Pro plastics

Pipe Systems That Last

Civils | Mining | Irrigation | Casings | Ducting

SABS SAPPMA IFPA

Annual • report 2022

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 building construction.

Proplastics Limited was established in 1965, Proplastics has over 50 years of 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."

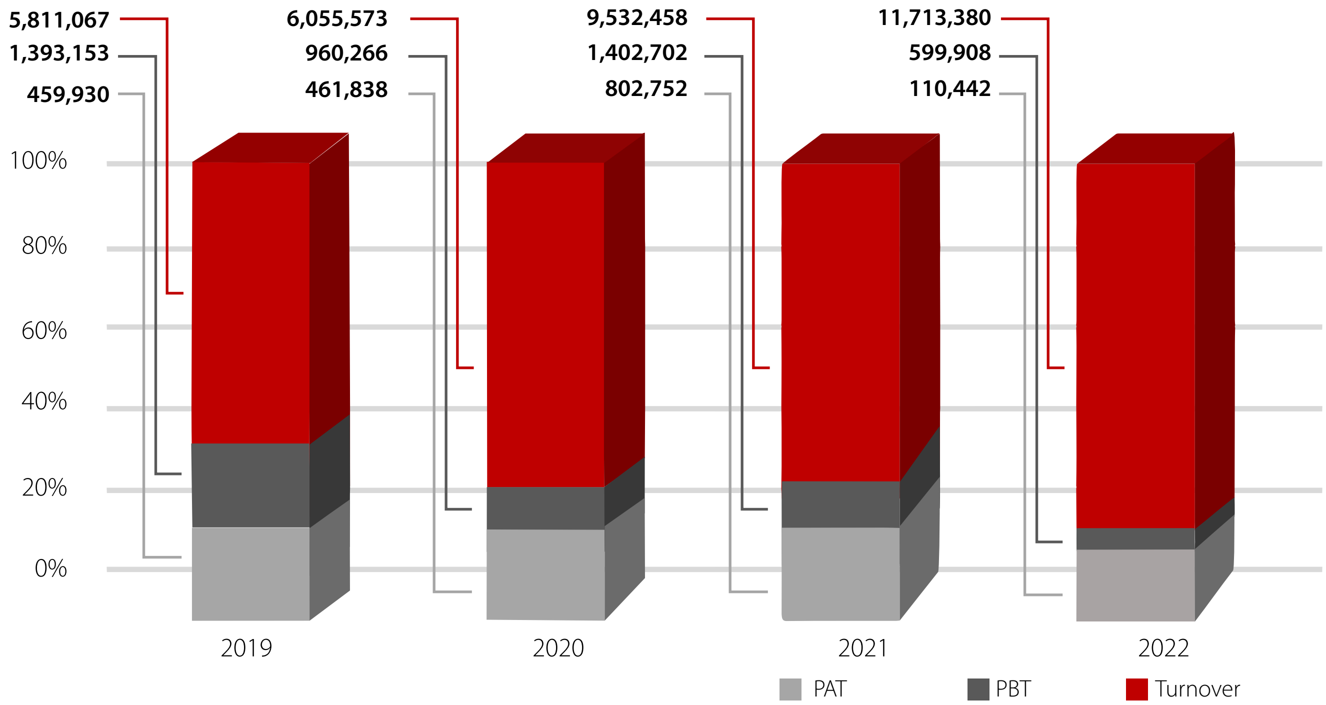
Proplastics Unique Proposition

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

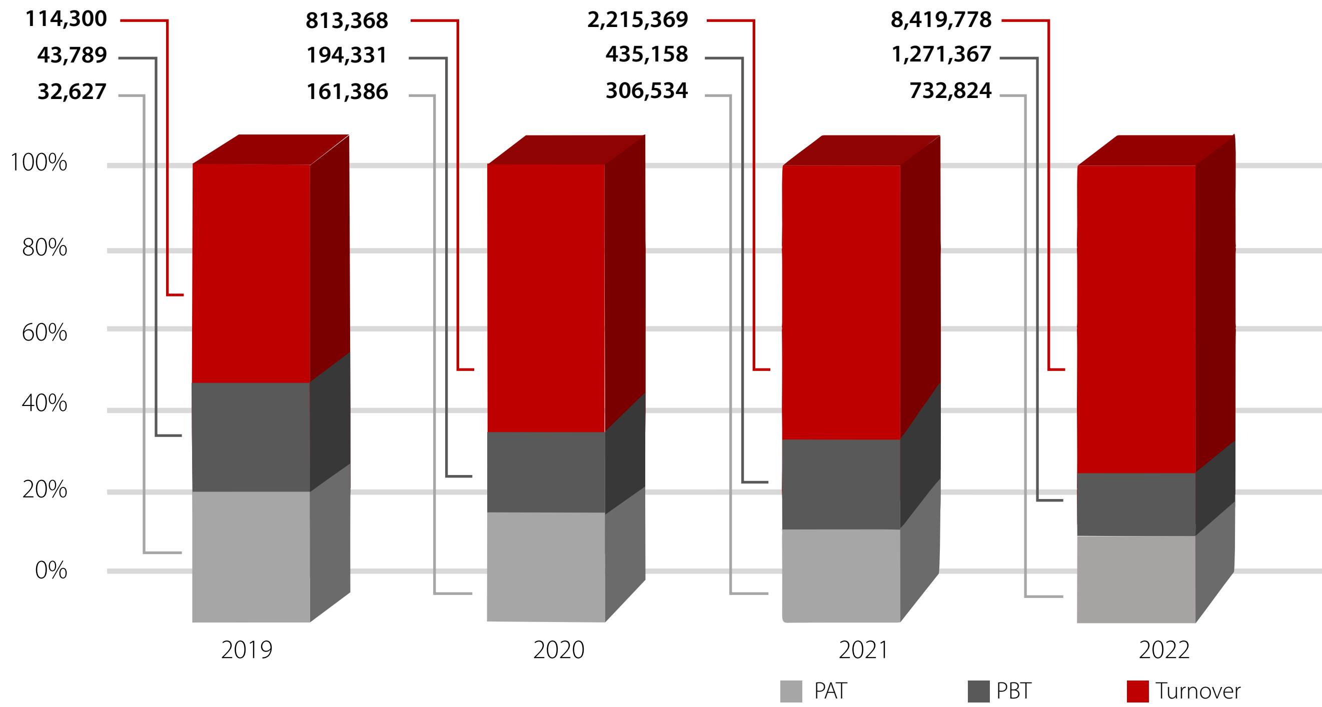
		Inflation Adjusted		Historical
		ZWL 000		ZWL 000
Turnover	▲	23% to ZWL 11,713,380	▲	280% to 8,419,778
EBT	▲	57% to ZWL 599,508	▲	192% to ZWL 1,271,367
Sales volumes	▼	7% to 5,414 tonnes	▼	7% to 5,414 tonnes
Profit for the year	▼	86% to ZWL 110,442	▲	139% to ZWL 732,824
Gross profit margins	▲	34% to 42%	▲	42% to 56%
Overheads	▲	190% to ZWL 3,596,780	▲	720% to ZWL 3,175,441
Quick ratio	▼	to 0.42:1 from 1.34:1	▼	to 0.42:1 from 1.26:1
ROCE	▼	to 8% from 16%	▼	to 14% from 18%
Current ratio	▼	to 1.11: 1 from 2.21:1	▼	to 0.97:1 from 1.94:1
ROA	▼	6% from 13%	▼	9% from 15%
Debt /Equity	▼	To 3% from 16%	▼	to 4% from 17%
EBITDA	▼	at 13% (prior year 22%)of revenue	▼	at 21% (Prior year 26%) of revenue
Cash generated from operating activities to revenue	▲	10% (Dec 2021 0.47%)	▲	8% (Dec 2021 2.83%)
Dividend per share	▼	Nil (Dec 2021 ZWL 38 cents)	▼	Nil (Dec 2021 ZWL 38 cents)
Basic EPS	▲	at 42.54 cents (Dec 2021, ZWL 52.39 cents)	▲	at 282.24 cents (Dec 2021, ZWL 62.93)

