Pro plastics
Pipe Systems That Last

ANNUAL REPORT 2021

Civils | Mining | Irrigation | Casings | Ducting

SABS ISO 9001 | STANDARDS ASSOCIATION OF ZIMBABWE | SAPPMA | IFPA

Contents

Company Profile

Name of Company:	Proplastics Limited
Address:	5 Spurn Road Ardbennie P.O. Box CY 1199 Causeway Harare Zimbabwe
Telephone:	+ 263 773 894 561/2
Cell:	+263 773 888 926
E-mail:	info@proplastics.co.zw
Web:	www.proplastics.co.zw
Description of Company:	Manufacturer of Polyvinyl Chloride (PVC); High- Density Polyethylene (HDPE); Low Density Polyethylene (LDPE) Pipes and related fittings
Company Established:	1965
Chief Executive Officer:	Kudakwashe Leo Chigiya
E-mail:	kchigiya@proplastics.zw

Proplastics Limited Inimitable Offering

Proplastics Limited (formerly Murray & Roberts and Masimba Industries(Private) Limited), is the only Zimbabwean plastic pipes and fittings manufacturer listed on the Zimbabwe Stock Exchange.

Proplastics Limited is Zimbabwe's leading plastic pipe manufacturer, specialising in the production of Polyvinyl Chloride (PVC), High-Density Polyethylene (HDPE), Low-Density Polyethylene (LDPE) pipes and related fittings. The pipes are manufactured for various applications in irrigation, water and sewer reticulation, mining, telecommunications and buildingconstruction.

Proplastics Limited was established in 1965, Proplastics has over 50 yearsof experience in manufacturing complete range of plastic pipes and fittings in Zimbabwe with a significant market share in the SADC region.

Proplastics pipes and fittings are easy to install and are adapted to a variety of conditions encountered during use. Our products are corrosion-resistant, light in weight, have zero failure rates, are energy efficient which ensures long-term performance.

We request that in your next project "You should invest in pipe material of choice, invest in Pipe Systems That Last; invest in Proplastics PVC and HDPE pipes and fittings."

Please watch out for cheap imitations and products made from recycled materials and always insist on a minimum of 50 years performance guarantee on your next purchase remember "Cheap Always Cost a Fold."

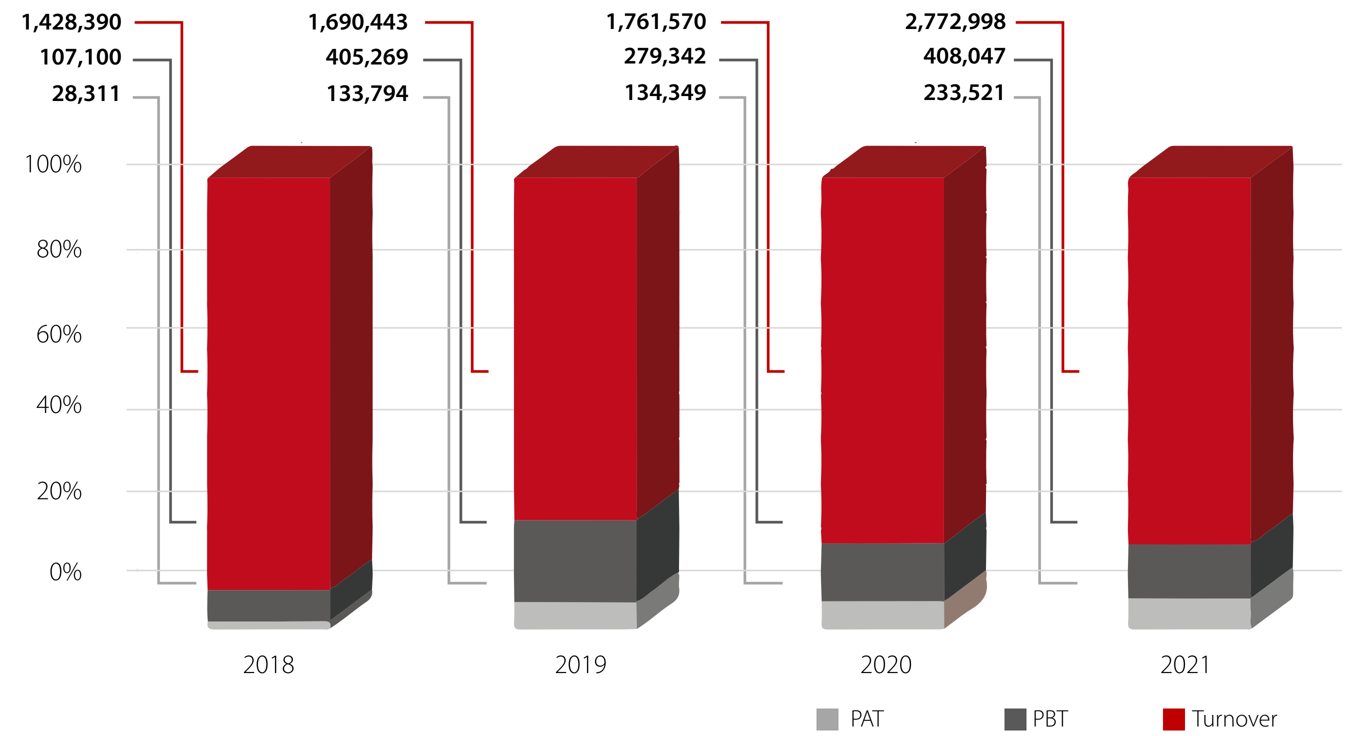
Proplastics Unique Proposition

Proplastics Cause	Top of Client's Mind.
Proplastics Vision	Unrivalled Leadership in Plastic Piping Systems.
Proplastics Mission	To deliver World Class Plastic Piping Systems.
What makes us unique	Game Changing Capabilities.
Scope of the Game	Plastic Piping Systems.
Our Brand Expression	Pipe Systems that Last.
Our Strategic Focus Areas	Value | Growth | Innovation | Risk.
Our Behaviours	Learning | Caring | Performance Driven | Excellence | Team Proplastics.
Our Values	Integrity | Respect | Leadership | Communication | Teamwork.

Group Financial Highlights

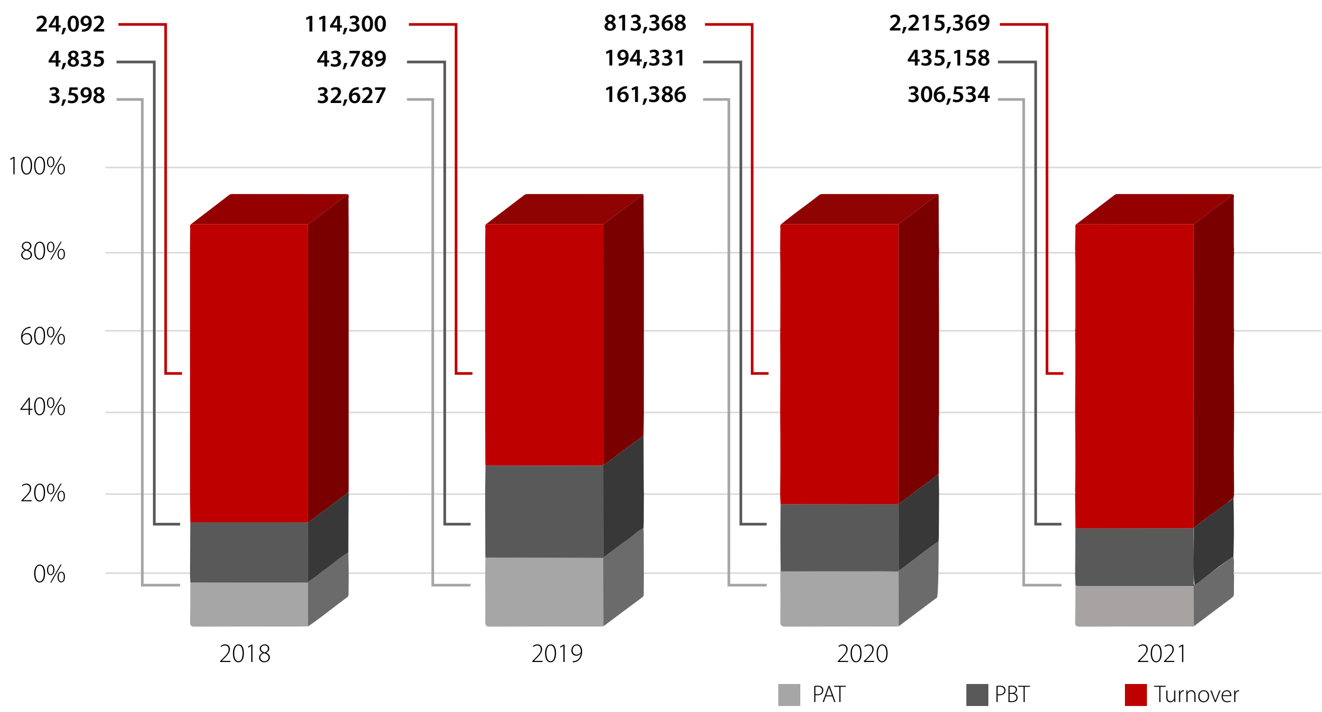
		Inflation Adjusted		Historical
		ZWL 000		ZWL 000
Turnover	▲	57% to ZWL 2,772,998	▲	172% to 2,215,369
EBT	▲	46% to ZWL 408,047	▲	124% to ZWL 435,158
Sales volumes	▲	24% to 5,807 tonnes	▲	24% to 5,807 tonnes
Profit for the year	▲	74% to ZWL 233,521	▲	90% to ZWL 306,534
Gross profit margins	▲	29% to 34%	▲	49% to 42%
Overheads	▲	22% to ZWL 551,688	▼	131% to ZWL440,785
Quick ratio	▲	to 1.34:1 from 0.58:1	▲	1.26:1 from 0.56:1
ROCE	▲	to 16% from 15%	▲	18% from 15%
Current ratio	▲	to 2.21: 1 from 1.63:1	▲	to 1.94:1 from 1.39:1
ROA	▲	13% from 63%	▲	15% from 49%
Debt /Equity	▼	to 16% from 3.6 %	▼	to 17% from 3.9%
EBITDA	▲	at 22% (prior year 25%) of revenue	▲	at 26% (Prior year 30%) of revenue
Cash generated from operating activities to revenue	▼	0.47% (Dec 2020 -4.49%)	▼	2.83% (Dec 2020 5.31%)
Dividend per share	▲	at 38 ZWL cents (Dec 2020 ZWL 20.50 cents)	▼	At 38 ZWL cents (Dec 2020 ZWL 20.50 cents)
Basic EPS	▲	at 90.83 cents (Dec 2020, ZWL 52.39 cents)	▲	at 119.23 cents (Dec 2020, ZWL62.93)

Turnover, PBT and PAT - Inflation adjusted (ZWL 000)



Group Financial Highlights (continued)

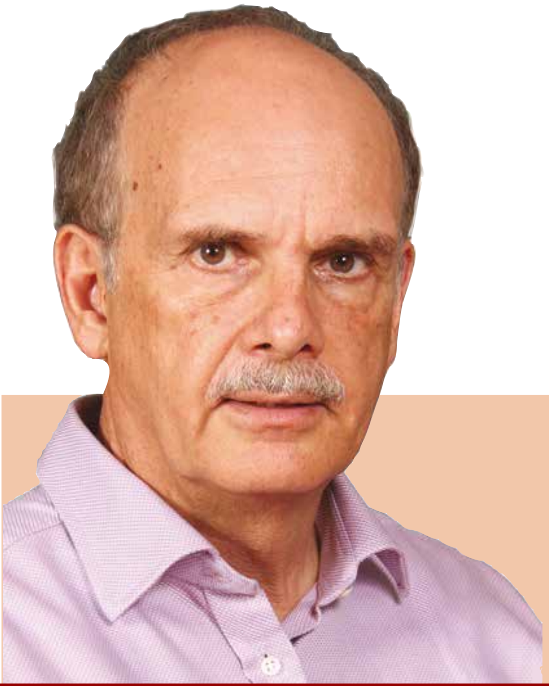
Turnover, PBT and PAT - Historical (ZWL 000)



Ratios and Statistics

	Inflation Adjusted		Historical	
	31-Dec-21 Audited	31-Dec-20 Audited	31-Dec-21 Audited	31-Dec-20 Audited
Earnings (ZWL cents)				
Basic earnings per share	90.83	52.39	119.23	62.93
Diluted earnings per share	89.49	51.86	117.47	62.30
Profitability				
Profit before interest and tax on turnover (%)	16%	19%	22%	25%
Return on capital employed (%)	16%	15%	18%	15%
Productivity				
Payroll cost on turnover (%)	7%	9%	7%	9%
Total average assets (excluding bank balances and cash) (ZWL 000)	3,136,697	2,736,702	2,921,195	1,616,850
Finance				
Debt to Equity	16%	3.6%	17%	3.9%
Current assets to current liabilities	2.21	1.63	1.94	1.39
Ordinary shares in Issue (millions)	257	256	257	256
Share price at period end (ZWL-cents)	2,895	1,384	2,895	861
Market Capitalisation (ZWL-millions)	7,440	3,543	7,440	2204
Other				
Number of employees	210	216	210	216

Chairman's Statement



Turnover grew 57% to ZWL2,773 billion from ZWL 1,762 billion in prior year on the back of a 24% increase in volumes and taking cognisance of price adjustments due to the global increases in the main components of raw materials

G. SEBBORN
CHAIRMAN

Introduction

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

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

Operating Environment

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

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

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

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

Financial Performance

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

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

Chairman's Statement (continued)

Financial Performance (continued)

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

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

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

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

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

Safety, Health, And Quality Management Systems

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

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

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

Outlook

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

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

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

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

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

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

Dividend

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

Acknowledgements

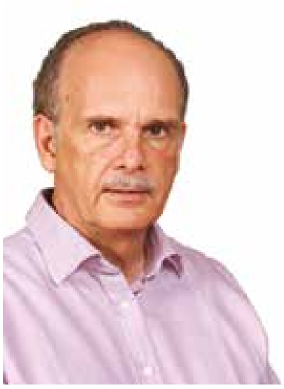
I would like to extend my appreciation to management and all the employees for their hard work during the year under review. I would also like to thank my fellow Board members for their commitment and guidance to steer the Group through these challenging but exciting times as well as all our stakeholders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

G. SEBBORN

29 April 2022

Corporate Governance, Directorate and Executive Committees

Directors' Profiles



Gregory Sebborn
Managing Director

Gregory served as Managing Director of the Zimbabwe and Southern African operations of the Rennies Group of Companies. He is also a founding Director and former Group Managing Director of Zimplats Holdings Limited and Managing Director of Zimbabwe Platinum Mines. He served as a Partner at Renaissance Partners, a Russian based Investment Bank. Gregory is currently a consultant for special mining projects and developments in Africa and serves as a non-executive Director of several companies including Stanbic Bank Zimbabwe.

Kudakwashe Chigiya
Chief Executive Officer

Kudakwashe is a holder of a Diploma in Rubber & Plastics Technology and an MBA. Kudakwashe started his career at Proplastics in 1993 as a Graduate Trainee in Plastics Technology rising through the ranks of Quality Controller, Quality Assurance Manager and Technical Manager. During the period, he superintended pioneering of manufacturing projects. Kudakwashe left Proplastics for South Africa in 2003 to advance his career in Plastics Technology. Up to his appointment, he was employed at DPI Plastics as Process Engineer for Quality and Technical management functions. He was appointed Chief Executive Officer of the company on 29 May 2015.

Mrs. Sandra Robert
(Non – Executive Director)

Sandra is a proven Agribusiness Specialist and Project Manager with over twenty years of experience in commercial crop production, donor funded agricultural initiatives and horticultural research. Sandra holds a Master of Science Agriculture (Horticulture) (Cum Laude) and a Bachelor of Science Agriculture (Horticulture) (Cum Laude), Dux student from the University of Natal Pietermaritzburg, South Africa. In addition, Sandi holds the following membership: Crops life International formerly Agricultural Chemical Industry Association (ACIA); Women's University in Africa Council; African Women in Agriculture; Zimbabwean chapter of the Graca Machel Trust; Facilitator of investment in Excellence Program with the Pacific Institute and Chair of Market Linkage Association (MLA) Zimbabwe.

Mr. Herbert S. Mashanyare
(Non – Executive Director)

Herbert is a former mining executive and until recently was an Executive Director for Mimosa Mines in Zimbabwe. Prior to that, Herbert held several senior positions with Union Carbide and Zimasco. Herbert holds a Bachelor of Science in Chemistry and a Master of Philosophy in Process Research from the University of Zimbabwe. He also holds a Master of Science in Process Engineering Design from the University of London

Corporate Governance, Directorate and Executive Committees (continued)

Directors' Profiles (continued)

Mr. Paschal Changunda

Finance Director

Paschal is a qualified Chartered Accountant (Zimbabwe) and is a holder of a master's degree in business leadership (MBL) from the University of South Africa (UNISA). He served his articles with Deloitte & Touche. Paschal has previously worked for Cairns Foods where he was Finance Manager, and Rainbow Tourism Group, where he joined as Finance Manager and became Finance Director in 2004 until 2013. Prior to joining Proplastics, he was Director - Finance & Administration with ZimTrade.

