

SALIENT  
FEATURES

FOR THE HALF YEAR ENDED 30 JUNE 2022

REVENUE

ZWL '000

2,570,429

↗38%

PROFIT FROM  
OPERATIONS

ZWL '000

718,593

↗723%

PROFIT BEFORE  
TAXATION

ZWL '000

672,482

↗402%

PROFIT FOR  
THE YEAR

ZWL '000

526,582

↗584%



Chairman's Statement

Introduction

On behalf of the board of directors, I am pleased to present the Turnall Holdings Limited abridged consolidated financial results for the six months ended 30 June 2022.

Operating Environment

The economic environment has been challenging and was characterized by foreign currency shortages, a rapidly depreciating Zimbabwe dollar, a high level of inflation which soared to 191.6% in June 2022 as well as global supply chain disruptions as a result of the Russia- Ukraine conflict which began in February this year. The current conflict between Russia and Ukraine also triggered increases in fuel prices which, compounded with the effects of S1127 of 2021, pushed up the prices of basic goods and services and also created price distortions in the economy.

The high cost of borrowing and acute liquidity challenges resulted in depressed aggregate demand. Inevitably, organisations had to review trading terms, with credit policies being significantly revamped resulting in a skew towards a cash economy.

Financial Performance

The company posted a turnover of \$2.6 billion in inflation adjusted terms which is a 38% growth compared to the prior year. In historical terms, turnover was \$1.8 billion which represented a 194% growth over the same comparable period. Sales volumes declined by 29% compared to the same period last year due to a change in the sales mix which favoured high value and low tonnage products. Sales were negatively affected by liquidity constraints and subdued aggregate demand. All sales earned in USD were recorded at the auction rate from January 2022 to April 2022 and the interbank rate thereafter. Production volumes dropped by 21% compared to the previous year and this was a deliberate move by management in order to align production to the sales demand.

The gross profit margin for the year in inflation adjusted terms was 51% against the same period last year of 24%, whilst in historical terms it was 58% compared to 36% in the prior year. The improved gross profit margin is attributed to improved production efficiencies, cost containment strategies and a change in the sales mix.

Operating costs were 23% of turnover compared to 20% in the same period prior year in inflation adjusted terms. In historical terms, they were 19% compared to 18% in the same comparable period. This increase is attributed to the general price increases experienced in the economy as alluded to above. Financing costs in inflation adjusted terms were \$1.25 million compared to \$1.35 million incurred in the same period last year.

The profit before tax in inflation adjusted terms was \$672.5 million compared to \$133.9 million recorded for the comparable period last year which was a 402% increase. In historical terms, profit was \$675.3 million compared to \$104 million which was a 549% increase. This was mainly due to the notable improvements in the turnover value, gross margins and cost containment initiatives employed by management throughout this period.

The cash generated from operating activities in inflation adjusted terms was \$861.7 million representing 159% growth compared to same period last year, whilst in historical terms it grew by 501% to close at \$687 million. The company continued to invest in working capital in order to preserve value in this hyperinflationary environment.

Capital expenditure for the period was \$119.3 million (inflation adjusted) compared to \$8.0 million spent last year. In historical terms, the expenditure was \$112.2 million compared to \$2.5 million. The company closed the period with no borrowings.

Sustainability Performance

We continue to apply an integrated approach in managing our sustainability impacts and opportunities. The company adopted the Global Reporting Initiatives (GRI) Sustainability Reporting Framework as a business model in addressing and managing economic, environmental, social and governance aspects of our operations.

Legislative Environment

Turnall Holdings Limited has continued to uphold its ISO14001 and ISO9001 certification. We continue to comply with relevant legislative requirements of the Environmental Management Act, Labour Act, Companies and Other Business Entities Act and other related legislations.

Prospects

Management is optimistic that the business will continue to be profitable and maximize shareholders' wealth. Key focus areas are to re-capitalise the plants, improve production efficiencies, improve our product offering and reduce production costs. Cost containment and business rightsizing will remain top priorities to enhance profitability. Management is resuscitating the fibre-cement plant in Harare in order to increase production capacity.