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



Group Financial Highlights (continued)

Turnover, PBT and PAT - Historical (ZWL 000)

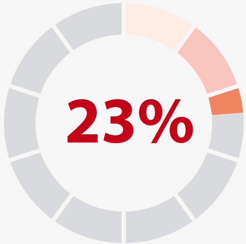


Ratios and Statistics

for the year ended 31 December 2022

Group Ratios and Statistics	Inflation Adjusted		Historical	
	31-Dec-22 Audited	31-Dec-21 Audited	31-Dec-22 Unaudited	31-Dec-21 Unaudited
Earnings (ZWL cents)				
Basic earnings per share	42.54	312.25	282.24	119.23
Diluted earnings per share	42.02	307.64	278.80	117.47
Profitability				
Profit before interest and tax on turnover (%)	9%	17%	19%	22%
Return on capital employed (%)	8%	16%	14%	18%
Productivity				
Payroll cost on turnover (%)	9%	7%	9%	7%
Total average assets (excluding bank balances and cash) (ZWL 000)	17,954,031	10,782,708	16,949,369	2,921,195
Finance				
Debt to Equity (%)	3%	16%	4%	17%
Current assets to current liabilities	1.11	2.21	0.97	1.94
Ordinary shares in Issue (ZWL-millions)	260	257	260	257
Share price at period end (ZWL-cents)	3,300	9,952	3,300	2,895
Market Capitalisation (ZWL-millions)	8,568	25,576	8,568	7,440
Other				
Number of employees	233	210	233	210

Chairman's Statement



Turnover grew by 23% to ZWL11.7 billion (historical ZWL8,4 billion) from ZWL9.5 billion (historical ZWL2.2 billion) in prior year.

G. SEBBORN
CHAIRMAN

Introduction

It is my pleasure to present to you the operational and financial performance of the Group for the full year ended 31 December 2022.

Since 2019, the country has been classified as a hyperinflationary economy, and this position persists to date. As a result, the financial performance has been prepared in accordance with the provisions of IAS 29 "Financial Reporting in Hyperinflationary Economies". In the report, "Group" refers to Proplastics Limited, its subsidiary companies; Promouldings (Private) Limited and Dudway Investments (Private) Limited and Joint Venture; Protank (Private) Limited.

Operating Environment

The general macroeconomic environment was turbulent during the year under review, particularly in the first seven months. Foreign currency shortages persisted, multiple exchange rates remained in place, and prices continued to increase. Inflation, which had slowed down in the prior year, rose significantly, and was reported at 244% by the end of the year.

The settlement of foreign currency allocations from the Auction platform continued to lag and this caused significant pressures on the payment of suppliers of requisite raw materials. The Group had no option but to temporarily suspend participation on the Auction platform in the second half of the year and instead, focused on generating the much needed foreign currency from internal resources.

The official exchange rate deteriorated during the current year with the rate closing at ZWL671 to 1 USD from a December 2021 rate of ZWL111. This translates to a massive 504% increase and had a huge bearing on the significant exchange losses on foreign liabilities that the business recorded during the year. The exchange rate on the alternative market also moved significantly upwards and this was the main driver of inflation.

In addition to these economic challenges, several policy pronouncements were made whose aggregate effect had a negative impact on the Group's ability to conduct business. Borrowing rates in local currency increased to levels that were not sustainable for the business, and the Group had to liquidate its entire Zimbabwe dollar borrowings at a substantial cost. The resultant impact on cashflows affected funding of the requisite raw materials despite an improvement in the availability of these worldwide.

Unfortunately, the supply of electricity remained a major challenge, causing massive disruptions to production. We estimate that the business may have lost a month of planned production due to power interruptions and the Group incurred considerable supplementary costs in operating the large backup generator.

The relative stability that ensued towards the end of the year as well as the success of the various strategies deployed by the Board and Management in value preservation, ensured the turnaround of the business from a loss-making position at half year to profitability, although at subdued levels, by the close of the year. This augurs well for the future as the Group enters the new year with renewed confidence.