Mr. Paddy Tongai Zhanda (Jnr)

(Non – Executive Director)

Paddy holds a Bachelor of Commerce in Accounting Science from the University of South Africa and completed his Articles of Clerkship with Deloitte & Touche. Paddy is a Director of a number of companies including Aurora Agricultural Ventures & Processors (Private) Limited.

Mark Mario Di Nicola

(Non – Executive Director)

Mark has over 25 years' experience with companies listed on the Johannesburg Stock Exchange and is the former Chief Executive Officer of Beige Holding Limited. He is a director of several other companies in Mauritius and the SADC region including Kotso Holdings Limited and the Reinforcing Steel Contractors Group.

Corporate Governance, Directorate and Executive Committees (continued)

Corporate Governance

The Board of Proplastics Limited is committed to adherence to the principles of good corporate governance to attain the goal of responsible corporate behavior and full accountability to its shareholders and stakeholders.

THE BOARD OF DIRECTORS

Composition and appointment

The Board comprises of 7 Directors: 5 Non-executive and 2 Executive. The Board is chaired by a non- executive director, thus ensuring a separation of powers and authority.

The election of non-executive Directors is subject to confirmation by shareholders. In terms of the Company's Articles of Association and the Companies and Other Business Entities Act (Chapter 24:31), at least one third of the Directors must retire at every Annual General Meeting and, if eligible, can stand for re-election. Also, a Director appointed during the year must retire at the annual general meeting and, if eligible, stand for re-election.

Accountability and delegated functions

The Board meets formally at least once every quarter to review the Group's and Company's performance. There is an agenda of matters which are brought to its consideration and review and where appropriate, for decision so that it maintains full and effective control over strategic, financial, operational and compliance issues. There are procedures, which allow Directors to avail themselves for independent professional advice in the furtherance of their duties and to select non-executive Directors.

Composition of the Board

Mr. Gregory Sebborn	Non –Executive Board Chairman.
Mr. Kudakwashe Chigiya	Chief Executive Officer.
Mr. Paschal Changunda	Finance Director.
Mr. Paddy Tongai Zhanda	Non-Executive Director.
Mrs. Sandra Roberts	Non-Executive Director.
Mr. Herbert Stanley Mashanyare	Non-Executive Director.
Mr. Mark Di Nicola (Alt. Mr. Malcolm McCulloch)	Non-Executive Director.

Record of Attendance

Directors' meetings for the financial year 2021

Board member	Position		Board	AGM*	Audit Committee
		Number of meetings	**4**	**1**	**4**
Mr. Gregory Sebborn	Non –Executive Board Chairman.		3	1	-
Mr. Kudakwashe Chigiya	Chief Executive Officer.		4	1	4
Mr. Paschal Changunda	Finance Director.		4	1	4
Mr. Paddy Tongai Zhanda	Non-Executive Director.		4	1	4
Mrs. Sandra Roberts	Non-Executive Director.		4	1	4
Mr. Herbert Stanley Mashanyare	Non- Executive Director		4	1	4
Mr Mark Di Nicola (Alt. Mr. Malcolm McCulloch)	Non-Executive Director.		4	-	-

Corporate Governance, Directorate and Executive Committees (continued)

Corporate Governance (continued)

Board Committees

The Board has established and mandated committees to perform work on its behalf in various key areas affecting the business of the Group. The committees are chaired by non-executive Directors. They submit reports to the main Board on the Committee's deliberation and findings.

The Remuneration Committee

The Committee is chaired by a non-executive director and Chairman of the Board, Mr. Gregory Sebborn. Its mandate is to set the remuneration of executive Directors and considers appointment of new Directors and senior executives before the final approval by the Board. The remuneration policies of the Committee are as follows: -

To ensure that individual rewards and incentives relate directly to the performance of the individuals, the operations, and functions for which they are responsible and the Group as a whole.

To maintain competitive rewards that enables the Group to attract and retain executives of the highest quality.

To determine the competitiveness of executive remuneration, the Committee receives independent professional advice on remuneration packages and practices of comparable organisations within the region.

Audit Committee

Audit Committee

Mrs. Sandra Roberts, an independent non-executive director, chairs this Committee which deals with compliance, internal controls, and risk management.

The Committee: -

Considers changes to the Group's and Company's accounting policies and reviews its interim and annual financial statements before the Board, with whom ultimate responsibility remains, approves them.

Reviews the effectiveness of the system of internal controls during the period and reports thereon to the Board. The Board is responsible for establishing systems of internal control, which provide reasonable assurance that the Group's assets are safeguarded, that proper accounting records are maintained, and the financial information used in the business and for publication is reliable. They attach great importance to maintaining a strong control environment. However, any system of internal financial control can provide only reasonable, not absolute, assurance against material misstatement or loss.

Performance management reporting

The Group and Company operates in Zimbabwe in a regulated environment. Business is conducted within a well-developed control framework, underpinned by procedures and control manuals. The Board has established a management structure which clearly defines roles, responsibilities, and reporting lines.

The business performance of the Group and Company is reported regularly by management to the Executive Committee and the Board. Performance trends and performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies which are consistently applied, in all material respects, from year to year. Where a change in accounting policy occurs, the change is specifically noted in the financial statements.

The systems of internal control are monitored regularly by Management, the Executive Committee, and the Board.

Internal Audit reports regularly to the Audit and Risk Committee of the Board. They also report to management for actioning. The scope of the Internal Audit department includes an assessment of the risks and controls, and findings are reported to management. All adverse findings are reported to the Chief Executive Officer for immediate management action.

The external auditors review the system of internal financial controls to the extent necessary for them to form the opinion they express on the financial statements. They also report to the Audit and Risk Committee on matters arising from this review.

Code of Conduct

The Board has approved a Code of Conduct for the Group and Company, which sets out the Group's and Company's core values relating to lawful and ethical conduct of business. All employees have a copy of the Code and are expected to observe high standards of integrity and fair dealing in relation to customers, staff, and regulators in the communities in which the entity operates. Policies exist for monitoring compliance with the Code.

Going Concern

The Board confirms that the Group and Company has adequate resources to continue in business and into the foreseeable future. Accordingly, the financial statements have been prepared on the basis that the Group and Company are going concerns.

Audited Annual Financial Statements

The Committee oversees the preparation of the audited Annual Financial Statements for the Group. The audited Annual Financial Statements for the year ended 31 December 2021, for the Group and Company, will be tabled at the Annual General meeting.

Auditors

KPMG Chartered Accountants (Zimbabwe) carried out the audit of the Group and Company for the year ended 31 December 2021. This is the second year that they have audited the Group and Company. A resolution will be proposed at the Annual General Meeting to reappoint KPMG Chartered Accountants (Zimbabwe) as Auditors of the Group and Company for the ensuing year.

Sandra Roberts

Chairman - Audit and Risk Committee

Sustainability Report

Sustainability Report

Introduction

The Group's commitment to sustainability continues in 2021 as our third year of reporting. We have remained resolute and non-wavering regardless of embarking on this journey during the hype of the COVID – 19 pandemic. We remain focused to ensure that sustainability issues remain core.

Approach

The Group continues to prioritize sustainability issues. This has seen our approach continuously evolving as evidenced by the attainment of ISO 45001: 2018 certification in the year under review. Over and above this achievement, we have maintained the certification of the following standards:

- ISO 14001:2015 - Environmental Management Systems
- ISO 9001:2015- Quality Management Systems

Over and above the systems that support sustainability, Proplastics products are registered under specific Product Mark Schemes from both South African Bureau of Standards (SABS) and Standards Association of Zimbabwe (SAZ) and meets respective product specifications. The group prides itself in manufacturing products that have a design life span of at least fifty years under specified conditions.

The group has maintained its membership to Southern African Plastic Pipe Manufacturers Association (SAPPMA) and Installation and Fabrication Plastics Pipe Association (IFPA) and remains the only plastic company in Zimbabwe registered with such. This has helped in facilitating high standards of ethics, product quality and sharing technical developments within the region and internationally, thereby ensuring long term sustainability and dynamic growth.

Responsibility

The Board mandated the Chief Executive Officer, as the driver of this thrust, to ensure that issues of sustainability continue to receive the attention and support they require. Human Capital (skills development), technical and financial needs were provided through the incorporation and resourcing of sustainability issues in the corporate budgets.

Stakeholder Engagement

To align business strategy and stakeholder expectations, the Group maintained a Stakeholder Management Strategy (SMS) which is inclusive and requires continuous engagement with all key stakeholders which include but are not limited to customers, suppliers, contractors, visitors, government, employees, and the community. This process helped to continuously identify issues from all our stakeholders and enabled the Group to deliver both stakeholder and business values alike.

Performance

We recorded four lost time injuries in the year, with half of the occurrences emanating from offsite work risks which we are geared to manage through:

Comprehensive offsite risk profiling.

Continuous engagement of the concerned stakeholders or the improvement of health and safety practices on both parties.

Increased risk trainings to employees and stakeholders.

Total review of offsite work pre-task risk assessments.

Responsible initiatives that ensure that OHS and environmental risks are managed throughout the value chain.

Key Result Areas

We are pleased to report that the utilization of the new plant with a world class material handling system has resulted in a significant drop in waste from our processes. This is a remarkable achievement as we remain focused on achieving the year 2023's 90% waste recycling target through more robust lean manufacturing initiatives. Greenhouse gas emissions from our processes remain in the blue band and compliant with the regulatory standards. Compliance with legal and other requirements remains our key focus with zero penalties recorded in the business.

The Group remains responsive to the needs of communities around us through investment of approximately ZWL 1,214,417 in the following corporate social responsibility activities:

- Engagement of student of attachment from various institutions
- Wellness programs.
- School fees payment for the disadvantaged.
- Empowering local community women in waste recycling activities.

COVID-19

Management of the COVID-19 pandemic remained our priority and the organization implemented the following robust measures:

- Provision of PPE.
- Provision of transport to staff.
- Isolation and screening of all suspected cases.
- Provision of sanitizers to our staff.
- Temperature checks at entrances.
- Employee quarantine on paid leave and workplace support.
- Frequent fumigation of offices and public spaces.
- COVID-19 specific induction.

Key Focus Areas

Focus areas remain on stakeholder satisfaction and continuously improving our sustainability performance in line with Global Reporting Initiatives (GRI). Our outlook into the future points to greater commitment to the attainment of the Sustainable Development Goals (SDGs).

The next few years present new frontiers in scaling up sustainability within our business.

Report of The Directors

The Directors have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Group and Company for the year ended 31 December 2021.

Period's Results

	Inflation Adjusted	Historical
Profit attributable to Shareholders (ZWL 000)	233,521	306,534

Capital Expenditure

Capital expenditure for the year ending 31 December 2021 amounted to ZWL 31,192 million in inflation adjusted terms and ZWL 25,352 million in historical terms. The budgeted capital expenditure for the year to 31 December 2022 is ZWL 408,155 million. The capital expenditure for 2021 was financed from internal resources and existing facilities.

Share Capital

The authorized share capital of the Company is ZWL 87,500, comprising of 875,000,000 ordinary shares of a nominal value of ZWL0.0001 each.

The issued share capital of the Company is ZWL 25,709 divided into 257,085,628 ordinary shares of ZWL0.0001 each in historical terms and ZWL 1,541,743 divided into 257,085,628 ordinary shares of ZWL0.005997 each in inflation adjusted terms.

Auditors

The auditors of the Group and Company are KPMG Chartered Accountants (Zimbabwe). Shareholders will be asked at the forthcoming Annual General Meeting to approve their remuneration in respect of the past audit and reappoint them as auditors for the coming year. The Auditors remuneration for the past year was ZWL 6,105 million.

Reserves

The movement in the Reserves of the Group and Company is disclosed in the Consolidated and Company Statement of Changes in Equity.

Dividend

The Directors have recommended a final dividend of ZWL 38 cents per share for the year ended 31 December 2021 payable in respect of all the ordinary shares of the Company. The dividend will have a scrip option. Shareholders will be requested to confirm payment of the dividend.

Borrowing Powers

In terms of the Articles of Association, the Company is authorized to borrow funds amounting to three (3) times of:

1. The total of the nominal amount of the issued and paid-up share capital of the Company, and

2. The aggregate of the amounts standing to the credit of all capital and revenue reserve accounts and share premium account and profit and loss account as set out in the latest consolidated and company audited statement of financial position of the Company and its subsidiaries which has been drawn up to be laid before the members of the Company in general meeting at the relevant time.

The Directors confirm that during the year under review, the Company's borrowings are within the above limits.

Directorate

The following are the Directors of the Company and they held office for the year under review: -

Mr. Gregory Sebborn	Non –Executive Board Chairman.
Mr. Kudakwashe Chigiya	Chief Executive Officer.
Mr. Paschal Changunda	Finance Director.
Mr. Paddy Tongai Zhanda	Non-Executive Director.
Mrs. Sandra Roberts	Non-Executive Director.
Mr. Herbert Stanley Mashanyare	Non- Executive Director
Mr Mark Di Nicola (Alt. Mr. Malcolm McCulloch)	Non-Executive Director.

Mrs. Sandra Roberts and Mr. Mark Di Nicola will retire at the conclusion of this Annual General Meeting. Being eligible, they have offered themselves for re-election and Shareholders will be asked to approve the re-appointments.

Directors' Fees

Shareholders will be asked to approve the remuneration of the Directors for their services as Directors during the past year. Your board recommends that an amount of ZWL 7,729 million be approved.

Proplastics Limited Senior Executive Share Option Scheme 2015

The scheme was approved by shareholders in 2015, the purpose of which is to promote the retention of senior executives responsible for the management of the Group and Company. The details of the movement in the outstanding options during the year to 31 December 2021 are shown in note 10 of the financial statements-Share based payments.

Report of The Directors (continued)

Compliance with International Financial Reporting Standards

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements. These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31) (COBEA) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements for Audited Annual Financial Statements, except for non-compliance with (IAS) 8 (Accounting Policies, Changes in Accounting Estimates and Errors), in respect of restating comparative information for the non-compliance with IAS 21: Effects of Changes in Foreign Exchange Rates and the resulting impact on IAS 29: Financial Reporting in Hyperinflationary Economies in the prior period. The interbank exchange rate used for the prior period to 23 June 2020 was not considered to be an appropriate exchange rate in terms of IAS 21, and it was not practical to estimate an alternative rate for the first half of the prior year. The principal accounting policies applied in the preparation of these annual financial statements are, however, consistent with those applied in the previous annual financial statements.

On 29 March 2020, the Government of Zimbabwe issued statutory "SI" 85 of 2020 which permitted use of US$ free funds for domestic transactions. As a result, the Directors noted a mix of USD and ZWL sales affecting the determination of the functional currency of the Company. The Directors have applied their judgement and believe that the functional currency for the year ended 31 December 2021 remains ZWL. However, the Directors will continue to monitor this area going forward as it remains a close call.

Statement of Compliance

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements.

The Group's and Company's independent external auditors, KPMG Chartered Accountants (Zimbabwe), have audited the financial statements and their report appears on pages 20-26.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss.

The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

After a comprehensive assessment of the current performance of the business, business prospects going forward and the technical investment in the business the Directors are of the view that preparing these set of accounts on a going concern basis is still appropriate. Nothing has come to the attention of the Directors to indicate that the Group and Company will not remain a going concern for the foreseeable future.

