly if the Russian-Ukrainian conflict sustains;
- Increased imported US$ inflation, as fuel, fertilizer, freight and packaging materials costs increase. At the same time, local inflation as devaluation of the ZW$ will lead into increases in electricity, water, labour and interest costs among others;
- Reduced disposable incomes and aggregate demand on the back of inflation; and
- High cost of borrowing (Bank policy rate up from 60% to 80%) and short borrowing tenors putting a strain on working capital and capital expenditure funding.

Despite inflation rates that are projected to be higher than 2021, the net impact is expected to be a projected GDP growth rate of between 3.9% (World Bank) and 5.5% (Government of Zimbabwe).

Despite the expectation of a growth rate in 2022 being below that of 2021, Dairibord anticipates sustained strong demand for its brands. The business is therefore geared for moderate growth, having put in place the following measures:

- supporting farmers through smart partnerships, funding support and through regular raw milk price adjustments, in line with their cost build up to ensure they remain viable and poised for volume recovery;
- investments toward volume growth made in prior year will provide full benefit in 2022;
- forward buying and freight logistics optimisation to secure critical raw and packaging materials and therefore enhance product supply to the market;
- implementation of expansion projects initiated at the end of 2021 and the first half of 2022 to boost volumes and product availability, particularly in UHT lines and the beverages category;
- continued focus on operating efficiencies through cost containment, volume optimisation as well as focused investments in manufacturing capacity and distribution;
- product line extensions to boost volume performance;
- route to market remodelling, to increase the breath of reach in both local markets and through exports;
- brand investments in line with shifting trends;
- investments in environmental, social and governance initiatives; and
- manpower development and skills retention initiatives.

The continued depreciation of the ZW$ poses a threat to business performance and on-going collaborative dialogue is imperative between private and public sector stakeholders, to ensure business confidence and the attendant economic stability that will drive growth.



A Mandiwanza
Group Chief Executive

28 March 2022


DAIRIBORD
Pfuko
yeMaheu
DAIRIBORD
Udiwo
Lwa Mahewu
DAIRIBORD
Udiwo
Lwa Mahewu
500 ML
DAIRIBORD
Pfuko
yeMaheu
Butter Milk
Ready To Drink
250ml
Banana
Ready To Drink
250ml
Traditional
Ready To Drink
250ml
DAIRIBORD
Udiwo
yeMaheu

Governance

In this Section

- Directorate
- Senior/ Executive Management
- Corporate Governance Practices
- Risk Management
- Finance, Audit & Risk Committee Report to Shareholders

Directorate

Mr. Josphat Sachikonye
Chairman Independent,
Non-Executive Director

Tenure: 12 years

CMA (UK), MBL (UNISA), INSEAD Management Development Program Executive Management Programme (UCT), B. Acc (UZ)

Non- Executive Chairman of Montclair (Pvt) Limited

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

Tenure: 6 years

CA (Z), MBA (UZ), Executive Development Program (LBS) and B. Acc (Hons),

She is a Non- Executive Director of British American Tobacco, a Board Member of Zimbabwe Insurance Brokers, Board Member of First Mutual Wealth Management and the Chairperson of Financial Securities Exchange.

Ketan K Naik
Non-Executive Director

Tenure: 2 years

MSc. Real Estate Investment from CASS Business School and BSc. (Hons) in Management Sciences from Warwick Business School.

He is the Chief Executive Officer of Rank Zimbabwe.

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

Tenure: 12 years

ACISZ, MBA (UZ), B. Acc (Hons) (UZ)
She is also the Board Chairperson at Microplan Financial Services (Pvt) Ltd.

Mr. Antony Mandiwanza
Group Chief Executive
Executive Director

Tenure: 23 years

MBA (UZ), Executive Development Program (UZ), Dip. Food and Dairy Technology (West Scotland Agricultural College UK).

He is also the current Chairman at Tobacco Sales Ltd.

Mr. Christopher R.J Hawgood
Non-Executive Director

Tenure: 4 years

BSc Hons in Agricultural Management (University of Natal).

Chairman of National Dairy Cooperative and Chairman of Tavistock Estates (Pvt) Ltd.

Directorate Cont'd

Mr. Nobert Chiromo
Independent, Non-Executive Director

Tenure: 4 years

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

He is also a non-executive director at Old Mutual Life Assurance Company and William Bain Holdings.

Mrs. Sibusisiwe R Chindove
Independent, Non-Executive Director

Tenure: 15 years

MSc Food Science and Technology (University College of Cork), B Admin (UZ), LCCI Dip Marketing Sales and PR.

She is the head of Corporate Affairs at Zimplats.

Mr. Cleton Mahembe
Non-Executive Director

Tenure: 23 years

Diploma in Agriculture (Chibero College of Agriculture)

Senior/ Executive Management

Antony Mandiwanza
MBA, Executive Development Program, Dip. Food and Dairy Technology.

Group Chief Executive

Mercy R. Ndoro
MBA, BAcc (Hons), ACISZ

Group Finance Director

Head of Finance

Theodora N. Marimo
MSc in Food Science, MBA, BSc (Hons) in Agriculture.

Manufacturing Executive

Head of Procurement, Engineering, Production, Stores, Quality Assurance

Ruvarashe Matambo
BCom (Hons) Marketing Management, LCCI Dip.

Marketing Executive

Head of Branding, Corporate Affairs, Research and Development

Trymore Chikomo
MBA, Bachelor of Business Studies, (Hons) in Marketing.

Commercial Services Executive

Head of Sales, Demand Planning & Distribution, Logistics

Angela Gumbo
BCom Economics and Finance, Project Management Professional (PMP), Project Management Institute (USA).

Business Development Executive

Business Development, Business Analyst, Sustainability Reporting

Evert Oostindien
MCA Master of Yachts (3000T), BSc Agriculture (majoring in Horticulture).

Milk Supply Development Executive

Head of Milk Supply Development

Anna Dhlamini
MSc Information Security, MBA, BCom Management, Dip in Information Processing, Microsoft Certified Professional (MCP)

Business Information Systems' Executive

Head of Information Technology

Bernard Chakeredza
MBA, BAcc (Hons)

Chief Internal Auditor

Head of Internal Audit

Gilbert Takabarasha
MBA, BSc (Hons) in Politics and Administration, IPMZ Dip.

Human Resources Executive

Head of Human Resources and Administration

Corporate Governance Practices

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

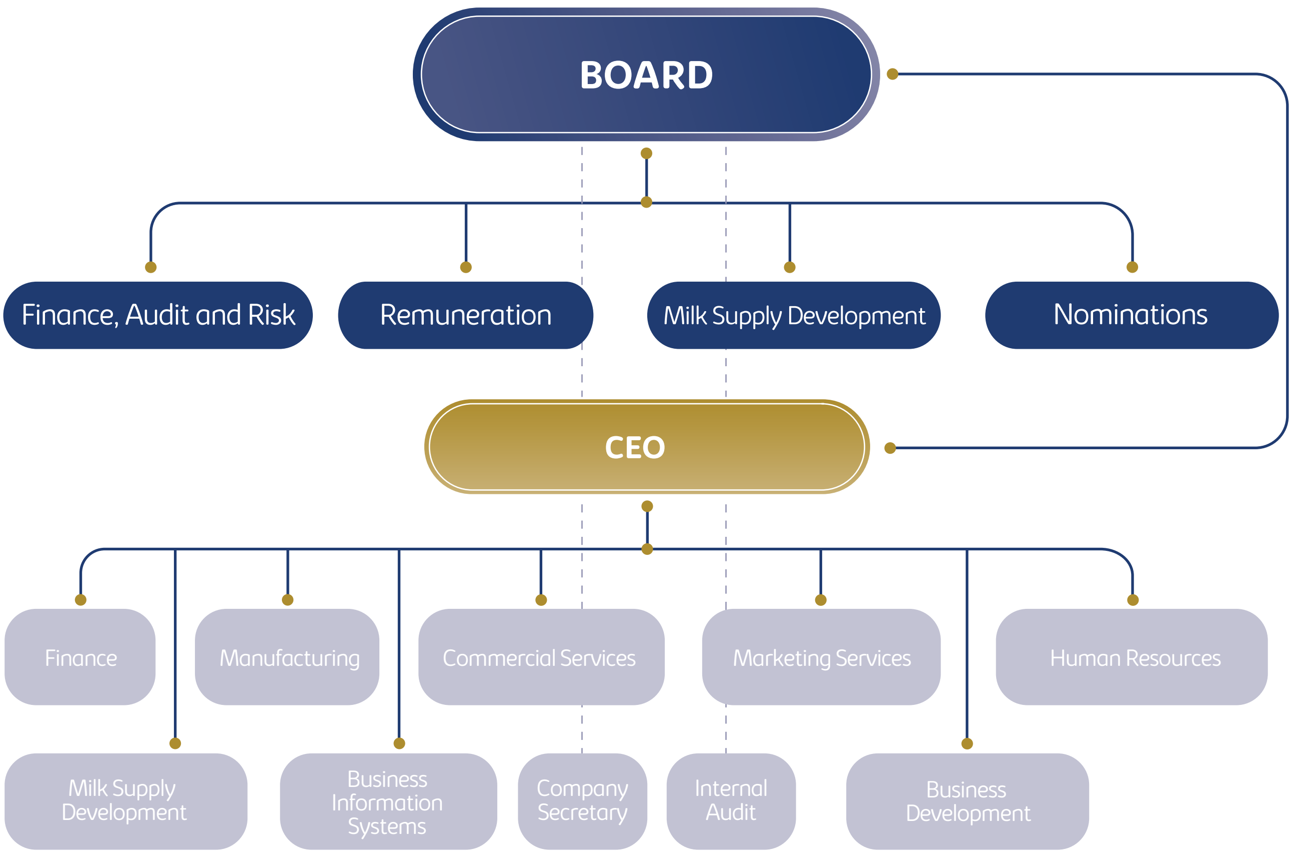
The Group observes the best practices in corporate governance through benchmarking with international best practices such as The King IV Report on Corporate Governance of South Africa, Organisation for Economic Cooperation and Development (OECD 1999)- Principles of Corporate Governance and Principles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

The Group continues to review and align its governance practices with the Companies and Other Business Entities Act (24:31), the National Code on Corporate Governance in Zimbabwe (ZIMCODE) and SI 134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules.

Governance Structure

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

Board Committees and Senior/ Executive Management Committee



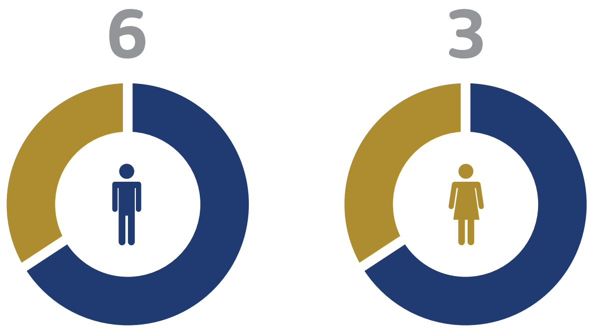
Corporate Governance Practices Cont'd

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

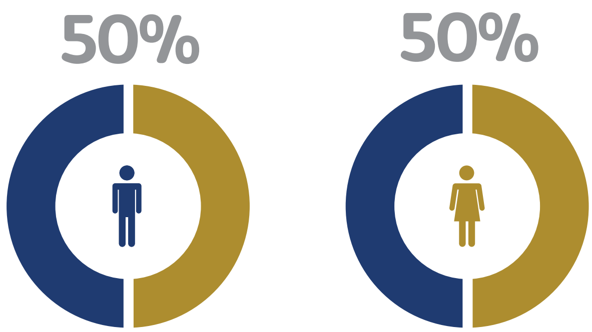
Board Structure and Expertise
The current Board comprises seven non-executive directors including the Chairman (78%) and two executive directors (22%). An independent, non-executive director chairs the Board. The Board meets at least quarterly. Members of the Board possess various expertise that includes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

Board and Senior Management Gender Distribution

Board Gender Distribution

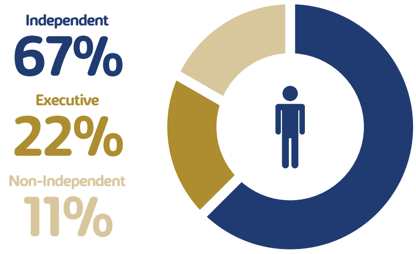


Executive Gender Distribution

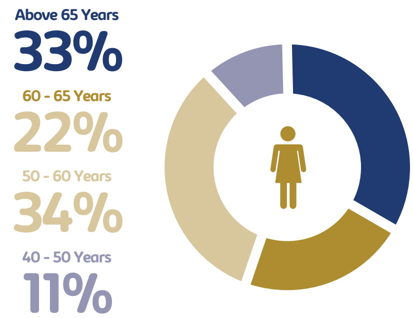


Composition of the board by Independence and Age Range

Directors



Directors Age Ranges



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

Business Ethics
The Group's primary ethical framework is defined by the Group's Corporate Governance Code approved by the Board. The code is reviewed and updated continuously. The code provides guidelines as to what constitutes unethical behaviour. The Group maintains an ethics hotline through Deloitte Tip-offs Anonymous and all reports are treated as confidential. We have adopted a zero tolerance approach to corruption in all business dealings with stakeholders. All cases involving corruption are carefully investigated. Depending on the case, the Company may involve experts, external auditors and the police. The Group maintains plans to develop the capacity to enable managing, aligning and developing policies on human rights in line with leading frameworks and standards.

Corporate Governance Practices Cont'd

Mechanisms for Communications with Stakeholders
The Group provides platforms to communicate with Stakeholders. Some of the platforms include annual general meetings, press announcements of performance, quarterly updates, interim and year-end reports, Company website, formal meetings, presentations and the use of shareholders voting rights system.

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

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

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

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

BOARD COMMITTEES

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

Corporate Governance Practices Cont'd

Attendance to Meetings during 2021

		Committees			
	Main Board Attendance	Finance Audit and Risk Attendance	Nominations Attendance	Remuneration Attendance	Milk Supply and Distribution Attendance
Director					
Josephat Sachikonye	4	n/a	1	0	1
Antony Mandiwanza	4	n/a	n/a	0	n/a
Mercy R Ndoro	4	n/a	n/a	n/a	n/a
Ketan K Naik	3	7	n/a	n/a	n/a
Sibusisiwe R Chindove	3	n/a	n/a	n/a	n/a
Nobert Chiromo	3	7	1	n/a	1
Christopher RJ Hawgood	3	n/a	1	n/a	1
Cleton Mahembe	4	n/a	n/a	n/a	n/a
Rachel P Kupara	4	7	n/a	0	n/a
Total Meetings	**4**	**7**	**1**	**0**	**1**

n/a – not a committee member.

COMPLIANCE

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

Responsibility

The Company Secretary is the senior custodian for compliance matters at Dairibord Holdings.

Monitoring Compliance

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

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

- Agriculture Marketing Authority Act [18:04].
- Animal Health (Foot and Mouth) Regulations 1997.
- Capital Gains Tax Act [23:01].
- Companies and Other Business Entities Act (24:31)
- Consumer Protection Act [14:44].
- Dairy Act 1977 [18:08].
- Dairy Regulations 1978.
- Dairy Regulations 1997.
- Dairy Regulations 2012.
- Environmental Management Act [20:27].
- Exchange Control Act [22:05].
- Food and Food Standards Act [15:04].
- Income Tax Act [23:06].
- Labour Act [28:01].
- Labour Relations Act
- National Social Security Act [17:04]
- Pneumoconiosis Act [15:08]
- Public Health Act [15:17]Companies Act [24:03]
- Regional Town and Country Planning Act [29:12]
- Trade Mark Act [26:04]
- Trade measures Act [14:23].
- VAT Act [23:12]
- Securities and Exchanges Commission of Zimbabwe (SECZ)
- Zimbabwe Stock Exchange (ZSE) Listing Rules
- International Financial Reporting Standards (IFRS)

Risk Management

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

Group Risk Management Framework

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

Operational Structure

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

Main Risks Affecting the Group and Mitigating Measures

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

Finance, Audit & Risk Committee Report to Shareholders

for the year ended 31 december 2021

Introduction:
In ensuring that the Company maintains its business in a financially sound condition and that the structure of the Company does not impede the financial soundness of the company or the ability of the shareholders to determine its risk profile and the manner in which its internal risk management is organised and conducted, the company has established the Finance, Audit & Risk Committee ("Committee"). The Committee's function is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial statements in compliance with all applicable legal requirements and accounting standards. Through various structures, the committee independently reviewed and monitored the integrity of the Company's financial statements and the effectiveness of its systems of governance, systems of risk management and internal control, and the effectiveness and objectivity of the internal and independent external auditors.

Frequency of Meetings
The Committee meets not less than four times a year and these meetings have to coincide with key dates within the financial reporting and external audit cycle. The meetings are scheduled prior to Dairibord's Board meetings, at which Board meetings the Committee Chairperson presents a report on the activities of the Committee.

For 2021 Financial year, a total of 7 meetings were held and all members attended all the meetings.

Financial Reporting:
The Committee reports to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and makes recommendations as to the steps to be taken.
The committee reviewed with the Independent External Auditors, the findings of their work, discussed major issues that arose during the audit and how they have subsequently been resolved, reviewed key accounting and audit judgments, reviewed levels of errors identified during the audit and obtained explanations from management.

2021 Audit Opinion:
The auditors issued an Adverse Opinion which was discussed in detail with the committee. The modifications to the opinion were mainly based on the following (summarised):

- Non-compliance with IAS21 (on use of exchange rates). The company used the bid rate which the auditors consider not to be the spot rate as defined by IAS21.
- Non-compliance with IAS8 - Accounting Polices, Changes in Accounting Estimates and Errors. This related to correction of the backstop date for IAS 29 purposes. The company had opted to comply with the law (Statutory Instrument 33 of 2019) and applied IAS 29 starting from 22 February 2019 as opposed to 1 October 2018 which is considered to be the date of functional currency change for IFRS purposes. The company made the adjustments in the current year.
- Valuation of Investment property and freehold land and buildings on current year (company applied a 10% haircut on the 2020 Valuation numbers based on a market assessment received from valuation experts and used the auction bid exchange rate to convert the US$ values to ZW$) and comparative information (carry over effect of prior year modification).

Shareholders are advised to refer to the auditors' opinion for further details. The committee is working with management and the auditors on a roadmap to ensure a clean opinion is achieved in the next financial year barring any Government policy changes that affect companies reporting requirements and cause general modified opinions on the company's financial statements.

Risk management
The focus of risk management is on identifying, assessing, measuring, managing and monitoring all known forms of risk across the Company. Through the committee, a forum is provided for discussing business risks and control issues for developing relevant recommendations for consideration by the Board.

Issues that the committee handled during the year from various structures are detailed below:

1. The committee received regular Finance Reports and Risk Reports from the Finance Director detailing the performance of the company and key risks that the company faced.

   Major risks that were identified and discussed during the year are itemised below. The committee advises shareholders that robust mitigating measures were discussed and put in place by management:

- **Loss of share of raw milk intake:** Because raw milk production in the country is well below demand, there is always a scramble for raw milk among the processors. It is reported that the country produced about 79.6m litres in 2021. This is against an estimated demand of 120-130m litres.
- **Impact of COVID 19 on the business:** Reliance on lockdowns to slow down infections has a negative impact on businesses and is not sustainable in the medium to long term.
- **Margin Compression:** Risk that margins will be compressed due to rising costs in an environment where ability to adjust consumer prices is limited.
- **Loss of market share:** The risk that the company loses market share with a negative impact on the going concern of the company.
- **Interest Rate risks:** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- **Credit risk:** The risk that counterparties, (primarily trade and other receivables) will not meet their obligations, affecting the Group's cash flows, and profitability (due to impairments) and financial condition.

Finance, Audit & Risk Committee Report to Shareholders Cont'd

for the year ended 31 december 2021

- **Foreign currency Risk;** The risk that the company and its suppliers fail to secure foreign currency to pay for imported inputs. The risk that the cost of securing foreign currency increases, with a negative impact on margins.
- **Liquidity Risk;** The risk of shortage of funds to meet operational needs and loan obligations.
- **Inflation:** Risk of erosion of consumer purchasing power heightening the risk of theft and reduction in sales volumes.
- **Information Systems:** Risk of loss of data or loss of funds due to cyber- crime, system hacking or unauthorized access. Risk that the system is not available to users due to operational challenges. The committee reviewed reports from management which detail that the system is protected through firewalls and software which protects from unauthorised access, Business Information Systems team carries out readiness tests on the Disaster Recovery Plan system every quarter, physical access controls to the server rooms are in place through Biometric access and that social media content is actively monitored and managed.

2. The Chief Internal Auditor who has unrestricted direct access to the committee and committee Chair submitted reports on improved internal controls and breakdowns in internal controls relating to overrides of controls by employees which were picked and plugged. The Committee encourages continuous improvement and fostering adherence to the Company's policies, procedures, and practices at all levels.

3. At every planned Committee meeting, a Corporate Governance and Compliance report is presented by management. The Committee reviewed compliance with ZSE listing requirements, corporate governance codes and applicable laws and regulations. The company is generally compliant.

4. **Tax Matters**
   In 2021 the committee approved the engagement of BDO Tax & Advisory Services to carry out a Tax Healthy Check of the company for the period 1 January 2019 to 31 August 2020 and no material issues were identified that may materially affect the company.

External Auditors

At the last AGM, shareholders appointed Deloitte & Touche as the company's auditors until the next AGM. This is the first year that Deloitte has been the auditors of the company. Despite the teething problems associated with early stages of the relationship, nothing has come to the attention of the committee that may cause it to doubt the competence and independence of the auditors.

The committee wishes to advise that there were no non-audit services which the auditor provided to the Company for the year ended 31 December 2021.

ESG matters

Sustainability performance is increasingly becoming a mainstream business requirement by which stakeholders assess a business. Particular focus is given to Environmental, Social and Governance impacts relating to the business and its stakeholders across the value chain. Sustainability reporting continues to evolve and place greater requirements for disclosures and reporting on impacts. The GRS Sustainability Reporting Standards, reviewed by the committee have been updated and they place additional requirements on the Board. The detailed sustainability issues are separately contained under a section on Sustainability Performance, which is part of this Integrated Report. Plans for the following year include

- Alignment Training for Board members.
- Incorporating sustainability and ESG targets and responsibilities in performance management.
- Considering incentive to employees for sustainability performance.

Other Issues handled during 2021:

Potential Merger with Dendairy

- The Committee was involved in the evaluation of the potential merger with Dendairy. Due diligence reports and management's assessments of the envisaged transaction were received by the Committee. After an extensive due diligence process, it was concluded that the two companies, Dendairy and Dairibord remain separate. Dairibord will now focus on New Frontier growth Projects focused on the pillars of (i) milk supply security, (ii) processing capacity and efficiencies (iii) new product offerings and (iv) route to market optimisation.
- Communications relating to this transaction with stakeholders through cautionary statements were done correctly and within the stipulated timeframes.

Conclusion

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the reporting period and the Chairman of the committee is available to take any relevant questions that may be posed by the shareholders. The company remains stable amid the turbulent environment.

....

Mrs R. P. Kupara
Finance, Audit & Risk Committee Chairman

Yu-mmy
Yoghurt
DAIRIBORD
Yu-mmy
FULL CREAM
Strawberry
FLAVOURED YOGHURT
DAIRIBORD
Yu-mmy
Banana
FLAVOURED YOGHURT
DAIRIBORD

Sustainability Strategy

In this Section

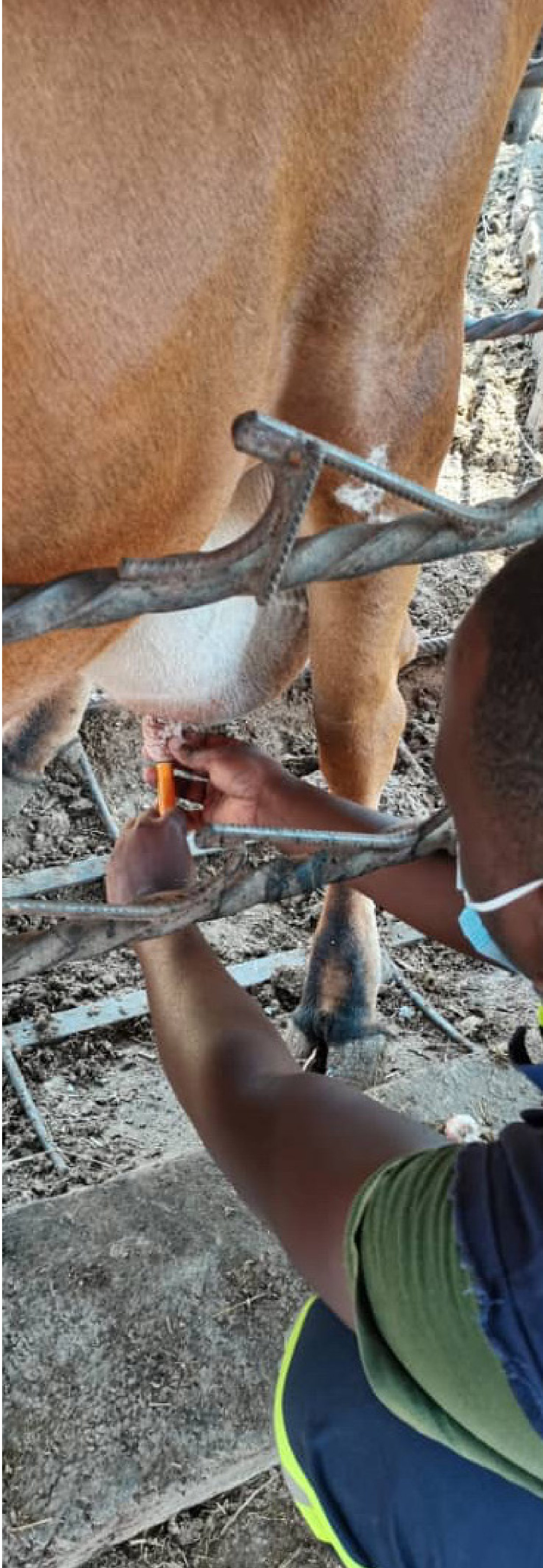
- Our Approach to Sustainability
- Stakeholder Engagement
- Materiality

Our Approach to Sustainability

Sustainability is central to the operations of Dairibord Holdings' business strategy and growth. It helps the Group to manage economic, environmental and social risks while enabling the identification of key opportunities.

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

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



Our Approach to Sustainability Cont'd

Sustainability Governance

The Group has a sustainability team responsible for driving the sustainability strategy co-ordinated through the Business Development Function. Operationally, the Sustainability Champions from each function track sustainability indices monthly and key issues for management attention. Our processes are such that once a material issue is identified, the functional management teams evaluate the materiality and impact of such issues based on their significance to the business and stakeholders and reports to senior management for decision making.

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

Inclusive Business

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

The impact of the business as a commercial enterprise on the low to middle-income sections of society is reflected in our business model which engages them in both upstream and downstream operations. The table below shows the linkages between the business and the bottom of the pyramid stakeholders. The Group's commitment to these engagements is long-term and mutually beneficial.

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

Stakeholder Engagement

Stakeholder engagement remains a key component of our business operations enabling us to identify risks and opportunities based on stakeholder concerns and interests. We identify stakeholders based on their interests in the Group and how we affect them as a Company. This process enables us to map out the appropriate level of engagement and communication required.

The business has identified the following stakeholder groups as significant to the Group.

·Internal – employees and management.
·External - suppliers, government,customers and consumers, investors, shareholders and local communities.

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

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

Stakeholder	Material Issues Raised	Mitigation Measures	Engagement Channels
Employees	· Competitive market related salaries paid timeously · Creation of a work environment that promotes wellbeing, productivity and growth.	· Creation of a conducive work environment.	Memorandums. Works Council meetings. Internal social media groups. Staff addresses.
Customers/ Consumers	Product function concerns.	Strive to meet customer expectations.	One on one meetings. Digital platforms.
Suppliers	Reliable supplier relationships.	Supplier diversity and transparency.	One on one meetings.
Government and Regulators	Compliance with laws and regulations.	Enforcement through internal systems.	Monthly reports and internal memo's.
Shareholders and Potential Investors	Increase in the value of shares and dividend declaration.	Improvements in Company performance aimed at share apprecition and payment of a sustainable dividend.	Financial publications.
Local Communities	Requests for assistance.	Community involvement.	Social welfare programs. Political leaders within constituencies.

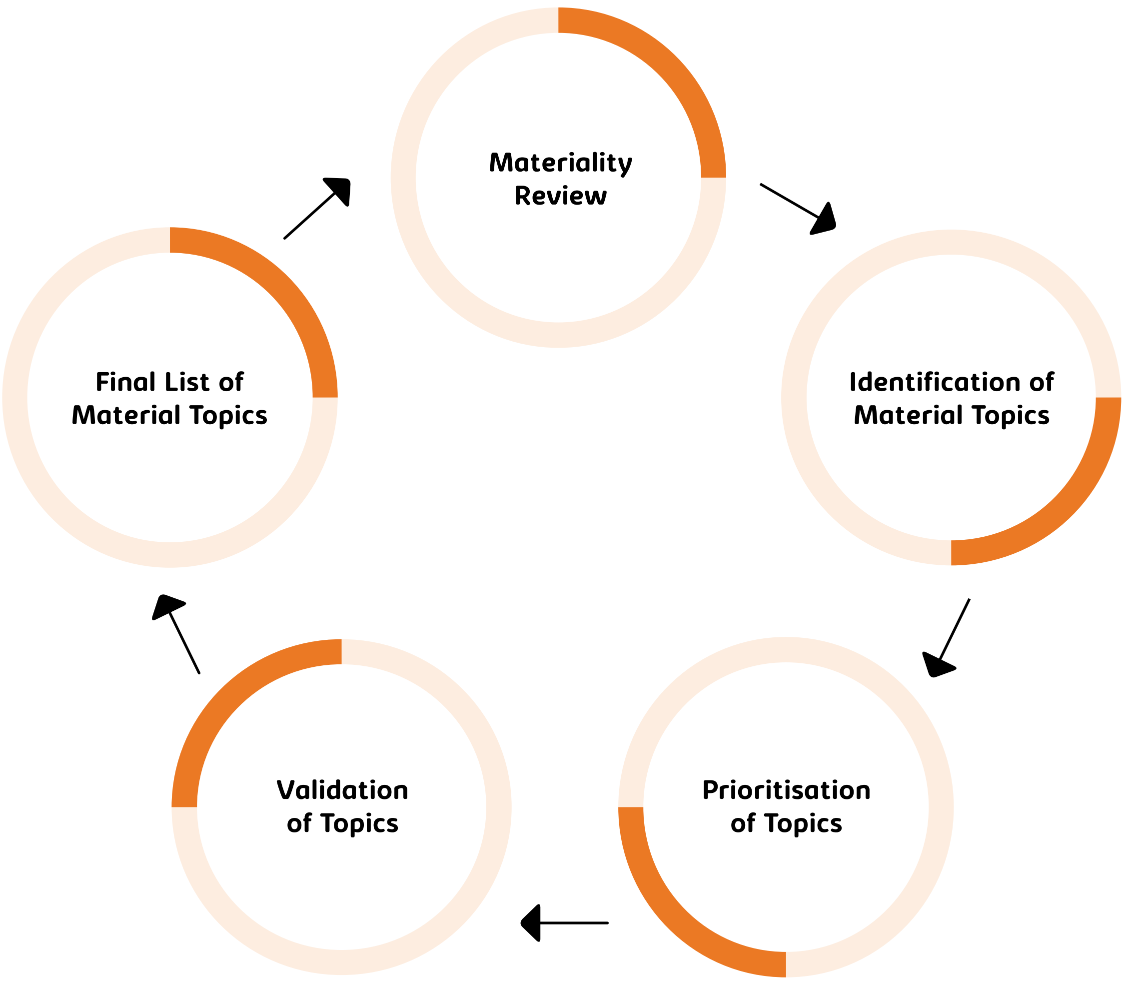
Materiality

MATERIALITY ASSESSMENT

The Group's approach to identifying material issues for disclosure is guided by the Global Reporting Initiative Standards. We conduct the materiality process every year as part of the reporting process to assess the most significant impacts to the business and stakeholders.

During the reporting period, we refreshed our materiality process through a review of the previously identified and reported material topics. The reviewed list of topics was used as an initial list of identified topics and was further supplemented by additional topics raised by stakeholders, business impacts identified during the reporting period, key trends identified in our industry and material topics reported by businesses in our industry.

The list of identified topics was then prioritised by senior management and sustainability champions based on the significance of the topics to the business and stakeholders.



Materiality

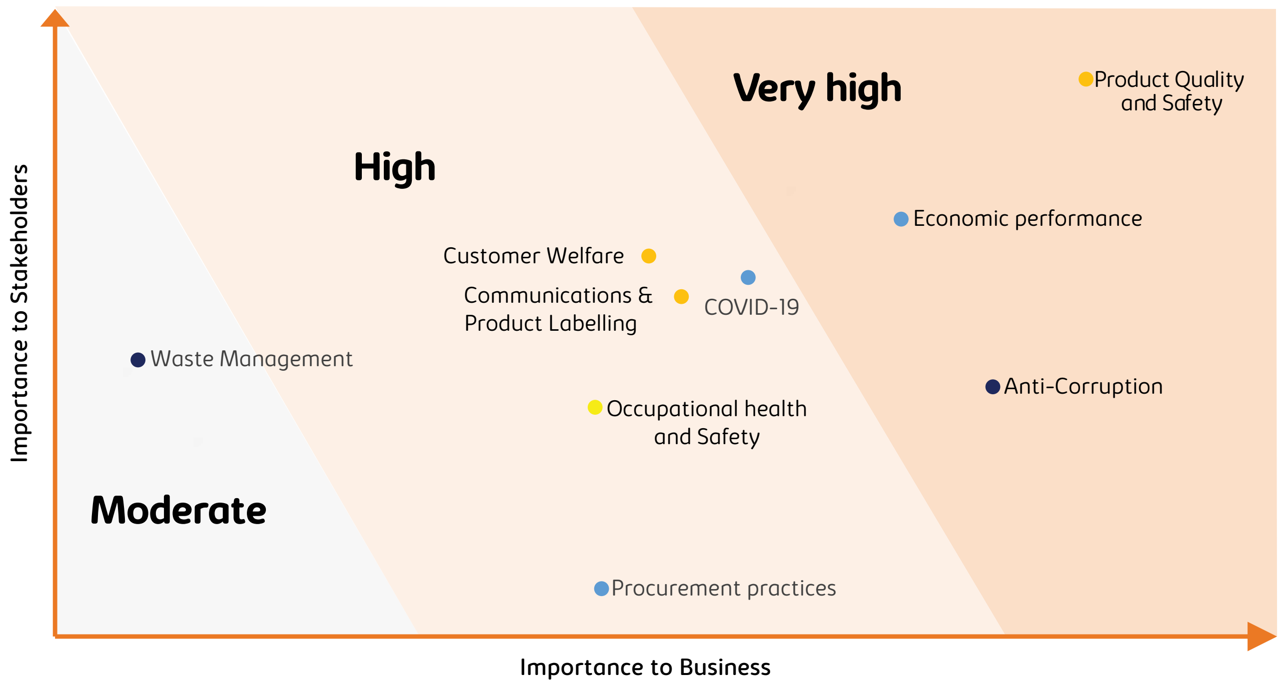
Material Topics by Category

We grouped the Identified topics into the following categories:

Consumers	Supply Chain	Sustainable Production
· Product quality and safety · Customer welfare · Communications and product labelling	· Animal welfare. · Responsible Sourcing.	· Energy consumption · Water and wastewater management
Our People and Communities	**Economic Impacts**	**Caring for the planet**
· COVID-19 Prevention · Occupational Health and Safety · Employee Welfare · Training and development · Diversity and equal opportunity · Workplace harassment prevention	· Economic performance · Procurement practices · Anti-Corruption · Corporate Social Investments	· Waste management · Climate change and emissions

Prioritisation of Topics

Dairibord Materiality Matrix



Product quality, economic performance and anticorruption were identified as the most significant topics to both the business and stakeholders during the reporting period.