The Group invested in a modern plastic pipe waste recycling plant towards the end of the year to minimize impact of scrapped products on the environment. Subsequent to the year end, indications are the plant can manage to recycle most of the internally generated plastic pipe waste for reuse within the Group's operations with minimum impact on the carbon footprint.

Financial Performance

The following commentary is based on inflation adjusted figures, which form the basis of the reporting framework. Reference has also been made to historical cost information to enhance clarity.

Turnover grew by 23% to ZWL11.7 billion (historical ZWL8.4 billion) from ZWL9.5 billion (historical ZWL2.2 billion) in prior year.

This was on the back of price adjustments considering economic fundamentals, both locally and globally. Sales volumes were down 7% on prior year given depressed domestic demand as economic challenges persisted. Exports contributed 6% to total sales, which was below the internally set target of 10%. It is important to note that a significant portion of the Group's revenue was recorded at the interbank rate, having been received in United States dollars. With the gap between the official and alternative market still significant, this had an impact on the recorded revenues.

As cost of sales were managed to increase by only 7% on prior year, on the back of operational efficiencies in the new factory and more direct and smart procurement of raw materials, gross profit margins improved significantly to 42% from 34% in the prior year. Resultantly, the Group posted a gross profit of ZWL4,9 billion (historically ZWL4,7 billion) up from ZWL3,2 billion (historically ZWL923 million) in the prior year.

Chairman's Statement (continued)

Inevitably, given the movement in exchange rates and the fact that the Group imports about 90% of its raw materials, thus holding significant amounts of foreign liabilities at any given point, the Group recorded net exchange losses amounting to ZWL896 million (historical ZWL1.3 billion). This is compared to prior year net exchange loss of ZWL146 million (historical ZWL39 million).

The Group recorded EBITDA of ZWL1.5 billion (historical ZWL1.7 billion) compared to ZWL2.2 billion (historical ZWL572 million) in the prior year. The Group then recorded a profit before tax of ZWL 600 million (historical ZWL1.3 billion) and a profit after tax of ZWL110 million (historical ZWL733 million).

The statement of financial position remained strong with total assets amounting to ZWL18 billion (historical ZWL17.5 billion). The current ratio closed the year on 1,11. The gearing ratio remained low at 3% giving the Group leverage to borrow further for the funding of raw materials.

The Group closed the year with cash and cash equivalents of ZWL516 million.

Sustainability

The Group's commitment to environmental stewardship, social responsibility, and corporate governance issues remains a key performance indicator. Compliance with the three system certifications namely ISO 9001 (Quality Management), ISO 45001 (Safety and Health) and ISO 14001 (Environmental Management) was maintained during the period. Since inception of the sustainability approach in 2020, the Group's carbon footprint has significantly improved.

During the period under review, the Group recorded four lost time injuries. The Group's zero harm approach will be premised on the following initiatives:

- Training and awareness on Occupational, Health and Safety (OHS) issues.
- Assessment of all manual processes towards potential for mechanization.
- Rigorous employee engagement in safety health and environment issues.
- Responsible initiatives that ensure OHS and environmental risks are managed throughout the value chain.
- Robust wellness programs that enhance the health and safety of our employees.

Compliance with legal and other requirements remains our key focus with zero penalties recorded in the business in the period under review. Our environmental performance remains encouraging with no significant incidences recorded in the year.

The Group remained responsive to the needs of communities around us through the provision of the following:

- School fees payment for the less privileged.
- Road rehabilitation within our area of influence.
- Funds to support the drug and substance awareness campaigns in Norton.
- Employment of locals in our area of influence.
- Donation of stationery to our local Police station.
- Office equipment for the Gweru Rural Police Station through our Gweru Sales Office.
- Contribution of Water and Sewer pipes to Matei Dei hospital through our Bulawayo Sales Office.
- Providing basic food stuffs for the underprivileged children's homes.
- Donation of pipes to NOSA for small scale garden and orchard project.
- Student attachment from all the Institution of higher learning in the Country.