G Sebborn
Chairman

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100 The Chase (West)
Emerald Hill
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Independent Auditors' Report

To the shareholders of Proplastics Limited

Qualified opinion

We have audited the inflation adjusted consolidated and separate financial statements of Proplastics Limited (the Group and Company) set out on pages 27 to 89, which comprise the inflation adjusted statement of financial position as at 31 December 2021, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

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

Basis for qualified opinion

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

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

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

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

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

Key audit matters

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

Functional currency assessment

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

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

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

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

Valuation of property, plant and equipment

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

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

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

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

Appropriateness of Exchange Rates Applied

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

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

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

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

Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

30 April 2022

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

Mutual Gardens
100 The Chase (West)
Emerald Hill
P.O Box 6, Harare
Zimbabwe

Consolidated and Separate Financial Statements

Consolidated Statement of Financial Position

as at 31 December 2021

	Notes	Inflation adjusted 31-Dec-21 ZWL 000 Audited	Inflation adjusted 31-Dec-20 ZWL 000 Audited	Historical 31-Dec-21 ZWL 000 Unaudited	Historical 31-Dec-20 ZWL 000 Unaudited
Assets					
Non-current assets					
Property, plant & equipment	**4**	2,148,040	1,968,977	2,136,207	1,220,648
Right of use assets	**5**	48,247	22,192	6,433	4,651
Total non- current assets		**2,196,287**	**1,991,169**	**2,142,640**	**1,225,299**
Current assets					
Inventories	**7**	499,646	510,964	384,034	250,793
Trade and other receivables	**8**	440,764	234,569	394,521	140,758
Cash and cash equivalents	**9**	328,063	45,434	328,063	28,265
Total current assets		**1,268,473**	**790,967**	**1,106,618**	**419,816**
Total assets		**3,464,760**	**2,782,136**	**3,249,258**	**1,645,115**
Equity and liabilities					
Equity					
Share capital	**10**	1,542	1,542	26	26
Reserves		1,643,584	1,393,265	1,639,364	875,272
Retained earnings		608,714	447,612	446,751	194,648
Total equity		**2,253,840**	**1,842,419**	**2,086,141**	**1,069,946**
Non-current liabilities					
Long-term borrowings	**11**	113,878	50,354	113,878	31,327
Long-term lease liability	**14**	5,749	6,989	5,749	4,348
Deferred taxation	**12**	516,937	397,180	472,140	239,200
Total non-current liabilities		**636,564**	**454,523**	**591,767**	**274,875**
Current liabilities					
Trade and other payables	**13**	275,286	371,111	272,280	229,320
Short-term borrowings	**11**	241,547	16,074	241,547	10,000
Current tax payable	**19**	53,882	93,508	53,882	58,174
Short-term lease liability	**14**	3,641	4,501	3,641	2,800
Total current liabilities		**574,356**	**485,194**	**571,350**	**300,294**
Total liabilities		**1,210,920**	**939,717**	**1,163,117**	**575,169**
Total equity and liabilities		**3,464,760**	**2,782,136**	**3,249,258**	**1,645,115**

G Sebborn
Chairman
29 April 2022

K. Chigiya

K. Chigiya
Chief Executive Officer
29 April 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Notes	Inflation adjusted		Historical	
		12 months to	12 months to	12 months to	12 months to
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		ZWL000	ZWL 000	ZWL 000	ZWL 000
		Audited	Audited	Unaudited	Unaudited
Revenue	15	2,772,998	1,761,570	2,215,369	813,368
Cost of sales		(1,839,612)	(1,246,169)	(1,292,733)	(418,695)
Gross profit		933,386	515,401	922,636	394,673
Net monetary gain		86,959	268,260	-	-
Other (expenses)/ income	16	(3,169)	2,172	(3,423)	986
Distribution costs		(92,396)	(60,135)	(76,286)	(27,367)
Administrative expenses	17	(459,292)	(389,899)	(364,499)	(163,343)
Profit before interest and tax		465,488	335,799	478,428	204,949
Finance costs	17.2	(57,441)	(56,457)	(43,270)	(10,618)
Profit before tax	18	408,047	279,342	435,158	194,331
Income tax expense	18.1	(174,526)	(144,993)	(128,624)	(32,945)
Profit for the year		233,521	134,349	306,534	161,386
Other Comprehensive income					
Items that will not be reclassified to Profit and Loss					
Revaluation of Property, Plant and Equipment	4.1/4.2	323,950	327,959	996,806	1,009,725
Related tax		(75,764)	(70,495)	(234,847)	(244,270)
		248,186	257,464	761,959	765,455
Items that may be reclassified to Profit and Loss		-	-	-	-
Other comprehensive income net of tax		248,186	257,464	761,959	765,455
Total comprehensive income for the year		481,707	391,813	1,068,493	926,841
Basic earnings per share (cents)	20	90.83	52.39	119.23	62.93
Diluted earnings per share (cents)	20	89.49	51.86	117.47	62.30
Headline earnings per share (cents)	20	89.78	52.24	119.20	62.88

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

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

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 1,238,365 thousand) and the unbundling reserve (ZWL 329,033 thousand) which was created during unbundling from Masimba Holdings.

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

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 1,627,252 thousand) and the unbundling reserve (ZWL 7,346 thousand) which was created during unbundling from Masimba Holdings.

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Notes	Inflation Adjusted		Historical	
		31-Dec-21	31-Dec-20	31- Dec-21	31-Dec-20
		ZWL 000	ZWL 000	ZWL 000	ZWL 000
		Audited	Audited	Unaudited	Unaudited
Cash flows from operating activities					
Profit for the year before interest and tax		**465,488**	**335,799**	**478,428**	**204,949**
Adjustments for:					-
Depreciation of non-current assets	**4**	151,249	99,279	86,603	35,069
Depreciation of right of use asset	**5**	6,775	7,309	5,005	3,872
Expense recognised in respect of equity-settled share-based payments	**27**	2,055	(1,535)	2,055	(955)
Loss/(profit) on disposal of property, plant and equipment		10,781	(131)	9,071	(84)
Unrealised exchange loss-lease		3,744	-	3,744	-
Unrealised exchange gains on cash held		(9,337)	(59,409)	(6,310)	(12,332)
Monetary gain		(86,959)	(268,260)	-	-
Net cash generated from operations before working capital changes		**543,796**	**113,052**	**578,596**	**230,519**
Increase in trade and other receivables		(206,195)	(146,636)	(253,763)	(129,878)
Decrease/(increase) in inventories		11,318	(58,832)	(133,241)	(224,758)
(Decrease)/ increase in payables		(95,825)	39,402	42,960	187,241
Cash generated from operations		**253,094**	**(53,014)**	**234,552**	**63,124**
Interest paid		(57,441)	(33,523)	(43,270)	(8,780)
Income tax paid	**19**	(165,508)	(58,868)	(134,824)	(23,422)
Net cash generated from/(utilised) in operating activities		**30,145**	**(145,405)**	**56,458**	**30,922**
Cash flow from investing activities					
Purchase of property, plant, and equipment to maintain operations	**4**	(31,192)	(91,954)	(25,352)	(48,612)
Proceeds from disposal of property, plant, and equipment		14,050	183	10,927	100
Net cash utilised in investing activities		**(17,142)**	**(91,771)**	**(14,425)**	**(48,512)**
Cash flow from financing activities					
Proceeds from loans and borrowings		393,452	-	358,547	-
Repayment of borrowings		(56,642)	-	(44,449)	-
Increase in borrowings*		-	41,720	-	30,972
Dividend paid		(72,419)	-	(54,431)	-
Share options exercised		78	689	78	69
Repayment of lease liability		(13,847)	(18,198)	(8,290)	(3,121)
Net cash generated from financing activities		**250,622**	**24,211**	**251,455**	**27,920**
Net increase /(decrease) in cash and cash equivalents		**263,625**	**(212,965)**	**293,488**	**10,330**
Cash and cash equivalents at the beginning of the year		45,434	40,403	28,265	5,603
Effects of IAS 29 on inflation adjustment of cash flow items		9,667	158,587	-	
Effects of currency translation on cash and cash equivalents		9,337	59,409	6,310	**12,332**
Cash and cash equivalents at the end of the year		**328,063**	**45,434**	**328,063**	**28,265**

* Borrowings for the prior year have been presented net but grossed up in the current year and presented separately as management considered the material movement in borrowings in the current year.

Company Statement of Financial Position

as at 31 December 2021

	Notes	Inflation adjusted		Historical	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		ZWL 000 Audited	ZWL 000 Audited	ZWL 000 Unaudited	ZWL 000 Unaudited
Assets					
Non-current assets					
Property, plant & equipment	4	720,350	975,193	708,517	602,393
Right of use assets	5	261,089	119,360	216,578	69,213
Investment in Subsidiaries	6	588,541	588,541	61,831	61,831
Total non- current assets		**1,569,980**	**1,683,094**	**986,926**	**733,437**
Current assets					
Inventories	7	499,646	510,964	384,034	250,793
Trade and other receivables	8	432,593	221,064	386,399	132,358
Cash and cash equivalents	9	328,036	45,414	328,036	28,253
Total current assets		**1,260,275**	**777,442**	**1,098,469**	**411,404**
Total assets		**2,830,255**	**2,460,536**	**2,085,395**	**1,144,841**
Equity and liabilities					
Equity					
Share capital	10	1,542	1,542	26	26
Reserves		980,304	1,077,120	583,440	449,258
Retained earnings		715,770	546,133	419,394	195,816
Total equity		**1,697,616**	**1,624,795**	**1,002,860**	**645,100**
Non-current liabilities					
Long-term borrowings	11	113,878	50,354	113,878	31,327
Long-term lease liability	14	198,161	78,210	198,161	48,656
Deferred taxation	12	195,863	178,911	148,730	92,503
Total non-current liabilities		**507,902**	**307,475**	**460,769**	**172,486**
Current liabilities					
Trade and other payables	13	314,200	409,891	311,229	253,611
Short-term borrowings	11	241,547	16,074	241,547	10,000
Current tax payable	19	53,886	92,694	53,886	57,667
Short-term lease liability	14	15,104	9,607	15,104	5,977
Total current liabilities		**624,737**	**528,266**	**621,766**	**327,255**
Total liabilities		**1,132,639**	**835,741**	**1,082,535**	**499,741**
Total equity and liabilities		**2,830,255**	**2,460,536**	**2,085,395**	**1,144,841**

G Sebborn
Chairman
29 April 2022

K. Chigiya
Chief Executive Officer
29 April 2022

Company Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

		Inflation Adjusted		Historical	
		12 months to 31- Dec-21 ZWL 000 Audited	12 months to 31-Dec-20 ZWL 000 Audited	12 months to 31- Dec-21 ZWL 000 Unaudited	12 months to 31-Dec-20 ZWL 000 Unaudited
Revenue	**15**	**2,772,998**	**1,761,570**	**2,215,369**	**813,368**
Cost of sales		(1,839,612)	(1,246,169)	(1,292,733)	(418,695)
Gross profit		**933,386**	**515,401**	**922,636**	**394,673**
Net monetary gain		109,393	268,130	-	-
Other (expenses)/ income	**16**	(3,169)	2,172	(3,423)	986
Distribution costs		(92,396)	(60,135)	(76,286)	(27,367)
Administrative expenses	**17**	(443,982)	(391,709)	(354,491)	(161,630)
Profit before interest and tax		**503,232**	**333,859**	**488,436**	**206,662**
Finance costs	**17.2**	(83,976)	(84,810)	(69,805)	(28,257)
Profit before tax	**18**	**419,256**	**249,049**	**418,631**	**178,405**
Income tax expense	**18.1**	(177,200)	(19,792)	(140,622)	(15,808)
Profit for the year		**242,056**	**229,257**	**278,009**	**162,597**
Other Comprehensive income					
Items that will not be reclassified to profit and loss					
Revaluation of Property, Plant and Equipment	**4.3/4.4**	(131,443)	85,047	175,410	484,019
Related tax		32,494	(21,024)	(43,361)	(119,649)
		(98,949)	**64,023**	**132,049**	**364,370**
Items that may be reclassified to Profit and Loss		**-**	**-**	**-**	**-**
Other comprehensive income net of tax		**(98,949)**	**64,023**	**132,049**	**364,370**
Total comprehensive income for the period		**143,106**	**293,280**	**410,058**	**526,967**
Basic earnings per share (cents)	**20**	**94.15**	**89.40**	**108.14**	**63.41**
Diluted earnings per share (cents)	**20**	**92.76**	**88.50**	**106.54**	**62.77**
Headline earnings per share (cents)	**20**	**93.10**	**89.25**	**108.10**	**63.35**

Company Statement of Changes in Equity

for the year ended 31 December 2021

Inflation Adjusted Audited

	Share capital	Reserves	Retained earnings	Total equity
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Balance at 31 December 2019	**1,542**	**1,014,522**	**316,876**	**1,332,940**
Revaluation surplus (net of tax)	-	64,023	-	**64,023**
Share options exercised (net of tax)	-	110	-	**110**
Share based payments	-	(1,535)	-	**(1,535)**
Profit for the year	-	-	229,257	**229,257**
Balance at 31 December 2020	**1,542**	**1,077,120**	**546,133**	**1,624,795**
Dividend paid	-	-	(72,419)	**(72,419)**
Impairment (net of tax)	-	(98,949)	-	**(98,949)**
Share based payments	-	2,055	-	**2,055**
Share options exercised (net of tax)	-	78	-	**78**
Profit for the year	-	-	242,056	**242,056**
Balance at 31 December 2021	**1,542**	**980,304**	**715,770**	**1,697,616**

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 504,589 thousand) and the unbundling reserve (ZWL 329,033 thousand) which was created during unbundling from Masimba Holdings.

Historical

	Share capital	Reserves	Retained earnings	Total equity
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Balance at 31 December 2019	**26**	**85,774**	**33,219**	**119,019**
Revaluation surplus (net of tax)	-	364,370	-	**364,370**
Share options exercised (net of tax)	-	69	-	**69**
Share based payments	-	(955)	-	**(955)**
Profit for the year	-	-	162,597	**162,597**
Balance at 31 December 2020	**26**	**449,258**	**195,816**	**645,100**
Revaluation surplus (net of tax)	-	132,049	-	**132,049**
Dividend paid	-	-	(54,431)	**(54,431)**
Share based payments	-	2,055	-	**2,055**
Share options exercised (net of tax)	-	78	-	**78**
Profit for the year	-	-	278,009	**278,009**
Balance at 31 December 2021	**26**	**583,440**	**419,394**	**1,002,860**

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 571,240 thousand) and the unbundling reserve (ZWL 7,346 thousand) which was created during unbundling from Masimba Holdings.

Company Statement of Cash Flows

for the year ended 31 December 2021

		Inflation Adjusted		Historical	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		ZWL 000	ZWL 000	ZWL 000	ZWL 000
		Audited	Audited	Unaudited	Unaudited
Cash flows from operating activities					
Profit for the year before interest and tax		**503,232**	**333,859**	**488,436**	**206,662**
Adjustments for:					
Depreciation of non-current assets	**4**	126,365	97,209	71,870	34,439
Depreciation of right of use asset	**5**	23,951	11,268	18,315	3,872
Expense recognised in respect of equity-settled share-based payments	**27**	2,055	(1,535)	2,055	(955)
Monetary gain		(109,393)	(268,130)	-	-
Unrealised exchange loss-lease		3,771	-	3,771	-
Unrealised exchange gains on cash held		(9,337)	(59,409)	(6,312)	(12,332)
Loss/(profit) on disposal of property, plant and equipment		10,781	(131)	9,069	(81)
Net cash generated from operations before working capital changes		**551,425**	**113,131**	**587,204**	**231,605**
Increase in trade and other receivables		(211,529)	(132,901)	(254,041)	(121,444)
Decrease/(increase) in inventories		11,318	(58,832)	(133,241)	(224,758)
(Decrease)/increase in trade and other payables		(95,691)	77,440	57,618	211,395
Cash generated from operations		**255,523**	**(1,162)**	**257,540**	**96,798**
Interest paid		(83,976)	(61,877)	(69,805)	(26,420)
Income tax paid	**19**	(162,222)	(56,672)	(131,537)	(22,384)
Net cash generated from/(utilised) in operating activities		**9,325**	**(119,711)**	**56,198**	**47,994**
Cash flow from investing activities					
Purchase of property, plant and equipment to maintain operations	**4**	(27,795)	(91,954)	(22,580)	(48,612)
Proceeds from disposal of property, plant and equipment		14,050	176	10,927	99
Net cash utilised in investing activities		**(13,745)**	**(91,778)**	**(11,653)**	**(48,513)**
Cash flow from financing activities					
Proceeds from loans and borrowings		393,452	-	358,547	-
Repayment of borrowings		(56,642)	-	(44,449)	-
Increase in borrowings		-	41,720	-	30,972
Dividend paid		(72,419)	-	(54,431)	-
Repayment of lease liability		(21,339)	(45,650)	(10,817)	(20,200)
Share options exercised		78	689	78	69
Net cash generated from financing activities		**243,130**	**3,241**	**248,928**	**10,841**
Net increase/(decrease) in cash and cash equivalents		**238,710**	**(208,248)**	**293,473**	**10,322**
Cash and cash equivalents at the beginning of the year		45,414	40,371	28,253	5,599
Effects of IAS 29 inflation adjustment on cash flow items		34,575	153,882	-	-
Effects of currency translation on cash and cash equivalents		9,337	59,409	6,310	12,332
Cash and cash equivalents at the end of the year		**328,036**	**45,414**	**328,036**	**28,253**

Consolidated and Separate Financial Statements
Accounting Policies

for the year ended 31 December 2021

1. GENERAL INFORMATION

Proplastics Limited is a limited Company incorporated in the Republic of Zimbabwe. The address of its registered office is 5 Spurn Road, Ardbennie, Harare. The Group consists of Proplastics Limited and its wholly owned subsidiaries, Promouldings (Private) Limited and Dudway Investments (Private) Limited.

1.1 Nature of Business

The principal activities of the Group and Company are manufacturing and distribution of polyvinyl chloride (PVC) and high-density polyethylene (HDPE) sewer and water reticulation pipes.

1.2 Reporting period

The statutory reporting period for the Group and Company is 1 January 2021 to 31 December 2021.

1.3 Statement of compliance

The Group and Company's financial results, where practicable, have been prepared in accordance with the accounting policies consistent with International Financial Reporting Standards (IFRS), and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements.

While full compliance has been achieved in the past, due to the requirements of Statutory Instrument 33 of 2019 (SI33/19) issued by the Government, which directed that all assets and liabilities that were in United States Dollars (US$) before 22 February 2019 be deemed to have become RTGS dollars (and subsequently ZWL as of 24 June 2019) at a rate of 1:1 to the US$, it was not practical to comply with requirements of IAS21: The Effects of Changes in Foreign Exchange Rates (IAS 21), in the prior period. However, the Group and Company has complied with the law as per Statutory 41 of 2019 (Public Accountants and Auditors (Prescription of international standards) regulations) which directs entities to give precedence to the law over reporting standards in circumstances where there are inconsistencies between the two.