DAIRIBORD
STERI
Long Life MILK
Sterilised Full Cream Milk
DAIRIBORD
STERI

Sustainability Performance

In this Section

- Our Consumers and Customers
- Quality Control and Standards
- Our Supply Chain
- Sustainable Production
- Caring for the Planet
- Our People and Communities
- Covid-19 Response
- Community Investment and Sustainable Development Goals
- Economic Performance
- Anti-Corruption

Our Consumers And Customers

Our Consumers and Customers

As a food manufacturer and marketer, we have a significant responsibility for the products and services we offer our customers and consumers. The Group is aware of its responsibility towards ensuring quality and safety, including the management of food handling and storage before consumption by end users. We also pay significant attention to the way we market and label our products to prevent misinformation, while encouraging responsible behaviour from our consumers.

Products Responsibility

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

Customer Welfare

Our business interfaces with different types of customers such as direct product end users, retailers and wholesalers. These customers have varied expectations from us. Overall, the Group is committed to the marketing and distribution of quality nutritional and healthy products. We also co-deliver this commitment through our mediators such as vendors, franchises, retailers and wholesalers. Through our relationships with the mediators, the business has a significant opportunity to promote small businesses and youth employment. The key customer related challenges faced are often associated with the perishable nature of our products, products shortages and trade terms or agreements. The Group strives to eliminate any negative experiences during interactions with customers and consumption of product.

To manage customer welfare, we use a variety of mechanisms to mitigate negative impacts and reward good performance. Dairibord has a returns policy which stipulates how purchase returns are handled, depending on the shelf life of products. The returns policy determines the amount of credit a customer receives or the loss they incur when returning a product. The policy is designed to ensure a customer has ample chance to get close to full reimbursement on purchase returns. Dairibord commits to deliver inter-city orders within 72 hours and 24 hours for intra city customers.

To track the effectiveness of customer welfare actions, we assess daily, weekly and monthly sales performance reports, conduct market visits and provide performance rewards to high performing sales teams. Revenue growth and demand are key indicators of customer welfare within our business as such, we are continuously enhancing our operations to improve warehousing, transport control systems,enhance market coverage and improve the returns policy. Engaging with customers to add value to their experience has assisted in keeping our brands top of mind and this assists us in enhancing customer loyalty while growing the customer database. In 2021 our sales volume was 48% above 2020.

Communication and Product Labelling

As a leading manufacturer and marketer of quality food and beverages, we play a major role in influencing healthy eating and an active lifestyle for our consumers. We subscribe to the concept of responsible communication particularly on nutrition labelling and advertising. These processes can help consumers to make accurate and informed decisions about our products. We seek to ensure our communications are consistent with the principles of a balanced diet, good nutrition and personal choice. Through our marketing and labelling, we also educate our consumers on correct product handling and disposal of waste associated with our products.

The business, due to its high brand equity, coupled by inadequate milk supply and cost push inflation among other factors, is facing challenges of meeting market demand. This has led to price distortions, smuggling of products outside the country, poor product handling and the emergence of unattached vendors in red and blue uniforms parading as Lyons and Dairibord vendors respectively.

We regularly monitor our channel prices to avoid arbitrage. We also have managed stock allocations to ensure that negative impacts associated with product shortages are mitigated. Our buyers and other perishable food handlers are trained and educated on product handling and behavior to minimize losses.

Dairibord strives to ensure there is accurate communication about its products and also averting misleading nutritional labelling and agents. Our product labelling complies with Ministry of Health and Government laboratory regulations at all times. Our packaging and labelling designs including devices, logos and industrial designs for bottle shapes are also patented. We commit to providing quality Liquid Milks, Foods and Beverages at a competitive price. We advertise through different media channels which include radio, TV, outdoor and digital platforms to enhance our marketing practices to keep consumers updated. Sales promotions using both modern & traditional channels, store/truck signage branding and exhibitions are also a part of our marketing mix. We ensure our marketing communications are in sync with product attributes and features and archetypes and are ethical and not offensive to any group.

The effectiveness of the actions we have taken on the management of our Marketing and Product Labelling is tracked by stock in trade reports, brand health check and customer satisfaction researches, Super Brand awards and external lab tests and reports. Volume market shares and mind share scores are also key performance indicators. Our goal for our brands is to attain the 1st or 2nd position in market share in all the categories we compete in, by focusing on customer value and complying with all statutory regulations.

We now have most of our brands occupying the first and second positions except for a few such as water, tea, and cordials. Our marketing and product development work are currently underway to support our brands, particularly those with less market share and brand dominance.

All our products comply with health regulations such as registration of products and testing and this is a continuous process. The business is focusing on growing and further penetrating the informal market to assert its brand dominance.

Quality Control And Standards

Quality Control and Standards

Quality and safety are some of the greatest responsibilities we have as a business. Customers and consumers have entrusted us with the responsibility to provide them and their families with high-quality and safe products. To fulfil this mandate, all our operations follow a rigorous quality assessment process which ensures that our products are safe, to reduce the burden of food borne diseases. We aim to achieve high consumer confidence, reduce product losses by addressing the root cause of defects, ensure consumer protection and assure product safety through positive product release (release of the product after verification analysis). Quality and safety are an integral part of our product design.

Dairibord food products' safety and quality standards influence industry wide quality standards, therefore indirectly impact on Zimbabwe food brands and export market perception. Dairibord employees provide technical expertise to the Standards Association of Zimbabwe (SAZ) technical committees and recently the African Organisation for Standardisation (ARSO) technical committees, contributing to the development of local and regional standards for competitiveness and trade. Supplier improvement programs have enabled small businesses to improve their product quality and access markets beyond Dairibord.

Food Quality and Safety Management.

Dairibord is committed to the supply of safe, high quality nutritional products that meet relevant regulatory standards and customer requirements. The Group's quality department is responsible for monitoring and managing the quality across our value chain,ensuring that the quality and safety of our products are not compromised at any stage of the value chain. The quality department established a set of parameters that form a complex system for monitoring and auditing. This is how the microbiological quality, hygiene and composition of products are controlled. Dairibord quality systems offer consumers and other interested stakeholders the confidence that products and production processes follow strict quality and safety criteria.

Management Actions

To manage the quality and safety of the food, we use a complex system of procedures and requirements as follows:

- Use of user generated, documented procedures to carry out processes and maintain process records.
- Implementation of process monitoring and verification programs for self-evaluation and traceability.
- Conducting regular internal audits; Good Manufacturing Practices (GMP); Hygiene; Hazard Analysis and Critical Control Points (HACCP) and Systems audits against standards.
- Annual independent third party audits certifying compliance and effectiveness of the system (group of interrelated processes).
- Annual regulatory audits.
- Bi-annual Product Certification Audits.
- Programs; Good Manufacturing Practices; Plant Hygiene and Sanitation Program; HACCP Program;
- Records; Food Safety Policy; Food Safety Objectives; Minutes; Recorded Communications; Process Control Records; Products Analysis Records.
- Direct engagements with the customer as follow up to customer complaints or at new product development.

Monitoring Food Safety and Quality.

The business has mechanisms used to track the effectiveness of the approach to Food Quality and Safety. The main mechanism is the implementation of ISO22000:2018, a HACCP based food safety management system in all operations and working towards certification. To ensure the success and full coordination across our operations, we have appointed a Management Representative and Food Safety Team Leader to drive the implementation and maintenance of the food safety and quality management system. The business provides resources for training by technical experts, budgets for improvement projects and leadership involvement in communications and management reviews. There is also risk analysis and implementation of hazard preventive control measures which are plant, process and product specific. Internal and external audits are used to verify compliance regarding the Food Quality and Safety approach.

Goals

To be best in class for quality - Zero defects to customer
Our brands to occupy number 1 or 2 in category.

Targets

Customer satisfaction index of 85%
Not more than 0.45% product loses of which 0.25% processing related issues and 0.20% distribution related.
Valid ISO Food Safety and/or Quality Management Certificates.

Key Performance Results / Actions

Customer satisfaction; 74% Target 85%.
Product availability; product quality & preference; price.
Losses; 0.24% Processing and 0.2% Distribution.
Certification Status; at certification stage.
Initial audit done, corrective action in progress.
System update (procedures).

Quality Control And Standards Cont'd

Production Sites Certified to Food Safety Management Systems

To ensure the efficiency of Dairibord Quality and Safety Systems, all production sites are subjected to internationally recognised Food Safety Tests by an accredited third-party certification body. Our production sites are certified to Hazard Analysis and Critical Control Points (HACCP) and the International Standards Organisation (ISO).

	Unit	2021	2020	2019
Certified production sites	Count	3	4	3
Sites undergoing recertification audit	Count	1	0	1
Total number of sites		4	4	4

Stakeholder Engagement on Food Safety and Quality.

Discussions with stakeholders from customer complaints and focus group meetings have indicated a need for the development of ambient products and move away from some cold chain products. As such, this led us to develop Cascade Tetrapak in 2019 and Cascade sachet in 2021, as long life line extensions of the Cascade bottle.

Quality Assurance lab technician at work

Our Supply Chain

Our Supply Chain

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

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

Supporting Small Businesses.

Our procurement practices have a significant capacity to spur the growth of small businesses while creating economic activity and job creation for the local communities. The Company's goal is to promote small to medium enterprises through continuous evaluation of their capacity to meet our procurement demands and standards. The business also provides advance payments to these suppliers to strengthen their capacity.

We have developed several tools to manage small to medium scale suppliers. Our target is to evaluate the performance of each supplier at least once per year. The key performance indicators used to track the effectiveness of the management of our procurement practices are the number of meetings and feedback of outcomes and the percentage of materials rejected from small to medium enterprises. Most small to medium enterprises engaged witnessed significant growth in their businesses confirming that the support we are providing has been effective. Most of the packaging materials we use are produced by small to medium enterprises. Our platform for feedback and supplier relationship management resulted in pleasant relations with suppliers.

Responsible Sourcing

Our supply chain, as most, harbours social and environmental risks with the potential to affect our business success. The business is committed to working only with suppliers who meet our procurement specifications for quality, ethics and environmental sensitivity. Failure to comply with the procurement requirements can lead to supplier rejection. Dairibord only sources products and raw materials from approved suppliers. The process to approve suppliers takes place at least once a year to evaluate compliance against our recommended practices. The Group also conducts full scope audits and supplier visits to provide feedback to suppliers on areas that need to be improved.

Dairibord also conducts internal and external audits to assess supplier compliance with best practices and particularly adherence with laws and regulations. We target to ensure our suppliers achieve 100% compliance with laws and regulations. All suppliers are expected to comply with laws and regulations. We conduct regular meetings with our suppliers to check that they are complying with laws and regulations and best practices of doing business. We also demand fiscalised invoices and tax clearance certificates from suppliers to avoid the risks of non-compliance with laws and regulations.

Responsible sourcing has assisted the business to identify and address malpractices by suppliers and led to the development of procedures which have been incorporated to assist in supplier development and assessment. The engagement has assisted us to narrow the gaps between the Company and the suppliers.

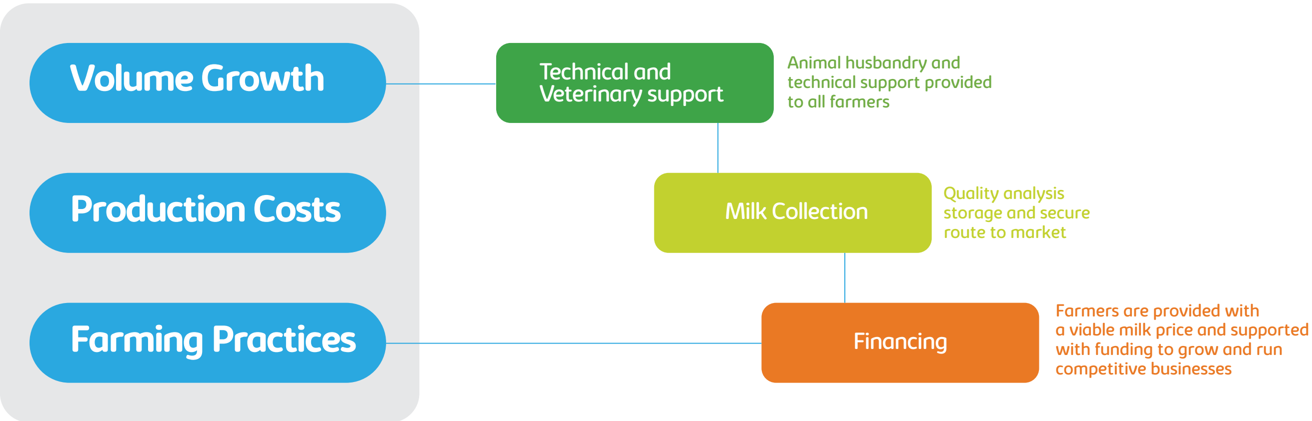
Milk Supply

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

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

Our Supply Chain Cont'd

Milk Farm



Key management areas for milk suppliers

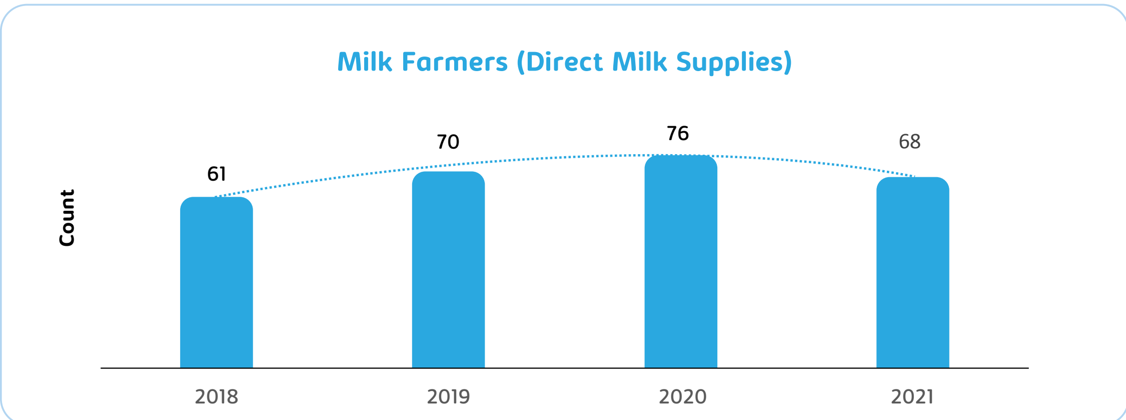
Managing Milk Supply

Dairibord has a Milk Supply Development Unit (MSDU) that provides extension services to its large and small scale milk suppliers, ensuring good quality and quantity of milk at a fair cost. Through the MSDU staff, farm management and technical support are provided to dairy farmers to ensure compliance with the Dairy Act. Dairibord also provides the service of five fully qualified veterinary doctors, at no cost to the producer to all of the Group's milk producers. This is meant to ease the farmer's burden for the overall animal health and welfare.

Farmer Training

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

Dairy farmers are provided with technical advice on breeding and herd expansion so that farmers can increase their milking herd size. The MSDU assists farmers with the identification, sourcing and procurement of all the necessary inputs at competitive prices. The farmers have been provided with state of the art milk testing machines that can test all the required milk parameters and milk composition. Dairibord has a total of about 70 dairy farmers that supply milk to the Company. Out of the approximately 70 farmers, 8 are milk collection centers with over 240 small-scale farmers supplying into them.

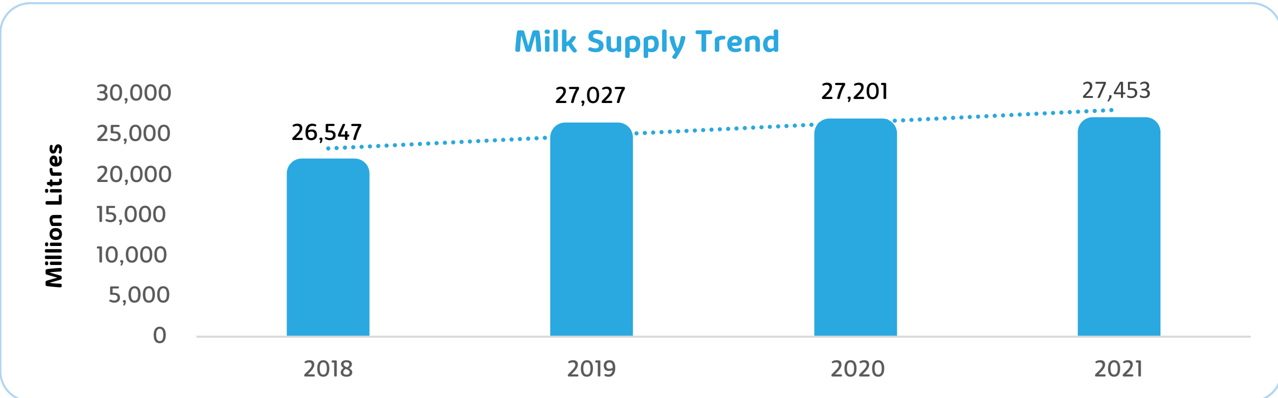


Our Supply Chain Cont'd

Investment In Small Scale Farmers.

Total Milk Intake (Million Litres)	27 453	26 941	27 147	24 576
% of Milk from Small Scale Farmers (including farmers supplying MCC's)	3%	3%	4%	3%

***Small scale farmers milk less than 10 cows and are members of Milk Collection Centres**



Animal Welfare

At Dairibord we promote and encourage our farmers to practice good animal husbandry and welfare. We have resident Veterinary doctors and extension officers in all our milk regions that are available for farmers to diagnose and treat dairy cattle, provide advice and training and a myrid of other sevices. They encourage farmers to improve the standards of cattle pens through cleaning as well as proper feeding. This is often done through sharing of regular dairy tips obtained from international dairy publications which enable protection of the animal rights. The Group also provides support to farmers on animal welfare as follows:

- Liaisons with government and veterinary suppliers to make vaccines available and easily accessible.
- Provide loans or facilitate access to loans to fund feeding and veterinary services.
- Dairibord relationships with feed companies allow farmers to obtain feed on account, ensuring that the animals never run out of feed.
- Zero percent interest financing for expansion and retooling.
- Nutrition consultancy support.

Our goal is to ensure that all animals have adequate feed and are in utmost good health. We aim to strengthen animal welfare practices by conducting body condition scoring monthly, enabling farmers to determine if nutrition is adequate. Milk Urea Nitrogen (MUN) can determine the effectiveness of cow rations. Assessment of cases of tick-borne diseases over time can also be monitored and will give an indication of the efficacy of dips being used.

Taking care of dairy cattle through sufficient feeding schemes and veterinary services will enhance milk delivery and quality. The engagement we have with farmers has enabled good feeding and good animal husbandry procedures. We also take advantage of these engagements with farmers to encourage proper disposal and reuse of cattle dung to reduce our contribution to climate change.

Sustainable Production

Sustainable Production

Dairibord appreciates the significance of responsible manufacturing. This not only stems from cost efficiency and profitability benefits but also from the realisation of the strain imposed on the environment by wasteful and inefficient processes. Our business is committed to the production of goods using processes and systems that do not endanger the very environment in which our future development and survival depends on. Our sustainable production practices have a significant impact on water, energy and food among other resouces.

By doing more and better with less, we can decouple economic growth from environmental degradation, while increasing resource efficiency and promoting sustainable lifestyles. We understand how our operations, if not monitored and managed, can impact negatively on the environment, which in turn affects our business in the long run. We aim to efficiently use the resources endowed to us in our operations through sustainable production. We want to make our operations as efficient as possible to optimise shareholder and stakeholder value.

Sustainable Production Priorities

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

Management Approach

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

Overall Equipment Effectiveness (OEE)

OEE is a measure of how well a manufacturing operation is utilized (facilities, time and material) compared to its full potential, during periods when it is scheduled to run. By monitoring the OEE during each shift, it is precisely known when disturbances and problems occur. Disturbances often result in wastages and product losses. Managing our OEE, enhances operational efficiency.

Materials Sourcing And Efficiency

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

Packaging

Packaging plays a key role in enabling the sale, delivery and marketing of all products and protecting, preserving and presenting our products. The packaging materials we use include HDPE, PET, Tetra cartons, PVC and foil. Some of our packaging materials are recyclable and reusable. The packaging material also has significant potential to become waste and cause pollution when improperly disposed of. The Group has put in place processes to promote recycling of the waste we generate. Currently, we are working with local small businesses to collect and recycle our waste while contributing to proactive research, development of environmentally safe packaging technology through our affiliation with an industry recycling organ PETRICOZIM. Dairibord have invested in a second Tetrapak carton filling machine whose packaging is largely biodegradable and there are plans to migrate to biodegradable carton lids.

Our goal as a group is to increase recyclable packaging material use at the same time preventing or reducing the generation of waste and pollution from our operations. The business is focused on investing in programs that minimise and conserve natural resources. We assess the quantity of waste generated, recycled and disposed to measure our progress. The success of our management process has been influenced by the partnership with stakeholders such as packaging suppliers, waste collectors and recyclers. The Environmental Management Agency has also provided more information on regulations related to waste management.

Sustainable Production Cont'd

Below are key materials used for the manufacture of key products during the year:

	Units	2021	2020	2019
Raw materials (Milk)	Litres	27,422,944	27,162,331	29,090,609
Packaging	Tons	5,342	4,116	4133

Cascade tetra on production line

Where possible, we recycle materials for alternative uses. Due to the nature of our business, the extent to which we can use recycled material is limited. As such, material usage efficiencies are of paramount importance. The usage efficiency is monitored daily by working out usage yields per product line. The yields are established by Research & Development personnel during the introduction of a new product, a new material, or a new processing line and monitored regularly thereafter.

Energy Consumption Within The Group

Energy remains a key aspect of our operations for powering machinery and vehicles, provision of lighting among other activities. Our dependence on non-renewable sources of energy also implies that we contribute to the release of air pollutants such as greenhouse gases. The use of energy has a significant cost expense which affects the profitability of our business.

Various initiatives are currently in place to manage our energy impacts. These include mandatory use of only LED lighting which uses low amounts of energy and the investment in energy efficient equipment. We also monitor utility indices which indicate the amount of energy used per volume of product produced.These indices are tracked on a daily, weekly and monthly basis. The business has also invested in an efficient ammonia plant with automatic load controls, thus saving energy usage. The business intends to invest in solar power plants for its Chitungwiza and Chipinge factories.

Sustainable Production Cont'd

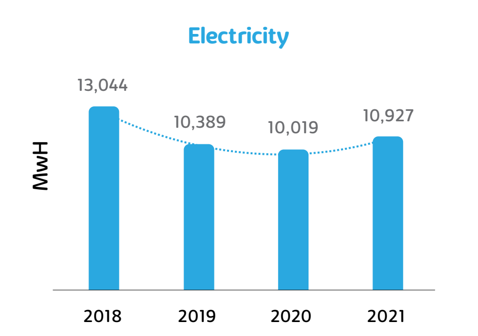
Boilers have a minimum threshold for producing steam efficiently, hence we try and optimize operations by running several steam demanding activities simultaneously. The engagement of NSSA has assisted us in providing efficient boiler operation training for employees and discussions with coal suppliers have led to proper utilisation of coal depending on its quality. The ZESA tariffs system has also enabled us to avoid penalties by encouraging the consumption of energy during off peak periods.

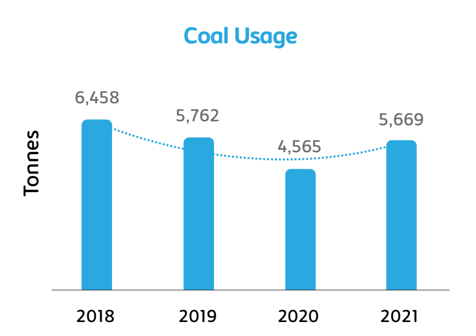
Energy Efficiency Indices

Overall Indices	For Dec 2021				
Indices	**Electricity Usage**	**Volume of Products produced**	**Efficiency Indicator**	**Target**	**Commentary**
Electricity L/KWh	1,040,095	9,160,286	8.81	6.11	Higher is better
Coal L/kg	547,430	9,160,286	16.73	12.39	Higher is better

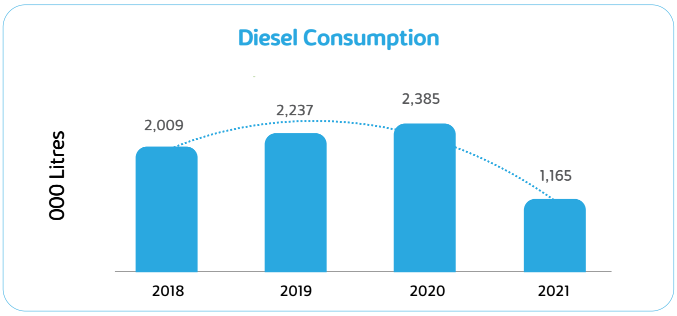
The higher the efficiency indicator shows that more product is being produced with less energy.

Energy Source	2021	2020	2019	2018
Electricity (MwH)	10,927	10,019	10,389	13,044
Coal (Tons)	5,669	4,565	5,762	6,458





	Units	2021	2020	2019	2018
Diesel '000' litres	Litres	1,165	2,385	2,237	2,009



Sustainable Production Cont'd

The company has made tremendous effort to improve distribution efficiencies and this has resulted in increased capacity utilisation of vehicles and reduced use of diesel. Further the imporved electricity supply in 2021 resuted in reduced useage of generators as a source of power thereby reducing diesel consumption.

Water Consumption

Water is a critical aspect in our operations used primarily as raw material, for hygiene, sanitation, and cooling and steam generation. Our major sources of water are the municipal and borehole facilities. Given the size of our production processes, we have a greater potential to contribute to water shortages, reduce water availability, pollute surrounding water bodies and affect aquatic life. At Dairibord our motto is that water is life and every drop counts.

The business is committed to water conservation and the prevention of water pollution. We have various mechanisms in place to manage water which include:

- Appointment of water attendants to monitor and manage water usage efficiency.
- Reuse of the final rinse water for cleaning facilities.
- Reverse osmosis for waste water used for cleaning and watering gardens.
- Monitoring of water and steam leakage.
- Onsite effluent treatment plant to treat waste water before disposal back into the environment.

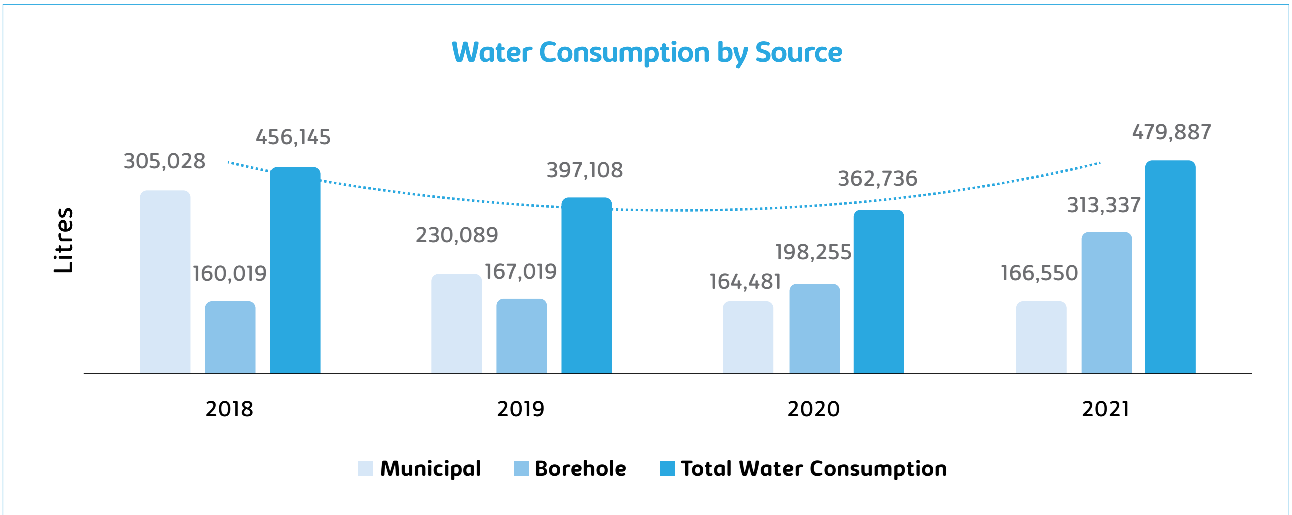
The business is committed to reaching world class water efficiency targets of using 3Litres of water to manufacture 1Litre of product. We assess this by evaluating the total amount of water consumed versus the amount of products used. There is co-relationship between water consumed vs product produced, the lower the better. The lower the water consumption the more efficient the system.

Water Consumption	Total Volume of Products produced	2021 Water Efficiency Indicator	Target
47,988,700	9,160,286	5.23	5.15

The progressive decline in water used per litre of product has been recorded over the past several years from 7L/l of product to current 5.23l/l of product. Targets are set annually for continuous improvement. There is need to separate water used as ingredient in product from water used for other purposes and this is yet to be implemented.

Water Source	2021	2020	2019	2018
Municipal (Litres)	166,550	164,481	230,089	305,028
Borehole (Litres)	313,337	198,255	167,019	160,117
Total Water consumption	479,887	362,736	397,108	465,145

The increase in water consumption was in response to increase in volume driven mostly by beverages.



Caring For The Planet

Caring For The Planet

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

Management Approach

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

Waste Management Priorities

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

Activities

- Distribution of bins internally and nationally in cities.
- Recycling company established onsite for all operating factories.
- Segregation of waste at source.
- Selling scrap/obsolete material for re-use or recycling.
- Partnership with PETRICOZIM to manage PET.
- Solid waste disposal licence (EMA).

Performance

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

Waste

Waste type	Disposal method	Unit	2021	2020	2019	2018
Coal Ash	Sold	Kg	850,284	684,803	633,820	710,400
Packaging waste generated						
Linear Low Density Polyethylene (LLDPE)	Recycling & Landfill	Kg	2,629,867	534,124	519,007	476,307
Biaxial-oriented Polypropylene (BOPP/ VMCPP)	Recycling & landfill	Kg	20,106	13,636	9,500	13,453
High Density Polyethylene (HDPE)	Recycling & landfill	Kg	12,012,200	2,841,990	1,817,827	2,713,999
Polyethylene Terephthalete (PET)	Recycling & Landfill	Kg	1,596,132	208,652	189,871	258,661
Polypropylene (PP)	Recycling & landfill	Kg	709,233	517,822	160,302	268,608
Liquid Waste						
Effluent	Municipal	M3	287,932	386,101	238,265	186,058
Oils	Sold	Litres	4,173	19,249	5,947	-

The 2021 increase in HDPE and PET are volume driven.

Caring For The Planet Cont'd

Segregation Of Waste

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

Emissions

The Group depends on fossil fuels such as coal, diesel and petrol as major sources of energy. These energy sources release gaseous pollutants responsible for the ozone depletion, acid rain and climate change among other forms of air pollution. The business is aware of the devastating impacts of these air pollutants and committed to reduce its contribution to the emission of some of these major pollutants. Dairibord has a Safety health and Environmental policy that is used to manage emissions and climate change. As a Company, we are committed to complying with all relevant legal and other requirements governing safety, health and environment, preventing pollution from our activities and promoting programmes that enhance waste minimisation and conservation of natural resources. We also use this policy as a framework for setting and reviewing safety, health and environmental objectives and targets. It's our duty to ensure that we conform to the requirements of ZWS ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Management system requirements.

To manage our negative impacts, we monitor our emissions on a quarterly basis. We also track the use of ozone friendly chemicals such as refrigerants and conduct routine assessments of boilers and generators. The National Social Security Authority (NSSA) also commissions our boilers according to the level of emissions generated. The Group is committed to 100% compliance with legal requirements. During the year our boiler and generator emission fell below the blue and green bands indicating that we were compliant with Statutory Instrument 72 of 2019.

GASEOUS WASTE Emissions

SI 72 of 2009

Band scale for emissions	Blue	Green	Yellow	Red
Particulate	<60mg/m^3	<90mg/m^3	<100mg/m^3	<120mg/m^3
SO_2	<25mg/m^3	<30mg/m^3	<35mg/m^3	<40mg/m^3
NOx	<70mg/m^3 as NO2	<100mg/m^3 as NO2	<130mg/m^3 as NO_2	<150mg/m^3 as N(

The business has implemented key measures to reduce its emissions such as sourcing coal with high calorific value and routine boiler maintenance to improve combustion. We are working with regulators such as NSSA and EMA to improve our emissions management.

Greenhouse Gas Emissions

The Group calculates its carbon footprint by converting its energy consumption into carbon dioxide (CO2) equivalency using internationally accepted conversion factors due to the unavailability of nationally adopted conversion factors for Zimbabwe.