Appreciation

I would like to take this opportunity to thank all our stakeholders for their continued support.

B. P Nyajeka  
Chairman

25 August 2022

INDEPENDENT EXTERNAL AUDITOR'S STATEMENT

These abridged interim consolidated financial results for the six months ended 30 June 2022 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion issued thereon. This review conclusion is adverse with respect to non-compliance with International Accounting Standard (IAS 21), The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS 29) – Financial Reporting in Hyperinflationary Economies.

The review conclusion has been made available to management and those charged with the governance of the Group. The Independent Review Report on the abridged consolidated interim financial results is available for inspection at the company's registered office.

The Engagement Partner on the review resulting in this review conclusion is Edmore Chimhowa. (PAAB Number 0470).

Abridged Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 30 June 2022

	Inflation Adjusted		*Historical Cost	
	Reviewed six months ended 30.06.2022 ZWL	Reviewed six months ended 30.06.2021 ZWL	Reviewed six months ended 30.06.2022 ZWL	Reviewed six months ended 30.06.2021 ZWL
Revenue	2,570,428,974	1,857,019,359	1,762,583,392	599,645,772
Cost of sales	(1,266,182,563)	(1,406,846,092)	(745,653,588)	(384,242,442)
<b>Gross profit</b>	<b>1,304,246,411</b>	<b>450,173,267</b>	<b>1,016,929,804</b>	<b>215,403,330</b>
Other income	145,113,390	53,208,173	130,334,035	18,358,303
Selling and distribution expenses	(289,082,320)	(178,919,004)	(200,808,323)	(56,780,242)
Administrative expenses	(441,684,603)	(237,111,227)	(270,523,140)	(72,456,122)
<b>Profit from operating activities</b>	<b>718,592,878</b>	<b>87,351,209</b>	<b>675,932,376</b>	<b>104,525,269</b>
Finance costs	(1,248,050)	(1,351,685)	(663,300)	(462,771)
(Loss)/gain on net monetary position	(44,862,749)	47,899,503	-	-
<b>Profit before taxation</b>	<b>672,482,079</b>	<b>133,899,027</b>	<b>675,269,076</b>	<b>104,062,498</b>
Income tax expense	(145,899,818)	(56,907,155)	(165,794,960)	(29,477,236)
<b>Profit for the period</b>	<b>526,582,261</b>	<b>76,991,872</b>	<b>509,474,116</b>	<b>74,585,262</b>
<b>Total comprehensive income for the period</b>	<b>526,582,261</b>	<b>76,991,872</b>	<b>509,474,116</b>	<b>74,585,262</b>
<b>Earnings per share</b>				
Number of shares in issue	493,040,308	493,040,308	493,040,308	493,040,308
Basic and diluted (cents per share)	106.80	15.62	103.33	15.13

\*The historical cost amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29:Financial Reporting for Hyperinflationary Economies.