Outlook

Although challenges persist in the operating environment, we expect demand to improve underpinned by both public and private sector – initiated projects. In addition, we expect the current relatively less turbulent economic environment to remain at least till the harmonised elections.

The new 500mm PVC line is producing the desired outputs and is effectively fulfilling the demand for big bore pipes. Demand for these bigger bore pipes seem to be growing and this augurs well for this investment. Unfortunately, the power supply situation has not improved, and this will be the major risk going forward. The Group is working hard to ensure this risk is mitigated and the market does not suffer supply gaps.

With the economic environment demonstrating a clear desire to settle transactions in United States dollars, indications are that the Group will trade more in that currency in the new year as was the case towards the end of the reporting period. As a result, the Group has shifted to United States Dollars as its functional currency since the beginning of the new year. This, in my view, will enable the Group to report more appropriately on its performance going forward.

As Zimbabwean dollar interest borrowing rates remain high, the Group has extinguished all its Zimbabwean dollar debts and opened United States Dollar credit lines with the banks. In the same vein, participation on the Auction platform will be reduced as the Group utilizes its internally generated foreign currency.

Dividend

Given the turbulent operating environment for the year and the need to stabilize the business amidst the shift in functional currency, the Board proposes that no dividend be declared for the year.

Acknowledgments

I would like to extend my appreciation to management, staff, and my fellow Board members and all our stakeholders for their commitment and support during these difficult times.

G. SEBBORN

31 March 2023

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 Roberts
(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 several 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)

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 2022

Boardmember	Position		Board	AGM*	Audit Committee
		Number of meetings	**4**	**1**	**4**
Mr. Gregory Sebborn	Non –Executive Board Chairman.		4	1	n/a
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	3
Mrs. Sandra Roberts	Non-Executive Director.		4	1	4
Mr. Herbert Stanley Mashanyare	Non- Executive Director		4	1	3
Mr Mark Di Nicola (Alt. Mr. Malcolm McCulloch)	Non-Executive Director.		2	-	n/a

Corporate Governance, Directorate and Executive Committees (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.

Corporate Governance, Directorate and Executive Committees (continued)

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 2022, 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 2022. This is the third 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 remains focused in ensuring that sustainability issues remains core. 2022 has been a better year on our performance and we will continuously put effort to ensure that world class performance standards are met.

Approach

The Group's approach to sustainability issues has been through the implementation of following ISO standards.

ISO 45001: 2018 Occupational health and safety

ISO 14001:2015 - Environmental Management Systems

ISO 9001:2015- Quality Management Systems

Third party certification of the above standards have been maintained to ensure that our approach to environmental and Social governance issues remains systematic and consistent.

In addition to the SHEQMS systems that support sustainability practices, Proplastics has maintained its Product Mark Schemes registered under 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 attained membership of the Southern African Vinyl's Association (SAVA) which gives the group strategic direction to ensure excellence in relation to health/environmental issues and product stewardship. It has also maintained its membership to Southern African Plastic Pipe Manufacturers Association (SAPPMA) and Installation and Fabrication Plastics Pipe Association (IFPA). 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 responsibility lies with the Chief Executive Officer and he has remained resolute in making sure that the needed resources are provided for in ensuring that sustainability issues remain a core in our business.

Stakeholder Engagement

The Group maintained a Stakeholder Management strategy through which various stakeholders such as suppliers, contractors, visitors, government, employees and the community where engaged to ensure alignment of the business objectives with stakeholder expectations. This has helped the business in managing its environmental and social governance issues as well as improve its compliance levels.

Performance

Four lost time injuries were recorded in the year 2022 and ninety percent were attributed to poor coordination of teams during manual handling activities. Increase in production volumes from the plant contributed to a rise in exposure to this risk hence accident were skewed to that cause.

To curb this and strive to achieve ZERO HARM in all activities and processes the organization is on a drive to implement the following initiatives:

- Training and awareness with the focus on machinery safety, manual handling, near miss reporting and risk training.
- Assess all manual handling activities with a potential for mechanisation.
- Rigorous employee engagement in safety health and environment issues to identify opportunities for improvement.
- 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 continues to contribute to the reduction of our environment footprint through the following notable improvements.