Scope 1: Direct Emissions

These are direct Greenhouse Gas (GHG) emissions from operations that are owned or controlled by Dairibord Primarily, these are emissions from fuel consumed by generators and vehicles. We applied emission factors obtained from the United Kingdom (UK) Government GHG Conversion Factors to convert liquid bio-fuel usage and coal combustion as presented below:

Scope 1 Emissions	2021	2020	2019	2018
Diesel (Kg CO2e litres)	3,598,410	5,991,907	5,620,082	5,047,271
Coal (Kg CO2e ton)	13,627,369	10,973,530	13,850,926	15,523,999
Total Scope 1 Emissions (Kg CO2e)	**17,225,779**	**16,965,437**	**19,471,008**	**20,571,270**

Caring For The Planet Cont'd

Scope 2: Indirect Emissions

These are emissions from the consumption of energy generated and supplied by a third party in which Dairibord has no direct control. Our Scope 2 emissions were calculated using emission factors obtained from the Southern African Power Pool 2015 using Operating Margin factors and the Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC) as presented below:

Scope 2 Emissions	2021	2020	2019	2018
Electricity (Kg CO2e KwH)	11,212,856	10,281,002	10,660,882	13,385,753

Dairibord Chipinge Dairy

Our People

Human Capital Management

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

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

The business is significantly dependant on direct contract and permanent employees for the bulk of our operations. We have however outsourced several services to contractors as follows:

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

Strategic Priorities for human capital

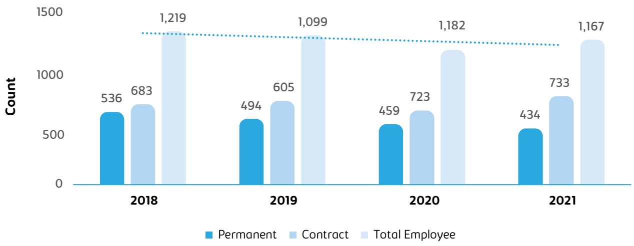
The company believes in dignified living and working conditions as well as the social and economic well-being of employees and that these are essential to unlock potential.

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

Our People in Numbers

Employee Category	2021	2020	2019	2018
Permanent	434	459	494	536
Contract	736	723	705	683
Total	1,170	1,182	1,199	1,219

Employees by Contract type



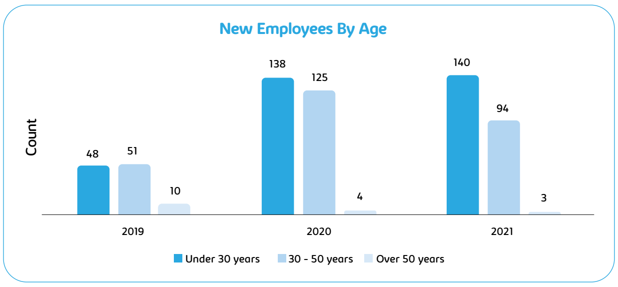
Employment Creation

Dairibord contributes significantly to employment by creating opportunities for ordinary men and women to become small scale business people through street vending. Each year, the Company avails vending opportunities for over 929 street vendors of which 65% are female. Besides that, through the extensive route to market network, Dairibord has indirectly contributed to employment creation in modern trade, general trade, merchandising companies and transport service companies.

Our People Cont'd

New Employees by age

Employee hire	Unit	2021	2020	2019
Under 30years old	Count	140	138	48
30-50 years old	Count	94	125	51
Over 50 years old	Count	3	4	10
Total new employees	Count	237	267	109



Employee Turnover

	2021	2020	2019	2018	2017
Total Turnover	22	11	15	23	19

Turnover by Gender

	2021	2020	2019	2018	2017
Male	16	7	9	18	16
Female	6	4	6	5	3
Total	22	11	15	23	19

Turnover by Age

	2021	2020	2019	2018	2017
0-30	2	-	-	4	2
31-50	19	11	15	19	17
Over 50	1	-	-	-	-
Total	22	11	15	23	19

Our People Cont'd

Employee Economic Empowerment

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

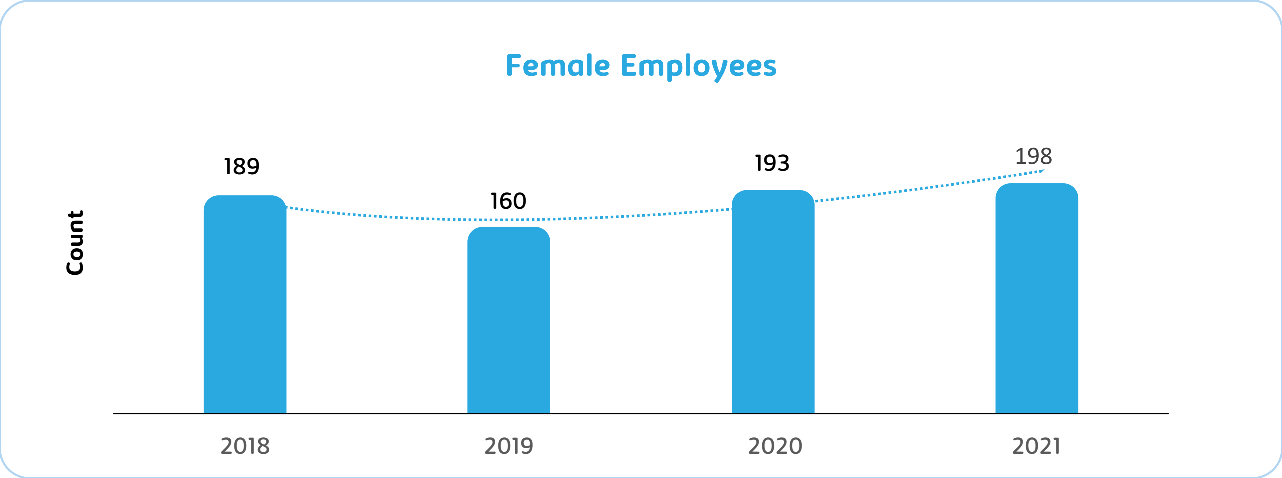
Human Resources Initiatives

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

Employees Gender Distribution

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

Gender	2021	2020	2019	2018
Female (Count)	198	193	160	189
Male (Count)	969	989	939	1,030
The proportion of female employees to Total Employees. (%)	17%	16%	15%	16%



Our People Cont'd

Gender and Diversity

Dairibord promotes a workplace which encourages equality, diversity and inclusion. This helps provide opportunities for women, industrial harmony, build team morale, retain staff and increase productivity. If not managed it may result in harassment of employees, unintentionally create a hostile working environment and contribute to higher turnover, poor communication which in turn reduces teamwork and a poor reputation for the Company's image, resulting in low productivity.

Dairibord promotes a gender and youth balanced workforce with the target of having 30% female employees by 2022 this is also achieved through the recruitment of graduate trainees as a way of incorporating fresh and young employees into the business. However, there are age restrictions on graduate trainee policy restricting graduates above age 25 years. The Company has also been employing females in areas that have been largely dominated by males, provided they are capable enough for the roles for instance female drivers, artisans, female packers in the production plant. Our vendors constitute over 65% females.

Gender Sensitive Work Environment

We commit to conducting awareness campaigns of sexual harassment, gender based violence through plays, dramas, conventions and induction programs for new employees. We also follow wellness calendars such as World Aids Day, Breast Cancer Day, to promote understanding of the challenges facing women in the workplace. We also conduct induction and awareness campaigns on the dress code. We encourage employees to use of suggestion box and make use of the open-door policy that is available to report any concerns they might have. All our employees have equal access to promotion opportunities within the Company whether male or female. We also conduct exit interviews to understand employees' reasons for leaving the business.

Diversity, Equity and Inclusion Goals

- To create a productive work environment that is free from harassment and bullying.
- To distribute roles and responsibilities, resources equally to everyone in the workplace.
- To provide a discrimination-free workplace through organising training for employees on respect and anti-discrimination to create a harmonious work environment.

To ensure the fulfilment of our goals and targets we make certain that the number of women and men occupying senior management positions is balanced off making consideration of the demography of employees, the ratio of men to women and the percentage of specific skills and experience required for the job. Employment and representation of different groups of the population in the workforce should also show that we comply with our Diversity and Equal Opportunity approach. The hiring process, job retention and job satisfaction are some of the processes we use to assess our diversity impacts. We have also made an effort to ensure that all managers and staff are familiar with the Group's equal opportunities policy and anti-harassment policy and that there is also equal distribution of roles and responsibilities, equal pay and benefits. Diversity and equal opportunity creates room for innovation and creativity through encouraging a platform for the open exchange of ideas and collaboration.

Gender Distribution In The Executive Committee

Gender	2021	2020	2019
Female	5	5	5
Male	5	4	4

Our People Cont'd

Training And Personnel Development

Training provides Dairibord with a platform for building the capacity for improved performance. The business identified opportunities for enhanced competitiveness, productivity, closing skills gaps, succession planning, safety, promotion and adaptation that are associated with training employees. We have a talent development policy which aims to drive performance and build a learning culture aimed at nurturing and retaining talent across the whole Company. Our goals in training and development involve: goal congruency, role clarity & concepts, alignment of personal and Group objectives, skills retention and improved productivity, efficiency & effectiveness. This is achieved through the following training:

- Leadership Development.
- Management Development.
- Supervisory Development.
- Technical training.
- Soft skill development.
- Coaching & Mentoring.
- Graduate Traineeship.
- Apprenticeship Training.
- Student internships.
- On-boarding programs.

In addition to the above, we also use expatriates as part of knowledge transfer. Short courses, seminars and conventions are also done to enhance the knowledge of our staff members. We target to identify appropriate resources for effective leadership and talent development and retention of all critical skills.

We conduct training evaluations and assessments to assess the effectiveness and compatibility of the programs to the Group, the goal will be to avoid obsolete and irrelevant training. The assessment is conducted during the training and 6 months after training is to evaluate its effectiveness. A skills audit is conducted on a routine basis to assist in closing the gaps in qualifications, skills and competencies.

The business has also put in place an employee assistance development scheme to assists those with financial difficulties to pursue studies relevant to their field. The Company will assist and bond the beneficiary for an agreed number of years.

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

Category	2021	2020	2019	2018
Graduate Trainees	13	-	11	11
Students on attachment	25	24	22	13
Total	38	24	33	24

Remuneration

Our remuneration policy guides us in determining our compensation to our employees. We aim to remunerate at the upper quartile of the market. We also follow and comply with industry collective bargaining agreements as minimum benchmarks for determining salaries for our non-managerial staff who constitute 80% of the total complement. This approach is also complemented by self-financing incentives schemes that recognise collective and or individual performance achievements.

Our People Cont'd

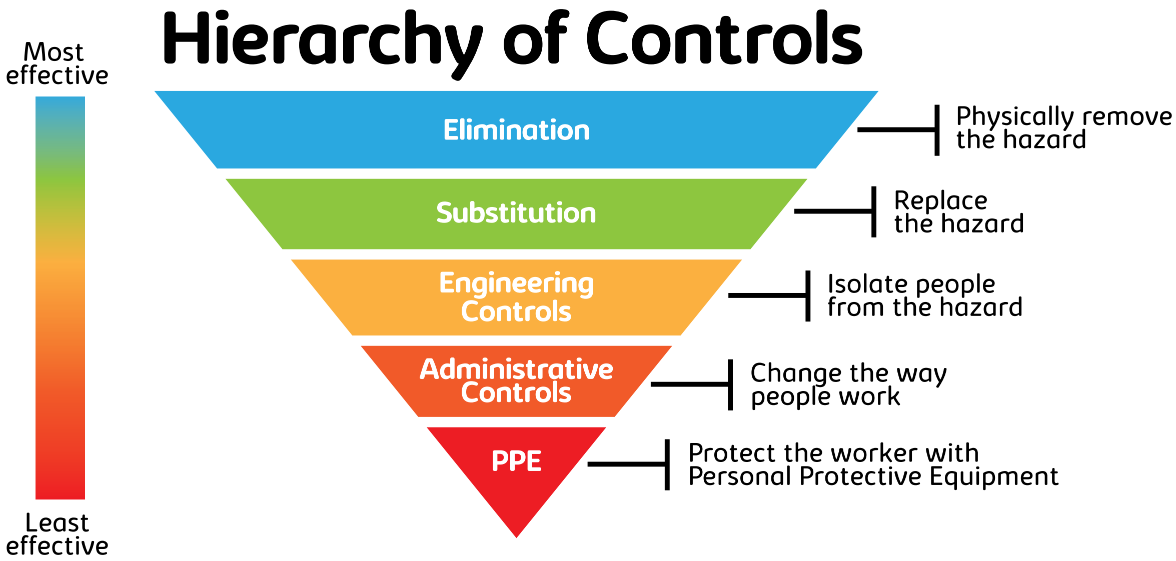
Occupational Health & Safety

At Dairibord, we recognize the importance of providing a safe working environment for our employees. We prioritize this not only as a legal requirement but as a basic human right for our employees. We are committed to ensuring that the safety of our employees, contractors and other clients that do business with us are well protected across all our facilities.

Occupational Health and Safety is fundamentally important to Dairibord as it brings positive impacts to the Company which includes high staff motivation, reduced accidents which result in a reduction in the number of claims, therefore improve the Company's image. Negative impacts often associated with occupational health and safety include permanent disability, lost time injuries, unforeseen medical costs and the high costs of replacing and training employees.

Management Approach

Dairibord has processes in place to identify and manage work related injuries and these include Internal & External audits, employee complaints, hazard identification processes and incidents (accident/near miss). Work related hazards are reported by employees during Safety Health and Environmental (SHE) meetings and also during SHE awareness programs conducted at the Company. Work instructions/Standard Operating Procedures (SOPs) and signage are also available for employees to remove themselves from situations they believe could cause injury or ill health. The hierarchy of controls is also used to manage occupational health hazards and to determine improvements needed in occupational health and safety.



Dairibord has a Safety Health & Environmental Policy to guide the management of occupational health and safety in the Company. The Group also commits to comply with all relevant legal and other requirements governing safety, health and environment. We have appointed a SHE team to manage all safety issues and provide training to employees on a routine basis.

Work-related Accidents

Category	Unit	2021	2020	2019
Work related fatalities	Count	-	-	-
High consequence work-related injuries	Count	23	11	3
Recordable work-related injuries	Count	42	23	62
Lost time injuries	Count	66	54	16

We track the effectiveness of the management of Occupational Health and Safety by the outcomes from weekly operations meetings and notices on the Notice/dashboards. The goal of the Company is to achieve Zero Harm. This is evaluated by the decrease in accidents at the workplace.

Covid-19 Response

Covid-19 Response

The COVID-19 pandemic disrupted our normal ways of doing business, challenging us to rethink and adapt to the changes required to protect customers and employees. The business remained resolute in its commitment to ensuring a safe working environment was maintained as well as complying with all legal and regulatory requirements relating to COVID-19. The pandemic made us realise the significant opportunities available for digitalising our work process and creating virtual worker through virtual meetings and working from home. We have also strengthened our skills in the area of Information Technology as a result. We also faced significant challenges in supply chains which resulted in a longer delivery time of raw materials and packaging materials as a result of some of the restrictions imposed to limit the spread of the COVID-19 virus. Trading hours were also reduced, disrupted production plans among other challenges.

The business remains committed to the management of COVID-19 Impacts. Our goals are to achieve a Zero positive COVID-19 rate, maintain an effective and adequate system of reducing the spread of the virus in our premises and have 100% employee vaccination. The key performance indicators for evaluating performance were based on the number of employees vaccinated vs target, the number of employee deaths due to COVID 19 related illnesses and the number of employees' recoveries from COVID-19. During the year the following initiatives were in place:

- Effective communication through regular updates on COVID-19 statistics and news using circulars or internal memoranda.
- Executives and senior management getting vaccinated first to bring confidence to staff members.
- Regular provision of masks and sanitizers to all staff members.
- Employee training and awareness, through the use of posters on COVID-19.
- Employee and customer temperature screening at points of entry.
- Drive to achieve 100% vaccination of 1st, 2nd and 3rd booster vaccinations.
- Fumigation of facilities and offices regularly.
- Mandatory negative PCR or antigen test result for returning to duty.
- 100% proof of vaccination as part of the hiring process.

Partnerships

During the year, the business partnered with BMC medical practitioners, First Mutual Life, Premier Medical Service Insurance (PMSI), City Health departments and local clinics to provide our employees with COVID-19 vaccinations, travelling exemption letters, tests, counselling services and recovery kits. We have a contracted doctor who provides medical examinations and advice to our employees. The Human Resource Department also liaises with the clinics and the medical practitioner to assess the COVID-19 burden and trends within the Company on a routine basis.

Dairibord staff member receives his COVID 19 vaccination jab at Rekai Tangwena

Covid-19 Response Cont'd

Indicator	Units	2021
Tests conducted	Count	125
Positive cases	Cases	8
Negative cases	Cases	117

Evaluation of COVID19 Management.

The business recorded a massive decline in positive cases, high recovery rates and no accounts of death cases during the reporting period. This proves that our management actions have been effective in managing risks. There is now a high level of awareness to COVID-19 within the business with 100% of our employees having been vaccinated with the first dose.

Dairibord staff member shows off his COVID-19 vaccination card after receiving his jab at Rekai Tangwena

Community Investment and the Sustainable Development Goals

Community Investment And The Sustainable Development Goals

Supporting communities is an integral component of building shared vision and values by Dairibord Holdings. The continuous interaction with communities helps us understand their needs and how our relationships can be enhanced to long term partnerships. Dairibord takes responsibility for improving the lives of those living and working in the areas where we operate.

The Company's Corporate Social Responsibility Practices have led to the growth of the dairy sector through support of small-scale dairy farmers in alignment with the strategy to regrow national dairy herd and milk production. The establishment of the Chipinge operations has promoted devolution and decentralisation of our value chains for sustainable and inclusive socio-economic development.

We also directly assist local communities through the improvements of the living standards of the vulnerable in our communities, promoting healthy living styles through improved diet, education (Bursary scheme) and talent development tools for employees. However, the approach can have negative impacts which include the potential negative impact from intermediaries resulting in beneficiaries being short changed and disagreeing with stakeholders on focus areas. The business engages with charities and other intermediaries that directly interact with our beneficiaries. The Company does not have a corporate social responsibility policy in place but is guided by the United Nation's Sustainable Development Goals (SDGs). Our key commitments are as follows:

Community Investment and the Sustainable Development Goals Cont'd

Community Investments

Target	Purpose of Investments	Organisations Supported	Items Donated	Amount US$
Education	Investment in the future of human development while building the skills pool.	Children of employees at the supervisory level	Schools	2,500
Vulnerable Groups (Orphans and the elderly)	Improve the quality and standard of life for vulnerable groups.	Orphans and the elderly.	Food groceries and toiletries.	1,500
Health Institutions	Promote the quality of health care.	Hospital Patients.	Bed sheets.	1,200
Total				**5,200**

Our community investments are continuously evaluated to reflect the interests and needs of local communities. We take seriously the responses we received from beneficiaries to identify shortfalls and areas of improvement.

Presentation of groceries to S.O.S Children's Village by Corporate Affairs Manager, Imelda Shoko (2nd from left)

Economic Performance

Management Approach

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

Our economic value generated and distributed is available in the financial statements on pages 83 to 166.

Payments to Government

Dairibord actively monitors and manages its tax affairs to ensure full compliance and transparency. We have put in place several measures to manage our tax affairs which include the following:

- Making statutory payments a priority.
- A compliance checklist to monitor whether all taxes were paid on the due dates is completed every quarter. This is reviewed by the Group Finance Director and the Finance, Audit and Risk Committee.
- As and when new laws and regulations are enacted, we adjust our systems to reflect the changes.
- As and when a new Finance Bill is passed:
- Management holds a training session with tax consultants to review the changes and the impact on the business and how to implement the compliance changes.
- Relevant personnel attend tax seminars to keep up to date with any tax changes.
- We constantly liaise with our tax consultants on any developments.
- We institute a tax health check every three years to ensure that our tax affairs are healthy.
- We regularly engage our relationship manager at the Zimbabwe Revenue Authority (ZIMRA).

	2021 ZW$	2020 ZW$	2019 ZW$	2018 ZW$
Corporate Tax	23,961,602	5,197,523	817,718	99,391
Corporate Tax Subsidiaries	190,111,044	89,429,591	6,349,595	1,126,223
Value Added Tax (VAT)	128,183,419	52,893,344	1,898,940	1,265,184
Import Duty	264,155,961	83,888,388	6,605,681	2,226,080
PAYE	182,229,553	62,578,632	5,169,474	1 357,356
Withholding Tax	155,455,663	5,135,860	565,237	215,812
Capital Gains Tax	-	494,000	13,747	15,984
Fines	-	-	-	-
Aids Levy	4,768,898	1,926,654	155,084	40,721
Total	**948,866,140**	**301,543,992**	**21,575,475**	**6,346,750**

Receipts from government

	2021 ZW$ '000'	2020 ZW$ '000'	2019 ZW$ '000'	2018 ZW$ '000'
Export incentives	-	-	29	36

Anti-corruption

Anti-corruption

Dairibord is actively involved in fighting corruption which has led to the safeguarding of the Group's assets, good work ethic, positive relations with suppliers and good reputation in the market (trusted partner). The Group's strategies and operations are anchored on principles of sound corporate governance and we do not tolerate any form of corrupt dealings with our stakeholders. The Group embraces ethical relationships with all stakeholders as enshrined in the anti-corruption policy. We have ZERO Tolerance to Corruption!

Anti-corruption Policies, Reporting Procedures and Platforms

Our policies as a Company is to ensure that we adhere to values of Integrity, Accountability and Responsibility, and Zero Tolerance to Corruption. Dairibord has developed an Employment Code of Conduct and Individual contract of employment regarding aspects related to Anticorruption. We also have Tips off Anonymous mechanisms for reporting incidences of corruption with toll free numbers for staff members to report cases to a third party Deloitte & Touche Zimbabwe. We receive quarterly updates reports of corruption from Deloitte & Touché Zimbabwe. Other facilities we use to report corruption include the employee engagement survey and suggestion boxes. During the induction process we educate our new employees on behavioural expectation, this covers the code of conduct and our business values.

Mitigating Corruption from Procurement and Vendor Processes

To mitigate potential negative impacts we ensure that staff in procurement have signed individual letters on the code of ethics. These letters are sent to suppliers encouraging them to report any acts of corruption from our employees. We have advertised through print, radio and digital media on the issue of vendor anti-corruption, for overcharging prices of our products in the market. The business also prohibits money laundering that can result from swiping on bank cards on behalf of a third party in exchange for cash or foreign currency.

Investigations are also done to know where and when the crime or corruption happened and appropriate actions are taken e.g. disciplinary actions, press charges through the criminal courts, legal action. At Dairibord, communicating about the anti corruption culture in the workplace is done through circulars, works council meetings, staff addresses and monthly reports. Our SOPs are continuously reviewed and there is also vendor assessment to ensure that potential impacts of anti corruption are managed.

To track the effectiveness of our actions on anti-corruption management we have been consulting the Financial Intelligence of RBZ on Corruption and Money Laundering, conducting an Audit and Risk Assessment on internal controls with solutions, checking the level of compliance on statutory returns and engaging External Audits. Our Company goals are to have Zero tolerance to corruption to uphold the Company's image, to continue being listed on the Zimbabwe Stock Exchange (ZSE) and with share price appreciation. It is our target to have nil cases of corruption in any given year and this will be tracked by assessing the number of incidents recorded compared to the previous records. The actions taken regarding anti corruption management have led to a reduction in corruption cases and have served as a deterrent to other employees. There has been a reduction in cases of corruption at Dairibord and our share price is now stable.

Lessons learnt are to be incorporated into the organization's operational policies and procedures. A mechanism is in place to update policies regularly to reflect new or evolving risk exposure as a result of changes in the Company's operations, business lines, locations and business relationships e.g. review of code of conduct and SOPs to tighten issues of anti corruption. ICT to put in place robust systems and controls to avoid employees manipulating SAP system e.g. controls on staff purchase accounts, creation of ghost accounts. External developments, including changes to laws and policies, must be incorporated on an ongoing basis. Effective communication on the effects of anti-corruption e.g. a meeting with Franchisees was held in 2021 to discuss anti corruption. We have been continuously reviewing our pricing to align with the market pricing.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Financial Reports

In this Section

- Corporate Information
- Directors' Responsibility Statement
- Directors' Report
- Independent Auditor's Report
- Statement of Financial Position
- Statement of Profit or Loss & Other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements

Corporate Information

Dairibord Holdings Limited
Company Registration No. 2168/94
www.dairibord.com

Registered Office
1225 Rekayi Tangwena Avenue
Belvedere
Harare

Postal Address
P O Box 587, Harare, Zimbabwe
Telephone Numbers: + 263 24 2790801-5, 2779035-45

Company Secretary
Samson Punzisani
E-mail: punzisanis@dairibord.co.zw

Auditors
Deloitte & Touche Chartered Accountants
West Block, Borrowdale Office Park
Borrowdale Road
Borrowdale
P O Box 267
Harare

Bankers
Standard Chartered Bank of Zimbabwe Limited
Stanbic Bank Zimbabwe Limited
First Capital Bank Limited
Ecobank Zimbabwe Limited
People's Own Savings Bank
Central Africa Building Society
FBC Bank Limited
ZB Bank Limited

Transfer Secretaries
Corpserve (Private) Limited
4th Floor, ZB Centre
Cnr 1st Street and Kwame Nkrumah Avenue
Harare,
Zimbabwe

Sustainability Reporting Advisors
Institute of Sustainability Africa (Insaf)
22 Walter Hill Avenue
Eastlea, Harare
Zimbabwe

Directors' Responsibility Statement

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

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

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

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

Compliance With IFRSs

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

The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29) - 'Financial Reporting in Hyperinflationary Economies". The Group and Company financial statements for the year ended 31 December 2021 and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency, and as a result, are stated in terms of the measuring unit current at the end of the reporting period.

Going Concern

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

Preparation and Audit of the Financial Statements

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

Approval of the Financial Statements

The consolidated and separate financial statements for the year ended 31 December 2021 have been approved by the Board of Directors and are signed on its behalf by the Chairman of the Board, Mr J.H.K Sachikonye and by the Group Chief Executive, Mr. A. Mandiwanza.

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J.H.K Sachikonye

28 March 2022

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A Mandiwanza

Directors' Report

The Directors have pleasure in submitting their twenty seventh annual report, together with audited financial statements of the Group and Company for the year ended 31 December 2021.

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

Reserves
The movements in the reserves of the Group and the Company are shown in the Statements of Changes in Equity and in the Note 21.4 in the financial statements.

Dividend
On 28 March 2022, the board resolved to declare a final dividend of ZW$0.41 per share for the period ended 31 December 2021. The dividend will be paid to shareholders registered in the share register of the company at the close of business on the 22nd of April 2022.

Capital Expenditure
The Group and Company invested ZW$308 million (historical: ZW$ 280 million) and ZW$290 thousand (historical: ZW$254 thousand), respectively, in property, plant and equipment.

Directorate
There were no changes in the directorate during the year ended 31 December 2021.

Auditors
Members will be asked to approve the remuneration of the auditors, Deloitte & Touche Registered Auditors of US$140 500, for the year ended 31 December 2021.

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

S. Punzisani
Company Secretary

28 March 2022

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
To The Shareholders of Dairibord Holdings Limited
Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the accompanying inflation adjusted consolidated and separate statements of financial position of Dairibord Holdings Limited (the "Company") and its subsidiaries (the "Group"), as at 31 December 2021, and the inflation adjusted consolidated and separate statements of comprehensive income, inflation adjusted consolidated and separate statements of changes in equity and inflation adjusted consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements do not present fairly, the inflation adjusted consolidated and separate financial position of the Group and Company as at 31 December 2021, and the inflation adjusted consolidated and separate financial performance and its inflation adjusted consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

1. ***Impact of adverse opinion on prior year audited financial statements and the carry over effects in the current year***

   The inflation adjusted consolidated and separate financial statements of the Group and Company for the year ended 31 December 2020 were audited by another auditor who expressed an adverse opinion. The basis for adverse opinion as presented in the prior year, as well as the carry over effects and resultant matters in the current year are as follows:

1.1 Exchange rates used in prior year year as well as the carry over effects and resultant matters in the current year

In prior year, the Group and Company translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 1 January 2020 to 22 June 2020, prior to introduction of the Foreign Exchange Auction Trading System. This includes the period between March and June 2020 when the exchange rate was fixed at US$1: ZWL25.

Basis for Adverse Opinion (continued)

1. ***Impact of adverse opinion on prior year audited financial statements and the carry over effects in the current year (continued)***

1.1 Exchange rates used in prior year year as well as the carry over effects and resultant matters in the current year (continued)

The conclusion made by the predecessor auditor was that the interbank exchange rates did not meet the definition of spot exchange rates as per IAS 21 "The Effects of Changes in Foreign Exchange Rates", as they were not available for immediate delivery. The impact could not be quantified on all accounts due to the impracticability given the volume of transactions.

Therefore, our opinion on the current year inflation adjusted consolidated and separate financial statements is modified because of the possible effects of the matter on the comparability of the current year inflation adjusted consolidated and separate financial statements with those of the prior period.

For the year ended 31 December 2021, the Group applied a combination of the Foreign Exchange Auction Trading System ZWL/USD exchange rates, as published by the Reserve Bank of Zimbabwe ("RBZ") and the bidding foreign auction exchange rate (i.e., the rate at which the Group obtained foreign currency from the auction market), in translating its USD denominated transactions and balances for the year into the ZWL functional and presentation currency used in its financial statements. These bidding/auction rates did not meet the definition of spot exchange rates per IAS 21 as they were not the rates available for immediate delivery.

Had the Group applied the spot rates as defined by IAS 21, many elements of the consolidated inflation adjusted financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive. As the Group has not performed a re-assessment of the spot rates used, we are therefore unable to obtain sufficient and appropriate evidence with which to determine the impact on the consolidated inflation adjusted financial statements

1.2 Valuation of investment property and freehold land and buildings (included in property, plant, and equipment)

The Group's investment property and freehold land and buildings (included in property, plant, and equipment) were revalued as at 31 December 2020. These assets were valued as guided by independent professional valuers, using historical United States Dollar (USD) denominated inputs and converted into ZWL at the applicable auction closing exchange rate as at 31 December 2020. For properties, there was a unique disconnect between the currency in which the rentals were being received (ZWL) and the currency in which the properties were being valued (USD). The implicit investment method was applied for industrial and commercial properties and key inputs into the calculations include rentals per square metre and capitalisation rates. Residential properties were valued in terms of the market comparable approach.

Basis for Adverse Opinion (continued)

1. Impact of adverse opinion on prior year audited financial statements and the carry over effects in the current year (continued)

1.2 Valuation of investment property and freehold land and buildings (included in property, plant, and equipment) (continued)

The valuation of investment property and freehold land and buildings as at 31 December 2021 was determined by applying a 10% reduction in the US$ valuation determined as at 31 December 2020. The reduction on the valuation was informed by a market analysis of property values performed by the independent professional valuer. The determined valuation was converted into ZWL at the applicable auction closing exchange rate as at 31 December 2021.

Whereas the determined USD values were deemed to be reflective of the fair value in that currency as at 31 December 2020, we were unable to obtain sufficient evidence to support the appropriateness of 10% reduction applied, as the market analysis performed by the independent professional valuers was not specific to the investment property and freehold land and buildings of the Group. Furthermore, the conversion to ZWL, being the Group's functional currency, is not in compliance with International Financial Reporting Standard 13 - Fair Value Measurement (IFRS 13), for the below stated reasons.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. We were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZWL/USD auction exchange rate in the determination of the final ZWL fair valuations presented.

IFRS 13 requires:

- a 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.

We were therefore unable to obtain sufficient evidence to support the appropriateness of simply applying the closing ZWL/USD auction exchange rate in determining the ZWL fair value of investment properties and land and buildings, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of investment properties and land and buildings in ZWL. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZWL valuations of investment properties and land and buildings to the auction exchange rate and related underlying USD values; and

- the extent to which supply and demand for the items of investment properties and land and buildings reflects the implications on market dynamics of the auction exchange rate.

Basis for Adverse Opinion (continued)

1. ***Impact of adverse opinion on prior year audited financial statements and the carry over effects in the current year (continued)***

1.2 Valuation of investment property and freehold land and buildings (included in property, plant, and equipment) (continued)

Consequently, we were unable to obtain sufficient evidence to support the appropriateness of the valuation in ZWL of the investment properties and land and buildings and therefore our opinion on the current year inflation adjusted consolidated financial statements is modified because we are unable to determine whether any adjustments to the current year depreciation expense, deferred taxation, and revaluation adjustments in the inflation adjusted consolidated financial statements, would be necessary to correctly account for these amounts owing to lack of information on relevant inputs in ZWL.

1.3 Inappropriate application of International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) on comparative information - Impact of incorrect date of application of International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies (IAS 29), and International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates"

As disclosed in Note 35 of the inflation adjusted consolidated and separate financial statements, previously the Group and Company did not comply with IAS 21, as the Directors elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). The Directors applied the requirements of IAS 21 from the date of change in functional currency adopted of 22 February 2019. However, in accordance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) the date of change in functional currency was determined to be 1 October 2018.

Furthermore, as a result of the pronouncement by the Public Accountants and Auditors Board (PAAB), entities reporting in Zimbabwe were required to apply the requirements of IAS 29 with effect from 1 July 2019. Consequently, the changes in the general pricing power of the functional currency should have been applied from 1 October 2018 as required by IAS 21. IAS 29 was only applied from 1 January 2019, not 1 October 2018.

The Directors resolved to correct prospectively, the inconsistencies arising due to the decision to apply the requirements of IAS 21 and IAS 29 from 22 February 2019 and 1 January 2019 respectively as opposed to 1 October 2018 as would have been required to comply with International Financial Reporting Standards as described above. This is not in compliance with International Financial Reporting Standards, IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors as the requirement would have required retrospective restatement.

In accordance with IAS 8, the Directors should have restated from the beginning of the earliest period presented and resultantly present three statements of financial positions for the year ended 31 December 2021. Due to the manner in which the Directors effected the correction of the prior year modifications, the following account balances and transactions are not comparable:

Basis for Adverse Opinion (continued)

1. Impact of adverse opinion on prior year audited financial statements and the carry over effects in the current year (continued)

1.3 Inappropriate application of International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8) on comparative information - Impact of incorrect date of application of International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies (IAS 29), and International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" (continued)

- Plant and equipment, intangible assets, share capital, share premium, retained earnings, deferred taxation in the inflation adjusted consolidated statement of financial position as at 31 December 2020;
- Plant and equipment, intangible assets, retained earnings, deferred tax liability in the inflation adjusted in the separate statement of financial position as at 31 December 2020; and
- Deferred tax movement, depreciation expense and net monetary adjustment in the inflation adjusted consolidated and separate statement of profit or loss and other comprehensive income for the prior year.

Our opinion on the current year's inflation adjusted consolidated and separate financial statements is modified because of the possible effects of these matters 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 Auditor's 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' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our 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 adverse 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no matters determined to be key audit matters other than the matters described in the Basis for Adverse Opinion section of our report.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors Report as required by the Companies and Other Business Entities Act (Chapter 24:31), Directors' Responsibility Statement, Historical Cost Financial Information, Overview, Strategy and Performance Commentary, Governance, Sustainability Strategy and Performance and Shareholders' Information.

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

In connection with our audit of the 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. We have determined that the other information is misstated based on matters described in the Basis for Adverse Opinion section above.