Abridged Consolidated Statement of Financial Position as at 30 June 2022

	Inflation Adjusted		*Historical Cost	
	Reviewed as at 30.06.2022 ZWL	Audited as at 31.12.2021 ZWL	Reviewed as at 30.06.2022 ZWL	Audited as at 31.12.2021 ZWL
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6,057,895,652	6,108,773,154	487,645,605	386,480,211
Investment property	42,165,564	42,246,022	248,287	250,812
Investments in financial assets	454,018	993,914	454,018	454,018
Deferred taxation	45,853,136	22,410,452	24,060,646	10,237,049
<b>Total non-current assets</b>	<b>6,146,368,370</b>	<b>6,174,423,542</b>	<b>512,408,556</b>	<b>397,422,090</b>
<b>Current assets</b>				
Inventories	2,394,662,771	2,093,605,896	604,927,316	242,688,503
Trade and other receivables	733,932,637	585,463,483	507,323,133	258,349,970
Cash and cash equivalents	433,176,945	362,750,409	433,176,945	165,703,658
<b>Total current assets</b>	<b>3,561,772,353</b>	<b>3,041,819,788</b>	<b>1,545,427,394</b>	<b>666,742,131</b>
<b>Total assets</b>	<b>9,708,140,723</b>	<b>9,216,243,330</b>	<b>2,057,835,950</b>	<b>1,064,164,221</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	669,743,533	669,743,533	4,930,403	4,930,403
Share premium	24,710,294	24,710,294	181,908	181,908
Non-distributable reserve	1,039,883,922	1,039,883,922	7,655,239	7,655,239
Revaluation reserve	2,798,393,687	2,798,393,687	290,970,875	290,970,875
Retained earnings	2,775,020,566	2,311,467,874	767,003,797	277,823,793
<b>Total equity</b>	<b>7,307,752,002</b>	<b>6,844,199,310</b>	<b>1,070,742,222</b>	<b>581,562,218</b>
<b>Non-current liabilities</b>				
Deferred taxation	1,503,718,511	1,514,593,311	90,423,518	91,514,156
<b>Total non-current liabilities</b>	<b>1,503,718,511</b>	<b>1,514,593,311</b>	<b>90,423,518</b>	<b>91,514,156</b>
<b>Current liabilities</b>				
Trade and other payables	624,286,287	636,560,495	624,286,287	290,185,642
Current tax liabilities	272,383,923	220,890,214	272,383,923	100,902,205
<b>Total current liabilities</b>	<b>896,670,210</b>	<b>857,450,709</b>	<b>896,670,210</b>	<b>391,087,847</b>
<b>Total equity and liabilities</b>	<b>9,708,140,723</b>	<b>9,216,243,330</b>	<b>2,057,835,950</b>	<b>1,064,164,221</b>

\*The historical cost amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29:Financial Reporting for Hyperinflationary Economies.



### Abridged Consolidated Statement of Cash Flows for the half year ended 30 June 2022

	Inflation adjusted		*Historical Cost	
	Reviewed six months ended 30.06.2022 ZWL	Reviewed six months ended 30.06.2022 ZWL	Reviewed six months ended 30.06.2022 ZWL	Reviewed six months ended 30.06.2021 ZWL
<b>Profit before income tax</b>	<b>672,482,079</b>	<b>133,899,027</b>	<b>675,269,076</b>	<b>104,062,498</b>
<b>Adjustment for:</b>				
Depreciation of property, plant and equipment	170,221,305	169,045,514	11,022,996	10,202,759
Depreciation of investment property	80,458	98,929	2,525	3,184
Amortisation of financial assets	(539,896)	(261,307)	-	-
Finance costs	1,248,050	1,351,685	663,300	462,771
Profit from disposal of property, plant and equipment	-	(450,429)	-	(384,365)
Non-cash adjustments IAS 29	18,256,017	28,501,321	-	-
<b>Operating cash flow before working capital changes</b>	<b>861,748,013</b>	<b>332,184,740</b>	<b>686,957,897</b>	<b>114,346,847</b>
<b>Movement in working capital</b>				
Increase in trade and other receivables	(148,469,154)	(15,059,179)	(248,973,163)	(29,403,477)
Increase in inventories	(301,056,875)	(11,415,048)	(362,238,813)	(56,026,552)
(Decrease)/increase in trade and other payables	(12,274,208)	(155,873,179)	334,100,644	35,315,662
<b>Net cash generated from operating activities</b>	<b>399,947,776</b>	<b>149,837,334</b>	<b>409,846,565</b>	<b>64,232,480</b>
Tax paid	(145,899,818)	(56,907,155)	(9,227,475)	(29,477,236)
Interest paid	(1,248,050)	(1,351,685)	(663,300)	(462,771)
<b>Net cash flows generated from operating activities</b>	<b>252,799,908</b>	<b>91,578,494</b>	<b>399,955,790</b>	<b>34,292,473</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	-	1,324,195	-	437,201
Acquisition of property, plant and equipment	(119,343,803)	(8,000,976)	(112,188,391)	(2,484,937)
<b>Net cash flows used in investing activities</b>	<b>(119,343,803)</b>	<b>(6,676,781)</b>	<b>(112,188,391)</b>	<b>(2,047,736)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in loans and borrowings	-	(11,048,524)	-	(3,139,841)
Dividend paid	(63,029,569)	-	(20,294,112)	-
<b>Net cash flows used in financing activities</b>	<b>(63,029,569)</b>	<b>(11,048,524)</b>	<b>(20,294,112)</b>	<b>(3,139,841)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>70,426,536</b>	<b>73,853,189</b>	<b>267,473,287</b>	<b>29,104,896</b>