- Increased production efficiencies through automated mixing process hence reduction in energy use
- Procurement of raw material in recyclable bulk bags which has led to a significant decrease in packaging waste.
- Automated mixing which has reduced unnecessary spillages from multiple material handling.

The five-year plan target of recycling 90% of production waste generated set for reviews by year end 2023 remains an optimistic target. 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 year under review.

The Group remains responsive to the needs of communities around us through investment 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.

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 2022.

Period's Results

	Inflation Adjusted	Historical
Profit attributable to Shareholders (ZWL 000)	110,442	732,824

Capital Expenditure

Capital expenditure for the year ending 31 December 2022 amounted to ZWL 1.147 billion in inflation adjusted terms and ZWL 722 million in historical terms. The budgeted capital expenditure for the year to 31 December 2023 is ZWL 2.6 billion. The capital expenditure for 2022 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 5,300,395 divided into 257,085,628 ordinary shares of ZWL0.0206 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 92 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 that no dividend be paid for the year ended 31 December 2022 as the Group and Company had a difficult trading year.

Borrowing Powers

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

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

Messrs. Herbert Mashanyare and Paddy T Zhanda, will retire by rotation 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 46 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 2022 are shown in note 10 of the financial statements-Share based payments.

Compliance with International Financial Reporting

Report of The Directors (continued)

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 as issued by the International Accounting Standards Board ("IFRS 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 the non-compliance with IAS 21: Effects of Changes in Foreign Exchange.

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. This has been the case for the past 3 years, but the effect has continued to grow by each reporting period.

In the year under review, overall proportion of US$ revenue to total revenue, which is one of the most important determinants of the functional currency, is skewed towards the USD. In our view, for the first half of the year, the functional currency was ZWL and only changed to USD in the second half with year-to-date USD after retention contributing 46% at half year and 60% at 31 December 2022.

In view of the volatility of the economic environment, the Board of Directors of the Group and Company have applied judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions.

The Directors are, therefore, of the opinion that whereas the functional currency from half year was ZWL, the position did shift in the second half of the year with revenue after retention averaging plus 60% from July, borrowings mainly being in USD and 80% of raw materials being financed through internally generated USD receipts.

The functional currency was resolved to have changed to United States Dollars with effect from 01 October 2022. However, the functional currency change was only implemented effective 01 January 2023 which coincides with the beginning of a new financial year. The annual financial statements for year ended 31 December 2022 are however presented in ZWL being the currency of the primary economic environment in which the Group and company operates.

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.

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 18 -22.

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.

During the year under review, the business migrated to a new Enterprise Resource Planning (ERP) system (SAP Business One) effective 01 October 2022. This followed indications by the old SAGE 1000 system vendor that they would be terminating the system in Zimbabwe as well as the need to improve business processes. The migration was carried out successfully and the project was in the handholding stage until the beginning of the new year and has now been by and large concluded.

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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Independent Auditors' Report

To the shareholders of Proplastics Limited

Adverse opinion

We have audited the inflation adjusted consolidated and separate financial statements of Proplastics Limited (the Group and Company) set out on pages 24 to 86, which comprise the inflation adjusted consolidated and company statements of financial position as at 31 December 2022, and the inflation adjusted consolidated and company statements of profit or loss and other comprehensive income, the inflation adjusted consolidated and company statements of changes in equity and the inflation adjusted consolidated and company statements of cash flows for the year then ended, accounting policies and notes to the inflation adjusted consolidated and separate financial Statements.

In our opinion, because of the significance of the matters described in the ***Basis for adverse opinion*** section of our report, the accompanying inflation adjusted consolidated and separate financial statements do not present fairly the inflation adjusted consolidated and separate financial position of Proplastics Limited as at 31 December 2022, 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 as issued by the International Accounting Standards Board (IFRS Standards) and the manner required by the Companies and Other Business Entities Act [Chapter 24:31].