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 requirements of 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's 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 or Company, or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated and separate Financial Statements (continued)

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's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated and separate Financial Statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1) (a)
Because of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements of the Group and Company are not properly drawn up in accordance with this Act so as to give a true and fair view of the state of the Group's and Company's affairs for financial year ended 31 December 2021.

Section 193(2)
We have no further matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already covered in our report.

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

Deloitte & Touche

Deloitte & Touche
Per: Charity Mtwazi

Registered Auditor
PAAB Practice Certificate Number 0585
Harare, Zimbabwe

Date: 6 April 2022

Statements of financial position

As at 31 December 2021

		GROUP		COMPANY	
	Notes	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
ASSETS					
Non-current assets					
Property, plant and equipment	11	3 363 226 242	2 457 503 124	14 818 725	19 966 585
Investment property	12	98 785 575	136 739 121	-	-
Right of use assets	13.1	43 101 289	-	23 162 628	-
Intangible assets	14	4 410 165	8 087 272	4 057 919	3 617 307
Investment in subsidiaries	15	-	-	2 485 095 126	1 853 628 491
Intercompany Loans	16.1	-	-	206 699 564	130 786 223
Deferred tax asset	25	9 086 253	-	9 086 253	-
		3 518 609 524	**2 602 329 517**	**2 742 920 215**	**2 007 998 606**
Current assets					
Inventories	17	1 542 730 063	962 403 708	-	-
Amounts owed by group companies	18.1	-	-	12 044 914	28 894 316
Prepayments		221 312 011	452 395 141	5 502 709	10 840 192
Trade and other receivables	19	607 619 237	468 124 416	33 153	200 599
Intercompany loans	16.1	-	-	222 165 798	373 090 288
Cash and cash equivalents	20	200 458 495	330 598 639	4 761 159	3 957 695
		2 572 119 806	**2 213 521 904**	**244 507 733**	**416 983 090**
Total assets		**6 090 729 330**	**4 815 851 421**	**2 987 427 948**	**2 424 981 696**
EQUITY AND LIABILITIES					
Equity					
Share capital	21.1	1 909 014	1 423 930	1 909 014	1 423 930
Share premium	21.2	73 569 741	54 875 552	73 569 741	54 875 552
Other reserves	21.4	677 353 077	866 140 013	-	(32 643 873)
Retained earnings		2 639 881 007	1 848 530 720	2 408 350 713	1 845 364 606
Total equity		**3 392 712 839**	**2 770 970 215**	**2 483 829 468**	**1 869 020 215**
Non-current liabilities					
Interest - bearing borrowings	22.1	247 396 317	122 655 865	206 699 563	122 655 865
Share incentive liability	23	57 012 718	45 078 759	8 325 282	6 309 133
Lease liability	13.3	15 267 913	-	8 729 627	-
Financial guarantee liability	24	7 270 556	11 248 252	-	-
Deferred tax liability	25	779 408 925	600 147 044	-	2 570 757
		1 106 356 429	**779 129 920**	**223 754 472**	**131 535 755**
Current liabilities					
Trade and other payables	26	1 031 123 045	585 618 266	42 959 008	29 722 395
Contract liabilities	3.2	82 410 085	25 336 005	-	-
Interest - bearing borrowings	22.2	347 622 038	583 969 214	220 010 963	377 757 024
Lease liability	13.3	8 102 772	-	4 638 280	-
Bank overdraft	20	93 353 667	-	-	-
Dividend payable	21.3	3 297 467	636 388	3 297 467	636 388
Amounts owed to group companies	18.2	-	-	2 652 727	9 840 172
Income tax payable		25 750 988	70 191 413	6 285 563	6 469 747
		1 591 660 062	**1 265 751 286**	**279 844 008**	**424 425 726**
Total liabilities		**2 698 016 491**	**2 044 881 206**	**503 598 480**	**555 961 481**
Total equity and liabilities		**6 090 729 330**	**4 815 851 421**	**2 987 427 948**	**2 424 981 696**

The notes on pages 85 to 135 are an integral part of these consolidated and separate financial statements.

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J.K.H SACHIKONYE
Chairman

A. MANDIWANZA
Group Chief Executive

28 March 2022

Statements of profit or loss and other comprehensive income

for the year ended 31 December 2021

	Notes	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Revenue from the contracts with customers	3	13 159 958 628	8 469 049 055	237 843 047	160 902 707
Rental income		11 456 373	6 433 774	-	-
Revenue		**13 171 415 001**	**8 475 482 829**	**237 843 047**	**160 902 707**
Cost of sales		(10 160 945 556)	(6 789 351 905)	-	-
Gross profit		**3 010 469 445**	**1 686 130 924**	**237 843 047**	**160 902 707**
Other operating income	4	17 534 753	19 969 704	669 044	2 606 441
Selling and distribution expenses	5.1	(1 225 560 037)	(877 766 168)	-	-
Administration expenses	5.2	(1 000 402 618)	(916 217 325)	(150 209 298)	(153 484 387)
Impairment loss on trade and other receivables		(11 375 345)	922 874	-	-
Operating profit/ (loss)	**6**	**790 666 198**	**(86 959 991)**	**88 302 793**	**10 024 761**
Fair value (loss)/gain on investment properties	12	(25 464 267)	12 786 377	-	-
Exchange (loss) / gain		(11 437 578)	1 541 401	447 184	3 724 621
Net monetary (loss)/ gain		(63 107 801)	114 397 281	28 963 993	(38 768 655)
Finance costs	7	(434 550 385)	(133 099 359)	(252 911 285)	(60 559 561)
Finance income	8	3 019 570	2 494 428	246 793 773	63 524 911
Profit/ (loss) before tax		**259 125 737**	**(88 839 863)**	**111 596 458**	**(22 053 923)**
Income tax expense	9	(198 510 486)	(34 348 693)	(15 665 240)	(7 128 491)
Profit/ (loss) for the year attributable to owners of the parent		**60 615 251**	**(123 188 556)**	**95 931 218**	**(29 182 414)**
Other comprehensive income:					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax					
Revaluation (loss)/ surplus		(313 265 916)	391 117 981	-	-
Income tax credit / (expense)		77 439 334	(96 684 365)	-	
		(235 826 582)	**294 433 616**	**-**	**-**
Total comprehensive (loss)/ income for the year attributable to owners of the parent		**(175 211 331)**	**171 245 060**	**95 931 218**	**(29 182 414)**
Earnings per share (cents)					
Basic earnings for the year attributable to ordinary equity holders	10	17	(34)		
Diluted earnings for the year attributable to ordinary equity holders	10	17	(34)		

*Cost of sales has been restated. Refer to note 34 for detailed information regarding the restatement

The notes on pages 87 to 134 are an integral part of these consolidated and separate financial statements.

Statements of cash flows

for the year ended 31 December 2021

	Notes	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Operating activities					
Profit/(loss) before tax		259 125 737	(88 839 863)	111 596 458	(22 053 923)
Adjusted for:					
Depreciation of property, plant and equipment	11.1	282 250 087	200 143 209	6 065 119	5 693 864
Depreciation of right of use asset	13.1	7 012 379	-	5 199 774	-
Amortisation of intangible assets	14	7 730 537	3 961 936	701 824	25 470
Profit on disposal of property, plant and equipment		(3 462 304)	(23 180 469)	(664 363)	(1 224 266)
Loss on disposal of investment property		-	9 289 691	-	-
Profit on disposal of scrap		(5 230 908)	-	-	-
Net monetary loss/ (gain)		63 107 801	(114 397 281)	(28 963 993)	38 768 655
Finance income	8	(3 019 570)	(2 494 428)	(246 793 773)	(63 524 911)
Inventory written off	17	3 966 961	5 394 827	-	-
Impairment loss on trade and other receivables	19	11 375 345	(922 874)	-	-
Loan guarantee costs	24	272 641	9 218 278	-	-
Fair value loss/(gain) on investment property	12	25 464 267	(12 786 377)	-	-
Exchange loss / (gain)		11 437 578	77 090 786	(447 184)	-
Finance costs		434 550 385	133 099 359	252 911 285	60 559 561
Working capital movements :					**-**
(Increase)/ decrease in inventories		(584 293 316)	92 282 876	-	-
Decrease/ (increase) in trade and other receivables and prepayments		94 776 369	(270 467 492)	(5 504 931)	(4 051 207)
Decrease in amounts owed by group companies		-	-	16 849 402	21 146 829
Increase in amounts owed to group companies		-	-	(7 187 445)	1 860 982
Increase/ (decrease) in trade and other payables, contract liabilities and share incentive liability		514 512 818	68 278 569	15 252 762	(2 680 923)
		1 119 576 807	**85 670 747**	**119 014 935**	**34 520 131**
Income tax paid		(285 163 129)	(160 334 752)	(25 155 101)	(5 603 028)
Net cash flows generated from/ (used in) operating activities		**834 413 678**	**(74 664 005)**	**93 859 834**	**28 917 103**
Investing activities					
Purchase of plant and equipment	11.1	(308 067 304)	(92 455 948)	290 126	(3 656 814)
Purchase of intangible assets	14	-	(650 189)	-	-
Proceeds from sale of property, plant and equipment		28 708 651	42 827 353	664 363	1 242 040
Proceeds from sale of investment property		-	5 504 328	-	-
Loans issued to subsidiaries	16.2	-	-	(748 917 975)	(739 515 590)
Loans repaid by subsidiaries	16.2	-	-	544 822 730	175 585 075
Finance income on effective interest rate method	8	3 019 570	2 494 428	246 793 773	63 524 911
Prepayments for plant and equipment		(14 563 405)	(48 529 344)	-	-
Net cash (used in)/ generated from investing activities		**(290 902 488)**	**(90 809 376)**	**43 653 017**	**(502 820 378)**
Financing activities					
Proceeds from borrowings	32.3	1 101 273 045	993 662 609	748 917 975	739 515 590
Repayment of borrowings	32.3	(836 944 794)	(246 327 387)	(544 822 730)	(175 585 075)
Lease payments	13.2	(18 255 290)	-	(10 650 994)	-
Dividends paid	21.3	(105 779 055)	(11 115 607)	(105 779 055)	(11 115 607)
Interest paid	32.3	(419 262 412)	(129 094 721)	(242 391 999)	(57 021 401)
Net cash (used in)/ generated from financing activities		**(278 968 506)**	**607 124 894**	**(154 726 803)**	**495 793 507**
Net increase in cash and cash equivalents		264 542 684	441 651 515	(17 213 952)	21 890 232
Net exchange differences and impact of inflation		(488 036 494)	(214 608 073)	18 017 415	(20 280 140)
Cash and cash equivalents at beginning of the period		330 598 638	103 555 199	3 957 696	2 347 603
Cash and cash equivalents at the end of the period	**20**	**107 104 828**	**330 598 639**	**4 761 159**	**3 957 695**

The notes on pages 87 to 134 are an integral part of these consolidated and separate financial statements

Dairibord Holdings
More Than Just Milk

Statements of changes in equity
for the year ended 31 December 2021

AUDITED INFLATION ADJUSTED
Attributable to equity holders of the parent

GROUP	Share Capital ZW$	Share Premium ZW$	Other reserves ZW$ (note 21.4)	Retained earnings ZW$	Total ZW$
Restated as at 1 January 2020	1 423 930	54 875 552	571 706 397	1 983 714 143	2 611 720 022
Loss for the year	-	-	-	(123 188 556)	(123 188 556)
Revaluation surplus on Property, Plant & Equipment	-	-	294 433 616	-	294 433 616
Dividends (Note 21.3)	-	-	-	(11 994 867)	(11 994 867)
As at 31 December 2020	**1 423 930**	**54 875 552**	**866 140 013**	**1 848 530 720**	**2 770 970 215**
IAS 29 and IAS 21 correction (note 35)	485 084	18 694 189	-	891 695 414	910 874 687
Profit for the year	-	-	-	60 615 251	60 615 251
Revaluation surplus on Property, Plant & Equipment	-	-	(235 826 582)	-	(235 826 582)
Dividends (Note 21.3)	-	-	-	(113 920 732)	(113 920 732)
Reclassification of currency conversion reserve (Note 21.4)	-	-	60 366 970	(60 366 970)	-
Realisation of revaluation on property disposal (Note 21.4)	-	-	(13 327 324)	13 327 324	-
As at 31 December 2021	**1 909 014**	**73 569 741**	**677 353 077**	**2 639 881 007**	**3 392 712 839**

AUDITED INFLATION ADJUSTED
Attributable to equity holders of the parent

COMPANY	Share Capital ZW$	Share Premium ZW$	Other reserves ZW$ (note 21.4)	Retained earnings ZW$	Total ZW$
As at 1 January 2020	1 423 930	54 875 552	(32 643 873)	1 886 541 887	1 910 197 495
Loss for the year	-	-	-	(29 182 414)	(29 182 414)
Dividends paid (Note 21.3)	-	-	-	(11 994 867)	(11 994 866)
As at 31 December 2020	**1 423 930**	**54 875 552**	**(32 643 873)**	**1 845 364 606**	**1 869 020 215**
IAS 29 and IAS 21 correction (note 35)	485 084	18 694 189	-	613 619 494	632 798 767
Profit for the year	-	-	-	95 931 218	95 931 218
Dividends paid (Note 21.3)	-	-	-	(113 920 732)	(113 920 732)
Reclassification of currency conversion reserve (Note 21.4)	-	-	32 643 873	(32 643 873)	-
As at 31 December 2021	**1 909 014**	**73 569 741**	**-**	**2 408 350 713**	**2 483 829 468**

The notes on pages 87 to 134 are an integral part of these consolidated and separate financial statements.

Notes to the financial statements

for the year ended 31 December 2021

1. CORPORATE INFORMATION

The financial statements of Dairibord Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2021 were authorised for issue on 28 March 2022 in accordance with a resolution of the directors and signed on their behalf by the Chairman and the Group Chief Executive. Dairibord Holdings Limited is a company incorporated and domiciled in Zimbabwe. The registered office is located at 1225 Rekayi Tangwena Avenue, in Harare. The Group's principal activities are the manufacturing, processing, marketing and distribution of milk products, foods and beverages.

2. ACCOUNTING POLICIES

Accounting policies and methods of computation applied in the preparation of these financial results are consistent, in all material respects, with those applied in prior year except for areas of non-compliance with International Financial Reporting Standards (IFRS) noted below.

2.1 Basis of preparation

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

The historical costs have been adjusted for the effects of applying International Accounting Standard (IAS 29) - 'Financial Reporting in Hyperinflationary Economies". The group and company financial statements for the year ended 31 December 2021 and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency, and as a result, are stated in terms of the measuring unit current at the end of the reporting period. The consolidated financial statements are presented in Zimbabwean Dollars (ZW$), which is the Group's functional and presentation currency. The group changed its functional currency in October 2018.

In the prior years the change in date of functional currency was effected from 22 February 2019, in compliance with Statutory Instrument (SI) 33 of 2019. This resulted in non-compliance with IAS 21. During the year ended 31 December 2021, management rectified the non-compliance with IAS 21 by accounting for the effect of the change in functional currency from 1 October 2018 and applying IAS 29 from that date.

(a) Hyperinflation

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

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

With effect from June 2020, the Zimbabwe statistical office publishes blended inflation and CPI as well as a ZW$ inflation and CPI. As the Group's functional currency is the ZW$, the ZW$ all items CPI was used in adjusting the historical financial statements for inflation. The ZW$ CPI was obtained from the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to December 2021:

	Indices	Adjustment Factor
CPI as at 31 December 2021	3977.50	1.00
CPI as at 31 December 2020	2475.51	1.61
CPI as at 31 December 2019	551.63	7.21
CPI as at 31 December 2018	88.81	44.79
CPI as at 1 October 2018	74.60	53.32
Average CPI for 2021	3135.00	

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

- Monetary assets and liabilities were not adjusted for inflation as they are carried at amounts current at the balance sheet date and are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities were adjusted for inflation from the date of acquisition, except for freehold land and buildings and investment properties which were revalued in the prior year and have therefore been restated from the date of the last valuation. Deferred income tax balances are calculated after the restatement of non-monetary assets and liabilities.
- Shareholders' equity was restated by applying the relevant inflation adjustment factors from the date that the equity arose.
- Opening balances for property, plant and equipment and Investment Property were restated using an adjusting factor of 1.61 based on the Consumer Price Index (CPI) before calculating depreciation and the fair value gain or loss for the current year.
- All items in the statements of profit or loss and other comprehensive income were adjusting by applying the relevant monthly CPI adjustment factors. Depreciation and amortisation are calculated based on the restated opening balances for property, plant and equipment and intangible assets.
- All the comparative corresponding financial information was restated using an adjusting factor of 1.61 based on the Consumer Price Index (CPI).

Notes to the financial statements

for the year ended 31 December 2021

- The statement of cash flow is prepared based on the restated numbers in the statement of profit or loss and the statement of financial position. Other cash flow transactions are restated from transaction date. The monetary gain or loss on cash and cash equivalents and the effect of inflation on operating, investing and financing activities is presented as one number under cash and cash equivalents.

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

A net monetary loss was recognised in the group financial statements and a net monetary gain was realised in the company financial statements.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Dairibord Holdings Limited and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

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

(c) Changes in accounting policies and disclosures

Below is a list of standards, amendments to or interpretations of standards that have been issued and are required to be adopted for annual periods beginning on or after 1 January 2021.

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to IFRS 16 Covid-19 Related Rent Concessions.

None of the standards have an impact on the group and company.

2.2 Significant accounting judgements, estimates and assumptions

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

Notes to the financial statements

for the year ended 31 December 2021

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

Estimates and assumptions

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

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

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. Residual values were reassessed during the year and were still in line with those determined last year. Refer Note 2.4 (g) for the useful lives of property, plant and equipment and Note 11 for the carrying amount of property, plant and equipment balances.

ii) Revaluation of land and buildings and investment property

The Group measures freehold land and buildings and investment property in line with the policy disclosed in Note 2.4 (g). In line with the policy, freehold land and buildings and investment property was valued in US$ by an independent valuer, Dawn Property Consultants Limited (Dawn), as at 31 December 2020. In arriving at the fair values of the properties the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rents and capital values are inter-related. Hence given the income produced by a property, its capital value can be estimated. The valuation relied on comparable rentals inferred from offices and industrials within the locality of the properties based on use, location, size and quality of finishes. These rentals were then annualised, and a capitalisation factor was applied to give the market values of the properties. At 31 December 2021, a 10% hair cut was applied to the US$ fair values determined in the prior year on the basis of a market analysis report which was prepared by Dawn. The market analysis report indicated that property values declined by approximately 10% during 2021 due to reduced occupancy and demand.

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate as at 31 December 2021. Refer to note 11 and 12 for the carrying amount of land and buildings and investment property as well as the estimates and assumptions used to determine the fair values.

ii) Impairment of non-financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years.

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

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

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

Notes to the financial statements
for the year ended 31 December 2021

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

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

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

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

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

v) Provision for obsolete stocks

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

iv) Functional currency assessment

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

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

vii) Foreign exchange rate

Since 1 October 2018, the Group applied the interbank exchange rate to translate foreign currency denominated transactions and balances to ZW$. This includes the period between March and June 2020 when the interbank exchange rate was fixed at 25.

In June 2020, the Reserve Bank of Zimbabwe introduced the foreign exchange auction system. The Group participates on the auction system and relies on it as its primary source of foreign currency. The Group generates foreign currency from export and domestic nostro sales, which is used to settle foreign liabilities. Consequently, The Group applied combination of the Foreign Exchange Auction Trading System ZWL/USD exchange rates, as published by the Reserve Bank of Zimbabwe ("RBZ") and the bidding foreign auction exchange rate (i.e., the rate at which the Group and Company obtained foreign currency from the auction market.

viii) Cash-settled share-based payments

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

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

2.3 Summary of significant accounting policies

a) Foreign currency translation

The financial statements are presented in Zimbabwe Dollars (ZW$), which is also the Group's functional currency. Transactions in foreign currencies are initially recorded by the Group entities at the interbank foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the interbank foreign exchange rates ruling at the reporting date.

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

b) Revenue and other income recognition

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

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

i) Revenue from contracts with customers

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

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

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

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

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

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

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

a) The entity's performance does not create an asset with an alternate use to the entity and the entity has as an enforceable right to payment for performance completed to date.

b) The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

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

Sale of goods

Revenue from sale of goods (liquid milks, foods and beverages) is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is between 14-21 days from delivery.

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

· *Variable consideration*

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

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- *Rights of return*

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled.

The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

- *Volume rebates*

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

Significant financing component

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

Trade receivables

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

Assets and liabilities arising from rights of return

Right of return assets

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

Refund liabilities

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

Contract liability

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

ii) Revenue from management fees (rendering of services)

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

iii) Revenue from royalties (rendering of services)

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

Performance obligations

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

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GROUP

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

COMPANY

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

i) Other income

Interest income

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

Dividend income

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

c) Taxes

i) Current income tax

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

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

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ii) Deferred tax

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

ii) Value added tax

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

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

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

d) Employee benefits

i) Short term employee benefits

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

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

ii) Pensions and other post-employment benefits

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

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

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

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

e) Financial instruments

Financial assets
i) Initial recognition and classification
Financial instruments are initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition of issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

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

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

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

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

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

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

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

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

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

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

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

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iii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

iii) Derecognition

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

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

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

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

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

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

Trade receivables (note 32.2 and 19)

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

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

Other receivables

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

Financial liabilities

i) Initial recognition and measurement

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

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

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

ii) Subsequent measurement

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

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

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

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

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

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

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

iii) De-recognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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

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

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

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

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

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

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

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

h) Investment properties

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

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

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

i) Impairment of non-financial assets

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

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

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

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

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

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

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

j) Leases

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

i) Group as a lessee

The Group recognises a right-of-use asset and a corresponding lease

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liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease and is disclosed in Note 6.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.
The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not remeasure the lease liability during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

ii) Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

k) Share based payment arrangements

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

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

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Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

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

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

m) Cash and cash equivalents

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

n) Provisions

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

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

o) Contingent liabilities

A contingent liability is:

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

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

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

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

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

p) Intangible assets

The Group's intangible assets consist of accounting, business intelligence and auditing software. The software has a remaining useful life of 5 years. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

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

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

i) Research and development costs

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

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

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

q) Fair value measurement

The Group measures non-financial assets such as land and buildings and investment property, at fair value at reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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

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

- Quantitative disclosures of fair value measurement hierachy Note 31
- Property, plant and equipment under revaluation model Note 11
- Investment properties Note 12
- Financial instruments (including those carried at amortised cost) Note 32

r) Current versus non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

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

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

2.4 Standards and amendments issued but not yet effective
At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

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

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

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

Amendments to IAS 12 Income Taxes—Deferred Tax related to

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Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.
The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

    - Right-of-use assets and lease liabilities
    - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

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3 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
3.1 Disaggregated revenue information				
Type of goods/ services				
Sale of liquid milks	4 102 180 843	3 314 605 462	-	-
Sale of foods	2 636 334 400	1 736 989 334	-	-
Sales of beverages	6 421 443 385	3 417 454 259	-	-
Revenue from management services	-	-	98 047 100	82 148 601
Revenue from royalties	-	-	139 795 947	78 754 106
Total revenue from contracts with customers	**13 159 958 628**	**8 469 049 055**	**237 843 047**	**160 902 707**
Market segment				
Domestic	12 728 281 556	8 108 370 134	237 843 047	160 902 707
Export	431 677 072	360 678 921	-	-
	13 159 958 628	**8 469 049 055**	**237 843 047**	**160 902 707**
3.2 Contract assets and liabilities				
Trade receivables (Note 19)	567 576 216	458 552 846	-	-
Contract liabilities	82 410 085	25 336 005	-	-
Amounts owed by group companies (Note 18.1)	-	-	12 044 914	28 894 316

Trade receivables are non-interest bearing and are generally on terms of 14-21 days.

Contract liabilities include advances received to deliver goods in 2022 and all are short term.

4 OTHER OPERATING INCOME

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Profit on disposal of property, plant and equipment and investment property	3 462 304	13 890 778	664 363	1 224 266
Profit on disposal of scrap	5 230 908	-	-	-
Sundry income	8 841 541	6 078 926	4 681	1 382 175
	17 534 753	**19 969 704**	**669 044**	**2 606 441**

Notes to the financial statements

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5 OPERATING EXPENSES

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
5.1 Selling and distribution costs				
Employee benefits	450 729 137	247 355 294	-	-
Fuel and hire charges	248 903 846	176 706 822	-	-
Repairs and maintenance	115 946 777	120 402 431	-	-
Merchandising	50 271 432	21 454 967	-	-
Depreciation	35 457 168	18 893 015	-	-
Advertising and promotions	116 925 216	41 303 293	-	-
Tolls and licences	31 927 342	10 949 416	-	-
Travel and subsistence	21 906 804	9 570 290	-	-
Consumables	37 137 483	30 840 565	-	-
Utilities	35 572 532	22 597 881	-	-
Other *	80 782 300	177 692 194	-	-
	1 225 560 037	**877 766 168**	**-**	**-**

*Other costs include telephone, printing and stationery, development expenses, distribution losses and crates.

5.2 Administration expenses

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Employee benefits	392 370 429	316 272 976	89 163 140	75 147 678
Bank charges	53 290 331	32 857 191	799 699	703 011
Repairs and maintenance	14 123 243	11 560 859	1 969 357	1 391 392
Rent and rates	57 403 754	15 861 631	-	991
Depreciation	38 200 195	6 968 504	11 264 893	5 693 865
Amortisation (Note 14)	7 730 537	3 961 936	701 824	25 472
Audit fees	32 703 310	17 479 343	3 824 019	1 813 790
Insurance	24 611 906	15 869 655	1 612 515	1 193 575
Directors fees	13 589 079	18 159 447	13 589 079	18 159 447
Loan guarantee (Note 24)	272 641	9 218 278	-	-
2% IMTT	224 743 405	119 981 822	7 355 057	3 128 161
MIS Charges	39 998 089	13 612 079	2 445 922	-
Security	61 033 558	38 626 469	-	-
Other*	40 332 141	295 787 135	17 483 793	46 227 005
	1 000 402 618	**916 217 325**	**150 209 298**	**153 484 387**

*Other costs relate to sundry items which include fuel, refuse collection, telephone charges, printing, recruitment expenses, consumables and hardware maintenance.

Notes to the financial statements

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6 OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2021 ZWS	2020 ZWS	2021 ZWS	2020 ZWS
Audit fees	32 703 310	17 479 343	3 824 019	1 813 790
Depreciation of property, plant and equipment	289 262 466	200 143 209	11 264 893	5 693 865
Amortisation of intangible assets	7 730 537	3 961 936	701 824	25 471
Directors emoluments	89 244 446	88 909 851	89 244 446	81 833 822
- for services as directors	13 589 079	18 159 447	13 589 079	18 159 447
- salaries and benefits	75 655 367	70 750 404	75 655 367	63 674 375
- termination benefits	-	-	-	-
Employee benefits expense				
- Salaries and wages	1 342 435 792	870 539 768	81 908 597	71 933 125
- Share incentive expense	38 144 956	54 968 693	5 794 171	8 739 467
- Pension costs	36 494 190	20 979 444	2 040 516	2 194 115
- National Social Security Authority	11 017 928	3 626 494	42 380	14 842
	1 428 092 866	**950 114 399**	**89 785 664**	**82 881 549**

7 FINANCE COSTS

Interest on interest bearing borrowings	421 836 033	133 099 359	245 432 097	60 559 561
Interest on lease liability	12 714 352	-	7 479 188	-
	434 550 385	**133 099 359**	**252 911 285**	**60 559 561**

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

8 FINANCE INCOME

Interest received on loans and short-term deposits	**3 019 570**	**2 494 428**	**246 793 773**	**63 524 911**

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

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9 TAXATION

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW
Current income tax:				
- Current year charge	238 114 192	152 100 957	27 322 250	8 354 354
- Prior periods charge	11 888 960	-	-	-
- Capital gains tax	-	790 224	-	-
Deferred tax charge	(51 492 666)	(118 542 488)	(11 657 010)	(1 225 863)
	198 510 486	**34 348 693**	**15 665 240**	**7 128 491**
Tax rate reconciliation				
Standard rate	24.72%	24.72%	24.72%	24.72%
Prior periods under provision	1.75%	0.00%	0.00%	0.00%
Disallowed expenses*	3.46%	26.78%	5.75%	16.68%
Effect of capital gains tax	0.00%	-0.22%	0.00%	0.00%
Effect of rebasing capital allowances on temporary differences	0.00%	-27.82%	0.00%	0.00%
Effect of non-deductible / (deductible) expenses**	46.67%	-62.13%	-16.43%	-9.08%
Effective tax rate	**76.61%**	**-38.66%**	**14.04%**	**32.32%**

*Included in the disallowed expenses is IMTT, consultancy fees, donations, loan guarantees and other expenses not allowed for tax purposes.

**Included in effect of non-deductible / (deductible) expenses are differences arising from profit on disposal of properties and monetary loss / (gain).

10 EARNINGS PER SHARE

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

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

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

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

Notes to the financial statements

for the year ended 31 December 2021

	GROUP	
	2021 ZW$	2020 ZW$
Profit attributable to owners of the parent for basic earnings	**60 615 251**	**(123 188 556)**
Profit on disposal of property, plant and equipment	(3 462 304)	(23 180 469)
Loss on disposal of investment property	-	9 289 691
Profit on disposal of scrap	(5 230 908)	-
Fair value adjustment on investment property	25 464 267	(12 786 377)
Tax effect	4 145 805	4 073 119
Profit attributable to owners of the parent for headline earnings	**81 532 111**	**(145 792 592)**
Weighted average number of ordinary shares for basic earnings per share	358 000 858	358 000 858
Number of shares in issue	358 000 858	358 000 858
Weighted average number of ordinary shares for diluted earnings per share	358 000 858	358 000 858

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

Earnings per share (cents)		
Basic earnings for the year attributable to ordinary equity holders	17	(34)
Diluted earnings for the year attributable to ordinary equity holders	17	(34)

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for the year ended 31 December 2021

11 PROPERTY, PLANT AND EQUIPMENT

	AUDITED INFLATION ADJUSTED							
	GROUP					COMPANY		
	Freehold land and buildings ZW$	Plant and equipment ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW
Cost or valuation								
Restated at 1 January 2020	**1 440 203 777**	**1 849 333 141**	**52 364 935**	**263 103 144**	**3 605 004 997**	**20 486 495**	**36 791 852**	**57 278 347**
Additions	-	63 504 999	4 453 972	24 496 977	92 455 948	413 305	3 243 509	3 656 814
Disposals	(20 068 696)	(436 297)	(595 898)	(6 421 896)	(27 522 787)	(595 898)	-	(595 898)
Revaluation surplus	391 117 981	-	-	-	391 117 981	-	-	-
At 31 December 2020	**1 811 253 062**	**1 912 401 843**	**56 223 009**	**281 178 225**	**4 061 056 139**	**20 303 902**	**40 035 361**	**60 339 263**
Additions	-	268 752 363	9 159 327	30 155 614	308 067 304	290 126	-	290 126
Disposals	-	-	(2 077 613)	(46 870 635)	(48 948 248)	(101 780)	(12 644 514)	(12 746 294)
Correction for IAS29 & IAS21 (Note 35)	-	1 618 392 729	37 226 651	184 606 694	1 840 226 074	6 690 760	2 857 867	9 548 627
Revaluation loss	(313 265 916)	-	-	-	(313 265 916)	-	-	-
Transfer from investment property (Note 14)	12 489 279	-	-	-	12 489 279	-	-	-
At 31 December 2021	**1 510 476 425**	**3 799 546 935**	**100 531 374**	**449 069 898**	**5 859 624 632**	**27 183 008**	**30 248 714**	**57 431 722**
Accumulated depreciation and impairment								
Restated at 1 January 2020	**(35 744 202)**	**(1 167 690 394)**	**(44 177 025)**	**(163 674 086)**	**(1 411 285 707)**	**(18 729 146)**	**(16 527 792)**	**(35 256 938)**
Depreciation charge for the year	(28 445 949)	(145 835 741)	(1 886 919)	(23 974 600)	(200 143 209)	(612 279)	(5 081 585)	(5 693 864)
Disposals	439 584	436 297	578 124	6 421 896	7 875 901	578 124	-	578 124
At 31 December 2020	**(63 750 567)**	**(1 313 089 838)**	**(45 485 820)**	**(181 226 790)**	**(1 603 553 015)**	**(18 763 301)**	**(21 609 377)**	**(40 372 678)**
Disposals	-	-	325 535	23 376 366	23 701 901	101 780	12 644 514	12 746 294
Depreciation charge for the year	(48 047 558)	(196 013 932)	(7 110 801)	(31 077 796)	(282 250 087)	(626 101)	(5 439 018)	(6 065 119)
Correction for IAS29 & IAS21 (Note 35)	-	(508 573 455)	(29 374 166)	(96 349 568)	(634 297 189)	(7 105 473)	(1 816 021)	(8 921 494)
At 31 December 2021	**(111 798 125)**	**(2 017 677 225)**	**(81 645 252)**	**(285 277 788)**	**(2 496 398 390)**	**(26 393 095)**	**(16 219 902)**	**(42 612 997)**
Net carrying amount								
At 31 December 2021	1 398 678 300	1 781 869 710	18 886 122	163 792 110	3 363 226 242	789 913	14 028 812	14 818 725
At 31 December 2020	1 747 502 495	599 312 005	10 737 189	99 951 435	2 457 503 124	1 540 601	18 425 984	19 966 585

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
11.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	**2 457 503 124**	**2 193 719 288**	**19 966 585**	**22 021 409**
Cost	4 061 056 139	3 605 004 995	60 339 264	57 278 346
Accumulated depreciation and impairment	(1 603 553 015)	(1 411 285 707)	(40 372 679)	(35 256 937)
Movement for the year:				
Additions	308 067 304	92 455 948	290 126	3 656 814
Revaluation	(313 265 916)	391 117 981	-	-
Net carrying amount of disposals	(25 246 347)	(19 646 886)	-	(17 772)
Depreciation charge for the year	(282 250 087)	(200 143 209)	(6 065 119)	(5 693 864)
Transfer from investment property	12 489 279	-	-	-
Correction for IAS29 & IAS21 (Note 35)*	1 205 928 885	-	627 133	-
Net carrying amount at 31 December	**3 363 226 242**	**2 457 503 124**	**14 818 725**	**19 966 585**
Cost	5 859 624 632	4 061 056 139	57 431 722	60 339 264
Accumulated depreciation and impairment	(2 496 398 390)	(1 603 553 015)	(42 612 997)	(40 372 679)

*Refer to Note 35 for detailed information relating to the impact of the change in the date of change in functional currency from 22 February 2019 to 1 October 2018.