\*The historical cost amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.

### Abridged Consolidated Statement of Changes in Equity for the half year ended 30 June 2022

#### Inflation adjusted

	Share capital ZWL	Share premium ZWL	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Retained Earnings ZWL	Total ZWL
<b>Balance at 1 January 2021</b>	<b>669,743,533</b>	<b>24,710,294</b>	<b>1,039,883,922</b>	<b>2,798,393,687</b>	<b>1,426,321,884</b>	<b>5,959,053,320</b>
Profit for the year	-	-	-	-	924,453,131	924,453,131
Dividend paid	-	-	-	-	(39,307,141)	(39,307,141)
<b>Balance at 31 December 2021</b>	<b>669,743,533</b>	<b>24,710,294</b>	<b>1,039,883,922</b>	<b>2,798,393,687</b>	<b>2,311,467,874</b>	<b>6,844,199,310</b>
Profit for the period	-	-	-	-	526,582,261	526,582,261
Dividend paid	-	-	-	-	(63,029,569)	(63,029,569)
<b>Balance at 30 June 2022</b>	<b>669,743,533</b>	<b>24,710,294</b>	<b>1,039,883,922</b>	<b>2,798,393,687</b>	<b>2,775,020,566</b>	<b>7,307,752,002</b>

#### \*Historical Cost

	Share capital ZWL	Share premium ZWL	Non-Distributable reserve ZWL	Revaluation reserve ZWL	Retained Earnings ZWL	Total ZWL
<b>Balance at 1 January 2021</b>	<b>4,930,403</b>	<b>181 908</b>	<b>7 655 239</b>	<b>290 970 875</b>	<b>86,769,160</b>	<b>390,507,583</b>
Profit for the year	-	-	-	-	206,141,252	206,141,254
Dividend paid	-	-	-	-	(15,086,619)	(15,086,619)
<b>Balance at 31 December 2021</b>	<b>4,930,403</b>	<b>181 908</b>	<b>7 655 239</b>	<b>290 970 875</b>	<b>277,823,793</b>	<b>581,562,218</b>
Profit for the period	-	-	-	-	509,474,116	509,474,116
Dividend paid	-	-	-	-	(20,294,112)	(20,294,112)
<b>Balance at 30 June 2022</b>	<b>4,930,403</b>	<b>181 908</b>	<b>7 655 239</b>	<b>290 970 875</b>	<b>767,003,797</b>	<b>1,070,742,222</b>

\*The historical cost amounts are shown as supplementary information. This information does not comply with International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies.



## ABRIDGED REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2022

### Supplementary Information

#### 1. Basis of preparation of the abridged consolidated financial statements

The abridged interim consolidated financial statements are presented in Zimbabwe dollars. They are based on historical cost approach and restated to take account of inflation in accordance with International Accounting Standard 29 (Financial Reporting in Hyperinflationary Economies) - IAS 29. Accordingly the inflation adjusted abridged interim consolidated financial statements represent the principal abridged financial statements of the Group.

The Group used the price indices provided by the Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors up to 30 June 2022:

	Index	Conversion factor
CPI as at 30 June 2022	8,707.4	1.00
CPI as at 31 December 2021	3,977.5	2.19
CPI as at 30 June 2021	2,986.4	2.92

All sales earned in USD were recorded at the auction rate from January 2022 to April 2022 and at the interbank rate thereafter.