Basis for adverse opinion

Non-compliance with International Financial Reporting Standards IAS 21 *The Effects of Changes in Foreign Exchange Rates (IAS 21)* in the current financial year.

As disclosed in notes 3.17 the directors concluded that there was a change in functional currency with effect from the 1 October 2022 to the USD. However, the inflation adjusted consolidated and separate financial statements for the year ended 31 December 2022 have continued to be prepared on a ZWL functional currency basis. The directors effected the change in functional currency on 1 January 2023 to coincide with the beginning of a new financial year. This constitutes a departure from IAS 21

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which stipulates that when there is a change in a Group's or Company's functional currency, the Group and Company shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change, which based on the director's evaluation should have been 1 October 2022.

Non-compliance with International Financial Reporting Standards IAS 29 - *Hyperinflationary Economies (IAS29)*

The directors have continued to apply IAS 29 to the full year results as they have maintained the functional currency of the Group and Company as the ZWL for the year ended 31 December 2022. Had the directors applied the change in functional currency from 1 October 2022, IAS 29 accounting would have only applied up to the date of change in functional currency. This constitutes a departure from the requirements of IAS 29.

The departures from IAS 21 and IAS 29, the effects of which have not been determined, are considered to be material and pervasive to this inflation adjusted consolidated and separate financial statements.

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 adverse opinion.

Other information

The directors are responsible for the other information. The other information comprises all other information included in the document title "Proplastics Limited Annual Report for the year ended 31 December 2022", 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 in the Basis of adverse opinion section above, the Companies within the Group should have changed their functional currency prospectively and stopped applying the requirements of IAS 29 with effect from the 1st of October 2022 and not the 1st of January 2023. We have therefore concluded that the other information is materially misstated for the same reason.

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

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS 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

KPMG

evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group and company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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

31 March 2023

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 2022

	Notes	Inflation adjusted		Historical	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		ZWL 000 Audited	ZWL 000 Audited	ZWL 000 Unaudited	ZWL 000 Unaudited
Assets					
Non-current assets					
Property, plant & equipment	4	11,605,826	7,384,103	11,584,283	2,136,207
Right of use assets	5	197,788	165,854	41,586	6,433
Investment in joint venture	6	56,118	-	46,849	-
Total non- current assets		**11,859,732**	**7,549,957**	**11,672,718**	**2,142,640**
Current assets					
Inventories	7	4,076,211	1,717,583	3,283,139	384,034
Trade and other receivables	8	2,018,087	1,515,170	1,993,513	394,521
Cash and cash equivalents	9	516,846	1,127,749	516,846	328,063
Total current assets		**6,611,144**	**4,360,502**	**5,793,498**	**1,106,618**
Total assets		**18,470,876**	**11,910,459**	**17,466,216**	**3,249,258**
Equity and liabilities					
Equity					
Share capital	10	5,301	5,301	26	26
Reserves		8,516,087	5,649,984	8,482,880	1,639,364
Retained earnings		2,047,260	2,092,515	1,080,422	446,751
Total equity		**10,568,648**	**7,747,800**	**9,563,328**	**2,086,141**
Non-current liabilities					
Long-term borrowings	11	33,333	391,467	33,333	113,878
Long-term lease liability	14	37,417	19,763	37,417	5,749
Deferred taxation	12	1,859,464	1,777,023	1,876,220	472,140
Total non-current liabilities		**1,930,214**	**2,188,253**	**1,946,970**	**591,767**
Current liabilities					
Trade and other payables	13	4,469,918	946,323	4,453,822	272,280
Short-term borrowings	11	333,865	830,342	333,865	241,547
Current tax payable	19	1,144,831	185,225	1,144,831	53,882
Short-term lease liability	14	23,400	12,516	23,400	3,641
Total current liabilities		**5,972,014**	**1,974,406**	**5,955,918**	**571,350**
Total liabilities		**7,902,228**	**4,162,659**	**7,902,888**	**1,163,117**
Total equity and liabilities		**18,470,876**	**11,910,459**	**17,466,216**	**3,249,258**