11.2Property revaluation

The fair value of properties was determined by an external independent property valuer, Dawn Property Consultancy (Private) Limited (Dawn) as at 31 December 2020. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued. The independent valuer performs an independent valuation of the Group's property portfolio every 3 years. At 31 December 2021, the directors performed an assessment of the property values determined by Dawn in the prior year and applied a 10% hair cut to the US$ values on the basis that the property market witnessed a decline in values due to reduced occupancy levels. The hair cut applied was informed by a market analysis performed by Dawn as at 31 December 2021.

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

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 116.15 (2020: 81.79).

Notes to the financial statements

for the year ended 31 December 2021

Significant unobservable data (US$)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25 - 12.50	13.50	13.00	12.00-13.00

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

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

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

If land and buildings were measured using cost model, the carrying amount would be ZW$347 660 763 (2020: ZW$360 077 219)

Property mortgaged against borrowings
Property valued at ZW$1 236 649 050 in this category is mortgaged against the interest-bearing borrowings disclosed in Note 22.

12 INVESTMENT PROPERTY

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
12.1 Reconciliation of carrying amounts				
Balance at 1 January	**136 739 121**	**138 746 764**	**-**	**-**
Disposals	-	(14 794 020)	-	-
Transfer to property, plant and equipment	(12 489 279)	-	-	-
Fair value (loss)/gain recognised in profit or loss	(25 464 267)	12 786 377	-	-
Balance at 31 December	**98 785 575**	**136 739 121**		**-**

Investment property comprises of a number of commercial properties that are leased to third parties. As at 31 December 2021 the Group's investment property portfolio comprised of 10 commercial properties (2020: 11 commercial properties), all within the country.

Notes to the financial statements

for the year ended 31 December 2021

12.2Measurement of fair values

The fair value of investment property was determined by an external independent property valuer, Dawn Property Consultancy (Private) Limited (Dawn) as at 31 December 2020. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued. The independent valuer performs a valuation of the Group's investment property portfolio every 3 years. At 31 December 2021, the directors performed an assessment of the property values determined by Dawn in the prior year and applied a 10% hair cut to the US$ values on the basis that the property market witnessed a decline in values due to reduced occupancy levels. The hair cut applied was informed by a market analysis performed by Dawn as at 31 December 2021.

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

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 116.15 (2020: 81.79).

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

The fair value of investment property was determined by an external independent property valuer, Dawn Property Consultancy (Private) Limited (Dawn) as at 31 December 2020. The valuer has appropriate and recognised professional qualifications and experience in the location and category of the properties valued. The independent valuer performs a valuation of the Group's investment property portfolio every 3 years. At 31 December 2021, the directors performed an assessment of the property values determined by Dawn in the prior year and applied a 10% hair cut to the US$ values on the basis that the property market witnessed a decline in values due to reduced occupancy levels. The hair cut applied was informed by a market analysis performed by Dawn as at 31 December 2021.

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

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 116.15 (2020: 81.79).

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

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

Significant unobservable data (US$)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25 - 12.50	13.50	13.00	12.00-13.00

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

Notes to the financial statements

for the year ended 31 December 2021

13 LEASES

	AUDITED INFLATION ADJUSTED			
	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
13.1 Right of use assets - reconciliation				
Balance at 1 January	-	-	-	-
Additions	50 113 668	-	28 362 402	-
Depreciation	(7 012 379)	-	(5 199 774)	-
Balance at 31 December	**43 101 289**	**-**	**23 162 628**	**-**
13.2 Lease liability - reconciliation				
Balance at 1 January	-	-	-	-
Acquired	27 287 250	-	15 363 535	-
Interest	12 714 352	-	7 479 188	-
Lease repayments	(18 255 290)	-	(10 650 994)	-
Inflation effect	1 624 373	-	1 176 178	-
Balance at 31 December	**23 370 685**	**-**	**13 367 907**	**-**
13.3 Classification of lease liability				
Long term	15 267 913	-	8 729 627	-
Short term	8 102 772	-	4 638 280	-
	23 370 685	**-**	**13 367 907**	**-**

14 INTANGIBLE ASSETS

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Cost				
At 1 January	43 553 247	42 903 058	5 511 882	5 511 882
Additions	-	650 189	-	-
Correction for IAS29 & IAS21 (Note 35)*	17 275 028	-	1 506 360	-
At 31 December	**60 828 275**	**43 553 247**	**7 018 242**	**5 511 882**
Amortisation				
At 1 January	(35 465 975)	(31 504 039)	(1 894 575)	(1 869 105)
Charge for the year (included in administration costs-see note 5.2)	(7 730 537)	(3 961 936)	(701 824)	(25 470)
Correction for IAS29 & IAS21 (Note 35)*	(13 221 598)	-	(363 924)	-
At 31 December	**(56 418 110)**	**(35 465 975)**	**(2 960 323)**	**(1 894 575)**
Net carrying amount	4 410 165	8 087 272	4 057 919	3 617 307
14.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	**8 087 272**	**11 399 017**	**3 617 307**	**3 642 777**
Cost	43 553 247	42 903 056	5 511 882	5 511 882
Accumulated amortisation	(35 465 975)	(31 504 039)	(1 894 575)	(1 869 105)
Movement for the year:				
Additions	-	650 189	-	-
Amortisation	(7 730 537)	(3 961 936)	(701 824)	(25 470)
Correction for IAS29 & IAS21 (Note 35) *	4 053 430	-	1 142 436	-
Net carrying amount at 31 December	**4 410 165**	**8 087 272**	**4 057 919**	**3 617 307**
Cost	60 828 275	43 553 247	7 018 242	5 511 882
Accumulated amortisation	(56 418 110)	(35 465 975)	(2 960 323)	(1 894 575)

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

*Refer to Note 35 for detailed information relating to the impact of the change in the date of change in functional currency from 22 February 2019 to 1 October 2018.

Notes to the financial statements

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	Principal activities	COMPANY 2021 ZW$	2020 ZW$
15 INVESTMENT IN SUBSIDIARIES			
Dairibord Zimbabwe (Private) Limited (100 % owned)	Manufacture and distribution of milks, foods and beverages	1 361 471 537	1 015 519 448
Goldblum Investments (Private) Limited (100% owned)	Property holding and leasing	611 311 263	455 976 096
Chatmoss Enterprises (Private) Limited (100% owned)	Property holding and leasing	217 334 531	162 109 480
Qualinnex Investments (Private) Limited (100% owned)	Property holding and leasing	114 083 825	85 094 943
Slimline Investments Private Limited (100% owned)	Property holding and leasing	180 893 970	134 928 524
Lyons Zimbabwe (Private) Limited (100% owned)	Dormant	-	-
Lyons Africa (Private) Limited (100% owned)	Dormant	-	-
NFB Logistics (Private) Limited (100% owned)	Dormant	-	-
		2 485 095 126	**1 853 628 491**

16 INTERCOMPANY LOANS

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
16.1 Dairibord Zimbabwe (Private) Limited	-	-	428 865 362	503 876 511
Less : Amounts falling due within one year (current asset)	-	-	(222 165 798)	(373 090 288)
Long term portion of loans receivable (non-current asset)	**-**	**-**	**206 699 564**	**130 786 223**

The loans receivable relate to loans that were issued to a subsidiary at an all-in cost of between 40% and 45% per annum and are repayable by 2024. The loans receivable are measured at amortised cost. The Company secures loans from financial institutions for on-lending to subsidiaries at market related interest rates. Dairibord Zimbabwe (Pvt) Ltd is the main operating subsidiary and based on its performance, there was no need to impair the receivable in the Company's books.

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
16.2 Reconciliation of intercompany loans				
Balance at 1 January	-	-	503 876 511	159 678 537
Amounts issued to subsidiaries	-	-	748 917 975	739 515 590
Amounts repaid by subsidiaries	-	-	(544 822 730)	(175 585 075)
Inflation effect	-	-	(279 106 394)	(219 732 541)
Balance at 31 December	**-**	**-**	**428 865 362**	**503 876 511**

17 INVENTORIES

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Packaging and raw materials	950 772 912	485 639 513	-	-
Spares and general consumables	424 112 270	345 469 626	-	-
Finished goods	167 844 881	131 294 569	-	-
Total inventories	**1 542 730 063**	**962 403 708**	**-**	**-**

During 2021, ZW$3 966 961 (2020: ZW$5 394 827) was recognised as an expense in cost of sales for inventories written down to their net realisable value and ZW$8 608 030 525 (2020: ZW$5 897 080 942) was recognised for inventories consumed. The provision for the obsolete stock as at year end was ZW$ nil (2020: ZW$ nil)

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18 GROUP COMPANIES

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
The following balances arise from normal trading activities:				
18.1 Amounts owed by group companies				
Goldblum Investments (Private) Limited	-	-	5 097 862	-
Qualinnex Investments (Private) Limited	-	-	1 250 319	-
Dairibord Zimbabwe (Private) Limited	-	-	5 696 733	28 894 316
	-	**-**	**12 044 914**	**28 894 316**

The amounts owed by group companies have no fixed repayment terms and are interest free. The intercompany receivables and payables can be setoff hence no ECL was recognised. Subsequent to year end the amounts were recovered through a setoff.

18.2 Amounts owed to group companies

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Goldblum Investments (Private) Limited	-	-	-	7 135 268
Chatmoss Enterprises (Private) Limited	-	-	1 614 390	737 609
Qualinnex Investments (Private) Limited	-	-	-	1 399 850
Slimline Investments (Private) Limited	-	-	1 038 337	567 445
	-	**-**	**2 652 727**	**9 840 172**

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

19 TRADE AND OTHER RECEIVABLES

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Trade receivables	567 576 216	458 552 846	-	-
VAT receivable	20 205 156	-	-	-
Loans receivable from farmers	15 328 037	6 920 074	-	-
Loan to a director	-	200 601	-	200 599
Staff loans	3 642 807	2 991 995	11 945	-
Other receivables	13 004 155	1 229 529	21 208	-
Total	619 756 371	469 895 045	33 153	200 599
Allowance for credit losses	(12 137 134)	(1 770 629)	-	-
	607 619 237	**468 124 416**	**33 153**	**200 599**

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

	GROUP				
	ZW$	ZW$	ZW$	ZW$	ZW$
Balance at 1 January 2020	**11 797 673**	**-**	**125 385**	**159 609**	**12 082 667**
Charge for the year	(1 452 435)	482 286	(5 378)	52 653	(922 874)
Inflation effect	(9 167 702)	-	(97 434)	(124 028)	(9 389 164)
Balance at 31 December 2020	**1 177 536**	**482 286**	**22 573**	**88 234**	**1 770 629**
Charge for the year	9 428 716	1 736 987	5 138	204 504	11 375 345
Inflation effect	(988 625)	(182 240)	(8 530)	170 555	(1 008 840)
Balance at 31 December 2021	**9 617 627**	**2 037 033**	**19 181**	**463 293**	**12 137 134**

Management actively monitors debtors so as to reduce credit risk. As a result, a significant portion of the debtor balance as at 31 December 2021 was aged below 30days resulting in a relatively low allowance for credit loss when compared to the increase in trade receivables. Refer to note 32.1 on the impairment provision matrix on the Group's trade and other receivables.

Trade credit is generally offered on 14- 21-day credit terms and no interest is charged within the credit period.

See note 32.1 on credit risk of trade receivables to understand how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Notes to the financial statements

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20 CASH AND CASH EQUIVALENTS

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
For the purpose of the statement of cash flows, cash and cash equivalents consist of :				
Cash at banks and on hand	200 458 495	330 598 639	4 761 159	3 957 695
Bank overdraft*	(93 353 667)	-	-	-
Cash and cash equivalents	**107 104 828**	**330 598 639**	**4 761 159**	**3 957 695**

*The Group has bank overdraft facilities worth ZW$112million (2020:ZW$10 million) with various local financial institutions. The overdraft facilities bear interest at a rate of 40%-43% per annum and are unsecured.

20.1 Restricted funds

During the year ended 31 December 2021, the Group participated on the foreign exchange auction market and as at that date, the cash and cash equivalents included ZW$97.9million relating to successful auction bids, which had not been deducted by the banks.

21 ISSUED CAPITAL AND RESERVES

	GROUP 2021 No.	GROUP 2020 No.	COMPANY 2021 No.	COMPANY 2020 No.
21.1 Share capital				
Authorised shares				
Number of ordinary shares	425 000 000	425 000 000	425 000 000	425 000 000
Ordinary shares issued and fully paid				
Number of ordinary shares	358 000 858	358 000 858	358 000 858	358 000 858
Issued share capital (ZW$)	1 909 014	1 423 930	1 909 014	1 423 930

The increase in share capital is as a result of the correction for the date of change in functional currency from October 2018 to Feb 2019. Refer to note 35.

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

21.2 Share premium

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
At 1 January	54 875 552	54 875 552	54 875 552	54 875 552
Correction for IAS29*	18 694 189	-	18 694 189	-
At 31 December	**73 569 741**	**54 875 552**	**73 569 741**	**54 875 552**

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

*The increase in share premium is as a result of the correction for the date of change in functional currency from February 2019 to October 2018. Refer to note 35.

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21 ISSUED CAPITAL AND RESERVES (CONTINUED)

21.3 Dividend declared

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Cash dividend on ordinary shares declared	0.318	0.034	0.318	0.034
	113 920 732	11 994 867	113 920 732	11 994 867
Reconciliation of dividend payable				
Opening balance	636 388	1 090 896	636 388	1 090 896
Dividend declared	113 920 732	11 994 867	113 920 732	11 994 867
Dividend paid	(105 779 055)	(11 115 607)	(105 779 055)	(11 115 607)
Monetary gain	(5 480 598)	(1 333 768)	(5 480 598)	(1 333 768)
Dividend payable-31 December	**3 297 467**	**636 388**	**3 297 467**	**636 388**

A final dividend of ZW$0.30 per share was declared for 2020 and approved at the AGM held in May 2021. An interim dividend of ZW$0.02 was approved and paid in 2020. Proposed dividends are subject to approval at an AGM and are not recognised as a liability as at year end.

21.4 Other reserves

	GROUP			COMPANY	
	Foreign currency conversion reserve ZW$	Revaluation reserves ZW$	Total reserve ZW$	Foreign currency conversion reserves ZW$	Total ZW$
Restated balance at 1 January 2020	(60 366 970)	632 073 367	571 706 397	(32 643 873)	(32 643 873)
Other comprehensive income	-	294 433 616	294 433 616	-	-
Balance at 31 December 2020	(60 366 970)	926 506 983	866 140 013	(32 643 873)	(32 643 873)
Other comprehensive income	-	(235 826 582)	(235 826 582)	-	-
Reclassification to retained earnings	60 366 970	-	60 366 970	32 643 873	32 643 873
Realisation of revaluation on property disposal	-	(13 327 324)	(13 327 324)	-	-
Balance at 31 December 2021	**-**	**677 353 077**	**677 353 077**	**-**	**-**

Nature and purpose of reserves

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar in 2009 and on change from the United States dollar (US$) to the Zimbabwean dollar (ZW$) in 2018. It represents the residual equity in existence as at the changeover period and has been designated as non - distributable reserve. During the year ended 31 December 2021, the currency conversion reserve was reclassified to retained earnings.

Reclassification of currency conversion reserve
During the year ended 31 December 2021, the currency conversion reserve was recycled to retained earnings.

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

Realisation of revaluation on property disposal
In the prior year two properties which were carried under the revaluation model were disposed of. The revaluation gains accumulated to date of disposal should have been realised through a reclassification from revaluation reserve to retained earnings. The reclassification has now been effected.

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22 INTEREST BEARING BORROWINGS

		Borrowing Cost	Maturity	AUDITED INFLATION ADJUSTED GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
22.1 Long term borrowings							
a)	Bank loan Zimbabwe (2018)	45%	March-Oct 2021	-	208 958	-	208 958
b)	Bank loan Zimbabwe (2020)	45%	Sept 2020 -June 2024	199 127 504	127 113 643	199 127 504	127 113 643
c)	Bank loan Zimbabwe (2020)	40%	Sept 2021 - June 2023	222 583 022	-	222 583 022	-
d)	Vendor financing (2021)	8%	Jan 2022 - 2024	40 696 754	-	-	-
				462 407 280	**127 322 601**	**421 710 526**	**127 322 601**
Less : Amounts falling due within one year				(215 010 963)	(4 666 736)	(215 010 963)	(4 666 736)
				247 396 317	**122 655 865**	**206 699 563**	**122 655 865**
22.2 Short term borrowings							
b)	Bank loan Zimbabwe (2020)	40%	Jan-Mar 2021	-	99 837 079	-	99 837 079
c)	Bank loan Zimbabwe (2020)	42%	March 2022	5 000 000	273 253 209	5 000 000	273 253 209
e)	Bank loan Zimbabwe (2021)	40%	Mar - Sept 2022	117 000 000	192 884 618	-	-
f)	Bank loan Zimbabwe (2020)	47%	Jan-July 2021	-	13 327 572	-	-
g)	Bank loan Zimbabwe (2021)	45%	Feb 2022	10 611 075	-	-	-
				132 611 075	**579 302 478**	**5 000 000**	**373 090 288**
Add : Portion of long-term loans falling due within one year				215 010 963	4 666 736	215 010 963	4 666 736
				347 622 038	**583 969 214**	**220 010 963**	**377 757 024**
Total interest-bearing borrowings				**595 018 355**	**706 625 079**	**426 710 526**	**500 412 889**

a) Bank Loan Zimbabwe (2018)
The loan was drawn in tranches between March - October 2018 to finance capital projects. The loan had a tenure of 3 years, including 12 months grace period. The loan was settled in full in 2021.

b) Bank loan Zimbabwe (2020)
These loans were obtained to fund working capital and capital expenditure in Sept - October 2020 and June- July 2021. The short-term loans had a tenure ranging between 30-180 days and bore interest at 40%, except for one production sector loan of ZW$15million which bore interest at 18% per annum. The short-term loans were settled in full during January - March 2021. The long-term loans bear interest at 40% and are repayable in instalments with the final instalment due in September 2024.

c) Bank loan Zimbabwe (2020)
These are bankers acceptances obtained during June, September, October and December 2020. The short-term loans have a 3-month tenure and bear interest at 42%. The long-term loans were secured in 2021 are repayable in instalments over 2 years and bear interest at 45%. The loans are secured over land and buildings.

d) Vendor financing (2021)
The Group entered into a credit sale agreement with an offshore vendor for purposes of acquiring equipment worth ZAR23 421 524. The balance outstanding as at 31 December 2021 was ZAR5 756 748. The loan is repayable in instalments over 3 years. The facility bears interest at 8.5% per annum with repayments due from the earlier of, one month following signature of the Commissioning Certificate or 90 days from delivery of the asset. Both conditions had not been met at 31 December 2021 therefore no interest had accrued.

e) Bank loan Zimbabwe (2021)
The loans were obtained in December 2021 and are all short term as they have a tenure ranging between 3-9months. The loans bear interest at 40%.

f) Bank Loan Zimbabwe (2020)
The loan was obtained in November 2020 to fund operations and was repaid in monthly instalments, with the final payment effected in July 2021. The loan bore interest at 46.7% and was unsecured.

g) Bank Loan Zimbabwe (2021)
The loan was obtained in September 2021 to fund operations and is repayable in monthly instalments with the final instalment due in February 2022. The loan bears interest 45%.

The loans are secured against properties worth ZW$1 236 649 050.

Notes to the financial statements
for the year ended 31 December 2021

22 INTEREST BEARING BORROWINGS (Continued)

22.3 Unutilised facilities
As at 31 December 2021, the Group had unutilised overdraft facilities worth ZW$112million with local financial institutions. Interest rates range between 40%-43%

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

23 SHARE-BASED PAYMENT ARRANGEMENTS

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
23.1 Description of share-based payment				
Share incentive liability as at 1 January	45 078 759	-	6 309 133	-
Share incentive expense (note 6)	38 144 956	54 968 693	5 794 171	8 739 467
Inflation effect	(26 210 997)	(9 889 934)	(3 778 022)	(2 430 334)
Share incentive liability as at 31 December	**57 012 718**	**45 078 759**	**8 325 282**	**6 309 133**

	GROUP		COMPANY	
23.2 Reconciliation of outstanding share appreciation rights	2021 no.	2020 no.	2021 no.	2020 no.
Outstanding at 1 January	21 435 000	-	3 000 000	-
Granted during the year	-	22 095 000	-	3 000 000
Forfeited during the year	(1 685 000)	(660 000)	-	-
Outstanding at 31 December	**19 750 000**	**21 435 000**	**3 000 000**	**3 000 000**
Maximum number of share appreciation rights that can be issued under the plan	**26 850 064**	**26 850 064**	**3 000 000**	**3 000 000**

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

23.3 Measurement of fair values
The fair value of the SARs liability as at 31 December 2021 was determined, by an external expert, Corporate Excellence. In determining the fair value, the Black-Scholes model was applied. In line with the SARs agreement, the SARs were valued in US$ and converted to ZW$ at the year-end closing rate of 116. Based on this valuation, a liability of ZW$379 634 239 (US$3 272 709) arose. However, the liability recognised was limited to ZW$57 012 718 as the performance conditions imposed by the Board were not met.

Of the key inputs of the Black-Scholes Merton Model, only 2, the Exercise Price and the share price on valuation date, are generally objectively determinable. The other inputs are subjective and generally require significant analysis and judgement. Below are the key inputs used in the Black Scholes model at grant date and valuation date.

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23 SHARE-BASED PAYMENT ARRANGEMENTS

23.3 Measurement of fair values	Tranche 1	Tranche 2	Tranche 3
Number of SARs in issue	9 875 000	4 937 500	4 937 500
Fair value of the SARs	US$0.3345	US$0.3286	US$0.3229
Share price at valuation date	US$0.3512	US$0.3512	US$0.3512
Exercise price	US$0.0001	US$0.0001	US$0.0001
Expected volatility (weighted- average volatility)	89.13%	89.13%	89.13%
Option life (expected weighted- average life)	3	4	5
Time to maturity (years)	1.2	2.2	3.2
Expected dividends (dividend yield)	2.06%	2.06%	2.06%
Risk-free interest rate (based on government bonds)	14.81%	15.05%	15.34%

Share price at valuation date
This was calculated by converting the ZWL price of the Dairibord share as at 31 December 2021 (ZW$35) to a US$ price using the Old Mutual Implied Rate of US$1:ZW$99 66, in line with the Share Appreciation Rights Plan rules.

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

Expected volatility
This takes into account the historical volatility over the same period as the expected life of the option, long-term average level of volatility, the length of time an entity's shares has been publicly traded, and the appropriate interval for price observations. This volatility was estimated by computing the daily standard deviation of the Dairibord share price on the ZSE from 1 January 2021 to 31 December 2021 giving a year's worth of share price data preceding the valuation date.

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

Risk free rate
The risk-free rate was determined based on the following:
- Aswath Damodaran's latest estimation of Zimbabwe's default spread of 10.60%;
- US dollar risk-free rate based on the 2-year, 3-year and 5-year US Treasury Yield of 0.73%, 0.97% and 1.26% as at 31 December 2020; and
- The 5-year inflation differential between the US and Zimbabwe based on latest IMF estimates - 7.7%;

Dividend yield
Dividend yield was determined based on the expectation for an entity's dividend policy, and whether an employee is entitled to dividends on the underlying shares while holding the share option. The Group's 5-year dividend history was erratic, and dividends were only paid for the financial years ended 2017, 2018, 2020 and 2021. The dividend yield was calculated based on the dividends paid for the years 2017, 2018, 2020 and 2021 and was computed by dividing the dividend per share for the four years by the market price of the Dairibord share on the date of dividend declaration and calculating the average of the dividend yields for those years.

24 FINANCIAL GUARANTEE LIABILITY

Dairibord Zimbabwe (Private) Limited guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2021 for farmers and car loans were ZW$58 247 838 (2020: ZW$41 689 375) and ZW$17 533 986 (2020: ZW$ 21 292 540) respectively. The interest rates the farmers and staff would have paid had there been no guarantee is 45% (2020: 60%). The difference between this rate and the average rate of 40% (2020: 55%) currently being charged represents the liability that Dairibord is exposed to because of the guarantee.

The financial guarantee liability was measured at ZW$7 270 556 as at 31 December 2021 (2020: ZW$11 248 252) and the table below shows the movement in the guarantee liability.

Notes to the financial statements

for the year ended 31 December 2021

24 FINANCIAL GUARANTEE LIABILITY (CONTINUED)

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Movement in financial guarantee liability				
Balance as at 1 January	11 248 252	9 106 170	-	-
Charge to profit or loss (included in administration costs-refer to note 5.2)	272 641	9 218 278	-	-
Inflation effect	(4 250 337)	(7 076 196)	-	-
Balance as at 31 December	**7 270 556**	**11 248 252**	**-**	**-**
Farmers	4 455 960	4 925 259	-	-
Staff loans	2 814 596	6 322 993	-	-
	7 270 556	**11 248 252**	**-**	**-**

In terms of IFRS 9, the financial guarantee liability is measured at the higher of the present value discounted at the rate differential and expected credit loss.

Significant inputs				
Default rate	**5%**	**5%**	**-**	**-**

25 DEFERRED TAXATION

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Deferred tax relates to the following:				
Property, plant and equipment	719 817 976	501 396 722	178 826	4 859 199
Investment property	3 511 407	6 836 956	-	-
Intangible assets	1 075 352	1 961 981	1 003 118	894 198
Inventory	73 341 273	73 738 421	-	-
Allowances for credit losses and prepayments	3 341 202	28 567 890	42 378	27 669
Unrealised exchange loss	1 457 519	11 107 145	101 101	587 931
Lease liability	(8 958 630)	-	(5 045 352)	-
Share appreciation rights liability	(14 093 544)	(11 143 469)	(2 058 010)	(1 559 618)
Leave pay, bonus and other provisions	(9 169 883)	(12 318 602)	(3 308 314)	(2 238 622)
Net liability/(asset)	**770 322 672**	**600 147 044**	**(9 086 253)**	**2 570 757**
Disclosed as follows on the statement of financial position:				
Asset	9 086 253	-	9 086 253	-
Liability	779 408 925	600 147 044	-	2 570 757
Reconciliation of deferred tax				
Restated opening balance as of 1 January	600 147 044	622 005 167	2 570 757	3 796 620
Tax (credit)/ expense recognised in other comprehensive income	(77 439 334)	96 684 365	-	-
Tax credit recognised in profit or loss	(51 492 666)	(118 542 488)	(11 657 010)	(1 225 863)
Tax expense recognised in retained earnings	299 107 628	-	-	-
Closing balance as at 31 December	**770 322 672**	**600 147 044**	**(9 086 253)**	**2 570 757**

*The tax expense recognised in retained earnings relates to the impact of the correction of the IAS 21 and IAS 29 error relating to date of change in functional currency -refer to note 35 for detailed information.

Notes to the financial statements

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26 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Trade payables	817 164 302	347 115 322	-	-
Payroll accruals	71 395 228	67 706 976	7 353 864	4 875 168
Employee bonus accrual	11 617 369	24 432 052	11 617 369	6 750 962
VAT & VAT withholding tax payable	27 391 475	27 544 161	5 129 440	2 171 623
Leave accrual	25 477 629	19 284 429	1 765 782	1 388 758
Utilities accruals	31 565 748	20 911 696	-	-
Audit fee accrual	14 689 628	6 116 050	3 611 044	916 202
Interest accrued	11 695 796	9 122 173	11 695 796	8 655 698
Other payables	20 125 870	63 385 407	1 785 713	4 963 984
	1 031 123 045	**585 618 266**	**42 959 008**	**29 722 395**

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

27 COMMITMENTS AND CONTINGENCIES

27.1 Capital commitments:

	GROUP	
	2021 ZW$	2020 ZW$
Authorised and contracted for	113 013 950	184 232 611
Authorised and not contracted for	839 416 050	924 685 594
	952 430 000	**1 108 918 205**

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

The Company has no capital commitments.

27.2 Litigation

The Group is a respondent in various employee claims for unfair dismissal and vendor litigations for ZW$161 906 (2020: ZW$307 490). On the basis of legal advice, the claims are not valid, and it is more likely than not that there will be no outflow of resources.

The Company has no material litigation.

28 RELATED PARTY DISCLOSURES

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

Name	Country of Incorporation	Nature of relationship	2021 %	2020 %
NFB Logistics (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Dairibord Zimbabwe (Private) Limited	Zimbabwe	Subsidiary	100	100
Lyons Africa (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Lyons Zimbabwe (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Goldblum Investments (Private) Limited	Zimbabwe	Subsidiary	100	100
Slimline Investments (Private) Limited	Zimbabwe	Subsidiary	100	100
Chatmoss Enterprises (Private) Limited	Zimbabwe	Subsidiary	100	100
Qualinnex Investments (Private) Limited	Zimbabwe	Subsidiary	100	100
Tavistock Estates	Zimbabwe	Tavistock Estates is controlled by a non-executive director	-	-
Corporate Excellence	Zimbabwe	A non-executive director of the company has an interest in Corporate Excellence	-	-

Notes to the financial statements

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28 RELATED PARTY DISCLOSURES (CONTINUED)

Related party transactions and balances

28.2 Group

	2021 ZW$	2020 ZW$
Transactions		
Revenue/inflows		
Interest income on loans to Tavistock and an executive director	3 521 347	157 772
Purchases/outflows		
Milk purchases from Tavistock Estates	592 153 011	248 239 488
Consultancy services offered by Corporate Excellence	1 942 153	1 337 068
The milk purchases from Tavistock are on terms similar to other farmers.		
Balances		
Loan to an executive director	-	200 599
Loan to Tavistock Estates	2 675 734	-

The loan to the executive director was paid in full during the year. The loan to Tavistock Estates bears interest at 45% and is repayable over 3 years.

28.3 Company

	2021 ZW$	2020 ZW$
Transactions		
Revenue/inflows		
Total interest income from related parties	246 793 773	63 524 911
Interest income on loans to subsidiaries	246 734 888	63 367 139
Interest income on loan to a director	58 885	157 772
Management fees received from subsidiaries (Note 3.2)	98 047 100	82 148 601
Royalties received from subsidiaries (Note 3.2)	140 454 778	78 754 106
Loans repaid by subsidiaries (Note 16.2)	544 822 730	175 585 075
Purchases/outflows		
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	1 942 153	1 337 068
Loans issued to subsidiaries (Note 16.2)	748 917 975	739 515 590
Loan to an executive director	-	200 601
Loans receivable from subsidiaries (Note 16)	428 865 362	503 876 511
Amounts owed by related parties (Note 18.1)	12 044 914	28 894 316
Amounts owed to related parties (Note 18.2)	2 652 727	9 840 172

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

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

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

28.4 Key management personnel transactions

Group

	2021 ZW$	2020 ZW$
Short term employee benefits	255 370 567	139 909 707
Share incentive expense	21 052 153	27 952 356
Pension contributions	4 804 282	2 471 160
Financial guarantee liability	(22 214)	1 298 207
Total compensation paid	**281 204 788**	**171 631 430**
Loan to an executive director	**-**	**200 599**

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28 RELATED PARTY DISCLOSURES (CONTINUED)

Share incentive expense
On 17 March 2020, share appreciation rights (SARs) were granted to the Group's management. As at 31 December 2021 10,900,000 (2020: 10,900,000) share appreciation rights awarded to key management personnel were outstanding. Detailed information relating to the SARs scheme is disclosed in Note 23.

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

	COMPANY	
	2021 ZW$	2020 ZW$
Company		
Short term employee benefits	66 180 779	63 674 375
Share incentive expense	5 794 171	8 739 467
Pension contributions	1 200 202	1 194 831
Total compensation paid	**73 175 152**	**73 608 673**
Loan to an executive director	**-**	**200 599**

On 17 March 2020, share appreciation rights (SARs) were granted to the Group's management. As at 31 December 2021 3,000,000 (2020: 3, 000, 000) share appreciation rights awarded to key management personnel were outstanding. Detailed information relating to the SARs scheme is disclosed in Note 23.

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

29 PENSION AND RETIREMENT PLANS

29.1 Defined contribution funds

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

29.2 National Social Security Authority Scheme

This is a scheme established under the National Social Security Authority Act (1989). Contributions per employee is 3.5% per month up to a maximum pensionable salary of ZW$240 000. This scheme is a defined contribution scheme from the Group's perspective.

	2021 ZW$	2020 ZW$
29.3 Pension costs charged to profit and loss during the year		
Group		
National Social Security Authority Scheme - Zimbabwe	11 017 928	3 626 494
Defined contribution funds	36 494 190	20 979 444
	47 512 118	24 605 938
Company		
National Social Security Authority Scheme - Zimbabwe	42 380	14 841
Defined contribution funds	2 040 516	2 194 115
	2 082 896	2 208 956

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31 FAIR VALUE MEASUREMENT

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Quantitative disclosures fair value measurement hierarchy for assets:

	GROUP			
	Quoted prices in active markets (Level 1) ZW$	Significant observable inputs (Level 2) ZW$	Significant unobservable inputs (Level 3) ZW$	Carrying amount ZW$
As at 31 December 2021				
Financial assets measured at fair value				
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	-	-	-	607 619 237
Cash and cash equivalents (Note 20)	-	-	-	107 104 828
Financial liabilities measured at fair value				
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	-	-	-	595 018 355
Contract liabilities	-	-	-	82 410 085
Trade and other payables (Note 26)	-	-	-	1 031 123 045
Financial guarantee liability (Note 24)	-	-	-	7 270 556
There have been no transfers between Level 1 and Level 2.				
As at 31 December 2020	-	-	-	-
Financial assets measured at fair value				
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	-	-	-	468 124 416
Cash and cash equivalents(Note 20)	-	-	-	330 598 639
Financial liabilities measured at fair value				
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	-	-	-	706 625 079
Trade and other payables (Note 26)	-	-	-	585 618 266
Financial guarantee liability (Note 24)	-	-	-	11 248 252

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

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

The following methods and assumptions were used to estimate the fair values:
The fair value of the Group's interest bearing borrowings was determined using the Discounted Cash Flow (DCF) method and the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2021 was assessed to be insignificant.

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

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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31 FAIR VALUE MEASURMENT

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Quantitative disclosures fair value measurement hierarchy for assets:

	COMPANY			
	Quoted prices in active markets (Level 1) ZW$	Significant observable inputs (Level 2) ZW$	Significant unobservable inputs (Level 3) ZW$	Carrying amount ZW$
As at 31 December 2021				
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Intercompany loans (Note 16)	-	-	-	428 865 362
Amounts owed by group companies (Note 18.1)	-	-	-	12 044 914
Trade and other receivables (Note 19)	-	-	-	33 153
Cash and cash equivalents (Note 20)	-	-	-	4 761 159
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Amounts owed to group companies (Note 18.2)	-	-	-	2 652 727
Interest bearing borrowings (Note 22)	-	-	-	426 710 525
Trade and other payables (Note 26)	-	-	-	42 959 008

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

As at 31 December 2020				
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Intercompany loans (Note 16)	-	-	-	503 876 511
Amounts owed by group companies (Note 18.1)	-	-	-	28 894 316
Trade and other receivables (Note 19)	-	-	-	200 599
Cash and cash equivalents (Note 20)	-	-	-	3 957 695
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Amounts owed to group companies (Note 18.2)	-	-	-	9 840 172
Interest bearing borrowings (Note 22)	-	-	-	500 412 889
Trade and other payables (Note 26)	-	-	-	29 722 395

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

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31 FAIR VALUE MEASUREMENT (CONTINUED)

Management assessed that the fair values of amounts owed by and to group companies, cash and cash equivalents, trade receivables, trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

The fair value of the Group's interest bearing borrowings was determined using the Discounted Cash Flow (DCF) method and the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2021 was assessed to be insignificant.