The Group and Company also adopted the use of the official interbank exchange rate during the period from 1 January 2020 through to 23 June 2020. As the exchange rate during this period did not meet the definition of "spot exchange rate" as per IAS 21, the prior year income statement was qualified by the independent auditors due to non-compliance with IAS 21. This has had a carry- over effect on the current year comparative income statement. Thereafter the Group and Company used auction rates following introduction of the Foreign Exchange Auction Trading System in accordance with local legislation, to record foreign currency transactions. During the year under review, the Group and Company predominantly used auction allocation to fund foreign currency obligations, for both working capital and capital expenditure.

The Group and Company has complied with statutory instrument 127 of Presidential Powers (Temporary measures) (Financial laws amendment) regulations on the use of auction allocation for the specified purpose applied for.

The Group and Company's annual financial statements have been prepared under the supervision of P. Changunda CA (Z), Group Finance Director of Proplastics Limited, Registered Public Accountant, PAAB Number 2847 on 30 April 2001 and were approved by the Board on 29 April 2022.

Consolidated and Separate Financial Statements
Accounting Policies (Continued)

for the year ended 31 December 2021

1.4 Basis of preparation

Adoption of IAS 29: Financial Reporting in Hyperinflationary Economies

The Group and Company adopted IAS 29 "Financial Reporting in Hyper-Inflationary Economies" as per the guidance issued by the Public Accountants and Auditors Board (PAAB) through pronouncement 1/2020.

The Group and Company adopted the Zimbabwe Consumer Price Index (CPI) to restate the transactions and balances. The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe Central Statistics Office as reported on the Reserve Bank of Zimbabwe website. The financial statements and the corresponding figures for previous period have been restated for changes in the general purchasing power of the functional currency and are restated in terms of the measuring unit current at the reporting date.

The following All Items CPI indices were used to prepare the financial statements.

Dates	All Items CPI Indices	Conversion Factors
31 December 2021	3,977.46	1
31 December 2020	2,474.51	1.6074
Average CPI 2021	3,153.23	
Average CPI 2020	1,579.09	

Monetary assets and liabilities are not restated while non-monetary assets and liabilities that are not carried at amounts current at the financial reporting date and components of shareholders' equity are restated by the relevant monthly conversion factors from the date of the respective transactions to the reporting date. All items in the Statement of Profit and Loss are restated by applying the relevant monthly, yearly average or year-end conversion factors. The effect of inflation on the net monetary position of the Group and Company is included in the Statement of Profit and Loss as a monetary gain/loss adjustment. All corresponding figures as of, and for the prior period year ended, are restated by applying the change in the index from the end of the prior year to the end of the current year. Deferred tax is calculated based on the indexed value of assets and liabilities compared against their tax bases.

Calculation of the monetary gain or loss

One of the objectives of IAS 29 is to account for the financial gain or loss that arises from holding monetary assets or liabilities during a reporting period (the monetary gain or loss). The monetary gain or loss is calculated as the difference between the historical cost amounts and the result from the restatement of non-monetary items, shareholders' equity, items in the statement of comprehensive income and the adjustment of index-linked items to year end purchasing power. The gain or loss on the net monetary position is included in profit or loss. The adjustment to those assets and liabilities linked by agreement to changes in prices made in accordance with IAS 29 is offset against the gain or loss on net monetary position.

2. Application of New and Revised International Financial Reporting Standards (IFRS's)

2.1. New and amended IFRS Standards that are effective for the current year.

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2021 and are relevant to the Group and Company. The application of these standards, amendments and interpretations has had no material effect on the disclosures of amounts in these financial statements.

Consolidated and Separate Financial Statements
Accounting Policies (Continued)

for the year ended 31 December 2021

2.1. Application of New and Revised International Financial Reporting Standards (IFRS's)(continued)

Standard	Effective Date	Executive Summary
IFRS 16 amendment - COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021	The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. The amendments do not have any material impact on the reported financial statements.
IAS 37 amendment - Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022	The amendments clarify that the 'costs of fulfilling a contract' when assessing whether a contract is onerous includes an allocation of other direct costs – e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendments are not expected to have any impact on the Group and Company.
Annual Improvements to IFRS Standards (2018 – 2020) IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments	1 January 2022	The amendments are not expected to have any significant impact on the Group and Company.
IAS 16 amendment - Property, Plant and Equipment: Proceeds before Intended Use.	1 January 2022	The amendment prohibits 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 cost of producing those items, in profit or loss.
IFRS 3 amendment - Reference to the Conceptual Framework	1 January 2022	The amendment has updated IFRS 3 to refer to the 2018 Conceptual Framework, to apply the requirements of IAS37 and IFRIC 21 and this is not expected to have any impact on the Group and Company.
IFRS 17 amendments - Insurance Contracts	1 January 2023	IFRS 17 supersedes IFRS 4 Insurance Contracts and has no significant impact on the Group and Company.
IAS 1 amendments - Classification of liabilities as current or non-current	1 January 2023	The classification of liabilities as current or non-current is based solely on a Company's right to defer settlements at the reporting date. This is not expected to have any significant impact on the Group and Company.
IAS 1 and IFRS Practice Statement 2 amendment-Disclosure of Accounting Policies	January 2023	The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. An entity discloses its material accounting policies, instead of its significant accounting policies and explains how an entity can identify material accounting policy. The Group and Company are assessing the potential impact which would result in less accounting policies being disclosed with a focus on the material ones.
IAS 8 amendments-Definition of Accounting Estimates.	1 January 2023	The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.
IAS 12 amendments-Income Taxes: Deferred Tax related Assets and Liabilities arising from a single Transaction.	1 January 2023	The amendments give clarification of the treatment of deferred tax on certain transactions – e.g. leases and decommissioning provisions., narrowing the initial recognition exemption. This is not expected to have any material impact on the Group and Company.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The functional currency for the Company is ZWL, with the presentation currency for the Group also ZWL.

The financial statements have been prepared on the historical cost basis except for certain elements of property, plant and equipment and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below as well as under the current cost basis as per the provision of IAS 29 "Financial Reporting in Hyperinflationary Economies". The Group and Company adopted IAS 29 effective 1 July 2019 as per guidance issued by the local accounting regulatory board, the Public Accountants and Auditors Board "PAAB" which relates to financial reporting on or after 1 July 2019. The Group and Company used the price indices provided by Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website.

Historical cost is generally based on the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share- based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access. At the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Basis of consolidation

The Consolidated and Separate Financial Statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns.
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- potential voting rights held by the Company, other vote holders or other parties.
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated and company statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non- controlling interests even if this results in the non-controlling interests having a deficient balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's and Company's accounting policies.

All intergroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in Subsidiaries

The subsidiary's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. In the Company's financial statements, the investment in subsidiaries is accounted for at cost.

3.3 Revenue recognition

Revenue from contracts with customers

Revenue for the Group and Company is defined as income arising during an entity's ordinary activities as per IFRS 15. Revenue is recognized as per the five-step model as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company earns revenue primarily from the sale of PVC and HDPE sewer and water reticulation pipes. Revenue comprises of amounts received or receivable from the sale of the aforementioned products during the course of the year.
Revenue is recognized at a point in time thus when the Company satisfies its performance obligations (when it transfers control of goods or service to the customer).

Consolidated and Separate Financial Statements
Accounting Policies (Continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Other Income

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.5 Contract balances

The contract liabilities primarily relate to the advance consideration received from customers for sale of PVC and HDPE sewer and water reticulation pipes.

The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as trade and other payables in the statement of financial position. The contract liabilities held as at 31 December 2021 amounted to ZWL 53.9 million (2020, ZWL53.7 million). The amount included in contract liabilities as at 31 December 2020 has been recognized as revenue in 2021. The entity does not have any refund liability due to the nature of the products offered (pipes) which is recyclable, and the insignificant portion of returns in the year and in the past based on historical data. Refer to Note 13.

3.6 Property, plant, and Equipment

Property, plant, and equipment are tangible assets that the Group and Company holds for its own use or for rental to others and which the Group and Company expects to use for more than one period. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

Measurement

Property, plant, and equipment is measured using the revaluation model with the exception of leasehold improvements and capital work in progress which are measured at cost. The Group and Company adopted a revaluation model in 2019 from a cost model. It is the policy of the Group and Company to revalue its PPE frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment (continued)

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

The Group and Company does not transfer any part of revaluation reserves to retained earnings upon disposal or of the asset. On 31 December 2021, the Directors approved revaluation of the owned land and buildings as well as plant and equipment of the Group and Company, by independent external valuer, Edinview Property Group (EPG Global). Refer to note 4.6.

Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and Company and the cost of the item can be measured reliably.

Components

The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded, and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are compiled together, and depreciated as one component.

Depreciation

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The Group and Company'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:

Land and work in progress is not depreciated

Buildings	40 years	on a straight – line basis
Plant and equipment	8 years	on a straight – line basis
Motor vehicles	5 years	on a straight – line basis
Furniture & office equipment	3-10 years	on a straight – line basis

Leasehold improvement is amortised over ten (10) years.

Useful lives and residual values

The property, plant and equipment's residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year-end. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors such as number of shifts for which the asset is to be used and the repair and maintenance program and technological obsolescence arising from changes and residual values

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. 7 Impairment of non-financial asset

At each financial statement reporting date, the Group and Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable amount of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

The impairment loss is recorded in the statement of profit and loss for assets. Any impairment loss recognised in prior periods for an asset other than goodwill is required to be reversed if there has been a change in the estimates used to determine the asset's recoverable amount. Where the asset is to be disposed of, the costs associated with the disposal are added back into the net of the future net value less the carrying value.

When performing impairment tests, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or group of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If due to any event the impaired asset regains its value, the gain is recorded in statement of profit and loss to the extent of original impairment loss and any excess is considered a revaluation and is credited to revaluation surplus.

3.8 Taxation and deferred taxation

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

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted or substantively enacted at the financial reporting date.

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

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Taxation and deferred taxation(continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group and Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates (and tax laws) that have been enacted or substantively enacted in the period in which the liability is settled, or the assets realised at the statement of financial reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and Company intends to settle its current tax assets and liabilities on a net basis.

Deferred taxation

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside the profit or loss statement (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the profit or loss statement, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination

Value added tax

Revenues, expenses, and assets are recognised net of the amount of value added tax except where the goods supplied are exempted or zero-rated. The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

3.9 Inventories

Inventories comprise raw materials, work in progress, finished goods, spares and consumables. They are valued at the lower of cost and net realisable value. Costs comprises direct raw materials, direct labour, other direct costs, and related production overheads based on standard conversion costs. Costs are assigned to individual inventory on Weighted average cost method. Cost of purchased inventory is determined at landed cost (including freight, duty and clearing charges). Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Foreign currency translation

The functional currency for each of the Companies within the Group is ZWL, with the presentation currency for the Group also ZWL. In preparing the financial statements of the individual Companies, transactions in currencies other than the Company's functional currency (foreign currencies), are recorded at the auction rates of exchange prevailing at the dates of the transactions.

The assessment of whether there was a change in company's functional currency was reviewed on 31 December 2021 considering the currency of the products, currency sales mix, expenditure currency and competition currency and it was non-conclusive. However, based on our assessment of the secondary factors as per IAS 21.10 there are grounds of the functional currency being ZWL further supported by the entity's strategy to focus on ZWL denominated revenue, to participate at the auction market.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The interbank rate was used for the period 1 January 2020 to 23 June 2020, with the auction rate being used subsequently and up to the year ended 31 December 2021. At each financial reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the financial reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:

- those which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.
- exchange differences on transactions entered into in order to hedge certain foreign currency risks, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting Consolidated and Company separate Financial Statements, the assets and liabilities of the Group and Company are expressed in Zimbabwe Dollars using exchange rates prevailing for the Zimbabwe Dollar to other currencies at the financial reporting date. Income and expense items are translated using the exchange rates prevailing thus, interbank rate from January 2020 to June 2020 and auction rate thereafter from July 2020 to December 2021 at the dates of the transactions.

3.11 Financial instruments

3.11.1 Financial assets

The Group and Company has cash and cash equivalents, loans to Directors and trade receivables forming part of its financial assets. Trade receivables without a significant financing component are measured at transaction price, in terms of IFRS 15. The carrying amount of the financial assets noted above, approximate the fair value.

When an entity first recognises a financial asset, it classifies it based on the entity's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

Amortised cost—a financial asset is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group and Company recognise a loss allowance for expected credit losses (ECL) on trade receivables, the amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

For trade receivables that do not contain a significant financing component, such as is the case for the Group and Company, the loss allowance should be measured at initial recognition and through the life of the receivable at an amount equal to lifetime ECL.

For trade and other receivables, the Group and Company apply the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment the Group and Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience as forward-looking information is not available without undue cost or effort. Given the nature of the Group and Company's credit terms, no forward-looking adjustments are required in the expected credit loss model. This is also supported by contract liabilities which are quite substantial and are also a basis for the non-inclusion.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition.

- An actual or expected significant deterioration in the financial instrument's external or internal credit rating.
- Significant deterioration in external market indications of credit risk for a particular financial instrument.
- Existing or forecast changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its obligations.
- An actual or expected significant deterioration in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- An actual or expected significant adverse change in the regulatory, economic, or technological environments of the debtors that results in a significant decrease in the debtor's ability to meets it obligations.

Irrespective of the above, the Group and Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when the contractual payments are more than 30 days past due unless the Group and Company has reasonable and supportable information that demonstrates otherwise.

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

- The financial instrument has a low risk of default.
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near future.
- Adverse changes in economic and business conditions in the longer term may but will not necessarily reduce the debtor's ability to fulfil its contractual cash flow obligations.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11.1 Financial assets (continued)

- When the financial asset has external low credit rating in accordance with the globally understood definition or if the asset has an internal rate of 'performing'.

Definition of default

The Group and Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and Company, in full (without taking into account any collateral held by the Group and Company)

Irrespective of the above analysis, the Group and Company considers that default has occurred when a financial asset is more than 90 days past due unless the Group and Company has reasonable and supportable information to demonstrate recoverability.

Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flow of that financial asset have occurred. Evidence that a financial asset is credit –impaired includes observable data about the following events:

- Significant financial difficulty of the debtor.
- A default of contract such as a default or past due event.
- It is becoming probable that the debtor will enter into bankruptcy or another financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties

Write –off policy

The Group and Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's and Company 'credit control procedures, taking into account legal advice where appropriate. Any credit loss recovered are recognised in profit or loss.

De-recognition of financial assets

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

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11.1 Financial assets (continued)

On de-recognition of a financial asset other than in its entirety (e.g., when the Group and Company retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amounts allocated to the part that is no longer recognised, the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.11.2 Financial liabilities

The Group's and Company's financial liabilities comprise of borrowings and trade and other payables and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

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

3.12 Leases

The Group and Company assess whether a contract is a lease in scope of IFRS 16: Leases, by determining whether the contract gives it the right to use a specified underlying physical asset for a lease term greater than twelve months, unless the underlying asset is of low value.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low-value assets and leases with a duration of twelve months or less.

The Group and Company recognises a liability equal to the present value of lease payments over the lease term, discounted using the incremental borrowing rate applicable in the economic environment of the lease. The lease liability is disclosed on the face of the Statement of Financial Position in the separate financial statements.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A corresponding right-of-use asset equal to the liability, adjusted for any lease payments made at or before the commencement date, is recognised. The lease term includes any extension options contained in the contract that the Company and Company is reasonably certain it will exercise.

Subsequent to initial measurement lease liabilities increase because of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset.

When the Group and Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For foreign currency denominated lease agreements, the initial right of use is calculated at the foreign exchange rate at initial recognition and not subsequently re-measured. As such, the foreign currency denominated lease liabilities are measured at the spot foreign exchange rate ruling at the reporting date.

3.13 Share based payments

Senior management of the entity receive remuneration in the form of share-based payments, whereby they receive equity instruments as consideration for rendering services. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

In valuing equity settled transactions, no account is taken of any performance conditions, other than linked to the price of the shares of the Group. The cost of equity settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). Fair value is measured using the Black-Scholes pricing model.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Details regarding the determination of the fair value of equity settled share-based transactions are set out in Note 10.

3.14 Employee benefits

3.14.1 Defined contribution plans

The Group operates pension schemes in terms of the Pension and Provident Funds Act and current contributions to defined contribution schemes are charged against income as incurred. The Group also participates in the National Social Security Authority scheme. Under defined contribution plans the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14.2 Short term employee benefits

Wages, salaries, paid annual leave; bonuses and non-monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees of the Group and Company.

3.14.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group and Company before retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the statement of financial reporting date are discounted to present value.

3.14.4 Retirement benefit costs

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

3.15 Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group and Company, directly or indirectly, including all executive and non-executive Directors.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether a price is charged.

3.16 Significant estimates in applying the Group's and Company's accounting policies

The following are the critical estimates that the Directors have made in the process of applying the Group's and Company.

Inventory assumptions

2021 inventory balances for the purposes of the inflation adjusted financial statements were based on a period aging of current, 180 days, 360 days, and 721 days rather than monthly aging due to accounting system configuration. As a result, average period conversion factors were used to restate balances. The Directors have assessed this and noted that this is representative of the aging of their inventories and therefore no material variations are expected.