#### 2. Accounting policies and reporting currency

There have been no material changes in the Group's accounting policies since the date of the last consolidated financial statements. The abridged interim consolidated financial statements are presented in ZWL for the six months ended 30 June 2022 which is the functional currency of the Group and are rounded to the nearest dollar (\$) unless otherwise indicated.

#### 3. Contingent Liabilities

As at the end of the reporting period, the Group is engaged in some legal cases involving former employees whose values most of which could not be estimated with certainty.

#### 4. Approval of financial statements

The reviewed abridged consolidated financial statements for the half year ended 30 June 2022 were approved by the board on 25 August 2022.

# GREAT NEWS!!!

## 6 Months To Pay.

YOU CAN NOW PAY FOR YOUR CONCRETE TILES IN INSTALLMENTS

**US\$0.79 only!!**

Call us now and take advantage of our **Special 6 months Payment Scheme.**

Please visit our shop for more information regarding the payment scheme. Terms and conditions apply.

**Building Made Easy**

**+263 712 405 921**

5 Glasgow Road, Workington, Harare, Zimbabwe

**www.turnall.co.zw**

Call Now **Limited** Time Offer!

**08677004874**

Harare: +263 (242) 754625/9  
Bulawayo: +263 (292) 882 230-7





## **REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

**Grant Thornton**  
Camelsa Business Park  
135 Enterprise Road, Highlands  
PO Box CY 2619  
Causeway, Harare  
Zimbabwe  
T +263 0242 442511-4  
F +263 0242 442517 / 496985  
E [info@zw.gt.com](mailto:info@zw.gt.com)  
[www.grantthornton.co.zw](http://www.grantthornton.co.zw)

### **To the members of Turnall Holdings Limited**

We have reviewed the accompanying consolidated statement of financial position of Turnall Holdings Limited as at 30 June 2022 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant group accounting policies and other explanatory notes.

### **Responsibilities of Management and Those Charged with Governance for the interim consolidated financial information**

Management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Group's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim consolidated financial information that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Adverse Conclusion

### Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

During the prior and current financial periods, the foreign currency denominated transactions and balances of the group were translated into ZWL using the interbank exchange rates/foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21. The review conclusion on the consolidated financial information for the half year ended 30 June 2021, and the opinion on the consolidated financial statements for the year ended 31 December 2021 were modified in respect of this matter, and the misstatements have not been corrected in the consolidated financial information for the half year ended 30 June 2022.

Had the interim consolidated financial information been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the interim consolidated financial information as a whole.

### Valuation of property and equipment

The determination of fair values for property and equipment presented in the interim consolidated financial information is affected by the prevailing economic environment. This interim consolidated financial information include property and equipment that was last revalued by independent professional valuers as at 31 December 2019. The property and equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at 31 December 2019.

Although the determined USD values as at 31 December 2019 reflected the fair value of the property and equipment in USD as at that date, the converted ZWL fair values were not in compliance with IFRS 13 as they did not reflect the assumptions that market participants would apply in valuing similar items of property and equipment in ZWL. The opinions for the years

ended 31 December 2019, 2020 and 2021 were modified with regards to this matter and no subsequent revaluations were done in the interim consolidated financial information.

#### **Adverse Conclusion**

Based on our review, because of the significance of the matters described in the Basis for Adverse Conclusion paragraph, the accompanying interim consolidated financial information does not present fairly, in all material respects the financial position of Turnall Holdings Limited as at 30 June 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRS).

The engagement partner on the review engagement resulting in this independent review conclusion is Edmore Chimhowa.

*Grant Thornton*

Edmore Chimhowa

**Partner**

Registered Public Auditor (PAAB No: 0470)

**Grant Thornton**

Chartered Accountants (Zimbabwe)

Registered Public Auditors

**HARARE**

*31 August 2022*