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

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

32.1 Credit risk

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

Trade receivables

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

An impairment analysis is performed at each reporting date using a simplified approach to calculate the expected credit loss. A provision matrix is used to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The security held by the Group which include brick and mortar, bank guarantees, and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

There was no change in the Group's policy on collateral and there is no financial instrument for which the Group did not recognise a loss allowance due to collateral. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 19. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured, and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The company only writes off a debt when its proved beyond reasonable doubt that the debtor is insolvent or cannot be located or has proved that no delivery was done to them (no delivery made to the customer) and all efforts to recover the debt have been made without success. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

31-Dec-21	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	0.13%	2.99%	2.89%	17.09%	99.97%	1.69%
Total gross carrying amounts of trade receivables	543 803 829	8 104 190	6 636 893	658 957	8 372 347	567 576 216
Expected credit loss	701 175	242 005	191 929	112 616	8 369 902	9 617 627
31-Dec-20						
Expected credit loss rate	0.13%	0.38%	1.35%	2.69%	44.89%	0.26%
Total gross carrying amounts of trade receivables	448 890 020	4 861 642	3 449 635	201 400	1 150 149	458 552 846
Expected credit loss	1 184 009	18 419	46 441	5 415	516 345	1 770 629

Other receivables

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

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

31-Dec-21	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	7%	-	-	-	1%	5%
Total gross carrying amounts of other receivables	31 239 846	-	-	-	20 940 309	52 180 155
Expected credit loss	2 247 615	-	-	-	271 892	2 519 507
31-Dec-20						
Expected credit loss rate	4%	-	-	-	92%	5%
Total gross carrying amounts of other receivables	11 224 187	-	-	-	118 012	11 342 199
Expected credit loss	484 075	-	-	-	109 018	593 093

Significant increase in credit risk

The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Cash balances

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

Financial guarantees

The Group guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2021 for farmers and car loans were ZW$58 247 838 (2020: 41 689 375) and ZW$17 533 986 (2020: ZW$21 292 540) respectively. The Group's maximum exposure to credit risk as a result of these guarantees is equal to the loan balances outstanding as at 31 December 2021.

Intercompany loans and amounts owed by group companies

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

Write off policy

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

32.2 Liquidity risk

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

The table below summaries the maturity profile of the Group and Company's financial liabilities as at 31 December 2021 and 31 December 2020 based on contractual undiscounted payments:

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GROUP
Liabilities

	On demand ZW$	0 to 3 months ZW$	3 to 12 months ZW$	1 to 5 years ZW$	+ 5 years ZW$	Total ZW$
Year ended 31 December 2021						
Interest bearing borrowings	-	169 997 596	177 624 442	247 396 318	-	595 018 356
Trade and other payables	-	1 031 123 045	-	-	-	1 031 123 045
	-	**1 201 120 641**	**177 624 442**	**247 396 318**	**-**	**1 626 141 401**
Year ended 31 December 2020						
Interest bearing borrowings	-	199 898 944	384 070 270	122 655 865	-	706 625 079
Trade and other payables	-	585 618 266	-	-	-	585 618 266
	-	**785 517 210**	**384 070 270**	**122 655 865**	**-**	**1 292 243 345**

32.2 Liquidity risk

COMPANY
Liabilities

	On demand ZW$	0 to 3 months ZW$	3 to 12 months ZW$	1 to 5 years ZW$	+ 5 years ZW$	Total ZW$
Year ended 31 December 2021						
Interest bearing borrowings	-	42 386 521	177 624 442	206 699 563	-	426 710 526
Trade and other payables	-	42 959 008	-	-	-	42 959 008
Amounts owed to group companies	-	2 652 727	-	-	-	2 652 727
	-	**87 998 256**	**177 624 442**	**206 699 563**	**-**	**472 322 261**
Year ended 31 December 2020						
Interest bearing borrowings	-	100 878 662	276 878 362	122 655 865	-	500 412 889
Trade and other payables	-	29 722 395	-	-	-	29 722 395
Amounts owed to group companies	-	9 840 172	-	-	-	9 840 172
	-	**140 441 229**	**276 878 362**	**122 655 865**	**-**	**539 975 456**

32.3 Changes in liabilities arising from financing activities

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Balance as at 1 January	715 747 252	211 213 994	509 277 543	149 258 826
Interest bearing borrowings	706 625 077	206 096 458	500 621 846	144 141 289
Interest accrued	9 122 175	5 117 536	8 655 698	5 117 536
New loans	1 101 273 045	993 662 609	748 917 975	739 515 590
Loan repayments	(836 944 794)	(246 327 387)	(544 822 730)	(175 585 075)
Interest expense	421 836 033	133 099 359	245 432 097	60 559 561
Interest paid	(419 262 412)	(129 094 721)	(242 391 999)	(57 021 401)
Exchange differences	-	77 090 786	-	-
Inflation effect	(375 934 973)	(323 897 388)	(278 006 565)	(207 449 957)
Balance as at 31 December	**606 714 151**	**715 747 252**	**438 406 322**	**509 277 543**
Interest bearing borrowings	595 018 355	706 625 079	426 710 526	500 621 846
Interest accrued	11 695 796	9 122 173	11 695 796	8 655 698
Balance as at 31 December	**606 714 151**	**715 747 252**	**438 406 322**	**509 277 544**

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32.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill). The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market. The Group's exposure to the risk of unavailability of foreign currency relates primarily to challenges in accessing the foreign currency to settle foreign currency denominated liabilities and when available, the price at which the foreign currency will be purchased at in ZW$ currency which can result in significant exchange losses. The Group's foreign currency liabilities as at 31 December 2021 were US$2.8m (2020:US$0.224m). The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings are denominated. As at 31 December 2021 the Group's exposure was due to cash and bank balances, prepayments, trade receivables and trade payables. The company's exposure is limited to cash and bank balances.

The following table demonstrates the sensitivity to a reasonable possible change in the US$ exchange rate. The sensitivity analysis in the following sections relate to the position as at 31 December in 2021 and 2020. The sensitivity analysis has been prepared on the basis that the amount of the net foreign asset/liability will increase or decrease in response to fluctuations in exchange rate, all things being constant. In determining the percentage change, we considered exchange rate fluctuations for the year ended December 2021, including post year end movements.

	Change in rates	Effect on profit before tax	Effect on equity equity	Change in rates	Effect on profit before tax	Effect on equity
2021	+10%	150 759	113 491	+10%	156 675	117 945
	-10%	(150 759)	(113 491)	-10%	(156 675)	(117 945)
2020	+10%	47 081 958	35 443 298	+10%	325 569	245 088
	-10%	(47 081 958)	(35 443 298)	-10%	(325 569)	(245 088)

32.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2021, the Group's exposure to the risk of changes in market interest rates was nil as all the Group's interest bearing borrowings are at fixed interest rates.

The Group's policy for managing interest rate risk is to keep most of its borrowings at fixed rates of interests; with an option to re-negotiate interest rates for term loans every year. As at 31 December 2021, all the Group's loans were at fixed interest rates.

32.6 Capital management

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

The group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 31 December 2021.

The Group monitors capital using a gearing ratio, which is calculated as historical interest bearing borrowings less cash and bank balances divided by equity plus interest bearing borrowings. The gearing ratio should not exceed 30%. The Group also monitors capital using net debt divided by total capital plus net debt. The Group's policy is to keep the net debt ratio below 50%. The net debt is calculated as the sum of historical interest bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents.

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

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32.6 Capital management (continued)

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Computation of gearing				
Interest bearing borrowings (Note 22)	595 018 355	706 625 077	426 710 526	500 412 887
Lease liability	23 370 685	-	13 367 907	-
Less cash and short-term deposits (Note 20)	(107 104 828)	(330 598 639)	(4 761 159)	(3 957 695)
Less intercompany loans (Note 16)	-	-	(428 865 362)	(503 876 509)
Net interest bearing borrowings	511 284 212	376 026 438	6 451 912	(7 421 317)
Equity	1 883 857 576	1 993 626 920	21 945 074	75 305 735
Interest bearing borrowings+equity	2 395 141 788	2 369 653 358	28 396 986	67 884 418
Gearing	**21%**	**16%**	**23%**	**-11%**
Computation of net debt to debt plus equity				
Interest bearing borrowings (Note 22)	595 018 355	706 625 077	426 710 526	500 412 887
Lease liability	23 370 685	-	13 367 907	-
Trade and other payables (Note 26)	1 031 123 045	585 618 266	42 959 008	29 722 395
Contract liabilities	82 410 085	25 336 005	-	-
Amounts owed to group companies (Note 18)	-	-	2 652 727	9 840 172
Less cash and short-term deposits (Note 20)	(107 104 828)	(330 598 639)	(4 761 159)	(3 957 695)
Less intercompany loans (Note 16)	-	-	(428 865 362)	(503 876 509)
Net Debt	1 624 817 342	986 980 709	52 063 647	32 141 250
Equity	1 883 857 576	1 993 626 920	21 945 074	75 305 735
Capital and debt	3 508 674 918	2 980 607 629	74 008 721	107 446 985
Net debt to equity	**46.3%**	**33%**	**70%**	**30%**

33 SEGMENT INFORMATION

The Group has three operating segments which are listed below. The segments are identified based on their products and services.
Manufacturing and distribution (Zimbabwe)- manufacture and marketing of milks, foods and beverages.
Properties- leasing of properties

Corporate - management and corporate services

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

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

Dairibord Holdings
More Than Just Milk

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SEGMENT INFORMATION (CONTINUED)	Manufacturing and distribution ZW$	Properties ZW$	Corporate ZW$	Adjustments and eliminations ZW$	Group ZW$
Year ended 31 December 2021					
Revenue					
Revenue from contracts with external customers	13 159 958 628	-	-	-	13 159 958 628
Revenue from contracts with internal customers	536 570	-	-	(536 570)	-
Revenue from management services and royalties	-	-	237 843 047	(237 843 047)	-
Rental income -internal customers	-	102 189 586	-	(102 189 586)	-
Rental income -external customers	-	11 456 373	-	-	11 456 373
Total revenue	**13 160 495 198**	**113 645 959**	**237 843 047**	**(340 569 203)**	**13 171 415 001**
Results					
Depreciation and amortisation	280 070 626	50 539	11 966 717	4 905 121	296 993 003
Operating profit	940 451 706	95 710 939	88 302 794	(333 799 241)	790 666 198
Finance income	10 409 162	-	246 793 773	(254 183 365)	3 019 570
Finance costs	510 560 307	-	252 911 285	(328 921 207)	434 550 385
Segment (loss)/profit before tax	607 211 268	(308 115 408)	111 596 458	(151 566 581)	259 125 737
Income tax	(383 603 968)	3 968 626	15 665 240	562 480 588	198 510 486
Segment assets	5 707 075 530	1 595 498 824	2 987 427 948	(4 199 272 971)	6 090 729 331
Segment liabilities	2 615 996 012	73 288 912	503 598 481	(494 866 914)	2 698 016 491
Capital expenditure	307 270 736	506 442	290 126	-	308 067 304
Year ended 31 December 2020					
Revenue					
Revenue from contracts with external customers	8 469 049 055	-	-	-	8 469 049 055
Revenue from contracts with internal customers	7 206 597	-	-	(7 206 597)	-
Revenue from management services and royalties	-	-	160 902 707	(160 902 707)	-
Rental income -internal customers	-	3 268 483	-	(3 268 483)	-
Rental income -external customers	-	6 433 774	-	-	6 433 774
Total revenue	**8 476 255 652**	**9 702 257**	**160 902 707**	**(171 377 787)**	**8 475 482 829**
Result					
Depreciation and amortisation	169 965 329	28 445 949	5 693 865	-	204 105 145
Operating profit	(216 065 732)	119 080 979	10 024 762	-	(86 959 991)
Finance income	1 967 831	-	63 524 911	(62 998 314)	2 494 428
Finance costs	(135 538 112)	-	(60 559 561)	62 998 314	(133 099 359)
Segment profit/(loss) before tax	(17 674 617)	381 578 808	(22 053 925)	(430 690 129)	(88 839 863)
Income tax	128 404 419	57 291 725	7 128 491	(158 475 941)	34 348 693
Segment assets	1 916 643 296	1 907 396 938	2 424 981 697	(1 433 170 509)	4 815 851 422
Segment liabilities	1 435 901 467	71 223 903	555 961 482	(18 205 647)	2 044 881 205
Capital expenditure	88 799 135	-	3 656 814	-	92 455 949

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

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

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34 RESTATEMENT OF COST OF SALES

GROUP

IAS 29 Financial Reporting in Hyperinflationary Economies (IAS 29) requires all items in the statement of comprehensive income to be presented in terms of the measuring unit current at the end of the reporting period, by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

Since IAS 29 became applicable to entities in Zimbabwe, the Group has consistently used the direct method to adjust 'cost of sales' for hyperinflation. In terms of the direct method, monthly inflation indices are used to adjust the historical monthly 'cost of sales' expense. Management believed this method to be compliant with IAS 29 and applied it in its previously audited annual financial statements. In the current year, management has reviewed the use of the direct method in respect of 'cost of sales'.

After due consideration, the Group has revised its approach and retrospectively applied the indirect method to hyper inflate 'cost of sales'. In terms of the indirect method, each component used to determine the 'cost of sales' expense (opening stock, production costs and closing stock) is adjusted for hyperinflation separately rather than adjusting 'cost of sales' as a whole. The use of the indirect method aligns the method used to adjust 'cost of sales' with that used for 'depreciation' and improves the relationship between the inflation adjustments applied to the statement of financial position and those applied to the statement of comprehensive income.

This revision has resulted in a restatement of amounts in the statement of comprehensive income between 'cost of sales' and 'monetary loss'. While operating profit has decreased, there has been no impact on profit for the year, total earnings per share (basic and diluted), net cash flows nor the statement of financial position. The table below summarises the impact of the adjustment on the statement of comprehensive income.

	2021 As previously stated at 31 Dec 2020 ZW$	Adjustment ZW$	Restated balance ZW$
Cost of sales	6 330 026 239	459 325 666	6 789 351 905
Monetary loss/(gain)	344 928 385	(459 325 666)	(114 397 281)
	6 674 954 624	-	6 674 954 624

35 CHANGE IN DATE OF APPLICATION OF IAS 29

In February 2019, the Government of Zimbabwe issued Statutory Instrument (S.I.) 33 of 2019, which among other things, prescribed parity between the US dollar and local mediums of exchange as at and up to the effective date of 22 February 2019 for accounting and other purposes. S.I. 33 also prescribed the manner in which certain balances were to be treated as a consequence of the recognition of the RTGS dollar / ZW dollar as currency in Zimbabwe. In our opinion and based on the guidance issued by the Public Accountants and Auditors Board (PAAB), the change in functional currency translation guidelines prescribed by S.I. 33 and adopted in preparing the consolidated financial statements for prior years to comply with statutory requirements were contrary to the provisions of IAS 21 – The Effects of Changes in Foreign Exchange Rates. There was a general consensus amongst market participants that the date of change in functional currency should have been 1 October 2018. Based on the consensus, the changes in the general pricing power of the functional currency ought to apply from 1 October 2018.

The Directors have in the current year assessed the cumulative effects of non-compliance with IAS 21 and the related impact on IAS 29 and have adjusted opening equity components as disclosed on the statement of changes in equity.

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35 CHANGE IN DATE OF APPLICATION OF IAS 29 (CONTINUED)

	Balance as at 31 December 2020 ZW$	Adjustment ZW$	Balance restated after the correction ZW$
GROUP			
Consolidated statement of financial position			
Assets			
Property, plant and equipment (note 11)	2 457 503 124	1 205 928 885	3 663 432 009
Intangible assets (note 14)	8 087 272	4 053 430	12 140 702
Liabilities			
Deferred tax liability	(600 147 044)	(299 107 628)	(899 254 672)
Equity			
Share capital (note 21.1)	(1 423 930)	(485 084)	(1 909 014)
Share premium (note 21.2)	(54 875 552)	(18 694 189)	(73 569 742)
Retained earnings	1 848 530 720	891 695 414	2 740 226 135
COMPANY			
Assets			
Property, plant and equipment (note 11)	19 966 585	627 133	20 593 718
Intangible assets (note 14)	3 617 306	1 142 436	4 759 742
Investment in subsidiaries (note 15)	1 853 628 491	631 466 635	2 485 095 126
Liabilities			
Deferred tax liability	(2 570 757)	(437 437)	(3 008 195)
Equity			
Share capital (note 21.1)	(1 423 930)	(485 084)	(1 909 014)
Share premium (note 21.2)	(54 875 552)	(18 694 189)	(73 569 741)
Retained earnings	1 845 364 606	613 619 494	2 458 984 098

36 GOING CONCERN AND EVENTS SUBSEQUENT TO YEAR END

Impact of Covid-19

Covid-19 was declared a pandemic in 2019 and since then the Government of Zimbabwe has been closely monitoring its development and imposing restriction aimed at containing the virus as and when necessary. The roll out of the vaccination programs which commenced in the prior year has minimised the severity of the pandemic and its impact on businesses. As at the date of approval of the financial statements, the lockdown measures had been relaxed and businesses were operating normally.

The aftershocks of the Covid-19 pandemic continue to rock the global economy and the resurgence of the pandemic in some parts of the world (China and Europe) suggest that Covid-19 remains a threat to the business. The potential impact of the resurgence cannot be determined at this stage due to the inherent uncertainty associated with a pandemic.

Ukrainian war

The Russia-Ukrainian war which broke out in February 2022, has affected the global economy due to supply disruption and price increases. This is expected to impact global growth which has an impact on consumer spending and the outlook of the Group. As the war is continuing, its full impact on the global landscape and the Group's operations remains highly uncertain.

There were no other significant events subsequent to year. On this basis, the directors believe that the Group will continue to operate as a going concern.

The directors continue to monitor the events and adapt the business model to the extent possible in order to minimise the impact on business.

Supplementary Information Unaudited Historical Financial Statements

Unaudited historical statements of profit or loss and other comprehensive income

For the year ended 31 December 2021

		GROUP		COMPANY	
		2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Continuing operations					
Revenue from contracts with customers	3	10 626 166 048	3 659 096 872	195 806 837	68 858 343
Rental income		9 253 427	2 800 497	-	-
Revenue		**10 635 419 475**	**3 661 897 369**	**195 806 837**	**68 858 343**
Cost of sales		(7 909 412 738)	(2 617 411 227)	-	-
Gross profit		**2 726 006 737**	**1 044 486 142**	**195 806 837**	**68 858 343**
Other operating income	4	15 173 888	7 898 705	513 893	1 494 459
Selling and distribution expenses	5.1	(970 137 403)	(370 094 450)	-	-
Administration expenses	5.2	(753 611 453)	(326 328 057)	(119 251 208)	(67 344 833)
Impairment (loss)/reversal on trade and other receivables		(11 035 566)	574 151	-	-
Operating profit	**6**	**1 006 396 203**	**356 536 491**	**77 069 522**	**3 007 969**
Fair value gain on investment properties	12	21 485 575	67 879 262	-	-
Exchange (loss)/ gain		(8 743 364)	9 256 407	408 985	1 479 663
Finance costs	7	(343 125 910)	(61 562 570)	(201 778 817)	(28 171 756)
Finance income	8	2 462 905	1 119 943	196 954 106	29 259 096
Profit before tax		**678 475 409**	**373 229 533**	**72 653 796**	**5 574 972**
Income tax expense	9	(202 140 864)	(68 105 615)	(15 218 752)	(3 905 425)
Profit for the year attributable to owners of the parent		**476 334 545**	**305 123 918**	**57 435 044**	**1 669 547**
Other comprehensive income:					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax					
Revaluation surplus		331 510 303	899 512 443	-	-
Tax		(81 949 347)	(222 359 476)	-	-
		249 560 956	**677 152 967**	**-**	**-**
Total comprehensive income for the year attributable to owners		**725 895 501**	**982 276 885**	**57 435 044**	**1 669 547**
Earnings per share (cents)					
Basic earnings for the year attributable to owners of the parent	10	133.05	85.23		
Diluted earnings for the year attributable to owners of the parent	10	133.05	85.23		

Unaudited historical statements of financial position

As at 31 December 2021

	Notes	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Assets					
Non-current assets					
Property, plant and equipment	11	1 709 835 132	1 153 717 620	1 915 600	2 263 569
Investment property	12	98 785 575	85 070 000	-	-
Right of use asset	13	29 551 710	-	15 716 905	-
Intangible assets	14	119 046	243 545	65 023	78 184
Investment in subsidiaries	15	-	-	46 603 338	46 603 338
Intercompany loans	16.1	-	-	206 699 564	81 366 502
Deferred tax asset	25	10 206 838	9 420 100	10 206 838	1 463 988
		1 848 498 301	**1 248 451 265**	**281 207 268**	**131 775 581**
Current assets					
Inventories	17	1 246 042 065	413 164 595	-	-
Amounts owed by group companies	18.1	-	-	12 044 914	17 976 125
Prepayments		195 658 688	205 598 961	5 331 262	6 682 464
Trade and other receivables	19	607 619 237	291 235 923	33 153	124 800
Intercompany loans	16.2	-	-	222 165 798	232 112 000
Cash and cash equivalents	20	200 458 495	205 676 518	4 761 159	2 462 215
		2 249 778 485	**1 115 675 997**	**244 336 286**	**259 357 604**
Total assets		**4 098 276 786**	**2 364 127 262**	**525 543 554**	**391 133 185**
Equity and liabilities					
Equity					
Share capital	21.1	35 800	35 800	35 800	35 800
Share premium	21.2	1 379 664	1 379 664	1 379 664	1 379 664
Other reserves	21.4	1 107 197 348	876 640 593	-	16 179 078
Retained earnings		775 244 764	362 246 215	20 529 610	29 255 685
Total equity		**1 883 857 576**	**1 240 302 272**	**21 945 074**	**46 850 227**
Non-current liabilities					
Interest - bearing borrowings	22.1	247 396 317	76 308 333	206 699 563	76 308 333
Share incentive liability	23	57 012 718	28 045 010	8 325 282	3 925 124
Lease liability	13.3	15 267 913	-	8 729 627	-
Financial guarantee liability	24	7 270 556	6 997 915	-	-
Deferred tax liability	25	295 811 644	225 007 341	-	-
		622 759 148	**336 358 599**	**223 754 472**	**80 233 457**
Current liabilities					
Trade and other payables	26	1 031 123 045	364 332 794	42 959 008	18 491 300
Contract liabilities	3.2	82 410 085	15 762 379	-	-
Interest - bearing borrowings	22.2	347 622 038	363 306 863	220 010 963	235 015 333
Lease liability	13.3	8 102 772	-	4 638 280	-
Bank overdraft	20	93 353 667	-	-	-
Dividend payable	21.3	3 297 467	395 919	3 297 467	395 919
Amounts owed to group companies	18.2	-	-	2 652 727	6 121 902
Income tax payable		25 750 988	43 668 436	6 285 563	4 025 047
		1 591 660 062	**787 466 391**	**279 844 008**	**264 049 501**
Total liabilities		**2 214 419 210**	**1 123 824 990**	**503 598 480**	**344 282 958**
Total equity and liabilities		**4 098 276 786**	**2 364 127 262**	**525 543 554**	**391 133 185**

J.K.H SACHIKONYE
Chairman

A. MANDIWANZA
Group Chief Executive

28 March 2022

Unaudited historical statements of cashflows

for the year ended 31 December 2021

	Notes	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Operating activities					
Profit/loss before tax		678 475 409	373 229 533	72 653 796	5 574 972
Adjusted for:					
Depreciation		52 673 216	11 253 844	4 130 605	376 270
Amortisation of intangible assets	14	124 499	135 225	13 161	7 750
(Profit)/loss on disposal of property, plant and equipment and scrap	4	(4 005 221)	(6 085 001)	(509 907)	(719 260)
Loss on disposal of investment property	4	-	51 750	-	-
Profit on disposal of scrap	4	(4 115 195)	-	-	-
Finance income	8	(2 462 905)	(1 119 943)	(196 954 106)	(29 259 096)
Inventory written off	17	3 966 961	1 867 243	-	-
Allowances for credit losses	19	11 035 566	(574 151)	-	-
Loan guarantee costs	24	272 641	5 735 000	-	-
Fair value adjustment on investment property	12	(21 485 575)	(67 879 262)	-	-
Exchange losses		-	26 745 037	-	-
Finance costs		343 125 910	61 562 570	201 778 817	28 171 756
Working capital movements :					
Increase in inventories		(836 844 432)	(329 501 282)	-	-
(Increase) /decrease in trade and other receivables and prepayments		(265 535 000)	(422 629 904)	1 442 838	(5 929 097)
Decrease/ (increase) in amounts owed by group companies		-	-	5 931 210	(11 036 027)
(Decrease)/ increase in amounts owed to group companies		-	-	(3 469 174)	5 015 285
Increase in trade and other payables, contract liabilities and share incentive liability		756 385 081	322 702 544	22 557 071	18 413 178
		711 610 955	**(24 506 797)**	**107 574 311**	**10 615 731**
Income tax paid		(231 990 094)	(62 599 362)	(21 701 085)	(1 688 176)
Net cash flows generated from/ (used in) operating activities		**479 620 861**	**(87 106 159)**	**85 873 226**	**8 927 555**
Investing activities					
Purchase of plant and equipment	11.1	(279 843 047)	(52 348 824)	(254 351)	(1 882 213)
Purchase of intangible assets	14	-	(92 180)	-	-
Proceeds from sale of property, plant and equipment		19 132 443	8 857 680	518 728	719 707
Proceeds from sale of investment property		-	2 000 000	-	-
Loans issued to subsidiaries	16.3	-	-	(587 771 000)	(332 112 000)
Loans repaid by subsidiaries	16.3	-	-	472 384 140	40 778 968
Finance income on effective interest rate method	8	2 462 905	1 119 943	196 954 106	29 259 096
Prepayments for plant and equipment		(44 028 655)	(1 570 648)	-	-
Net cash (used in)/ generated from investing activities		**(302 276 354)**	**(42 034 029)**	**81 831 624**	**(263 236 442)**
Financing activities					
Proceeds from borrowings	32.3	866 583 287	462 112 000	587 771 000	332 112 000
Repayment of borrowings	32.3	(711 180 128)	(77 824 911)	(472 384 141)	(40 778 976)
Lease repayments		(20 990 454)	-	(11 731 655)	-
Dividends paid	21.3	(79 438 649)	(6 915 392)	(79 438 649)	(6 915 392)
Interest paid	32.3	(327 081 890)	(56 597 099)	(189 613 647)	(23 496 496)
Net cash (used in)/ generated from financing activities		**(272 107 834)**	**320 774 598**	**(165 397 093)**	**260 921 136**
Net (decrease)/ increase in cash and cash equivalents		(94 763 327)	191 634 410	2 307 757	6 612 248
Net exchange differences		(3 808 363)	(319 738)	(8 813)	(4 475 617)
Cash and cash equivalents at beginning of the period		205 676 518	14 361 846	2 462 215	325 584
Cash and cash equivalents at the end of the period	**20**	**107 104 828**	**205 676 518**	**4 761 159**	**2 462 215**

Unaudited historical statements of changes in equity

for the year ended 31 December 2021

	Share Capital ZW$	Share Premium ZW$	Other reserves ZW$	Retained earnings ZW$	Total equity ZW$
GROUP					
As at 1 January 2020	35 800	1 379 664	199 487 626	64 282 314	265 185 403
Profit /(loss)for the year	-	-	-	305 123 918	305 123 918
Revaluation surplus on PPE	-	-	677 152 967	-	677 152 967
Dividends (Note 22.3)	-	-	-	(7 160 017)	(7 160 017)
Restated as at 31 December 2020	**35 800**	**1 379 664**	**876 640 593**	**362 246 215**	**1 240 302 272**
Profit /(loss)for the year	-	-	-	476 334 545	476 334 545
Revaluation surplus on PPE	-	-	249 560 956	-	249 560 956
Reclassification of currency conversion reserve (Note 21.4)	-	-	(17 123 643)	17 123 643	-
Realisation of revaluation on property disposal (Note 21.4)	-	-	(1880 558)	1 880 558	-
Dividends (Note 22.3)	-	-	-	(82 340 197)	(82 340 197)
As at 31 December 2021	**35 800**	**1 379 664**	**1 107 197 348**	**775 244 764**	**1 883 857 576**
COMPANY					
As at 1 January 2020	**35 800**	**1 379 664**	**16 999 800**	**35 912 810**	**54 328 074**
Profit /(Loss)for the year	-	-	-	1 669 547	1 669 547
Other comprehensive income	-	-	-	-	-
Dividends paid (Note 22.3)	-	-	-	(7 160 017)	(7 160 017)
As at 31 December 2020	**35 800**	**1 379 664**	**16 179 078**	**29 255 685**	**46 850 227**
Profit /(Loss) for the year	-	-	-	57 435 044	57 435 044
Other comprehensive income	-	-	-	-	-
Reclassification of currency conversion reserve (Note 21.4)	-	-	(16 179 078)	16 179 078	-
Dividends paid (Note 22.3)	-	-	-	(82 340 197)	(82 340 197)
As at 31 December 2021	**35 800**	**1 379 664**	**-**	**20 526 610**	**21 945 074**

SUPPLEMENTARY INFORMATION

1. Basis of preparation

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

2. Presentation of historical information

The historical consolidated and separate financial statements are presented as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not considered the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic information.

Notes to the historical financial statements
for the year ended 31 December 2021

3 REVENUE

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Type of goods				
Sale of liquid milks	3 251 194 121	1 385 963 073	-	-
Sale of foods	2 192 523 361	796 626 670	-	-
Sales of beverages	5 182 448 566	1 476 507 129	-	-
Revenue from management services	-	-	80 946 472	33 955 952
Revenue from royalties	-	-	114 860 365	34 902 391
Total revenue from contracts with customers	**10 626 166 048**	**3 659 096 872**	**195 806 837**	**68 858 343**
Market segment				
Domestic	10 279 084 179	3 519 536 448	195 806 837	68 858 343
Export	347 081 869	139 560 424	-	-
	10 626 166 048	**3 659 096 872**	**195 806 837**	**68 858 343**

3.2 Contract assets and liabilities

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Trade receivables (Note 19)	567 576 216	285 281 128	-	-
Amounts owed by group companies (Note 18.1)	-	-	5 331 274	17 976 125
Contract liabilities	82 410 085	15 762 379	-	-

Trade receivables are non-interest bearing and are generally on terms of 14-21 days. Contract liabilities include advances received to deliver goods in 2022 and all are short term.

4 OTHER OPERATING INCOME

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Profit on disposal of property, plant and equipment	4 005 221	6 085 001	509 907	719 260
Loss on disposal of investment property	-	(51 750)	-	-
Profit on disposal of scrap	4 115 195	-	-	-
Sundry income	7 053 472	1 865 454	3 986	775 199
	15 173 888	**7 898 705**	**513 893**	**1 494 459**

5 OPERATING EXPENSES

5.1 Selling and distribution costs

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Employee benefits	368 740 689	107 499 465	-	-
Fuel and hire charges	198 164 868	75 729 117	-	-
Repairs and maintenance	92 637 476	48 622 548	-	-
Merchandising costs	40 807 138	8 714 464	-	-
Depreciation	3 257 057	489 511	-	-
Advertising and promotions	45 317 487	15 048 667	-	-
Travel and subsistence	18 432 452	4 231 781	-	-
Insurance	10 955 752	7 223 582	-	-
Licences and tolls	25 055 659	3 998 534	-	-
Utilities	27 829 964	9 177 083	-	-
Consumables	31 204 595	13 637 339		
Other costs*	107 734 266	75 722 359	-	-
	970 137 403	**370 094 450**	**-**	**-**

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

Notes to the historical financial statements

for the year ended 31 December 2021

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
5.2 Administration expenses				
Employee benefits	310 058 413	136 293 294	74 849 980	31 236 205
Bank charges	42 533 487	15 008 019	711 844	307 049
Repairs and maintenance	11 343 264	5 197 004	1 300 581	660 402
Rent and rates	46 678 757	5 998 861	-	360
Depreciation	7 206 637	809 509	4 130 605	376 270
Amortisation (Note 14)	124 499	135 225	13 161	7 750
Audit fees	18 887 946	7 792 668	3 309 467	740 313
Insurance	20 655 414	6 557 065	1 282 634	489 314
Directors fees	11 049 066	7 892 915	11 049 066	7 892 915
Loan guarantee costs (Note 24)	272 641	5 735 000	-	-
2% IMT	173 919 874	48 820 563	5 771 045	1 418 304
Security	-	17 686 646	-	
ICT charges	35 228 631	5 344 104	1 900 509	
Other costs*	75 652 824	63 057 184	14 932 316	24 215 951
	753 611 453	**326 328 057**	**119 251 208**	**67 344 833**

*Other costs relate to sundry items which include consumables, consultancy fees, legal fees, recruitment, refuse and cleaning costs.