The group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Damaged and obsolete inventories are identified through general inspections and inventory counting procedures conducted within the business and written down to net realisable value. Slow moving inventories are identified on a regular basis through general inspections, counts and stock aging reports. A provision for slow moving stock is provided for all stocks above 360 days based on a percentage (Raw Materials 100%, Finished goods, spares and consumables 15%, and Millings 50%). Refer to note 7 for further details.

Consolidated and Separate Financial Statements
Accounting Policies (continued)
for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Significant estimates in applying the Group's and Company's accounting policies (continued

Calculation of loss allowance

When measuring expected credit losses, the Group and Company uses reasonable historical information, which is based on past experiences with the customers

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data and assumptions.

The Group and Company's revenue is set to continue to grow driven by the national strategy to capacitate the agricultural sector through irrigation infrastructure support. The expected revenue growth will continue to be secured against credit loss through insurance.

Fair value measurements and valuation processes

Some of the Group's and Company's assets and liabilities are measured at fair value for financial reporting purposes. The Board of Directors of the Company has set up a valuation committee, which is headed by the Finance Director of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements. Property valuations rely on historical market evidence for calculation of inputs such as

- Rates of return on comparable properties.
- Risk.
- Obsolescence.
- Inflation (perceptions).
- Gross market rental growth rates.
- Rates of return on alternative investments; and
- Quantity surveyor cost estimates.

Determining residual values and useful lives

The Group and Company is required to assess the remaining useful lives of its property, plant, and equipment on an annual basis. This affects the amount of depreciation that is recognisable in the financial statements.

The Group and Company assessed the residual values for the revalued equipment taking into account the state of the equipment and the expected remaining economic useful lives

Uncertain tax provisions

The Group's and Company current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with Zimbabwe Revenue Authority (ZIMRA). There is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ. The accounting has currently been based on the most likely outcome.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Significant estimates in applying the Group's and Company's accounting policies (continued)

Valuation of share options

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 10.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's and Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group and Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.17 Critical Judgement in applying the Group's and Company's accounting policies

Determination of the Group's and Company's functional currency

The following pronouncements have been considered in the determination of the functional currency:

- The functional currency in the prior year (2020) was ZWL, The Group and Companies assessed the current period under review and determined that each of the Company's functional currency, is still being driven by both US$ and ZWL currencies.
- The proportion of US$ revenue to total revenue, one of the most important determinants of the functional currency is showing an up and down movement. For the greater part of the current year to 31 December 2021, it was below 50% (after retention).

In such a scenario and in view of the volatility of the economic environment, the Board of Directors of the Group and Company, in accordance with Paragraph 12 of IAS 21 have applied "its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions,"

In light of the above, management are therefore of the opinion that the functional currency of the Company is ZWL, and the presentation currency of the Group is ZWL.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statutory Instrument 85 of 2020[2]

In terms of section 6 of SI 85 of 2020, pronounced on [29 March 2020], (payment of goods and services using free funds), any person could use free funds for the purchase of goods and services in Zimbabwe. It must be highlighted that it remains that goods and services must be chargeable in local currency, and payment may be made in foreign currency using an official exchange rate on the date of payment.

Statutory Instrument 185 of 2020

SI 85 of 2020 was followed by SI 185 of 2020 which sought to compel all providers of goods and services to implement dual pricing in both the local currency and foreign currency. This SI is an acceptance that the economy is effectively operating in one currency (local ZWL) and trading in another (USD).

3.17 Critical Judgement in applying the Group's and Company's accounting policies(continued)

Exchange rates used for translation of foreign currency transactions.

The stagnation of the official interbank exchange rate during the first half of the 2020 financial year and the disparity between the official exchange rate and parallel rates were indications of the legal exchange market not being a "perfect" market with the lack of exchangeability as the Group and Company were unable to access foreign currency from the inter-bank exchange market. IAS 21 *The Effects of Changes in Foreign Exchange Rates* requires an entity to estimate the exchange rate where there is long-term lack of exchangeability. During the period between 1 January to 23 June 2020, the Group and Company applied the inter-bank exchange rates as required by law and could not estimate any other suitable rate due to non-availability of an alternative rate.

The Reserve Bank of Zimbabwe, through the Monetary Policy Committee introduced a Foreign Exchange Auction Trading System from 23 June 2020. Following the introduction of the foreign exchange auction system, the exchange rate increased and large volumes of bids were allocated as the auction system progressed which indicated greater exchangeability of the rate. The Group and Company participated in the foreign exchange auction and were also able to generate foreign currency through domestic and export sales following the pronouncement of SI 85 of 2020. With effect from 23 June 2020, the Group and Company applied auction rates to translate foreign currency transactions and balances into ZW$

The Group and Company made an evaluation of the appropriateness of the exchange rate used for the period January to December 2021 and the following issues were taken into account:

- The entity made use of the auction offer rate from 23 June 2020 when the Reserve Bank of Zimbabwe introduced a Foreign Exchange Auction Trading System.
- The entity used both sources, proceeds from local sales and allocations from the foreign exchange auction predominantly to fund foreign currency requirements.
- In the year under review, twenty-four bids were successful out of twenty -eight bids (86% success rate) and the funds were used to fund raw materials and plant equipment.

Based on the assessment above, Directors of the Group and Company are of the view that, use of the auction rate for the year ending 31 December is appropriate.

IAS 29- "Financial reporting in hyperinflationary economies"

- The standard is applied as if the economy had always been hyper-inflationary.
- The standard also requires that financial statements for all entities that report in the currency of a hyper-inflationary economy apply the standard at the same date.
- The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe Central Statistics Office as reported on the Reserve Bank of Zimbabwe website.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

4.1 PROPERTY, PLANT, AND EQUIPMENT

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

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 Property, plant and equipment

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

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

4.3 PROPERTY, PLANT AND EQUIPMENT (continued)

Company Inflation adjusted	Leasehold Improve-ments	Capital Work in Progress	Plant & Equipment	Motor Vehicles	Furniture &Office Equipment	Total
Cost	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**
Balance at 31 December 2019	**6,129**	**481,628**	**1,214,422**	**95,572**	**46,289**	**1,844,040**
Additions	-	65,246	593	22,743	3,372	91,954
Disposals	-	(518,793)	-	(93)	(286)	(519,172)
Revaluation losses	-	-	(377,648)	(44,090)	(19,245)	(440,983)
Transfer (out)/in	-	(14,339)	6,037	8,302	-	-
Balance at 31 December 2020	**6,129**	**13,742**	**843,404**	**82,434**	**30,130**	**975,839**
Additions	1,138	4,398	5,229	7,007	10,023	27,795
Disposals	-	-	(14,882)	(11,546)	(556)	(26,984)
Revaluation (losses) /gains	-	-	(281,697)	13,903	12,206	(255,588)
Transfer (out)/in	-	(365)	303	-	62	-
Balance at 31 December 2021	**7,267**	**17,775**	**552,357**	**91,798**	**51,865**	**721,062**
Accumulated Depreciation						
Balance at 31 December 2019	**(616)**	**-**	**(380,469)**	**(30,441)**	**(18,299)**	**(429,825)**
Depreciation for the year	(30)	-	(81,641)	(9,597)	(5,941)	(97,209)
Disposals	-	-	-	98	260	358
Elimination of Accumulated Depreciation	-	-	462,110	39,940	23,980	526,030
Balance at 31 December 2020	**(646)**	**-**	**-**	**-**	**-**	**(646)**
Depreciation for the year	(66)	-	(103,116)	(14,582)	(8,601)	(126,365)
Disposals	-	-	1,266	826	62	2,154
Elimination of Accumulated Depreciation	-	-	101,850	13,756	8,539	124,145
Balance at 31 December 2021	**(712)**	**-**	**-**	**-**	**-**	**(712)**
Carrying Amount						
Balance at 31 December 2020	**5,483**	**13,742**	**843,404**	**82,434**	**30,130**	**975,193**
Balance at 31 December 2021	**6,555**	**17,775**	**552,357**	**91,798**	**51,865**	**720,350**
Reconciliation of Revaluation gains/(losses)						
31 December 2020						
Revaluation losses	-	-	(377,648)	(44,090)	(19,245)	(440,983)
Elimination of Accumulated Depreciation	-	-	462,110	39,940	23,980	526,030
Total revaluation gains/(losses) as per OCI	**-**	**-**	**84,462**	**(4,150)**	**4,735**	**85,047**
31 December 2021						
Revaluation (losses)/gains	-	-	(281,697)	13,903	12,206	(255,588)
Elimination of Accumulated Depreciation	-	-	101,850	13,756	8,539	124,145
Total revaluation (losses)/gains as per OCI	**-**	**-**	**(179,847)**	**27,659**	**20,745**	**(131,443)**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

4.4 PROPERTY, PLANT AND EQUIPMENT (continued)

Company Historical Unaudited Cost	Leasehold Improve-ments ZWL 000	Capital Work in Progress ZWL 000	Plant & Equipment ZWL 000	Motor Vehicles ZWL 000	Furniture &Office Equipment ZWL 000	Total ZWL 000
Balance at 31 December 2019	**99**	**38,991**	**119,492**	**9,085**	**3,954**	**171,621**
Additions	-	32,699	300	13,723	1,890	48,612
Revaluation gains	-	-	402,715	27,307	13,074	443,096
Disposals	-	(60,708)	-	(27)	(174)	(60,909)
Transfer (out)/in	-	(3,390)	2,193	1,197	-	-
Balance at 31 December 2020	**99**	**7,592**	**524,700**	**51,285**	**18,744**	**602,420**
Additions	876	4,239	3,949	6,173	7,343	22,580
Revaluation gains	-	-	36,393	42,819	26,148	105,360
Disposals	-	-	(12,873)	(8,478)	(410)	(21,761)
Transfer (out)/in	-	(227)	188	-	39	-
Balance at 31 December 2021	**975**	**11,604**	**552,357**	**91,799**	**51,864**	**708,599**
Accumulated Depreciation						
Balance at 31 December 2019	**(18)**	**-**	**(5,934)**	**(468)**	**(274)**	**(6,694)**
Depreciation for the year	(9)	-	(28,623)	(3,762)	(2,045)	(34,439)
Disposals	-	-	-	28	155	183
Elimination of Accumulated Depreciation	-	-	34,557	4,202	2,164	40,923
Balance at 31 December 2020	**(27)**	**-**	**-**	**-**	**-**	**(27)**
Depreciation for the year	(55)	-	(56,757)	(9,275)	(5,783)	(71,870)
Disposals	-	-	1,098	621	46	1,765
Elimination of Accumulated Depreciation	-	-	55,659	8,654	5,737	70,050
Balance at 31 December 2021	**(82)**	**-**	**-**	**-**	**-**	**(82)**
Carrying Amount						
Balance at 31 December 2020	**71**	**7,592**	**524,701**	**51,285**	**18,745**	**602,393**
Balance at 31 December 2021	**893**	**11,604**	**552,357**	**91,799**	**51,865**	**708,517**
Reconciliation of Revaluation gains						
31 December 2020						
Revaluation gains	-	-	402,715	27,307	13,074	443,096
Elimination of Accumulated Depreciation	-	-	34,557	4,202	2,164	40,923
Total revaluation gains as per OCI	**-**	**-**	**437,272**	**31,509**	**15,238**	**484,019**
31 December 2021						
Revaluation gains	-	-	36,393	42,819	26,148	105,360
Elimination of Accumulated Depreciation	-	-	55,659	8,654	5,737	70,050
Total revaluation gains as per OCI	**-**	**-**	**92,052**	**51,473**	**31,885**	**175,410**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.5 Encumbrances on property, plant and equipment

Freehold land and buildings with a carrying amount of $1,427,690 million has been pledged to secure borrowings for the Group. This was done by way of a Deed of Hypothecation over The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie. The Group's and Company property, plant and equipment are insured at full replacement cost.

4.6 Revaluation

The Directors engaged an independent professional valuer, Edinview Property Group (EPG Global), to prepare a valuation of all classes of property, plant, and equipment. The valuation conforms to International Valuation Standards.

Property, plant, and equipment valuations rely on historical market evidence for calculation of inputs. The Group's independent professional valuer adopted the approach of differentiating between specialised and non-specialised assets of the Group and Company. Specialised assets include the manufacturing plant and equipment and the building which house the manufacturing plant whereas non-specialised plant includes the building housing administration offices, motor vehicles, office and furniture and fittings.

A specialised property is a property due to its specialised nature, is rarely if ever, sold on the open market for single occupation for a continuation of its existing use, except as part of a sale of the business in occupation. Their specialised nature may arise from the construction, arrangement, size or location of the property, or a combination of these factors, or may be due to the nature the plant and machinery an item of equipment which, the buildings are designed to house, or the function, or the purpose of which the buildings are provided.

Specialised buildings were valued using ZWL depreciated replacement cost whereas non-specialised buildings were valued at ZWL market value. Specialised plant and equipment values were derived from converting US$ depreciated replacement valuation inputs at the auction foreign exchange rate as at 31 December 2021.The other asset classes were valued using ZWL depreciated replacement cost.

The Directors of the Group and Company deemed the use of auction foreign exchange rate appropriate for both valuation and compliance as the Group and Company's participation at the auction platform has been successful for capital equipment acquisition. Had any other foreign exchange rate been used, the carrying amounts for the specialised equipment would have been different.

The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Directors believe that these valuation adjustments are necessary and appropriate to fairly state these assets carried at fair value on the statement of financial position.

The impact is as per illustration below:

Specialised Equipment valuation sensitivity analysis

Group and Company Element	US$ 000 -	ZWL 000 Actual US$1:ZWL 111.38	ZWL 000 Sensitivity US$1:ZWL 250	ZWL 000 Impact on asset fair value and OCI
Specialised plant and equipment	4,960	552,458	1,240,000	687,542

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

PROPERTY, PLANT AND EQUIPMENT (continued)

4.6 Revaluation (Continued)

The Group and Company used the closing auction exchange rate and assumed an 125% increase in the auction rate on the sensitivity comparison. Had the rate been **US$1: ZWL 250** asset value would have increased by ZWL 688 million with a corresponding increase in the revaluation surplus.

The fair value measurement for all the property, plant and equipment has been categorised as a Level 3 as most of the assets in this category were specialised in nature.

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Below is the classification of assets for Group and Company

Revalued asset class	**Level 1**	**Level 2**	**Level 3**	**Total**
Inflation adjusted		**Non-Specialised Assets**	**Specialised Assets**	
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
Freehold land and Buildings	-	213,030	1,214,660	1,427,690
Plant and Equipment	-	-	552,357	552,357
Motor Vehicles	-	91,798	-	91,798
Furniture and Office equipment	-	51,865	-	51,865
Carrying amount	**-**	**356,693**	**1,767,017**	**2,123,710**

Level 3 assets reconciliation

	ZWL 000
Opening Balance	-
Transfer from Level 2	1,676,836
Additions	8,047
Disposals	(14,882)
Revaluation	97,016
Carrying amount	**1,767,017**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

4.6 Revaluation (Continued)

Carrying amounts before revaluation

If the assets were held at cost as of 31 December 2021, the carrying amount of Property, plant and equipment would have been:

Group	**ZWL 000**
Freehold land and buildings	621,026
Plant and Equipment	460,306
Furniture and office equipment	8,714
Motor Vehicle	40,325
Total carrying amounts before revaluation	**1,130,371**

Company	**ZWL 000**
Plant and Equipment	460,306
Furniture and office equipment	8,714
Motor Vehicle	40,325
Total carrying amounts before revaluation	**509,345**

Valuation Analysis of Properties

The following are the inputs provided by EPG independent valuers:

Valuation Summary as at 31 December 2021

Property	**Gross Replacement Cost ZWL 000**	**Depreciated Replacement Cost ZWL 000**	**Land Value Plus Depreciated Replacement Cost ZWL 000**	**Land Value Plus Market Value ZWL 000**	**Land and Buildings Valuation ZWL 000**
The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie situated along Spurn Road, Ardbennie, Harare	765,265	271,592	293,030	213,030	213,030
Stand 1842 Ardbennie Township situated along Finneran Road, Ardbennie, Harare, Zimbabwe	1,215,230	1,159,330	1,214,660	391,640	1,214660
Totals	**1,980,495**	**1,430,922**	**1,507,690**	**604,670**	**1,427,690**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

5. RIGHT OF USE ASSET

The Group leases several assets including buildings. The average lease term with external parties is 5 years (2019: 5 years). Lease terms with subsidiaries is 20 years.

Group

	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Balance at 1 January	22,192	12,531	4,651	483
Additions to right of use	32,830	16,970	6,787	8,040
Depreciation charge for the year	(6,775)	(7,309)	(5,005)	(3,872)
Balance as 31 December	**48,247**	**22,192**	**6,433**	**4,651**

Company

	Inflation adjusted		Historical	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL 000 Audited	ZWL 000 Audited	ZWL 000 Un-audited	ZWL 000 Unaudited
Balance at 1 January	119,360	13,644	69,213	637
Additions to right of use	165,680	116,984	165,680	72,448
Depreciation charge for the year	(23,951)	(11,268)	(18,315)	(3,872)
Balance as 31 December	**261,089**	**119,360**	**216,578**	**69,213**

6. INVESTMENT IN SUBSIDIARIES

Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Investment in Promouldings	69,748	69,748	1,123	1,123
Investment in Dudway Investments	518,793	518,793	60,708	60,708
Balance at end of year	**588,541**	**588,541**	**61,831**	**61,831**

There were no indications of impairment of the investment in subsidiaries as at 31 December 2021.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

7. INVENTORIES

Group & Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Raw materials	196,158	216,225	177,611	108,842
Work in progress	141,076	93,305	102,410	52,008
Finished goods	163,571	245,854	95,354	88,168
Spares and consumables	46,205	45,691	18,026	4,836
Provision for slow moving inventories	(47,364)	(90,111)	(9,367)	(3,061)
Total inventories at end of the year	**499,646**	**510,964**	**384,034**	**250,793**

Total inventories written down to net realisable value during the year amounted to ZWL 20 million (2020: ZWL nil)

Included in work in progress is millings amounting to ZWL 84 million.

The cost of inventories recognised as an expense as a result of provision for slow moving inventories amounts to ZWL 42.7 million, (2020: ZWL 64,7 million).

No inventories have been pledged as security for certain of the Group's and Company's bank overdrafts. (2020: ZWL nil).

8. TRADE AND OTHER RECEIVABLES-Group

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Trade receivables	44,025	52,034	44,025	32,371
Prepayments	306,508	108,221	260,317	62,303
Deposits and other receivables	100,442	75,331	100,390	46,716
	450,975	**235,586**	**404,732**	**141,390**
Less: Expected credit losses	(10,211)	(1,017)	(10,211)	(632)
Total trade and other receivables at end of the year	**440,764**	**234,569**	**394,521**	**140,758**

8. TRADE AND OTHER RECEIVABLES-Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Trade receivables	44,025	52,034	44,025	32,371
Prepayments	306,508	108,221	260,317	62,303
Deposits and other receivables	92,271	61,826	92,268	38,316
	442,804	**222,081**	**396,610**	**132,990**
Less: Expected credit losses	(10,211)	(1,017)	(10,211)	(632)
Total trade and other receivables at end of the year	**432,593**	**221,064**	**386,399**	**132,358**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

8. TRADE AND OTHER RECEIVABLES (continued)

Write offs during the year inflation adjusted amounted to ZWL 0 (Historical ZWL 0) (2020- Inflation adjusted ZWL 428 000, Historical ZWL 245 000). The average credit period on sales of goods is 8 days. No interest is charged on outstanding trade receivables.

The Group and Company has always measured the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables were estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognized a loss allowance of ZWL 10,2 million compared to ZWL 1 million 2020.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off in the prior year are subject to enforcement activities. The following table details the risk profile of trade receivables based on the Group's provision matrix and the risk profile for the current year assuming we had used the same provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

8. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables-days past due

31-Dec-21	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	91>	Total
Inflation adjusted audited						
Group and Company	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**
Expected credit loss rate(A)	0.53%	1.00%	2.00%	10.00%	100.00%	
Estimated total gross carrying amount at default (B)	15,519	15,925	2,367	320	9,894	**44,025**
Lifetime expected credit loss (ECL) AXB	79	159	47	32	9,894	**10,211**

Trade receivables-days past due

31-Dec-20	Not past due	1-30 days PAST DUE	31-60 days past due	61-90 days past due	91>	Total
Inflation adjusted audited						
Group and Company	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**
Expected credit loss rate(A)	0.53%	1.00%	2.00%	10.00%	50.00%	
Estimated total gross carrying amount at default (B)	25,535	20,788	3,397	1,383	931	**52,034**
Lifetime expected credit loss (ECL) AXB	138	208	68	138	465	**1,017**

Trade receivables-days past due

31-Dec-21	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	91>	Total
Historical unaudited						
Group and Company	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**
Expected credit loss rate(A)	0.53%	1.00%	2.00%	10.00%	100.00%	
Estimated total gross carrying amount at default (B)	15,519	15,925	2,367	320	9,894	**44,025**
Lifetime expected credit loss (ECL) AXB	79	159	47	32	9,894	**10,211**

31-Dec-20	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	91>	Total
Historical unaudited						
Group and Company	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**
Expected credit loss rate(A)	0.53%	1.00%	2.00%	10.00%	50.00%	
Estimated total gross carrying amount at default (B)	15,886	12,933	2,113	860	579	**32,371**
Lifetime expected credit loss (ECL) AXB	85	129	42	86	290	**632**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

8. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables-days past due

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Debtor days	8	11	8	11

*For credit impaired customers (ageing of 90 days past due), the Group provided for 100%, from 50% in the prior year as a result of increased risk profile of debtors within that category.

Reconciliation of Excepted Credit Losses

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Balance at the beginning of the year	1,017	12,305	632	1,706
Net movement in provision for the year including monetary gain	9,194	(11,288)	9,579	(1,074)
	10,211	**1,017**	**10,211**	**632**

In determining recoverability of trade receivables, the Group and Company considers any changes in the credit quality of trade receivables from the date credit was initially granted up to the reporting date. The concentration risk is limited due to the receivables balances being low given that the business environment has seen more companies paying in advance than being on credit terms. Credit impaired trade receivables are those that are more than 90 days past due.

9. CASH AND CASH EQUIVALENTS-Group

	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Cash Balance	11	124	11	77
Bank Balance	328,052	45,310	328,052	28,188
Balance at end of year	**328,063**	**45,434**	**328,063**	**28,265**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

9. Cash and Cash Equivalents-Company

	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Cash Balance	11	124	11	77
Bank Balance	328,025	45,290	328,025	28,176
Balance at end of year	**328,036**	**45,414**	**328,036**	**28,253**

Cash and cash equivalents include cash on hand and cash at bank as at 31 December 2021. As at 31 December the balance at the bank includes amounts allocated at the foreign exchange auction. At the point of allocation, the bank deducts the ZWL equivalent of foreign currency amount allocated, awaiting payment to suppliers.

The cash and bank balances include an amount of ZWL 42 million in respect of two successful auction bids in December. Whilst these funds were deducted from the bank accounts on the 9th and 15th of December 2021, the related foreign currency was only received and subsequently paid onto foreign suppliers in March 2022.

The following would have been the balances had the auction funds been disbursed with a corresponding reduction on foreign suppliers:

Group	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Cash Balance	11	124	11	77
Bank Balance	328,052	45,310	328,052	28,188
	328,063	**45,434**	**328,063**	**28,265**
Less funds allocated at the auction	(42,001)	-	(42,001)	-
Balance at end of year	**286,062**	**45,434**	**286,062**	**28,265**

Company	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Cash Balance	11	124	11	77
Bank Balance	328,025	45,290	328,025	28,176
	328,036	**45,414**	**328,036**	**28,253**
Less funds allocated at the auction	(42,001)	-	(42,001)	-
Balance at end of year	**286,035**	**45,414**	**286,035**	**28,253**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

10. SHARE CAPITAL - Group & Company

	Inflation Adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Authorized and issued share capital.				
Authorized (000)				
875,000 ordinary shares of ZWL0.0001 each	88	88	88	88
Issued (000)				
257,086 ordinary shares of ZWL0.0001 each	1,542	1,542	26	26

All ordinary shares rank equally with regards to the Company's residual assets. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Unissued share capital

This is the share capital which Directors may allot, grant options over or deal with at their discretion (in terms of the articles of Association) subject to the limitations of the Companies and other business Act (Chapter 24:31) and the Zimbabwe Stock Exchange without further restrictions.

	Inflation Adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Unissued share capital	62	62	62	62

Shares under options

The Directors are empowered to grant share options to senior executives of the Group and Company up to a maximum of 20,000,000 share options. The options are granted for a period of 5 years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the dealing date immediately preceding the day on which the options are granted. These share options are meant to retain key staff and there are no performance conditions attached to the share options. Details of share options outstanding as of 31 December 2021 were as follows:

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

10. SHARE CAPITAL- Group & Company

	Inflation adjusted		Historical	
	31-Dec-21 Number of shares (000) Audited	31-Dec-20 Number of shares (000) Audited	31-Dec-21 Number of shares (000 Unaudited	31-Dec-20 Number of shares (000) Unaudited
Balance at the beginning of year	2,600	6,400	2,600	6,400
Granted during the year	1,900	-	1,900	-
Forfeited during the year	-	(800)	-	(800)
Exercised during the year	(650)	(3,000)	(650)	(3,000)
Balance at end of year	**3,850**	**2,600**	**3,850**	**2,600**

Proplastics Directors carried out a valuation as of 31 December 2021 the estimated fair values of options granted were determined using Black Scholes model in accordance with IFRS 2 with the following inputs and assumptions

	Inflation adjusted		Historical	
	31-Dec-21 Audited	31-Dec-20 Audited	31-Dec-21 Audited	31-Dec-20 Unaudited
Grant date share price ($)	27.98	0.1205	27.98	0.1205
Exercise price ($)	18	0.1205	18	0.1205
Expected volatility	89,63%	497%	89.63%	497%
Dividend yield	3.23%	1.03%	3.23%	1.03%
Risk-free interest rate	16.13%	25%	16.13%	7%

Valuation Inputs

Exercise price

The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the dealing day immediately preceding the day on which the options are granted.

Expected Volatility

Expected volatility is a measure of the amount by which the price is expected to fluctuate during a period, for example between grant date and the exercise date.

Volatility has been estimated by computing the annualized daily standard deviation of the Proplastics share price on the ZSE from 6 October 2020 to 5 October 2021 giving a year's worth of share price data preceding the valuation date which considers a full operating year.

Expected dividends

When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividend expected to be paid during the vesting period. This is because the payment of dividends reduces the value of the Company.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

10. SHARE CAPITAL AND RESERVES- Group & Company (Continued)

Risk free rate of return

A risk-free rate of return is the interest rate an investor would expect to earn on an investment with no risk, which is usually taken to be a government issued security. It is the interest rate earned on a riskless security over a specified time horizon. The risk-free rate was based on long-term bonds being issued in the market.

All options expire, if not exercised, 5 years after the date of grant.

11. BORROWINGS-Group & Company

	Inflation adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Long term loan	113,878	50,354	113,878	31,327
Short term loan	241,547	16,074	241,547	10,000
Total borrowings	**355,425**	**66,428**	**355,425**	**41,327**

11.1 Reconciliation of movements in borrowings

Group and Company	**Inflation adjusted**		**Historical**	
	31-Dec-2021	**31-Dec-2020**	**31-Dec-2021**	**31-Dec-2020**
	ZWL,000	**ZWL,000**	**ZWL,000**	**ZWL,000**
Balance at 1-Jan-2021	66,428	16,644	41,327	10,355
Proceeds from loans and borrowings	393,452	80,941	358,547	51,876
Repayment of borrowings	(56,642)	(39,221)	(44,449)	(20,904)
Effects of IAS 29	(47,813)	8,064		
Balance at end of year	**355,425**	**66,428**	**355,425**	**41,327**

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

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

12. DEFERRED TAX

12.1 Deferred Tax - Group

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Balance at beginning of the year	397,180	293,481	239,200	31,531
Charge to income statement	43,994	33,205	(1,908)	(36,601)
Charge to Equity	75,764	70,494	234,848	244,270
Balance at end of year	**516,937**	**397,180**	**472,140**	**239,200**
Comprising of:				
Property, Plant and Equipment	496,787	388,538	486,689	251,644
Inventory	28,579	26,658	-	-
Supplier Prepayments	11,419	1,996	-	-
Contract liabilities	(501)	(261)	-	-
Unrealised Exchange Gains	(9,505)	(13,594)	(9,505)	(8,457)
Provision for bad debts	(2,524)	-	(2,524)	(156)
Provision for Obsolete Stock	(11,708)	-	(2,315)	-
Other Payables	4,391	(6,157)	(204)	(3,830)
	516,937	**397,180**	**472,140**	**239,200**

12.2 Deferred Tax - Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Balance at beginning of the year	178,911	247,406	92,503	25,050
Charge to income statement	49,444	(89,519)	12,866	(52,197)
Charge to Equity	(32,493)	21,024	43,361	119,650
Balance at end of year	**195,863**	**178,911**	**148,730**	**92,503**
Comprising of:				
Property, Plant and Equipment	158,158	170,269	155,233	104,947
Inventory	28,579	26,658	-	-
Supplier Prepayments	11,419	1,996	-	-
Contract liabilities	(501)	(261)	-	-
Unrealised Exchange Gains	(9,921)	(13,594)	(9,921)	(8,457)
Provision for bad debts	(2,524)	-	(2,524)	(156)
Provision for Obsolete Stock	(11,708)	-	(2,315)	-
Other Payables	22,362	(6,157)	8,258	(3,830)
	195,863	**178,911**	**148,730**	**92,503**

Deferred tax assets and liabilities are measured at the tax rates (and tax laws) that have been enacted. Critical judgements and estimates are made when determining deferred tax and these may change within the next year.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

13. TRADE AND OTHER PAYABLES (Group)

	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Trade payables	159,686	249,626	159,686	155,298
Accruals and other payables	115,600	121,485	112,594	74,022
	275,286	**371,111**	**272,280**	**229,320**

TRADE AND OTHER PAYABLES (Company)

	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Trade payables	159,686	249,626	159,686	155,298
Accruals and other payables	156,514	160,265	151,543	98,313
	316,200	**409,891**	**311,229**	**253,611**

Included in trade payables are contract liabilities of ZWL 53.9 million inflation adjusted, ZWL 51.8 million, historical. Payables to subsidiaries included in other payables are ZWL 48,103 million (inflation adjusted and historical).

The average credit period on purchases of goods and services from suppliers is 44days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms. The Directors consider that the carrying amount of trade payables approximates to their fair value.

14. LEASE LIABILITY

Maturity analysis-contractual undiscounted cash flow-Group

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Less than one year	7,757	7,728	7,757	4,808
One to three years	9,140	12,710	9,140	7,907
More than three years	1,456	2,141	1,456	1,332
Total undiscounted lease liabilities at 31 December 2021	**18,353**	**22,579**	**18,353**	**14,047**
Lease liabilities included in the statement of financial position at 31 December 2021	**9,390**	**11,490**	**9,390**	**7,148**
Current	3,641	4,501	3,641	2,800
Non-current	5,749	6,989	5,749	4,348

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

14. LEASE LIABILITY (continued)

Maturity analysis-contractual undiscounted cash flow - Company

	Inflation adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Less than one year	46,563	54,754	46,563	34,064
One to three years	265,885	297,703	265,885	185,208
More than three years	550,440	663,755	550,440	412,937
Total undiscounted lease liabilities at 31 December 2021	**862,888**	**1,016,212**	**862,888**	**632,209**
Lease liabilities included in the statement of financial position at 31 December 2020	**213,265**	**87,817**	**213,265**	**54,633**
Current	15,104	9,607	15,104	5,977
Non-current	198,161	78,210	198,161	48,656

Lease liability was remeasured, and a corresponding adjustment was made to the carrying amount of the right of use asset. The Group and Company discounted payments using its incremental borrowing rate at 31 December 2021.The weighted average rate was 12%.

15. REVENUE GROUP AND COMPANY

By market

	Inflation adjusted		Historical	
	31-Dec-21	**31-Dec-21**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Civils	831,254	352,568	678,660	151,979
Merchants	742,998	606,537	606,070	282,311
Irrigation	694,239	481,126	528,068	225,827
Mining	152,253	98,950	116,975	48,716
Local authorities	125,341	60,809	105,270	25,561
Borehole drillers	226,913	161,580	180,326	78,974
Total	**2,772,998**	**1,761,570**	**2,215,369**	**813,368**

16. OTHER INCOME/(EXPENSES) - GROUP AND COMPANY

	Inflation adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Insurance Claim	-	253	-	69
(Loss)/profit on disposal of property, plant and equipment	(10,781)	131	(9,069)	81
Interest on staff loans	34	4	34	2
Handling charges	1,176	(54)	499	(32)
Scrap sales	6,402	1,838	5,113	866
Total other income	**(3,169)**	**2,172**	**(3,423)**	**986**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

17. ADMINISTRATIVE EXPENSES

Group

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Net exchange loss	28,065	72,030	10,783	23,448
Fair value adjustment	14,407	26,978	28,253	16,784
Audit fees	15,773	14,581	12,339	6,624
Increase in allowance for credit losses	10,718	(3,206)	9,578	(829)
Bank charges	15,220	13,878	12,150	6,638
2%(IMT) Government Tax	44,872	24,434	36,074	11,243
Communication	8,995	1,751	7,543	718
Computer printing and stationery expenses	7,813	3,307	6,671	1,176
Consultancy /technical fees	2,884	3,126	2,324	1,635
Donations	246	1,449	217	400
Depreciation	29,792	31,305	26,832	8,582
Directors Fees	7,729	12,392	6,148	5,645
Legal and professional fees	7,993	3,551	7,713	2,039
Insurance	4,694	1,759	3,688	793
Licenses and levies	5,327	3,796	5,636	1,368
Repairs and maintenance	1,199	5,374	1,031	1,762
Security expenses	9,979	7,173	7,885	2,982
Share based payments	2,055	(1,535)	2,055	(955)
Other	59,430	15,516	29,696	3,788
Staff	182,101	152,240	147,883	69,502
	459,292	**389,899**	**364,499**	**163,343**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

17. ADMINISTRATIVE EXPENSES (continued)

Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Net exchange loss	28,065	72,030	10,783	23,448
Audit fees	15,773	14,581	12,339	6,624
Fair value adjustment	14,407	26,978	28,253	16,784
Bank charges	15,220	13,878	12,144	17,879
2%(IMT) Government Tax	44,872	24,434	36,074	11,243
Increase in allowance for credit losses	10,718	(3,206)	9,578	(829)
Communication	8,995	1,751	7,543	1,614
Computer printing and stationery expenses	7,813	3,307	6,671	1,618
Consultancy /technical fees	2,884	3,126	2,324	1,635
Donations	246	1,449	217	400
Depreciation	23,183	31,305	25,409	7,952
Directors Fees	7,729	12,392	6,148	5,645
Legal and professional fees	7,993	3,551	7,713	1,050
Insurance	4,694	1,759	3,688	769
Licenses and levies	7,438	3,796	5,636	1,368
Repairs and maintenance	1,199	5,374	1,031	7,467
Security expenses	9,979	7,173	7,885	2,982
Share based payments	2,055	(1,535)	2,055	(955)
Other	48,618	19,612	21,118	(14,566)
Staff	182,101	149,954	147,882	69,502
Total	**443,982**	**391,709**	**354,491**	**161,630**

17.1 Fair value adjustment -Group and Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000 Audited	ZWL 000 Audited	ZWL 000 Unaudited	ZWL 000 Unaudited
Balance at 31 December	51,047	36,640	51,047	22,794
Balance at 1 January	36,640	9,662	22,794	6,010
Fair value adjustment	**14,407**	**26,978**	**28,253**	**16,784**

The fair value adjustment relates to an outstanding obligation of 104.6 tonnes of PVC pipes in settlement of construction works on the new factory. The fair value measurement for obligation has been categorised as a Level 1 as the pipes are being adjusted based on current selling prices of pipes. The delivery will only occur once Masimba requests and the pipes will most likely be made to order. Consequently, Proplastics believes that the fairest presentation would be to fair value the liability at year end. These are not included in inventory at year end. The amount is included in Trade payables (Note 13).