6 OPERATING PROFIT IS STATED AFTER CHARGING THE FOLLOWING:

	Group 2021 ZW$	Group 2020 ZW$	Company 2021 ZW$	Company 2020 ZW$
Audit fees	18 887 946	7 792 668	3 309 467	740 313
Depreciation of property, plant and equipment	52 673 216	11 253 844	4 130 605	376 270
Amortisation of intangible assets	124 499	135 225	13 161	7 750
Directors emoluments	220 504 342	36 327 308	66 982 855	34 106 553
- for services as directors	11 049 066	7 892 915	11 049 066	7 892 915
- salaries and benefits	209 455 276	28 434 393	55 933 789	26 213 638
- termination benefits	-	-	-	-
Employee benefits expense				
- Salaries and wages	1 094 899 168	380 020 835	72 325 908	33 973 236
- Share incentive expense	28 967 708	28 045 010	4 400 158	3 925 124
- Pension costs	29 134 133	9 549 950	1 615 563	874 254
- National Social Security Authority	9 227 964	1 703 799	35 230	6 815
	1 162 228 973	**419 319 594**	**78 376 859**	**38 779 429**

7 FINANCE COSTS

	Group 2021 ZW$	Group 2020 ZW$	Company 2021 ZW$	Company 2020 ZW$
Interest on lease	10 023 435	-	5 854 373	-
Interest on borrowings	333 102 475	61 562 570	195 924 444	28 171 756
	343 125 910	**61 562 570**	**201 778 817**	**28 171 756**

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

Notes to the historical financial statements
for the year ended 31 December 2021

8 FINANCE INCOME

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Interest received on loans and short-term deposits	2 462 905	1 119 943	196 954 106	29 259 096

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

9 TAXATION

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Current income tax:				
- Current year charge	202 183 686	94 627 115	23 961 602	5 197 523
- Prior periods charge	11 888 960	-	-	-
- Capital gains tax	-	491 625	-	-
Deferred tax charge	(11 931 782)	(27 013 125)	(8 742 850)	(1 292 098)
	202 140 864	**68 105 615**	**15 218 752**	**3 905 425**
Tax rate reconciliation				
Standard rate	24.72%	24.72%	24.72%	24.72%
Prior periods under provision	1.75%	0.00%	0.00%	0.00%
Disallowed expenses*	3.46%	4.35%	5.75%	41.06%
Effect of capital gains tax	0.00%	0.03%	0.00%	0.00%
Effect of rebasing capital allowances on temporary differences	0.00%	-4.12%	0.00%	0.00%
Other non-taxable items	-0.15%	-6.73%	-0.18%	0.00%
Other non-deductible items	0.00%	0.00%	0.00%	4.27%
Effective tax rate	**29.79%**	**18.25%**	**20.95%**	**70.05%**

*Included in the disallowed expenses is IMTT, consultancy fees, donations, loan guarantees and other expenses not allowed for tax purposes.

10 EARNINGS PER SHARE

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

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

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

	GROUP	
	2021 ZW$	2020 ZW$
Profit attributable to ordinary equity holders of the parent for basic earnings	**476,334,545**	**305,123,918**
Profit on disposal of property, plant and equipment	4,005,221	(6,085,001)
Loss on disposal of investment property	-	51,750
Profit on disposal of scrap	4,115,195	-
Asset write off	-	-
Fair value adjustment on investment property	(21,485,575)	(67,879,263)
Tax effect	3,303,867	4,885,383
Profit attributable to owners of the parent for basic earnings	**466 273 253**	**236 096 787**

	2021 ZW$	2020 ZW$
Weighted average number of ordinary shares for basic earnings per share	358 000 858	358 000 858
Number of shares in issue	358 000 858	358 000 858
Weighted average number of ordinary shares for diluted earnings per share	358 000 858	358 000 858

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

Notes to the historical financial statements

for the year ended 31 December 2021

11 PROPERTY, PLANT AND EQUIPMENT

	GROUP					COMPANY		
	Freehold land and buildings ZW$	Plant and equipment ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW$	Furniture and Fittings ZW$	Motor vehicles ZW$	Total ZW$
Cost or valuation								
At 1 January 2020	196 426 748	46 739 467	1 973 840	7 136 853	252 276 908	617 687	1 034 314	1 652 001
Additions	-	36 126 855	1 803 238	14 418 731	52 348 824	150 175	1 732 038	1 882 213
Disposals	(2 783 284)	(10 969)	(14 982)	(161 457)	(2 970 692)	(14 982)	-	(14 982)
Revaluation surplus	899 512 443	-	-	-	899 512 443	-	-	-
At 31 December 2020	**1 093 155 907**	**82 855 353**	**3 762 096**	**21 394 127**	**1 201 167 483**	**752 880**	**2 766 352**	**3 519 232**
Additions	-	249 359 862	23 391 672	7 091 513	279 843 047	254 351	-	254 351
Disposals	-	-	(571 209)	(15 293 847)	(15 865 056)	(1 909)	(237 124)	(239 033)
Revaluation surplus	331 510 303	-	-	-	331 510 303	-	-	-
Transfer from investment property	7 770 000	-	-	-	7 770 000	-	-	-
At 31 December 2021	**1 432 436 210**	**332 215 215**	**26 582 559**	**13 191 793**	**1 804 425 777**	**1 005 322**	**2 529 228**	**3 534 550**
Accumulated depreciation and impairment								
At 1 January 2020	**(957 864)**	**(30 035 139)**	**(1 243 497)**	**(4 157 533)**	**(36 394 033)**	**(484 798)**	**(409 130)**	**(893 928)**
Depreciation charge for the year	(5 029 095)	(4 633 247)	(522 875)	(1 068 626)	(11 253 843)	(89 636)	(286 634)	(376 270)
Disposals	11 052	10 969	14 535	161 457	198 013	14 535	-	14 535
At 31 December 2020	**(5 975 907)**	**(34 657 417)**	**(1 751 837)**	**(5 064 702)**	**(47 449 863)**	**(559 899)**	**(695 764)**	**(1 255 663)**
Depreciation charge for the year	(27 181 682)	(15 365 888)	(4 326 362)	(1 013 290)	(47 887 222)	(119 757)	(482 563)	(602 320)
Disposals	-	-	68 332	678 108	746 439	1 909	237 124	239 033
At 31 December 2021	**(33 157 589)**	**(50 023 305)**	**(6 009 867)**	**(5 399 884)**	**(94 590 645)**	**(677 747)**	**(941 203)**	**(1 618 950)**
Net carrying amount								
At 31 December 2021	1 399 278 621	282 191 910	20 572 692	7 791 909	1 709 835 132	327 575	1 588 025	1 915 600
At 31 December 2020	1 087 180 000	48 197 936	2 010 259	16 329 425	1 153 717 620	192 981	2 070 588	2 263 569

Notes to the historical financial statements
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11 PROPERTY, PLANT AND EQUIPMENT

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
11.1 Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	1 153 717 620	215 882 875	2 263 569	758 073
Cost	1 201 167 483	252 276 908	3 519 232	1 841 696
Accumulated depreciation and impairment	(47 449 863)	(36 394 033)	(1 255 663)	(1 083 623)
Movement for the year:				
Additions	279 843 047	52 348 824	254 351	1 882 213
Revaluation	331 510 303	899 512 443	-	-
Net carrying amount of disposals	(15 118 616)	(2 772 679)	-	(447)
Depreciation charge for the year	(47 887 222)	(11 253 843)	(602 320)	(376 270)
Transfer from investment property	7 770 000	-	-	-
Net carrying amount at 31 December	1 709 835 132	1 153 717 620	1 915 600	2 263 569
Cost	1 804 425 777	1 201 167 483	3 534 550	3 519 232
Accumulated depreciation and impairment	(94 590 645)	(47 449 863)	(1 618 950)	(1 255 663)

11.2 Property revaluation

The fair value of properties was determined by an external independent property valuer, Dawn Property Consultancy (Private) Limited (Dawn) as at 31 December 2020. The valuer have appropriate and recognised professional qualifications and experience in the location and category of the properties valued. The independent valuer provide the fair value of the Group's property portfolio every 3 years. At 31 December 2021, the directors performed an assessment of the property values determined by Dawn in the prior year and applied a 10% hair cut to the US$ values on the basis that the property market witnessed a decline in values due to reduced occupancy levels. The hair cut applied was informed by a market analysis performed by Dawn as at 31 December 2021.

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

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 116.15 (2020: 81.79).

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

Significant unobservable data (US$)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25 - 12.50	13.50	13.00	12.00-13.00
Significant unobservable data (ZW$ converted)					
Industrial office rental (rental per square meter)	ZW$286-ZW$818	ZW$225-ZW$530	ZW$230-ZW$450	ZW$286-ZW$508	ZW$286-ZW$508
Factory/workshop (rental per square meter)	ZW$368-ZW$410	ZW$100-ZW$160	ZW$265	0	0
Yard (rental per square meter)	ZW$143	ZW$13-ZW$40	US$35	ZW$13	ZW$0.05
Capitalisation rate (%)	10.00-11.50	11.25 - 12.50	13.50	13.00	12.00-13.00

Refer to Note 21.4 for the movement in the revaluation

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

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

If land and buildings were measured using cost model, the carrying amount would be ZW$6 752 579 (2020 : ZW$6 993 742)

Property mortgaged against borrowings

Property valued at ZW$1.24bn is mortgaged against the interest bearing borrowings disclosed in Note 22.

Notes to the historical financial statements
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12 INVESTMENT PROPERTY

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
12.1 Reconciliation of carrying amounts				
Balance at 1 January	85 070 000	19 242 488	-	-
Disposals	-	(2 051 750)	-	-
Transfer to property, plant and equipment	(7 770 000)	-	-	-
Fair value adjustment	21 485 575	67 879 262	-	-
Balance at 31 December	98 785 575	85 070 000		-

Investment property comprises of a number of commercial properties that are leased to third parties. As at 31 December 2021 the Group's investment property portfolio comprised of 10 commercial properties (2020: 11 commercial properties), all within the country.

12.2 Measurement of fair values

The fair value of investment property was determined by an external independent property valuer, Dawn Property Consultancy (Private) Limited (Dawn) as at 31 December 2020. The valuer have appropriate and recognised professional qualifications and experience in the location and category of the properties valued. The independent valuer provide the fair value of the Group's investment property portfolio every 3 years. At 31 December 2021, the directors performed an assessment of the property values determined by Dawn in the prior year and applied a 10% hair cut to the US$ values on the basis that the property market witnessed a decline in values due to reduced occupancy levels. The hair cut applied was informed by a market analysis performed by Dawn as at 31 December 2021.

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

Key inputs for the valuation are denominated in US$ as obtained from the relevant bodies. The US$ inputs were translated to ZW$ using the interbank foreign exchange rate of 116.15 (2020: 81.79).

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

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

Significant unobservable data (US$)

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

Significant unobservable data (US$)	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	US$2.00-US$3.00	US$1.25-US$2.00	US$2.00-US$2.50	US$2.00-US$2.50	US$1.50-US$2.00
Factory/workshop (rental per square meter)	US$1.50-US$1.75	US$1.00-US$1.50	US$1.25-US$1.75	US$1.50-US$2.00	-
Yard (rental per square meter)	US$0.10-US$0.15	US$0.25-US$0.35	US$0.3	US$0.03	US$0.05
Capitalisation rate (%)	10.00-11.50	11.25 - 12.50	13.50	13.00	12.00-13.00

Significant unobservable data (ZW$ converted)

	Harare	Bulawayo	Gweru	Mutare	Masvingo
Industrial office rental (rental per square meter)	ZW$286-ZW$818	ZW$225-ZW$530	ZW$230-ZW$450	ZW$286-ZW$508	ZW$286-ZW$508
Factory/workshop (rental per square meter)	ZW$368-ZW$410	ZW$100-ZW$160	ZW$265	-	-
Yard (rental per square meter)	ZW$143	ZW$13-ZW$40	US$35	ZW$13	ZW$0.05
Capitalisation rate (%)	10.00-11.50	11.25 - 12.50	13.50	13.00	12.00-13.00

Impact of COVID-19 on investment property valuation

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

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13 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use asset relates to 4 motor vehicles acquired through a lease arrangement from a local financial institution. The lease bears interest at 40% and is payable over 3 years.

	GROUP		COMPANY	
	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
13.1 Right of use assets - reconciliation				
Opening balance				
Additions	34 337 704	-	19 245 190	-
Disposals	-	-	-	-
Depreciation	(4 785 994)	-	(3 528 285)	-
Closing balance	**29 551 710**	**-**	**15 716 905**	**-**
13.2 Lease liability - reconciliation				
Balance at 1 January	-	-	-	-
Acquired	27 287 250	-	15 363 535	-
Interest	10 023 435	-	5 854 372	-
Lease repayments	(13 940 000)	-	(7 850 000)	-
Balance at 31 December	**23 370 685**	**-**	**13 367 907**	**-**
13.3 Classification of lease liability				
Short term	15 267 913	-	8 729 627	-
Long term	8 102 772	-	4 638 280	-
	23 370 685	**-**	**13 367 907**	**-**

14 INTANGIBLE ASSETS

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Cost				
At 1 January	1 170 835	1 078 655	138 578	138 578
Additions	-	92 180	-	-
At 31 December	**1 170 835**	**1 170 835**	**138 578**	**138 578**
Amortisation				
At 1 January	(927 290)	(792 065)	(60 394)	(52 644)
Charge for the year	(124 499)	(135 225)	(13 161)	(7 750)
At 31 December	**(1 051 789)**	**(927 290)**	**(73 555)**	**(60 394)**
Net carrying amount	**119 046**	**243 545**	**65 023**	**78 184**
Reconciliation of opening and closing carrying amounts				
Net carrying amount at 1 January	**243 545**	**286 590**	**78 184**	**85 934**
Cost	1 170 835	1 078 655	138 578	138 578
Accumulated amortisation	(927 290)	(792 065)	(60 394)	(52 644)
Movement for the year:				
Additions	-	92 180	-	-
Amortisation	(124 499)	(135 225)	(13 161)	(7 750)
Net carrying amount at 31 December	119 046	243 545	65 023	78 184
Cost	**1 170 835**	**1 170 835**	**138 578**	**138 578**
Accumulated amortisation	**(1 051 789)**	**(927 290)**	**(73 555)**	**(60 394)**

The intangible assets consist of accounting, business intelligence and auditing software. The software has a remaining useful life of 5 years.

Notes to the historical financial statements
for the year ended 31 December 2021

15 INVESTMENT IN SUBSIDIARIES

	Principal activities	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Dairibord Zimbabwe (Private) Limited (100 % owned)	Manufacture and distribution of milks, foods and beverages in Zimbabwe	-	-	25 531 867	25 531 867
Goldblum Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	11 464 006	11 464 006
Chatmoss Enterprises (Private) Limited (100% owned)	Property holding and leasing	-	-	4 075 705	4 075 705
Qualinnex Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	2 139 430	2 139 430
Slimline Investments (Private) Limited (100% owned)	Property holding and leasing	-	-	3 392 330	3 392 330
Lyons Zimbabwe (Private) Limited (100% owned)	Dormant	-	-	-	-
Lyons Africa (Private) Limited (100% owned)	Dormant	-	-	-	-
NFB Logistics (Private) Limited (100% owned)	Dormant	-	-	-	-
		-	**-**	**46 603 338**	**46 603 338**

16 LOANS RECEIVABLE

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
16.1 Long-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	428 865 362	313 478 502
	-	-	428 865 362	313 478 502
Less: Amounts falling due within one year	-	-	(222 165 798)	(232 112 000)
	-	**-**	**206 699 564**	**81 366 502**

The long term loans receivable in the Company relate to loans that were issued to a subsidiary at an all-in cost of between 40% and 45% per annum and are repayable by 2024 and they are measured at amortised cost. The holding company raises loans from banks for on-lending to subsidiaries at market related interest rates. Dairibord Zimbabwe (Pvt) Ltd is the main operating subsidiary and based on its performance, there was no need to impair the receivable in the holding company's books.

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
16.2 Short-term loans receivable				
Dairibord Zimbabwe (Private) Limited	-	-	222 165 798	232 112 000
	-	**-**	**222 165 798**	**232 112 000**
16.3 Reconciliation of loan receivables				
Balance at 1 January	-	-	313 478 502	22 145 470
Amounts issued to subsidiaries	-	-	587 771 000	332 112 000
Amounts repaid by subsidiaries	-	-	(472 384 140)	(40 778 968)
Balance at 31 December	**-**	**-**	**428 865 362**	**313 478 502**

Notes to the historical financial statements
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17 INVENTORIES

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Packaging and raw materials	859 474 905	220 345 527	-	-
Spares and general consumables	227 862 338	116 841 818	-	-
Finished goods	158 704 822	75 977 250	-	-
Total inventories	**1 246 042 065**	**413 164 595**	**-**	**-**

During 2021, ZW$3 966 961 (2020:ZW$1 867 243) was recognised as an expense in cost of sales for inventories written down to their net realisable value. The provision for obsolete stock was ZW$ nil (2020: ZW$ nil).

18 GROUP COMPANIES

The following balances arise from normal trading activities:

18.1 Amounts owed by group companies

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Goldblum Investments (Private) Limited	-	-	5 097 862	-
Qualinnex Investments (Private) Limited	-	-	1 250 319	-
Dairibord Zimbabwe (Private) Limited	-	-	5 696 733	17 976 125
	-	**-**	**12 044 914**	**17 976 125**

The amounts owed by group companies have no fixed repayment terms and are interest free. The intercompany receivables and payables can be setoff hence no ECL was recognised. Subsequent to year end the amounts were recovered through a setoff.

18.2 Amounts owed to group companies

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Goldblum Investments (Private) Limited	-	-	-	4 439 090
Chatmoss Enterprises (Private) Limited	-	-	1 614 390	458 892
Qualinnex Investments (Private) Limited	-	-	-	870 895
Slimline Investments (Private) Limited	-	-	1 038 337	353 025
	-	**-**	**2 652 727**	**6 121 902**

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

19 TRADE AND OTHER RECEIVABLES

	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
Trade receivables	567 576 216	285 281 128	-	-
VAT receivable	20 205 156	-	-	-
Loans receivable from farmers	15 328 037	4 305 210	-	-
Loan to a director-short term portion	-	124 800	-	124 800
Staff car loans	3 642 807	1 861 421	11 945	-
Other receivables	13 004 155	764 932	21 208	-
Total	**619 756 371**	**292 337 491**	**33 153**	**124 800**
Allowance for credit losses	(12 137 134)	(1 101 568)	-	-
	607 619 237	**291 235 923**	**33 153**	**124 800**

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

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19 TRADE AND OTHER RECEIVABLES

	Trade receivables ZW$	Loans to farmers ZW$	Staff car loans ZW$	other receivables ZW$	Total ZW$
Balance at 1 January 2020	1 636 194	-	17 389	22 136	1 675 719
Charge for the year	(903 609)	300 046	(3 346)	32 757	(574 151)
Balance at 31 December 2020	**732 585**	**300 046**	**14 044**	**54 893**	**1 101 568**
Charge for the year	8 885 042	1 736 987	5 138	408 399	11 035 566
Balance at 31 December 2021	**9 617 627**	**2 037 033**	**19 182**	**463 292**	**12 137 134**

Management actively monitor debtors so as to reduce credit risk. As a result, a significant portion of the debtor balance as at 31 December 2021 was aged below 30days resulting in a relatively low allowance for credit loss when compared to the increase in trade receivables. Refer to note 32.2 on the impairment provision matrix on the Group's trade and other receivables.

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

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

20 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents consist of :

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Cash at banks and on hand	200 458 495	205 676 518	4 761 159	2 462 215
Bank overdraft*	(93 353 667)	-	-	-
Cash and cash equivalents	**107 104 828**	**205 676 518**	**4 761 159**	**2 462 215**

*The Group has bank overdraft facilities worth ZW$112million (2020:ZW$10 million) with various local financial institutions. The overdraft facilities bear interest at a rate of 40%-43% per annum and are unsecured.

20.1Restricted funds

During the year ended 31 December 2021, the Group participated on the foreign exchange auction market and as at that date, the cash and cash equivalents included ZW$92.9million relating to successful auction bids, which had not been deducted by the banks.

21 ISSUED CAPITAL AND RESERVES

	GROUP	
	2021 No.	**2020 No.**
21.1 Share capital		
Authorised shares		
Number of ordinary shares	425 000 000	425 000 000
Ordinary shares issued and fully paid	**No.**	**No.**
Number of ordinary shares	358 000 858	358 000 858
	ZW$	**ZW$**
Issued share capital	35 800	35 800

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

Notes to the historical financial statements
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21 ISSUED CAPITAL AND RESERVES (CONTINUED)

	GROUP 2021 No.	COMPANY 2020 No.
21.2 Share premium		
At 31 December	1 379 664	1 379 664

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

	ZW$	ZW$
21.3 Dividend declared		
Cash dividend on ordinary shares declared	0.230	0.020
	82 340 197	7 160 017
Reconciliation of dividend payable		
Opening balance - 1 January	395 919	151 294
Dividend proposed	82 340 197	7 160 017
Dividend paid	(79 438 649)	(6 915 392)
Dividend payable - 31 December	3 297 467	395 919

A final dividend of ZW$0.23 per share was declared for 2020 and approved at the AGM held in May 2021. An interim dividend of ZW$0.02 was approved and paid in 2020. Proposed dividends are subject to approval at an AGM and are not recognised as a liability as at year end.

21.4 Non-distributable reserve

GROUP	Foreign currency conversion reserve	Revaluation reserve ZW$	Total reserves ZW$
Balance at 1 January 2020	**17 123 643**	**182 363 983**	**199 487 626**
Other comprehensive income	-	677 152 967	677 152 967
Balance at 31 December 2020	**17 123 643**	**859 516 950**	**876 640 593**
Other comprehensive income	-	249 560 956	249 560 956
Reclassification of reserve	(17 123 643)	-	(17 123 643)
Realisation of revaluation on property disposal	-	(1 880 558)	(1 880 558)
Balance at 31 December 2021	**-**	**1 107 197 348**	**1 107 197 348**

COMPANY	Foreign currency conversion reserve ZW$	Total ZW$
Balance at 1 January 2020	**16 179 078**	**16 179 078**
Other comprehensive income	-	-
Balance at 31 December 2020	**16 179 078**	**16 179 078**
Other comprehensive income	-	-
Reclassification of reserve	(16 179 078)	(16 179 078)
Balance at 31 December 2021	**-**	**-**

Nature and purpose of reserves

Foreign currency conversion reserve
The foreign currency conversion reserve arose as a result of change in functional currency from the Zimbabwe dollar to the United States dollar in 2008 and on change from the United States dollar (USD) to the Zimbabwean dollar (ZW$) in 2018. It represents the residual equity in existence as at the changeover period and has been designated as non - distributable reserve.

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

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22 INTEREST BEARING BORROWINGS

		Borrowing Cost	Maturity	GROUP 2021 ZW$	GROUP 2020 ZW$	COMPANY 2021 ZW$	COMPANY 2020 ZW$
22.1 Long term borrowings							
a)	Bank loan Zimbabwe (2018)	45%	March-Oct 2021	-	130 000	-	130 000
b)	Bank loan Zimbabwe (2020)	45%	Sept 2020 -June 2024	199 127 504	79 081 666	199 127 504	79 081 666
c)	Bank loan Zimbabwe (2021)	40%	Sept 2021 - June 2023	222 583 022	-	222 583 022	-
d)	Vendor financing (2021)	8%	Jan 2022 - 2024	40 696 754	-	-	-
				462 407 280	**79 211 666**	**421 710 526**	**79 211 666**
	Less : Amounts falling due within one year			(215 010 963)	(2 903 333)	(215 010 963)	(2 903 333)
				247 396 317	**76 308 333**	**206 699 563**	**76 308 333**
22.2 Short term borrowings							
b)	Bank loan Zimbabwe (2020)	40%	Jan-Mar 2021	-	62 112 000	-	62 112 000
c)	Bank loan Zimbabwe (2020)	42%	March 2022	5 000 000	170 000 000	5 000 000	170 000 000
e)	Bank loan Zimbabwe (2020)	40%	Mar - Sept 2022	117 000 000	120 000 000	-	-
f)	Bank loan Zimbabwe (2020)	47%	Jan-July 2021	-	8 291 530	-	-
g)	Bank loan Zimbabwe (2021)	45%	Feb 2022	10 611 075	-	-	-
				132 611 075	**360 403 530**	**5 000 000**	**232 112 000**
	Add : Portion of long term loans falling due within one year			215 010 963	2 903 333	215 010 963	2 903 333
				347 622 038	363 306 863	220 010 963	235 015 333
	Total interest bearing borrowings			**595 018 355**	**439 615 196**	**426 710 526**	**311 323 666**

a) Bank Loan Zimbabwe (2018)
The loan was drawn in tranches between March - October 2018 to finance capital projects. The loan had a tenure of 3 years, including 12 months grace period. The loan was settled in full in 2021.

b) Bank loan Zimbabwe (2021)
These loans were obtained to fund working capital and capital expenditure in Sept - October 2020 and June- July 2021. The short term loans had a tenure ranging between 30-180 days and bore interest at 40%, except for one production sector loan of ZW$15million which bore interest at 18% per annum. The short term loans were settled in full during January - March 2021. The long term loans bear interest at 40% and are repayable in instalments with the final instalment due in September 2024.

c) Bank loan Zimbabwe (2021)
These are bankers' acceptance obtained during June, September, October and December 2020. The short term loans have a 3 month tenure and bear interest at 42%. The long term loans were secured in 2021 are repayable in instalments over 2 years and bear interest at 45%. The loans are secured over land and buildings.

d) Vendor financing (2021)
The Group entered into a credit sale agreement with an offshore vendor for purposes of acquiring equipment worth ZAR23 421 524. The balance outstanding as at 31 December 2021 was ZAR5 756 748. The loan is repayable in instalments over 4 years. The facility bears interest at 8.5% per annum with repayments due from the earlier of, one month following signature of the Commissioning Certificate or 90 days from delivery of the asset. Both conditions had not been met at 31 December 2021 therefore no interest had accrued.

e) Bank loan Zimbabwe (2021)
The loans were obtained in December 2021 and are all short term as they have a tenure ranging between 3-9months. The loans bear interest at 40%.

f) Bank Loan Zimbabwe (2021)
The loan was obtained in November 2020 to fund operations and was repaid in monthly instalments, with the final payment effected in July 2021. The loan bore interest at 46.7% and was unsecured.

g) Bank Loan Zimbabwe (2021)
The loan was obtained in September 2021 to fund operations and is repayable in monthly instalments with the final instalment due in February 2022. The loan bears interest 45%.

The loans are secured against properties worth ZW$1 236 649 050.

Unutilised facilities
As at 31 December 2021, the Group had unutilised overdraft facilities worth ZW$112million with local financial institutions. Interest rates range between 40%-43%

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

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23 SHARE-BASED PAYMENT ARRANGEMENTS

For the purpose of the statement of cash flows, cash and cash equivalents consist of :

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
23.1 Description of share based payment				
Share incentive liability as at 1 January	28 045 010	-	3 925 124	-
Share incentive expense (note 6)	28 967 708	28 045 010	4 400 158	3 925 124
Share incentive liability as at 31 December	**57 012 718**	**28 045 010**	**8 325 282**	**3 925 124**
23.2 Reconciliation of outstanding share appreciation rights	**no.**	**no.**	**no.**	**no.**
Outstanding at 1 January	21 435 000	-	3 000 000	-
Granted during the year	-	22 095 000	-	3 000 000
Forfeited during the year	(1 685 000)	(660 000)	-	-
Outstanding at 31 December	**19 750 000**	**21 435 000**	**3 000 000**	**3 000 000**
Maximum number of share appreciation rights that can be issued under the plan	26 850 064	26 850 064	3 000 000	3 000 000

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

23.3 Measurement of fair values

The fair value of the SARs liability as at 31 December 2021 was determined, by an external expert, Corporate Excellence. In determining the fair value, the Black-Scholes model was applied. In line with the SARs agreement, the SARs were valued in US$ and converted to ZW$ at the year-end closing rate of 116. Based on this valuation, a liability of ZW$379 634 239 (US$3 272 709) arose. However, the liability recognised was limited to ZW$57 012 718 as the performance conditions imposed by the Board were not met. Of the key inputs of the Black-Scholes Merton Model, only 2, the Exercise Price and the share price on valuation date, are generally objectively determinable. The other inputs are subjective and generally require significant analysis and judgement. Below are the key inputs used in the Black Scholes model at grant date and valuation date

		Valuation date	
	Tranche 1	Tranche 2	Tranche 3
Number of SARs in issue	9 875 000	4 937 500	4 937 500
Fair value of the SARs	US$0.3345	US$0.3286	US$0.3229
Share price at valuation date	US$0.3512	US$0.3512	US$0.3512
Exercise price	US$0.0001	US$0.0001	US$0.0001
Expected volatility (weighted- average volatility)	89.13%	89.13%	89.13%
Option life (expected weighted- average life)	3	4	5
Time to maturity (years)	1.2	2.2	3.2
Expected dividends (dividend yield)	2.06%	2.06%	2.06%
Risk-free interest rate (based on government bonds)	14.81%	15.05%	15.34%

Share price at valuation date

This was calculated by converting the ZWL price of the Dairibord share as at 31 December 2021 (ZW$35) to a US$ price using the Old Mutual Implied Rate of US$1:ZW$99 66, in line with the Share Appreciation Rights Plan rules.

Exercise price

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

Expected volatility

This takes into account the historical volatility over the same period as the expected life of the option, long-term average level of volatility, the length of time an entity's shares has been publicly traded, and the appropriate interval for price observations. This volatility was estimated by computing the daily standard deviation of the Dairibord share price on the ZSE from 1 January 2021 to 31 December 2021 giving a year's worth of share price data preceding the valuation date.

Expected life of the option

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

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23 SHARE BASED ARRANGEMENT (CONTINUED)

Risk free rate
The risk free rate was determined based on the following:
- As wath Damodaran's latest estimation of Zimbabwe's default spread of 10.60%;
- US dollar risk-free rate based on the 2-year, 3-year and 5-year US Treasury Yield of 0.73%, 0.97% and 1.26% as at 31 December 2020; and
- The 5-year inflation differential between the US and Zimbabwe based on latest IMF estimates - 7.7%;

Dividend yield
Dividend yield was determined based on the expectation for an entity's dividend policy, and whether an employee is entitled to dividends on the underlying shares while holding the share option. The Group's 5-year dividend history was erratic, and dividends were only paid for the financial years ended 2017, 2018, 2020 and 2021. The dividend yield was calculated based on the dividends paid for the years 2017, 2018, 2020 and 2021 and was computed by dividing the dividend per share for the four years by the market price of the Dairibord share on the date of dividend declaration and calculating the average of the dividend yields for those years.

24 FINANCE GUARANTEE LIABILITY

Dairibord Zimbabwe (Private) Limited guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2021 for farmers and car loans were ZW$58 247 838 (2020: ZW$41 689 375) and ZW$17 533 986 (2020: ZW$ 21 292 540) respectively. The interest rates the farmers and staff would have paid had there been no guarantee is 45% (2020: 60%). The difference between this rate and the average rate of 40% (2020: 55%) currently being charged represents the liability that Dairibord is exposed to because of the guarantee.

The guarantee liability was measured at ZW$7 270 556 as at 31 December 2021 (2020: ZW$6 997 915) and the table below shows the movement in the guarantee liability.

For the purpose of the statement of cash flows, cash and cash equivalents consist of :

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Movement in finance guarantee liability				
Balance as at 1 January	6 997 915	1 262 915	-	-
Charge to profit or loss (included in administration costs-refer to note 5.2)	272 641	5 735 000	-	-
Balance as at 31 December	**7 270 556**	**6 997 915**	**-**	**-**
Disaggregation of liability by category				
Farmers	4 455 960	3 064 169	-	-
Staff loans	2 814 596	3 933 746	-	-
	7 270 556	**6 997 915**	**-**	**-**

In terms of IFRS 9, the guarantee liability is measured at the higher of the present value discounted at the rate differential and expected credit loss.

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Significant inputs				
Default rate	**5%**	**5%**	**-**	**-**

25 DEFERRED TAX

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Deferred tax relates to the following:				
Property, plant and equipment	315 843 650	223 508 898	87 664	513 926
Investment property	3 511 407	-	-	-
Intangible assets	14 587	37 066	16 074	19 327
Allowance for credit losses	(3 000 300)	(272 309)	-	-
Unrealised exchange loss	1 457 519	6 910 128	101 101	365 773
Share appreciation rights liability	(14 093 544)	(6 932 726)	(2 058 010)	(970 291)
Lease liability	(8 958 630)	-	(5 045 352)	
Leave pay, bonus and other provisions	(9 169 883)	(7 663 816)	(3 308 315)	(1 392 723)
Net liability/(asset)	**285 604 806**	**215 587 241**	**(10 206 838)**	**(1 463 988)**

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For the purpose of the statement of cash flows, cash and cash equivalents consist of :

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Asset	10 206 838	9 420 100	10 206 838	1 463 988
Liability	295 811 644	225 007 341	-	-

The Group has a deferred tax asset in two companies relating to provisions (leave pay and bonus) which will reverse in future periods and the rebasing of capital allowances on property, plant and equipment.

Reconciliation of deferred tax				
Opening balance as of 1 January	215 587 241	20 240 890	(1 463 988)	(171 890)
Tax expense recognised in other comprehensive income	81 949 347	222 359 476	-	-
Tax credit recognised in profit or loss	(11 931 782)	(27 013 125)	(8 742 850)	(1 292 098)
Closing balance as at 31 December	**285 604 806**	**215 587 241**	**(10 206 838)**	**(1 463 988)**

*The income tax relates to the items presented in the statements of other comprehensive income. Tax was charged on these items at 24.72% (2020: 24.72%)

26. TRADE AND OTHER PAYABLES

Trade payables	817 164 302	215 952 102	-	-
Payroll accruals	71 395 228	42 122 784	7 353 864	3 033 006
Employee bonus accrual	11 617 369	15 200 000	11 617 369	4 200 000
VAT & VAT withholding tax payable	27 391 475	17 136 148	5 129 440	1 351 039
Leave accrual	25 477 629	11 997 491	1 765 782	863 993
Utilities accruals	31 565 748	13 009 868	-	-
Audit fee accrual	14 689 628	3 805 000	3 611 044	570 000
Interest accrued	11 695 796	5 675 211	11 695 796	5 385 000
Other payables	20 125 870	39 434 190	1 785 713	3 088 262
	1 031 123 045	**364 332 794**	**42 959 008**	**18 491 300**

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

27 COMMITMENTS AND CONTINGENCIES

	2021 ZW$	2020 ZW$
Capital commitments:		
Authorised and contracted for	113 013 950	114 617 295
Authorised and not contracted for	839 416 050	575 277 968
	952 430 000	689 895 263

The capital commitments relate to capital expenditure and will be financed from the Group's own resources and borrowings.
The company has no capital commitments

Litigation
The Group is a respondent in various employee claims for unfair dismissal and vendor litigations for ZW$161 906 (2020: ZW$307 490). On the basis of legal advice, the claims are not valid, and it is more likely than not that there will be no outflow of resources.

The Company has no material litigation.