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

17.2 Finance Cost

Group

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL,000	ZWL,000	ZWL,000	ZWL,000
	Audited	Audited	Unaudited	Unaudited
Finance Costs				
Finance charges on Borrowings	56,340	54,167	42,169	9,192
Finance charges on leases	1,101	2,292	1,101	1,426
Charge to income statement	**57,441**	**56,457**	**43,270**	**10,618**

Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL,000	ZWL,000	ZWL,000	ZWL,000
	Audited	Audited	Unaudited	Unaudited
Finance Costs				
Finance charges on Borrowings	56,340	54,164	42,169	9,192
Finance charges on leases	27,636	30,646	27,636	19,065
Charge to income statement	**83,976**	**84,810**	**69,805**	**28,257**

18. PROFIT BEFORE TAX

Profit before taxation has been arrived at after taking into account the following items, which have not been disclosed separately:

Group

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Depreciation	151,249	99,279	86,603	35,069
Pension	10,715	10,192	8,691	4,227
Compensation to directors and key management	89,308	12,392	69,231	5,645
Share option expenses	2,055	(1,535)	2,055	(955)
Loss/(profit) on disposal of property, plant and equipment	10,781	(131)	9,071	(84)

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

18. PROFIT BEFORE TAX (continued)

Company

	Inflation adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Depreciation	126,365	97,209	71,870	34,439
Pension	10,715	10,192	8,691	4,227
Compensation to directors and key management	89,308	12,392	69,231	5,645
Share option expenses	2,055	(1,535)	2,055	(955)
Loss/(profit) on disposal of property, plant and equipment	10,781	(131)	9,069	(81)

18.1 Income tax expense

Group	Inflation adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Current Income Tax	130,532	111,788	130,532	69,546
Deferred tax movement	43,994	33,205	(1,908)	(36,601)
Tax per income statement	**174,526**	**144,993**	**128,624**	**32,945**

The tax on the Group's profit before interest and tax differs from the theoretical amount that would arise using the Zimbabwe tax rate as follows:

	Inflation Adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	%	**%**	**%**	**%**
Tax Effect on current Income tax rate	24.72%	24.72%	24.72%	24.72%
Disallowable expenditure:				
Entertainment Expenses	2.09%	1.37%	1.96%	1.23%
2% IMTT Tax	2.19%	1.60%	2.05%	1.43%
Excess Pension Contribution	0.11%	0.27%	0.10%	0.24%
Other non-deductible expenses*	2.27%	-4.64%	0.72%	-10.66%
IAS 29 Adjustments	11.39%	28.59%	-	-
Effective Tax Rate	**42.77%**	**51.91%**	**29.56%**	**16.96%**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

18.1 Income tax expense (continued)

Company	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Current Income Tax	127,756	109,311	127,756	68,005
Deferred tax movement	49,444	(89,519)	12,866	(52,197)
Tax Per Income statement	**177,200**	**19,792**	**140,622**	**15,808**

The tax on the Company's profit before interest and tax differs from the theoretical amount that would arise using the Zimbabwe tax rate as follows

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	%	%	%	%
Tax Effect on current Income tax rate	24.72%	24.72%	24.72%	24.72%
Disallowable expenditure:				
Entertainment Expenses	2.04%	1.54%	2.04%	1.33%
2% IMTT Tax	2.13%	1.79%	2.13%	1.56%
Excess Pension Contribution	0.11%	0.30%	0.11%	0.26%
Other non-deductible expenses*	4.34%	-9.16%	4.54%	-19.01%
IAS 29 Adjustments	8.93%	-11.24%	-	
Effective Income tax Expense	**42.26%**	**7.95%**	**33.54%**	**8.86%**

Other non-deductible expenses include depreciation to the extent of permanent differences, donations, legal expenses and share option expenses.

19. CURRENT TAX PAYABLE

Group

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Opening balance	93,508	86,891	58,174	12,050
Add current tax	130,532	111,788	130,532	69,546
Less payments	(165,508)	(58,868)	(134,824)	(23,422)
Effects of IAS 29	(4,650)	(46,303)	-	-
Closing balance as at 31 December 2021	**53,882**	**93,508**	**53,882**	**58,174**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

19. CURRENT TAX PAYABLE (continued)

Company

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Opening balance	92,694	86,864	57,667	12,046
Add current tax	127,756	109,311	127,756	68,005
Less payments	(162,222)	(56,672)	(131,537)	(22,384)
Effects of IAS 29	(4,342)	(46,809)	-	-
Closing balance as at 31 December 2021	**53,886**	**92,694**	**53,886**	**57,667**

20. EARNINGS PER SHARE

Basic earnings per share

The calculation is based on the profit attributable to ordinary shareholders and the number of shares in issue at the end of the period, which participated in the profit of the Group and Company as below.

Weighted average number of ordinary shares Group and Company (Basic)

	Inflation adjusted		Historical	
	31-Dec-21 Number of shares ZWL 000	31-Dec-20 Number of shares ZWL 000	31-Dec-21 Number of shares ZWL 000	31-Dec-20 Number of shares ZWL 000
	Audited	Audited	Unaudited	Unaudited
Issued ordinary shares at 01-Jan-21	256,436	253,436	256,436	253,436
Share options exercised during the year	650	3,000	650	3,000
Basic ordinary number of ordinary shares	257,086	256,436	257,086	256,436

Diluted earnings basis

The calculation is based on the profit attributable to ordinary shareholders and the number of shares in issue after adjusting to assume conversion of share options not yet exercised as illustrated below

Weighted average number of ordinary shares Group and Company (Diluted)

	Inflation adjusted		Historical	
	31-Dec-21 Number of shares 000	31-Dec-20 Number of shares 000	31-Dec-21 Number of shares 000	31-Dec-20 Number of shares 000
	Audited	Audited	Unaudited	Unaudited
Balance at the beginning of year	259,036	259,836	259,036	259,836
Granted during the year (Note 10)	1,900	-	1,900	-
Forfeited during the year (Note 10)	-	(800)	-	(800)
Diluted number of shares	**260,936**	**259,036**	**260,936**	**259,036**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

20. EARNINGS PER SHARE (continued)

Headline earnings basis

The calculation is based on the profit attributable to ordinary shareholders, adjusted for capital profits and losses and other non-headline items (insurance refunds and profit or loss on disposal) and the ordinary number of shares in issue at the end of the period.

Earnings per share - Group	**Inflation adjusted**		**Historical**	
	31-Dec-21 ZWL 000 Audited	**31-Dec-20 ZWL 000 Audited**	**31-Dec-21 ZWL 000 Unaudited**	**31-Dec-20 ZWL 000 Unaudited**
Earnings				
Earnings attributable to the equity holders of the Group	233,521	134,349	306,534	161,386
Headline earnings	230,805	133,965	306,442	161,237
Number of shares (,000)				
Weighted average number of shares in issue used in the determination of:				
Basic earnings per share	257,086	256,436	257,086	256,436
Diluted earnings per share	260,936	259,036	260,936	259,036
Earnings per share (cents)				
Basic	90.83	52.39	119.23	62.93
Diluted	89.49	51.86	117.47	62.30
Headline	89.78	52.24	119.20	62.88

Earnings per share - Company	**Inflation adjusted**		**Historical**	
	31-Dec-21 ZWL 000 Audited	**31-Dec-20 ZWL 000 Audited**	**31-Dec-21 ZWL 000 Unaudited**	**31-Dec-20 ZWL 000 Unaudited**
Earnings				
Earnings attributable to the equity holders of the Group	242,056	229,257	278,009	162,597
Headline earnings	239,340	228,873	277,918	162,448
Number of shares (,000)				
Weighted average number of shares in issue used in the determination of:				
Basic earnings per share	257,086	256,436	257,086	256,436
Share options unissued	3,850	2,600	3,850	2,600
Diluted earnings per share	260,936	259,036	260,936	259,036
Earnings per share (cents)				
Basic	94.15	89.40	108.14	63.41
Diluted	92.76	88.50	106.54	62.77
Headline	93.10	89.25	108.10	63.35

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

21 RETIREMENT BENEFIT COSTS

Pension funds

The Group and Company operations and all permanent employees contribute to the funds below:

21.1 Masimba Holdings Limited Pension Fund

All entity employees are members of this fund administered by Old Mutual. The Fund is a defined contribution scheme.

All members joining the fund automatically participate on the defined contribution pension benefit basis.

As of 31 December 2021, there were 76 members on the scheme.

21.2 National Social Security Authority (NSSA)

The entity and its employees contribute to the National Social Security Authority. This is a social security scheme promulgated under the National Social Security Act 1989. The Group's and Company's obligations under the scheme are limited to specific contributions legislated from time to time.

Pension costs recognised as an expense for the period. (Group and Company)

	Inflation adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Masimba Holdings Pension Fund	9,150	9,535	7,378	3,912
National Social Security Authority	1,565	657	1,313	315
	10,715	**10,192**	**8,691**	**4,227**

22. Capital Commitments (Group and Company)

Capital Expenditure for the period to 31 December 2021 amounted to ZWL 31,192 million The budgeted capital expenditure for the period to 31 December 2022 is ZWL 408,155 million. The expenditure will be finance mild from internal resources and existing facilities.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

23. DIRECTORS' INTERESTS (GROUP AND COMPANY)

The Directors directly/indirectly hold the following number of shares in the Group and Company:

	Inflation adjustment		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Number of shares	Number of shares	Number of shares	Number of shares
	(000)	(000)	(000	(000)
	Audited	Audited	Unaudited	Unaudited
G. Sebborn	-	-	-	-
S. Roberts	-	-	-	-
H. Mashanyare	-	-	-	-
K. Chigiya	6,667	6,667	6,667	6,667
P. Changunda	2,418	3,333	2,418	3,333
P. Zhanda	24,513	23,829	23,829	23,829
M.McCulloch	59,003	54,733	54,733	54,733
M.Di Nicola	59,003	54,733	54,733	54,733

24. BORROWING POWERS

Authority is granted in the Articles of Association for Directors to borrow, on behalf of the group and company, a sum not exceeding 300% of the ordinary shareholders' funds without the prior sanction of an ordinary resolution of the Group.

25. CONTINGENT LIABILITIES

The Group and Company have no major pending cases which may impact on the future financial conditions of the Group. The current minor cases are related to labour and debt recovery issues.

Bank guarantees in issue as at year end

	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000 Audited	ZWL 000 Audited	ZWL 000 Unaudited	ZWL 000 Unaudited
Performance guarantee	24,732	-	24,732	-

This performance guarantees were established as a requirement for customer tender to guarantee delivery of the contract specifications. The uncertainty related to the performance guarantees is on the timing of cash flows and the liability only arises if the Group and Company fails to deliver on the requirements of the contract. Management has assessed the possibility of this occurring to be remote.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

26. PRINCIPAL SUBSIDIARIES NOTE

Name	Nature of business	Proportion of ordinary shared held directly by the parent
		%
Promouldings	Property Holding	100
Dudway	Property Holding	100

All subsidiaries were incorporated in Zimbabwe and are property holding companies.

27. RELATED PARTY DISCLOSURES (Group and Company)

Balances and transactions between entities within the Group and Company have been eliminated on consolidation and are disclosed on this note

The Group and Company had significant transactions with Masimba Holdings Limited, whose Shareholders are also significant shareholders in Proplastics Limited. The Company also had significant transactions with Kosto Holdings, whose shareholders are significant shareholders in Proplastics Limited.

During the year 2021, Masimba Holdings disposed its shareholding in Proplastics through a dividend in specie to its shareholders.

All transactions with Masimba Holdings and Kosto Holdings are at arm's length. Below are the sales made to, purchases made from and balances owing (to)/from Masimba Holdings and Kosto Holdings as of 31 December 2021

27. RELATED PARTY DISCLOSURES (Group)

	Inflation Adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Audited	Unaudited
Sales to Masimba Holdings	-	968	-	494
Purchases from Masimba	5,288	-	4,550	-
Purchase from Kosto Holdings	293,075	129,727	228,325	38,611
Balances owing (to) from Related Parties				
Balance owing to Masimba Holdings	51,047	17,782	51,047	11,062
Balance owing to Kosto Holdings	14,461	27,190	14,461	16,916

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

27. RELATED PARTY DISCLOSURES (Company)

	Inflation Adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Audited**	**Unaudited**
Sales to Masimba Holdings	-	968	-	494
Purchases from Masimba	5,288	-	4,550	-
Purchase from Kosto Holdings	293,075	129,727	228,325	38,611
Balances owing (to) from Related Parties				
Balance owing to Masimba Holdings	51,047	17,782	51,047	11,062
Balance owing to Kosto Holdings	14,461	27,190	14,461	16,916

During 2021 lease rentals of ZWL 12,362 (thousand) were paid to Promouldings and ZWL22,766 (thousand) to Dudway (Inflation adjusted).

During 2021 lease rentals of ZWL 11,279 (thousand) were paid to Promouldings and ZWL17,786 (thousand) to Dudway (Historical).

At the 2021-year end, balances owing to subsidiaries were ZWL 48,103 (thousand) (Inflation adjusted) and ZWL 48,103 (thousand) (Historical).

The remuneration of Directors and other members of key management during the period were as follows

	Inflation Adjusted		Historical	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
For services rendered as Directors	7,931	12,392	6,148	5,645
For managerial services	89,308	63,277	69,231	21,491
Short term benefits	97,239	75,669	75,379	27,136
Termination benefits	2,767	3,044	2,145	1,894

The Remuneration Committee having regard to the performance of individuals and market trends determines the remuneration of Directors and key executives.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

27. Related Party Disclosures (continued)

Loans and advances to Directors- Group &C ompany

Loans to Directors - Group &Company

	Inflation Adjusted		Historical	
	31-Dec-21	31- Dec-20	31-Dec-21	31-Dec-20
	ZWL 000 Audited	ZWL000 Audited	ZWL 000 Unaudited	ZWL 000 Unaudited
Opening balance	4,083	996	4,083	619
New Loans	4,322	7,445	4,322	4,631
Repayment of loans	(5,508)	(1,878)	(5,508)	(1,168)
Closing balances	2,897	6,562	2,897	4,083

Terms and Conditions: The loan amount limit ranges between 6-12 months' salary and is subject to cash flow availability and Remuneration Committee approval. The annual interest rate is 6-12% per annum. The repayment period is between 6 months to 5 years.

These loans have been assessed to have low credit risk. Accordingly, the Group and Company does not recognise lifetime ECL for these loans until they are derecognised. The Director's loans are disclosed under Note 7 within the line item Deposits and Other receivables.

Share Based Payments

Senior executives of the Group and Company receive remuneration in the form of share-based payments, whereby they receive equity instruments as consideration for rendering services. The below is the share-based payments that was expensed in the statement of comprehensive income.

	Inflation adjusted		Historical	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Unaudited	Audited	Unaudited
Share based payments	2,055	(1,535)	2,055	(955)

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

28. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liability and equity instruments are disclosed per note 3.

(b) Financial assets and financial liabilities

Inflation adjusted

Group

	Fair Value	
	31-Dec-21	**31-Dec-21**
	ZWL 000	**ZWL 000**
	Audited	**Unaudited**
Financial Assets		
Trade and other receivables (excluding prepayments)	144,467	144,467
Cash and cash equivalents	328,063	328,063
Loans to Directors	2,897	2,897
Financial Liabilities		
Borrowings and payables (excluding statutory liabilities)	510,039	510,039
Lease liability	9,390	9,390

Company

	Carrying amount		Fair value	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Financial Assets				
Trade and other receivables (excluding pre-payments)	136,296	113,860	136,296	113,860
Cash and cash equivalents	328,036	45,414	328,036	45,414
Loans to Directors	2,897	6,562	2,897	6,562
Financial Liabilities				
Borrowings and payables (excluding statutory liabilities)	548,953	320,765	548,953	320,765
Lease liability	213,265	87,817	213,265	87,817

Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis.