Notes to the historical financial statements
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28 RELATED PARTY DISCLOSURES

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

Name	Country of Incorporation	Nature of relationship	2021	2020
NFB Logistics (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Dairibord Zimbabwe (Private) Limited	Zimbabwe	Subsidiary	100	100
Lyons Africa (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Lyons Zimbabwe (Private) Limited (dormant)	Zimbabwe	Subsidiary	100	100
Goldblum Investments Private Limited	Zimbabwe	Subsidiary	100	100
Slimline Investments Private Limited	Zimbabwe	Subsidiary	100	100
Chatmoss Enterprises Private Limited	Zimbabwe	Subsidiary	100	100
Qualinnex Investments (Private) Limited	Zimbabwe	Subsidiary	100	100
Tavistock Estates	Zimbabwe	Tavistock Estates is controlled by a non-executive director	-	-
Corporate Excellence	Zimbabwe	A non-executive director of the company has an interest in Corporate Excellence	-	-

28.2 Related party transactions and balances

	2021 ZW$	2020 ZW$
GROUP		
Transactions		
Revenue/inflows		
Interest income from loans to Tavistock and an executive director	2 889 772	64 383
Purchases/outflows		
Milk purchases from Tavistock Estates*	478 934 678	115 617 821
Consultancy services offered by Corporate Excellence	1 543 226	409 568
The milk purchases from Tavistock are on terms similar to other farmers.		
Balances		
Loan to an executive director	-	104 381
Loan to Tavistock Estates	2 675 734	-

The loan to the executive director was paid in full during the year. The loan to Tavistock Estates bears interest at 45% and is repayable over 3 years.

	2021 ZW$	2020 ZW$
COMPANY		
Transactions		
Revenue/Inflows		
Total interest income from related parties	196 954 106	29 259 096
Interest income on loans to subsidiaries	196 911 050	29 194 713
Interest income on loan to a director	43 056	64 383
Management fees received from subsidiaries	81 090 676	33 955 952
Royalties received from subsidiaries	114 453 194	34 902 391
Loans repaid by subsidiaries	472 384 141	40 778 968
Purchases/outflows		
Consultancy services offered by Corporate Excellence (a company in which one company director has an interest)	1 543 226	1 337 068
Loans issued to subsidiaries	587 771 000	332 112 000
Loan to an executive director	-	167 779
Loans receivable from subsidiaries (Note 16)	428 865 362	313 478 502
Amounts owed by related parties (Note 18)	12 044 914	17 976 125
Amounts owed to related parties (Note 18)	2 652 727	6 121 902

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

Management fees were received from Dairibord Zimbabwe (Private) Limited

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

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

28.4 Key management personnel transactions

	2021 ZW$	2020 ZW$
GROUP		
Compensation		
Short term employee benefits	205 663 138	139 909 707
Share incentive expense	15 987 242	27 952 356
Pension contributions	3 792 138	2 471 160
Financial guarantee liability	(22 214)	1 298 207
Total compensation paid	225 420 304	171 631 430
Loan to an executive director	-	167 779

Share incentive expense
On 17 March 2020, share appreciation rights (SARs) were granted to the Group's management. As at 31 December 2021 10,900,000 (2020: 10,900,000) share appreciation rights awarded to key management personnel were outstanding. Detailed information relating to the SARs scheme is disclosed in Note 23.

Financial guarantee liability
The financial guarantee liability relates to key management personnel car loans which were guaranteed by the Group. The loans bear interest at 40%. Had the Group not guaranteed the loans the interest rate would have been 45%. Refer to the financial guarantee liability note (Note 24) for details relating to the valuation of the liability.

	2021 ZW$	2020 ZW$
COMPANY		
Short term employee benefits	66 180 779	63 674 375
Share incentive expense	5 794 171	8 739 467
Pension contributions	1 200 202	1 194 831
Total compensation paid	73 175 152	73 608 673
Loan to an executive director	-	167 779

On 17 March 2020, share appreciation rights (SARs) were granted to the Group's management. As at 31 December 2021 3,000,000 (2020: 3, 000, 000) share appreciation rights awarded to key management personnel were outstanding. Detailed information relating to the SARs scheme is disclosed in Note 23.

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

29 FAIR VALUE MEASUREMENT

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Quantitative disclosures fair value measurement hierarchy for assets :

GROUP

As at 31 December 2021	Quoted prices in active markets (Level 1) ZW$	Significant observable inputs (Level 2) ZW$	Significant unobservable inputs (Level 3) ZW$	Carrying amount ZW$
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	607 619 237	-	-	607 619 237
Cash and cash equivalents (Note 20)	200 458 495	-	-	200 458 495
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	595 018 355	-	-	595 018 355
Trade and other payables (Note 26)	1 031 123 045	-	-	1 031 123 045
Financial guarantee liability (Note 24)	7 270 556	-	-	7 270 556

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

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29 FAIR VALUE MEASUREMENT (CONTINUED)

GROUP

As at 31 December 2021	Quoted prices in active markets (Level 1) ZW$	Significant observable inputs (Level 2) ZW$	Significant unobservable inputs (Level 3) ZW$	Carrying amount ZW$
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Trade and other receivables (Note 19)	291 235 923	-	-	291 235 923
Cash and cash equivalents (Note 20)	205 676 518	-	-	205 676 518
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Interest bearing borrowings (Note 22)	439 615 197	-	-	439 615 197
Trade and other payables (Note 26)	364 332 794	-	-	364 332 794
Financial guarantee liability (Note 24)	6 997 915	-	-	6 997 915

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

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

The following methods and assumptions were used to estimate the fair values:
The fair values of the Group's interest bearing borrowings are determined by using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2021 was assessed to be insignificant. The fair value of the financial guarantee liability was determined with reference to the gross carrying amounts of the underlying assets and the expected credit loss variable.

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

COMPANY

Financial assets measured at fair value		-	-	-
-				
Financial assets not measured at fair value				
Loans receivable (Note 16)	-	-	-	428 865 362
Amounts owed by group companies (Note 18.1)	-	-	-	12 044 914
Trade and other receivables (Note 19)	-	-	-	33 152
Cash and cash equivalents(Note 20)	-	-	-	4 761 159
Financial liabilities measured at fair value		-	-	-
-				
Financial liabilities not measured at fair value				
Amounts owed to group companies (Note 18.2)	-	-	-	2 652 727
Interest bearing borrowings (Note 22)	-	-	-	426 710 525
Trade and other payables (Note 26)	-	-	-	42 959 008

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

29 FAIR VALUE MEASUREMENT (CONTINUED)

As at 31 December 2021	Quoted prices in active markets (Level 1) ZW$	Significant observable inputs (Level 2) ZW$	Significant unobservable inputs (Level 3) ZW$	Carrying amount ZW$
Financial assets measured at fair value	-	-	-	-
Financial assets not measured at fair value				
Intercompany loans (Note 16)	-	-	-	313 478 502
Amounts owed by group companies (Note 18.1)	-	-	-	17 976 125
Trade and other receivables (Note 19)	-	-	-	124 800
Cash and cash equivalents(Note 20)	-	-	-	2 462 215
Financial liabilities measured at fair value	-	-	-	-
Financial liabilities not measured at fair value				
Amounts owed to group companies (Note 18.2)	-	-	-	6 121 902
Interest bearing borrowings (Note 22)	-	-	-	311 323 667
Trade and other payables (Note 26)	-	-	-	18 491 300

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

Management assessed that the fair values of amounts owed by and to group companies, cash and cash equivalents, trade receivables, trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:
The fair values of the Group's interest bearing borrowings are determined by using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2021 was assessed to be insignificant.

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

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

An impairment analysis is performed at each reporting date using a simplified approach to calculate the expected credit loss. A provision matrix is used to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

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The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19. The security held by the Group which include brick and mortar, bank guarantees, and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment. There was no change in the Group's policy on collateral and there is no financial instrument for which the Group did not recognise a loss allowance due to collateral.

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 19.

For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured, and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The company only writes off a debt when its proved beyond reasonable doubt that the debtor is insolvent or cannot be located or has proved that no delivery was done to them (no delivery made to the customer) and all efforts to recover the debt have been made without success. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

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

31-Dec-21	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	0.13%	2.99%	2.89%	17.09%	99.97%	1.69%
Total gross carrying amounts of trade receivables	543 803 829	8 104 190	6 636 893	658 957	8 372 347	567 576 216
Expected credit loss	701 175	242 005	191 929	112 616	8 369 902	9 617 627
31-Dec-20						
Expected credit loss rate	0.13%	0.38%	1.35%	2.69%	44.89%	0.26%
Total gross carrying amounts of receivables	279 269 559	3 024 591	2 146 134	125 298	715 546	285 281 128
Expected credit loss	367 629	11 458	28 893	3 369	321 236	732 585

Other receivables

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

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

31-Dec-21	Current	30-60 days	61-90 days	90-120 days	> 120 days	Total
Expected credit loss rate	7%	-	-	-	92%	6%
Total gross carrying amounts of receivables	31 239 846	-	-	-	20 940 309	52 180 155
Expected credit loss	2 247 615	-	-	-	271 892	2 519 507
31-Dec-20						
Expected credit loss rate	4%	-	-	-	92%	5%
Total gross carrying amounts of receivables	6 982 944	-	-	-	73 419	7 056 363
Expected credit loss	301 159	-	-	-	67 824	368 983

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Significant increase in credit risk
The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

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

Financial guarantees
The Group guaranteed loans issued by Stanbic Bank Zimbabwe Limited to the Group's farmers and staff. The loan balances outstanding as at 31 December 2021 for farmers and car loans were ZW$58 247 838 (2020: ZW$ 41 689 375) and ZW$21 292 540 (2020: ZW$21 292 540) respectively. The Group's maximum exposure to credit risk as a result of these guarantees is equal to the loan balances outstanding as at 31 December 2021.

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

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

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

The table below summaries the maturity profile of the Group and Company's financial liabilities as at 31 December 2021 and 31 December 2020 based on contractual undiscounted payments :

Notes to the historical financial statements
for the year ended 31 December 2021

GROUP Liabilities	On demand ZW$	0 to 3 months ZW$	3 to 12 months ZW$	1 to 5 years ZW$	+ 5 years ZW$	Total ZW$
Year ended 31 December 2021						
Interest bearing borrowings	-	169 997 595	177 624 442	247 396 318	-	595 018 355
Trade and other payables	-	1 031 123 045	-	-	-	1 031 123 045
	-	**1 201 120 640**	**177 624 442**	**247 396 318**	**-**	**1 626 141 400**
Year ended 31 December 2020						
Interest bearing borrowings	-	124 363 489	238 943 287	76 308 420	-	439 615 196
Trade and other payables	-	364 332 794	-	-	-	364 332 794
	-	**488 696 283**	**238 943 287**	**76 308 420**	**-**	**803 947 990**
COMPANY						
Liabilities						
Year ended 31 December 2021						
Interest bearing borrowings	-	42 386 521	177 624 442	206 699 563	-	426 710 526
Trade and other payables	-	42 959 008	-	-	-	42 959 008
Amounts owed to group companies	-	2 652 727	-	-	-	2 652 727
	-	**87 998 256**	**177 624 442**	**206 699 563**	**-**	**472 322 261**
Year ended 31 December 2020						
Liabilities						
Interest bearing borrowings	-	62 774 525	172 295 185	76 325 956	-	311 323 666
Trade and other payables	-	18 491 300	-	-	-	18 491 300
Amounts owed to Group companies	-	6 121 902	-	-	-	6 121 902
	-	**87 387 727**	**172 295 185**	**76 325 956**	**-**	**335 936 868**

Notes to the historical financial statements
for the year ended 31 December 2021

32.3 Changes in liabilities arising from financing activities

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Balance as at 1 January	445 290 407	29 292 811	316 708 666	20 700 383
Interest bearing borrowings	439 615 196	28 583 071	311 323 666	19 990 643
Interest accrued	5 675 211	709 740	5 385 000	709 740
New loans	866 583 287	462 112 000	587 771 000	332 112 000
Loan repayments	(711 180 128)	(77 824 911)	(472 384 141)	(40 778 976)
Interest expense	333 102 475	61 562 570	195 924 444	28 171 756
Interest paid	(327 081 890)	(56 597 099)	(189 613 647)	(23 496 496)
Exchange differences	-	26 745 037	-	-
Balance as at 31 December	606 714 151	445 290 407	438 406 322	316 708 666
Interest bearing borrowings	595 018 355	439 615 196	426 710 526	311 323 666
Interest accrued	11 695 796	5 675 211	11 695 796	5 385 000

32.4 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates as well as the availability of foreign currency in the market. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (given the Group's foreign obligations arising from the import bill). The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases or procuring goods from the local market.

The Group's exposure to the risk of unavailability of foreign currency relates primarily to challenges in accessing the foreign currency to settle foreign currency denominated liabilities and when available, the price at which the foreign currency will be purchased at in RTGS currency which can result in significant exchange losses. The Group's foreign currency liabilities as at 31 December 2021 stand at US$2.8m (2020: US$0.224m).

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings are denominated. As at 31 December 2021 the Group's exposure was due to cash and bank balances, prepayments, trade receivables and trade payables. The company's exposure is limited to cash and bank balances.

The following table demonstrates the sensitivity to a reasonable possible change in the US$ exchange rate. The sensitivity analysis in the following sections relate to the position as at 31 December in 2021 and 2020. The sensitivity analysis has been prepared on the basis that the amount of the net foreign asset/liability will increase or decrease in response to fluctuations in exchange rate, all things being constant. In determining the percentage change, we considered exchange rate fluctuations since February 2019 when the functional currency of the Group changed, including post year end movements.

Notes to the historical financial statements
for the year ended 31 December 2021

	Change in rates	Effect on profit before tax	Effect on equity equity	Change in rates	Effect on profit before tax	Effect on equity
2021	+10%	150 759	113 491	+10%	156 675	117 945
	-10%	(150 759)	(113 491)	-10%	(156 675)	(117 945)
2020	+10%	29 291 267	22 050 466	+10%	202 547	152 478
	-10%	(29 291 267)	(22 050 466)	-10%	(202 547)	(152 478)

32.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2021, the Group's exposure to the risk of changes in market interest rates was nil as all the Group's interest bearing borrowings are at fixed interest rates.

The Group's policy for managing interest rate risk is to keep most of its borrowings at fixed rates of interests; with an option to re-negotiate interest rates for term loans every year. As at 31 December 2021, all the Group's loans were at fixed interest rates.

32.6 Capital management

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

The group manages its capital structure and makes adjustments to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 31 December 2021.

The Group monitors capital using a gearing ratio, which is calculated as historical interest bearing borrowings less cash and bank balances divided by equity plus interest bearing borrowings. The gearing ratio should not exceed 30%. The Group also monitors capital using net debt divided by total capital plus net debt. The Group's policy is to keep the net debt ratio below 50%. The net debt is calculated as the sum of historical interest bearing loans and borrowings, bank overdrafts and trade and other payables, less cash and cash equivalents.

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

Notes to the historical financial statements
for the year ended 31 December 2021

Computation of gearing

	2021 ZW$	2020 ZW$	2021 ZW$	2020 ZW$
Interest bearing borrowings (Note 22)	595 018 355	439 615 196	426 710 526	311 323 666
Lease liability	23 370 685	-	13 367 907	-
Less cash and short-term deposits (Note 20)	(107 104 828)	(205 676 518)	(4 761 159)	(2 462 215)
Less intercompany loans (Note 16)	-	-	(428 865 362)	(313 478 502)
Net interest bearing borrowings	511 284 212	233 938 678	6 451 912	(4 617 051)
Equity	1 883 857 576	1 240 302 272	21 945 074	46 850 226
Interest bearing borrowings+equity	**2 395 141 788**	**1 474 240 950**	**28 396 986**	**42 233 175**
Gearing	**21%**	**16%**	**23%**	**-11%**
Computation of net debt to debt plus equity				
Interest bearing borrowings (Note 22)	595 018 355	439 615 197	426 710 525	311 323 667
Lease liabilities	23 370 685	-	13 367 907	-
Trade and other payables (Note 26)	1 031 123 045	364 332 794	42 959 008	18 491 300
Contract liabilities	82 410 085	15 762 379	-	-
Amounts owed to group companies (Note 18)	-	-	2 652 727	6 121 902
Less cash and short-term deposits (Note 20)	(107 104 828)	(205 676 518)	(4 761 159)	(2 462 215)
Less intercompany loans (Note 16)	-	-	(428 865 362)	(313 478 502)
Net Debt	1 624 817 342	614 033 852	52 063 646	19 996 152
Equity	1 883 857 576	1 240 302 272	21 945 074	46 850 226
Capital and debt	**3 508 674 918**	**1 854 336 124**	**74 008 720**	**66 846 378**
Net debt to debt plus equity	**46.3%**	**33.1%**	**70%**	**30%**

31 SEGMENT INFORMATION

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

Manufacturing and distribution (Zimbabwe)- manufacture and marketing of milks, foods and beverages
Properties - leasing of properties
Corporate - management and corporate services

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

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

Notes to the historical financial statements
for the year ended 31 December 2021

	Manufacturing and distribution (Zimbabwe) ZW$	Properties ZW$	Corporate ZW$	Adjustments and eliminations ZW$	Group ZW$
Revenue					
Revenue from contracts with external customers	10 626 166 048	-	-	-	10 626 166 048
Revenue from contracts with internal customers	479 697	-	-	(479 697)	-
Revenue from management services and royalties	-	-	195 806 837	(195 806 837)	-
Rental income -internal customers	-	80 129 488	-	(80 129 488)	-
Rental income -external customers	-	9 253 427	-	-	9 253 427
Total revenue	**10 626 645 745**	**89 382 915**	**195 806 837**	**(276 416 022)**	**10 635 419 475**
Results					
Depreciation and amortisation	49 769 891	27 181 682	4 142 995	(28 296 853)	52 797 715
Operating profit	922 708 805	58 450 511	77 069 522	(51 832 635)	1 006 396 203
Finance income	8 274 222	-	196 954 106	(202 765 422)	2 462 905
Finance costs	418 850 358	-	201 778 817	(277 503 264)	343 125 910
Segment profit before tax	502 060 630	80 855 745	72 653 827	22 905 207	678 475 409
Income tax expense	190 441 081	30 317 622	15 218 752	(33 836 590)	202 140 864
Segment assets	3 289 984 064	1 595 498 824	501 968 837	(1 289 174 939)	4 098 276 786
Segment liabilities	2 696 695 262	73 288 912	480 023 736	(1 035 588 700)	2 214 419 210
Capital expenditure	279 165 195	423 500	254 352	-	279 843 047

Notes to the historical financial statements
for the year ended 31 December 2021

31 December 2020

	Dairibord Zimbabwe ZW$	Properties ZW$	Corporate ZW$	Adjustments and eliminations ZW$	Group ZW$
Revenue					
Revenue from contracts with external customers	3 659 096 871	-	-	-	3 659 096 871
Revenue from contracts with internal customers	3 109 719	-	-	(3 109 719)	-
Revenue from management services and royalties	-	-	68 858 343	(68 858 343)	-
Rental income -internal customers	-	960 540	-	(960 540)	-
Rental income -external customers	-	2 800 498	-	-	2 800 498
Total revenue	**3 662 206 590**	**3 761 038**	**68 858 343**	**(72 928 602)**	**3 661 897 369**
Results					
Depreciation, and amortisation	5 975 954	5 029 095	384 020	-	11 389 069
Operating profit	351 729 942	1 798 580	3 007 969	-	356 536 491
Finance income	853 060	-	29 259 096	(28 992 213)	1 119 943
Finance costs	(62 383 028)	-	(28 171 756)	28 992 214	(61 562 570)
Segment profit before tax	301 424 448	970 376 078	5 574 972	(904 145 965)	373 229 533
Income tax	81 012 681	35 643 106	3 905 425	(52 455 597)	68 105 615
Segment assets	1 165 267 422	1 186 655 704	391 133 184	(378 929 047)	2 364 127 263
Segment liabilities	883 598 169	44 310 782	344 282 958	(148 366 919)	1 123 824 990
Capital expenditure	50 466 611	-	1 882 213	-	52 348 824

The transactions between operating segments are at arm's length.
The adjustments and eliminations columns relate to inter-segments transactions and balances which are eliminated on consolidation.

LYONS
Quench

Annexure

In this Section

- GRI Standards Content Index
- Shareholder Analysis
- Notice to Shareholders
- Shareholder Calendar
- Corporate Information
- Glossary of Terms
- Proxy Form

GRI Content Index

GRI Standard Material Topics	Disclosure	Page number(s)	Ommission		
GRI 101: Foundation 2016 General Disclosures			Part Ommitted	Reason	Explaination
GRI 102: General Disclosures 2016	**Organizational profile**				
	102-1 Name of the organization	Cover page			
	102-2 Activities, brands, products, and services	7,8,9			
	102-3 Location of headquarters	177			
	102-4 Location of operations	7			
	102-5 Ownership and legal form	7, 172			
	102-6 Markets served	10			
	102-7 Scale of the organization	7, 15, 58, 84, 131			
	102-8 Information on employees and other workers	58-59			
	102-9 Supply chain	8, 48			
	102-10 Significant changes to the organization and its supply chain	16, 48			
	102-11 Precautionary Principle or approach	33			
	102-12 External initiatives	66-67			
	102-13 Membership of associations	12			
	Strategy				
	102-14 Statement from senior decision-maker	17			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behaviour	1			
	Governance				
	102-18 Governance structure	29-32			
	Stakeholder engagement				
	102-40 List of stakeholder groups	40			
	102-41 Collective bargaining agreements	62			
	102-42 Identifying and selecting stakeholders	40			
	102-43 Approach to stakeholder engagement	40			
	102-44 Key topics and concerns raised	40			
	Reporting practice				
	102-45 Entities included in the consolidated financial statements.	7			
	102-46 Defining report content and topic Boundaries	2			
	102-47 List of material topics	42			
	102-48 Restatements of information	2			
	102-49 Changes in reporting	2, 42	There were changes in the list of material topics		
	102-50 Reporting period	2	The reporting period for this report is from 1 January 2021 to 31 December 2021.		
	102-51 Date of most recent report	2	31 December 2020		
	102-52 Reporting cycle	2	We report on an annual basis.		
	102-53 Contact point for questions regarding the report	2			
	102-54 Claims of reporting in accordance with the GRI Standards	2	This report has been prepared in accordance with the GRI Standards Core option.		
	102-55 GRI content index	169			
	102-56 External assurance	2			

GRI Content Index (cont'd)

GRI Standard Material Topics	Disclosure	Page number(s)	Ommission		
GRI 101: Foundation 2016 General Disclosures			Part Ommitted	Reason	Explaination
	Economic Performance				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 68			
	103-2 The management approach and its components	68			
	103-3 Evaluation of the management approach	63			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	84			
	201-3 Defined benefit plan obligations and other retirement plans	124			
	Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 68			
	103-2 The management approach and its components	66			
	103-3 Evaluation of the management approach	66-67			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	67			
	Anti-Corruption				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 69			
	103-2 The management approach and its components	69			
	103-3 Evaluation of the management approach	69			
	Procurement Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 48			
	103-2 The management approach and its components	48			
	103-3 Evaluation of the management approach	48			
300 series (Environmental topics)	**Energy**				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 52-53			
	103-2 The management approach and its components	52-53			
	103-3 Evaluation of the management approach	53-54			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	52-53			
	302-2 Energy consumption outside of the organization	53			
	Water				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 54			
	103-2 The management approach and its components	54			
	103-3 Evaluation of the management approach	54			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	54			
	Materials				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 51			
	103-2 The management approach and its components	51-52			
	103-3 Evaluation of the management approach	52			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	52			
	Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 48			
	103-2 The management approach and its components	48			
	103-3 Evaluation of the management approach	48			

GRI Content Index (cont'd)

GRI Standard Material Topics	Disclosure	Page number(s)	Ommission		
GRI 101: Foundation 2016 General Disclosures			Part Ommitted	Reason	Explaination
	Emissions				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 56			
	103-2 The management approach and its components	56			
	103-3 Evaluation of the management approach	56			
GRI 305: Emissions 2016	305-1 Direct Scope 1 GHG Emissions	56			
	305-2 Energy Indirect (Scope 2) GHG Emissions.	57			
400 series (Social topics)	**Employment**				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 58			
	103-2 The management approach and its components	58-60			
	103-3 Evaluation of the management approach	60			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	60			
	Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 63			
	103-2 The management approach and its components	63			
	103-3 Evaluation of the management approach	64			
GRI 403: Occupational Health and Safety 2018	403-2 Hazard Identification, risk assessment, and incident investigation	63			
	403-9 Work related injuries	63			
	Training and Education				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 62			
	103-2 The management approach and its components	62			
	103-3 Evaluation of the management approach	62			
	Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	2, 60-61			
	103-2 The management approach and its components	60-61			
	103-3 Evaluation of the management approach	60, 61			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	60, 61			

Shareholders Analysis 2021

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY INDUSTRY AS AT : 31 December 2021				
Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	125,324,164	35.01	296	5.21
LOCAL NOMINEE	72,939,305	20.37	80	1.41
PENSION FUNDS	65,134,080	18.19	106	1.87
INSURANCE COMPANIES	49,957,738	13.95	08	0.14
LOCAL INDIVIDUAL RESIDENT	24,051,261	6.72	4,945	87.01
FOREIGN COMPANIES	6,504,810	1.82	05	0.09
NEW NON RESIDENT	5,566,370	1.55	25	0.44
TRUSTS	2,534,446	0.71	23	0.40
OTHER INVESTMENTS & TRUST	2,432,922	0.68	51	0.90
FOREIGN NOMINEE	1,868,398	0.52	03	0.05
FOREIGN INDIVIDUAL RESIDENT	1,211,283	0.34	12	0.21
DECEASED ESTATES	227,515	0.06	115	2.02
FUND MANAGERS	140,477	0.04	03	0.05
BANKS	70,262	0.02	02	0.04
CHARITABLE	37,827	0.01	09	0.16
Totals	358,000,858	100.00	5,683	100.00

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY VOLUME AS AT 31 December 2021				
Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	3,840,495	1.07	5,237	92.16
5001-10000	772,084	0.22	107	1.88
10001-25000	1,899,587	0.53	112	1.97
25001-50000	2,446,555	0.68	65	1.14
50001-100000	3,636,684	1.02	50	0.88
100001-200000	5,171,740	1.44	35	0.62
200001-500000	7,297,800	2.04	24	0.42
500001-1000000	14,261,148	3.98	20	0.35
1000001 and Above	318,674,765	89.02	33	0.58
Totals	358,000,858	100.00	5,683	100.00

Top Ten Rank	Shareholders Names	Tax	Industry	Shares	Percentage
1.	STANBIC NOMINEES [PVT] LTD	ZIM	LN	85,508,220	23.88
2.	MEGA MARKET (PVT) LTD	ZIM	LC	60,107,313	16.79
3.	OLD MUTUAL LIFE ASS CO ZIM LTD	ZIM	INS	49,079,771	13.71
4.	SERRAPIN INVESTMENTS (PVT) LTD	ZIM	LC	43,646,244	12.19
5.	MINING INDUSTRY PENSION FUND	ZIM	PF	17,667,266	4.93
6.	NSSA - NATIONAL PENSION SCHEME	ZIM	PF	10,203,649	2.85
7.	DZL HOLDINGS EMPLOYEE SHARE TRUST	ZIM	LC	10,020,500	2.80
8.	SCB NOMINEES 033663900002	ZIM	LN	8,601,840	2.40
9.	ANTONY MANDIWANZA	ZIM	LR	8,339,193	2.33
10.	LALIBELA LIMITED	SWI	FC	6,289,796	1.76
	Selected Shares			**299,463,792**	**83.65**
	Non - Selected Shares			**58,537,066**	**16.35**
	Issued Shares			**358,000,858**	**100.00**

DAIRIBORD HOLDINGS LIMITED Directors Shareholding	
Directors Name	**Number of Shares**
A Mandiwanza	9,685,577
M R Ndoro	3,283,430
C Mahembe	162,697
SR Chindove	2,701,008
J. H. K. Sachikonye	266
R. P. Kupara	-
N. Chiromo	-
C. R. J. Hawgood	1,000,000
K.K. Naik	15,724,384

Shareholders Analysis 2020

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY INDUSTRY AS AT : 31 December 2020 Industry	Shares	Shares %	Shareholders	Shareholders %
LOCAL COMPANIES	114,255,595	31.91	286	5.16
LOCAL NOMINEE	4,648,644	20.85	84	1.51
PENSION FUNDS	62,968,112	17.59	80	1.44
INSURANCE COMPANIES	49,283,591	13.77	08	0.14
LOCAL INDIVIDUAL RESIDENT	23,761,246	6.64	4,850	87.45
OTHER INVESTMENTS & TRUST	12,461,992	3.48	54	0.97
FOREIGN COMPANIES	6,663,310	1.86	05	0.09
NEW NON RESIDENT	5,570,404	1.56	26	0.47
FOREIGN NOMINEE	4,140,898	1.16	03	0.05
TRUSTS	2,369,462	0.66	21	0.38
FOREIGN INDIVIDUAL RESIDENT	1,414,623	0.40	12	0.22
DECEASED ESTATES	214,415	0.06	103	1.86
FUND MANAGERS	140,477	0.04	03	0.05
BANKS	70,262	0.02	02	0.04
CHARITABLE	37,827	0.01	09	0.16
Totals	**358,000,858**	**100.00**	**5,546**	**100.00**

DAIRIBORD HOLDINGS LIMITED: ANALYSIS BY VOLUME AS AT 31 December 2020 Range	Shares	Shares %	Shareholders	Shareholders %
1-5000	3,793,193	1.06	5,112	92.17
5001-10000	750,954	0.21	105	1.89
10001-25000	1,799,837	0.50	106	1.91
25001-50000	2,383,754	0.67	64	1.15
50001-100000	3,464,219	0.97	47	0.85
100001-200000	5,189,783	1.45	35	0.63
200001-500000	8,231,592	2.30	27	0.49
500001-1000000	12,771,096	3.57	18	0.32
1000001 and Above	319,616,430	89.28	32	0.58
Totals	**358,000,858**	**100.00**	**5,546**	**100.00**

Top Ten Rank	Shareholders Names	Shares	Percentage
1.	STANBIC NOMINEES (PVT) LTD	86,181,518	24.1
2.	MEGA MARKET (PVT) LTD	60,473,342	16.9
3.	OLD MUTUAL LIFE ASS CO ZIM LTD	49,080,371	13.7
4.	SERRAPIN INVESTMENTS (PVT) LTD	43,706,444	12.2
5.	MINING INDUSTRY PENSION FUND	17,667,266	4.9
6.	SCB NOMINEES 033663900002	10,685,688	3.0
7.	NSSA - NATIONAL PENSION SCHEME	10,203,649	2.9
8.	DZL HOLDINGS EMPLOYEE SHARE TRUST	10,000,000	2.8
9.	ANTONY MANDIWANZA	8,330,193	2.3
10.	LALIBELA LIMITED	6,289,796	1.8
	Selected Shares	**307,814,101**	**85.98**
	Non Selected Shares	**50,186,757**	**14.02**
	Issued Shares	**358,000,858**	**100.00**

DAIRIBORD HOLDINGS LIMITED
Directors Shareholding

Directors Name	Number of Shares
A Mandiwanza	9,635,424
M R Ndoro	3,283,430
C Mahembe	162,697
SR Chindove	2,701,008
J. H. K. Sachikonye	266
R. P. Kupara	-
N. Chiromo	-
C. R. J. Hawgood	1,000,000
K.K. Naik	16,024,284

Notice to Shareholders

Notice is hereby given that the twenty-seventh Annual General Meeting (AGM) of Dairibord Holdings Limited will be held virtually at **https://escrowagm.com/eagmZim/Login.aspx** on 2 June 2022 at 12:00 hours for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements for the year ended 31 December 2021 together with reports of the Directors, Finance, Audit & Risk Committee and Auditors thereon. The full annual report will be available on the company website, www.dairibord.com

2. Election of Directors:

2.1 In terms of the Articles of Association of the company, Mr. Nobert Chiromo retires by rotation and being eligible, offers himself for re-election.

A Chartered Accountant by profession, Nobert is director at Corporate Excellence (Pvt) Limited and a non-executive board member for Old Mutual Life Assurance Company as well as William Bain Holdings.

2.2 In terms of the Articles of Association of the company, Mr. Cleton Mahembe retires by rotation and being eligible, offers himself for re-election.

Cleton holds a Diploma in Agriculture from Chibero College of Agriculture. He represents Serrapin Investments Limited on the Dairibord Holdings board.

2.3 To note the resignation of Mrs. Sibusisiwe Chindove as director of the company.

Busi has been a director of the company since August 2006.

3. To confirm and approve the remuneration of the directors for the year ended 31 December 2021.

4. External Auditors

4.1 To approve the remuneration of the auditors for the past year's audit.

4.2 To re-appoint Deloitte & Touche Zimbabwe as the auditors for the company until the conclusion of the next Annual General Meeting. Deloitte has been the company's auditors for the past 1 year.

SPECIAL BUSINESS

5. As a special resolution: Share Buy Back.

"That the company as duly authorised by Article 6 of its Articles of Association and section 129 of the Companies and Other Business Entities Act (Chapter 24:31), may undertake the purchase of its ordinary shares in such manner or on such terms as the directors may from time to time determine, provided that:

a) Acquisitions shall be of ordinary shares which, in aggregate in any financial year, shall not exceed 10% (ten percent) of the Company's issued share capital.
b) The prices at which such ordinary shares may be acquired will not be more than 5% (five percent) above and 5% (five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange, as determined over the 5 (five) business days immediately preceding the date of the purchase of such ordinary shares by the Company.
c) The authority shall expire on 01 June 2023 or the next Annual General Meeting, whichever is sooner.

After considering the effect of the repurchase of the shares, the Directors are confident that:

a) The company will be able to pay debts for the period of 12 months after the date of the notice of theAnnual General Meeting.
b) The assets of the Company will be in excess of its liabilities.

Notice to Shareholders (cont'd)

c) The share capital and reserves of the Company are adequate for a period of 12 months after the date of the notice of the Annual General Meeting.
d) The Company will have adequate working capital for the period of 12 months after the date of the notice of the Annual General Meeting.

6. Any other business

To transact any other business competent to be delt with and disposed of at an Annual General Meeting.

NOTES

1. **In terms of the Companies and Other Business Entities Act (Chapter 24:31) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his stead. A proxy need not be a member of the Company.**

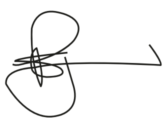
   Instruments of proxy must be lodged at the registered office of the company at least forty-eight hours before the time appointed for holding the meeting.

2. **Members are requested to advise the Transfer Secretaries in writing of their email addresses and any change of postal address.**

3. **Meeting details:**

   Members are hereby advised to update their records with the Transfer Secretaries; Corpserve (Private) Limited, 4th Floor, ZB Centre, Cnr 1st Street and Kwame Nkrumah Avenue, Harare. You can also use their dedicated Corpserve helpline on +263 242 750711, +263 772 289 768 or +263 779 145 849 for assistance with the online AGM processes.

By order of the board



S. Punzisani
Company Secretary
12 May 2022

Shareholders' Calendar

2021 Annual report published	May 2022
Twenty seventh Annual General Meeting	June 2022
Interim report for 6 months to 30 June 2022 and dividend announcement	September 2022
Financial year end	December 2022
Publication of the results for the 12 months ending 31 December 2022 and dividend announcement	March 2023

Dairibord
Holdings
More Than Just Milk

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