Foreign denominated cash balances were converted at interbank rate of 111.38 to US$ as at 31 December 2021.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT

The Group and Company's financial liabilities comprise bank loans and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group and Company's operations. The Group and Company have financial assets such as trade receivables, cash, and short-term deposits, which arise directly from its operations. The Group and Company do not use derivative financial instruments in their management of foreign currency risk, and these are not held or issued for trading purposes

The main risks arising from financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risks. Senior executives of the Group and Company meet on a regular basis to review and agree on policies to manage each of these risks. Treasury management strategies together with currency and interest rate exposures are re-evaluated against revised economic forecasts. Compliance with the Group and Company policies and exposure limits are reviewed at Audit and Risk Committee meetings**.**

29.1 Foreign exchange risk management -Group and Company

Foreign exchange risk is the risk arising from fluctuations in foreign exchange rates and their effect on future commercial transactions or recognised assets and liabilities denominated in a currency that is not the Group and Company's functional currency. The Group & Company are exposed to foreign exchange risk arising from various currency exposures on purchases that are denominated in a currency other than the ZWL, primarily with respect to the South African Rand, and the United States Dollar.

The Group and Company's foreign liability exposure as at reporting date, is summarised as**:**

Foreign Currency Balances	**31-Dec-21 USD,000**	**31-Dec-21 ZAR,000**
Trade Receivables	350	-
Cash and cash equivalents	248	42
Trade Payables	(430)	(5,363)
Net monetary position	**168**	**(5,321)**

Foreign exchange sensitivity analysis

Group and Company USD

Element	**US$ 000**	**Total ZWL at the closing auction rate ZWL 000**	**ZWL Strengthens by 30% ZWL 000**	**ZWL Weakens by 30% ZWL 000**
Net monetary position	168	18,712	(5,616)	5,616

Group and Company ZAR

Element	**ZAR 000**	**Total ZWL at the closing auction rate ZWL 000**	**ZWL Strengthens by 30% ZWL 000**	**ZWL Weakens by 30% ZWL 000**
Net monetary position	(5,321)	(37,350)	11,205	(11,205)

Abbreviations of currencies

ZAR-South African Rand **USD-**United States Dollar

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

The conversion rates used were the closing auction rate as at 31 December 2021. Sensitivity analysis Changes in exchange rates have an impact on the Group's foreign currency denominated net monetary position. An appreciation of ZWL by 30% will result in foreign exchange gain on ZAR net monetary position and an exchange loss on USD net monetary position. A 30% depreciation of the ZWL will result in an exchange loss on ZAR net monetary position and an exchange gain on USD net monetary position.

The Loans and Borrowings are ZWL denominated and do not have any foreign exchange risk. Therefore, they are not included in the table above.

29.2 Interest rate risk- Group and Company

Interest rate risk is the potential for investment losses that result from a change in interest rates. The Group and Company currently only have one ZWL credit line facility with Standard Chartered Bank and the interest rates have not materially fluctuated in the current year. Refer to note 9 for breakdown of short- and long-term loans.

The Group's treasury policy limits exposure to interest rate fluctuations by adopting a non-speculative approach to managing interest rate risk and only deals in approved financial instruments. Interest is subject to change depending on the ruling market rates. The interest rates have not materially fluctuated in the current year, averaging 45% p.a. Refer to note 9 for breakdown of short- and long-term loans.

The table below demonstrates the sensitivity of reasonable movements in interest rate on the Company loan whose rate moves in line with RBZ overnight lending rates. The Group and Company used the effective interest as at 31 December 2021 as a base to assess impact of increase in interest rates. The interest rate impact assessment assumed a 5% increase in effective interest rate based on current year movements which management considered to be immaterial.

29.2 Interest rate risk- Group and Company

Inflation adjusted interest rate sensitivity 2021

Item	45%	50%	55%
	ZWL 000	ZWL 000	ZWL 000
Finance costs	56,340	62,600	68,860

29.3 Credit risk- Group and Company

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Financial assets, which potentially subject the Group and Company to concentration of credit risk consists principally of cash and trade receivables. The Group and Company's surplus cash equivalents and short-term deposits are placed with high quality credit worthy financial institutions. The trade receivables are presented net of the allowance for credit losses and comprise a small and long-standing customer base. The Group and Company regularly monitors the performance and financial condition of its customers to minimise the exposure to credit losses. The Group and Company has not incorporated loans and advances to Directors in the expected credit loss determination as they believe there is no credit risk emanating from them as such receivables can be recovered from their interests in the entity.

In response to potential credit risk from trade debtors the Group's strategy is to focus mainly on cash sales. This resulted in a low risk of default from credit customers. Credit facilities were given on a customer-by-customer basis with normal trading terms for regular customers with whom the company has a trading history. Furthermore, the Group and Company has well established credit control procedures that monitor activity on a customer-by-customer basis and allow for remedial action where there are indications of potential credit risk.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT (continued)

29.3 Credit risk- Group and Company (continued)

The Group and Company apply the simplified approach using a provisioning matrix where they apply relevant historical loss rates to the trade receivables balances outstanding (receivables ageing). The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and the number of days past due, which is the key risk factor in determining expected credit losses. For credit impaired customers (ageing of 90 days past due), the Group and Company provided for 100% from 50% in the prior year due to increased risk of default for debtors in this category

Exposure to credit risk for financial assets (Trade Receivables)

Group and Company

Inflation adjusted

31-Dec-21	**Not past due**	**1-30 days PAST DUE**	**31-60 days past due**	**61-90 days past due**	**More than 91 days past due**	**Total**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**
Expected credit loss rate	0.53%	1.00%	2.00%	10.00%	100.00%	
Gross carrying amount-trade receivables	15,519	15,925	2,367	320	9,894	**44,025**
Credit loss allowance	78	159	47	32	9,894	**10,211**
Net carrying amount	**14,589**	**15,766**	**2,320**	**288**	**-**	**33,814**

29.4 Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and Company's objective when managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Company's reputation. Concentrations are identified based on the counterparties to which there are exposures. This is either financial institutions or suppliers. The risk exposures associated with each class of counterparties are documented below.

The Group and Company identifies this risk through liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps. Management performs cash flow forecasting. The Group and Company's has access to financing facilities with local financial institutions which are readily available to cover for any liquidity gaps.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity and interest rate tables

The following table analyses the maturity profile of the Group and Company's liabilities based on the remaining contractual maturity of its financial liabilities with agreed repayment period.

Inflation adjusted Group and Company

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-21					
Borrowings	45	-	241,547	113,878	355,425
Trade payables	-	94,763	13,876	-	108,639
		94,763	**255,423**	**113,878**	**464,064**

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-20					
Borrowings	45	2,411	13,663	50,354	66,428
Trade payables		153,018	59,967	-	212,985
		155,429	**73,630**	**50,354**	**279,413**

Historical Group and Company

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-21					
Borrowings	45	-	241,547	113,878	355,425
Trade and other payables		94,763	13,876	-	108,639
		94,763	**255,423**	**113,878**	**464,064**

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-20					
Borrowings	45	1,500	8,500	31,327	41,327
Trade payables		95,197	37,307	-	132,504
		96,697	**45,807**	**31,327**	**173,831**

Included in trade and other payables were foreign obligations amounting to USD 429,334(2020- USD782,834) and ZAR5,363,047 (2020 ZAR 6,376,176). This has increased the liquidity risk due to delays in effecting foreign payments owing to challenges of inadequate foreign currency funds being experienced in the country. The Group and company is participating on the Reserve Bank of Zimbabwe foreign currency auction to mitigate against operational delays in settling foreign obligations.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

29.5 Capital risk management- Group and Company

The Group manages its capital structure to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of debt and equity. The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 9, interest bearing borrowings and equity attributable to equity holders, comprising issued share capital, reserves and retained earnings.

The Group's Audit and Risk Committee reviews the capital structure on a quarterly basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the committee, the Group will balance its overall structure through payments of dividends, new share issues and share buy backs as well as the issue of new debt or the redemption of existing debt

30. GOING CONCERN

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

31. EVENTS AFTER THE REPORTING PERIOD

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

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

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

There were no other events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that require adjustments to the reported amounts in the financial statements or disclosure in the financial statements.

32. DIVIDEND DECLARATION

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

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and approved for issue on 29 April 2022.

Shareholder Analysis

Consolidated as at 31 December 2021

Shareholder Analysis

Consolidated Top 20 as at 31 December 2021

Rank	Account Name	Shares	% of Total
1	Zumbani Capital (Pvt)Ltd,	59,002,630	22.95
2	Old Mutual Life Ass Co Zim Ltd	53,691,820	20.88
3	Stanbic Nominees	28,053,847	10.91
4	Amalgamated African Ventures	24,513,411	9.54
5	Giona Capital (Pvt) Ltd	17,296,023	6.73
6	SCB Nominees	10,462,529	4.07
7	Bulkwood Investments	6,665,967	2.59
8	Stanbic Nominees NR	5,365,983	2.09
9	NSSA - National Pension Scheme	2,773,341	1.08
10	The Roy Turner Trust	2,756,600	1.07
11	Akribos Wealth Mangrs Nominees	2,726,449	1.06
12	Streamcoast Investments P/L	2,418,433	0.94
13	Hippo Valley Estates PF-Imara	2,284,484	0.89
14	National Foods Pension Fund	1,651,721	0.64
15	Public Service Pension Fund	1,564,971	0.61
16	Catering Industry Pension Fund	1,540,091	0.60
17	ZESA Staff Pension Fund	1,438,031	0.56
18	Lobb, Marcus Richard	1,290,812	0.50
19	FBC Holdings PF-Imara	1,259,788	0.49
20	Amzim Pension Fund	1,192,412	0.46
	Total	**227,949,343**	**88.67**
	Other Shareholders	**29,136,285**	**11.33**
	Total Number of Shares After Allotments	**257,085,628**	**100.00**

Shareholder Analysis (continued)

Company Statistics as at 31 December 2021

Country	Holders	% of Holders	Shares	% of Shares
Australia	12	0.58	52,231	0.00
Belgium	1	0.10	5,269,679	2.05
Botswana	4	0.19	1,462	0.00
Canada	4	0.19	6,132	0.00
China	1	0.05	2,700	0.00
Germany	1	0.05	135,500	0.05
Great Britain	8	0.39	52,137	0.02
Guyana	1	0.05	152	0.00
Ireland	6	0.29	2,472	0.00
Israel	2	0.10	12,636	0.00
Kenya	2	0.10	12,636	0.00
Malawi	2	0.10	6,135	0.00
Mauritius	2	0.10	86,563	0.03
New Zealand	2	0.10	9,201	0.00
South Africa	95	4.62	360,635	0.14
Spain	1	0.05	18	0.00
Sweden	3	0.15	13,743	0.01
Turkey	1	0.05	588,872	0.23
United Arab Emirates	1	0.05	43	0.00
United Kingdom	11	0.54	209,728	0.08
United States	8	0.39	25,864	0.01
Warrant Not Presentable	411	20.00	1,307,037	0.51
Zimbabwe	1476	71.82	248,930,052	96.83
Total	**2,055**	**100**	**257,085,628**	**100**

Range	Holders	% of Holders	Shares	% of Shares
0 - 100	564	27.45	17,290	0.01
101 - 200	241	11.73	38,636	0.02
201 - 500	194	9.44	65,381	0.03
501 - 1,000	218	10.61	150,480	0.06
1,001 - 5,000	385	18.73	1,004,463	0.39
5,001 - 10,000	129	6.28	944,145	0.37
10,001 - 50,000	166	8.08	3,797,981	1.48
50,001 - 100,000	41	2.00	2,999,447	1.17
100,001 - 500,000	71	3.45	16,803,081	6.54
500,001 - 1,000,000	17	0.83	11,821,283	4.60
1,000,001 - 10,000,000	24	1.17	64,939,557	25.26
10,000,001 -	5	0.24	154,503,884	60.10
Total	**2,055**	**100**	**257,085,628**	**100**

Shareholder Analysis (continued)

Industry	Holders	% of Holders	Shares	% of Shares
Companies	222	10.80	129,064,063	50.20
Estate Late	14	0.68	58,724	0.02
Fund Managers	28	1.36	363,858	0.14
Insurance Companies	39	1.90	58,290,476	22.67
Investment Trusts and Property	24	1.17	200,774	0.08
Local Resident	1390	67.64	7,032,928	2.74
Nominees Local	60	2.92	12,629,226	4.91
Non-Residents	2	0.10	5,268,593	2.05
Non-Resident Individual	116	5.64	1,361,216	0.53
Pension Fund	160	7.79	42,815,770	16.65
Total	**2,055**	**100.00**	**257,085,628**	**100.00**

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Seventh Annual General Meeting of the Members of Proplastics Limited will be held at Meikles Hotel Cnr Jason Moyo/3rd Street Harare on Wednesday, 29 June 2022 at 10.00 hours.

ORDINARY BUSINESS

Approval of Financial Statements and Reports

To receive, consider and adopt the financial statements for the year ended 31 December 2021, together with the reports of the Directors and Auditors thereon.

1. Election of Directors

To re-elect retiring Directors Mrs. Sandra Roberts and Mr. Mark Di Nicola who retire by rotation and being eligible, offer themselves for re-election.

2. Directors' Fees

To approve the fees of the Directors for the year ended 31 December 2021.

3. Directors' Report

To Receive, consider and adopt:

3.1 Financial statements for the year ended 31 December 2021.

3.2 Directors report on its activities for the year ended 31 December 2021.

4. Audit Committee Report

To receive, consider and adopt report of the Audit Committee for the year ended 31 December 2021.

5. Corporate Governance Report

To receive, consider and adopt the Company's report on Corporate Governance.

6. External Auditor's Report

To receive, consider and adopt the external Auditor's report for the year ended 31 December 2021.

7. External Auditor's Appointment and Compensation

7.1 To approve the compensation of KPMG for 2021.

7.2 To approve appointment of KPMG Chartered Accountants (Zimbabwe) as the Company's Auditors for 2022.

8. Dividend

To declare a final dividend of ZWL 38 cents per ordinary share in the capital of the Company.

Note: 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 of a poll and speak in his stead. A proxy need not to be a member of the Company and shall not be a director or officer of the Company. Proxy forms must be lodged with the secretary not less than forty-eight (48) hours before the time of holding of the meeting.

By Order of the Board

P. Changunda
Company Secretary
02 June 2022

PROXY FORM

PROXY FORM (IN TERMS OF SECTION 171, COBEA)

For the Seventh Annual General Meeting of the Members of Proplastics Limited to be held at Meikles Hotel Cnr. Jason Moyo/3rd Street Harare on Wednesday, 29 June 2022 at 10.00 hours on Wednesday, 29 June 2022 at 10.00 hours

I/We ....

(Name in block letters)

Of ....
...

Being the holder of ....shares in the Company hereby appoint:

1 .... of ....or failing him/her

2 ....of ....or failing him/her

the Chairman of the AGM.

As my/our proxy to act for me/us at the AGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

Resolution	For	Against	Abstain
1. *Ordinary Resolution number 1* 1.1 To re-elect Mrs. Sandra Roberts as a Director of the Company. 1.2 To re-elect Mr. Mark Di Nicola as a Director of the Company.			
2. *Ordinary Resolution number 2* To approve the fees of the Directors for the year ended 31 December 2021.			
3. *Ordinary Resolution number 3* To approve: 1.1 Financial statements for the year ended 31 December 2021. 3.2 Directors' report on its activities for the year ended 31 December 2021.			
4. *Ordinary Resolution number 4* To approve report of the Audit Committee for the year ended 31 December 2021.			
5. *Ordinary Resolution number 5* To approve the Company's report on Corporate Governance.			
6. *Ordinary Resolution number 6* To approve the external Auditor's report for the year ended 31 December 2021.			
7. *Ordinary Resolution number 7* To approve: 7.1 The compensation of KPMG for 2021. 7.2 Appointment of KPMG Chartered Accountants (Zimbabwe as the Company's auditors for 2022.			
8. *Ordinary Resolution number 8* To approve the dividend for the year ended 31 December 2021.			

Every person present and entitled to vote at the AGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at ____ on ____________________ 2022

Signature (s) ____

Assisted by me ____

Full name (s) of signatory/ries if signing in a representative capacity (see note 2). (PLEASE USE BLOCK LETTERS).

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the AGM", but any such deletion must be initialed by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.

2. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of the entire Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy, or cast them in the same way.

3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initialed by the signatory/ries.

4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
   i. Under a power of attorney
   ii. On behalf of a company

   Unless that person's power if attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less that forty-eight (48) hours before the meeting.

5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.

6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case if joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof should such member wish to do so.

8. In order to be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the AGM.

9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are exactly the same as those on the share register.

10. Please be advised that the number of votes a member is entitled to will be determined by the number of shares recorded on the Share Register by 16.00 hours on 21 June 2022.

Pro plastics
Pipe Systems That Last

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