G Sebborn
Chairman
31 March 2023

K. Chigiya
Chief Executive Officer
31 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Notes	Inflation adjusted		Historical	
		12 months to	12 months to	12 months to	12 months to
		31-Dec-22 ZWL000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Revenue	15	**11,713,380**	**9,532,458**	**8,419,778**	**2,215,369**
Cost of sales		(6,781,566)	(6,323,850)	(3,675,970)	(1,292,733)
Gross profit		**4,931,814**	**3,208,608**	**4,743,808**	**922,636**
Net monetary (loss)/ gain		(239,155)	298,930	-	-
Other (expenses)/ income	16	(35,155)	(10,894)	23,370	(3,423)
Distribution costs		(562,066)	(317,620)	(421,832)	(76,286)
Administrative expenses	17	(2,930,227)	(1,578,862)	(2,674,697)	(364,499)
Impairment loss on trade receivables*		(104,487)	-	(78,912)	-
Profit before interest and tax		**1,060,724**	**1,600,162**	**1,591,737**	**478,428**
Finance costs	17.2	(460,816)	(197,460)	(320,370)	(43,270)
Profit before tax	18	**599,908**	**1,402,702**	**1,271,367**	**435,158**
Income tax expense	18.1	(489,466)	(599,950)	(538,543)	(128,624)
Profit for the year		**110,442**	**802,752**	**732,824**	**306,534**
Other Comprehensive income					
Items that will not be reclassified to Profit and Loss					
Revaluation of Property, Plant and Equipment	4.1/4.2	3,592,743	1,113,611	8,890,835	996,806
Related tax		(867,932)	(260,447)	(2,140,495)	(234,847)
		2,724,811	**853,164**	**6,750,340**	**761,959**
Items that may be reclassified to Profit and Loss					
Other comprehensive income net of tax		**2,724,811**	**853,164**	**6,750,340**	**761,959**
Total comprehensive income for the year		**2,835,253**	**1,655,916**	**7,483,164**	**1,068,493**
Basic earnings per share (cents)	20	**42.54**	**312.25**	**282.24**	**119.23**
Diluted earnings per share (cents)	20	**42.02**	**307.64**	**278.80**	**117.47**
Headline earnings per share (cents)	20	**42.55**	**308.62**	**282.23**	**119.2**

*Prior year impairment loss on trade receivables was recognised under Administration costs.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

Inflation adjusted Audited	Share capital ZWL 000	Reserves ZWL 000	Retained earnings ZWL 000	Total equity ZWL 000
Balance at 31 December 2020	**5,301**	**4,789,488**	**1,538,711**	**6,333,500**
Dividend paid	-	-	(248,948)	(248,948)
Revaluation surplus (net of tax)	-	853,164	-	853,164
Share based payments	-	7,064	-	7,064
Share options exercised (net of tax)	-	268	-	268
Profit for the year	-	-	802,752	802,752
Balance at 31 December 2021	**5,301**	**5,649,984**	**2,092,515**	**7,747,800**
Dividend paid*	-	-	(155,697)	(155,697)
Revaluation surplus (net of tax)	-	2,724,811	-	2,724,811
Share based payments	-	8,723	-	8,723
Share options exercised	-	78	-	78
Issue of ordinary shares	-	132,491	-	132,491
Profit for the year	-	-	110,442	110,442
Balance at 31 December 2022	**5,301**	**8,516,087**	**2,047,260**	**10,568,648**

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 6,981,814 thousand) and the unbundling reserve (ZWL1,131,084 thousand) which was created during unbundling from Masimba Holdings

*Dividend paid was declared in 2021.

Historical Unaudited	Share capital ZWL 000	Reserves ZWL 000	Retained earnings ZWL 000	Total equity ZWL 000
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 (net of tax)	-	78	-	78
Profit for the year	-	-	306,534	306,534
Balance at 31 December 2021	**26**	**1,639,364**	**446,751**	**2,086,141**
Dividend paid*	-	-	(99,153)	(99,153)
Revaluation surplus (net of tax)	-	6,750,340	-	6,750,340
Share based payments -	**-**	**8,723**	**-**	**8,723**
Share options exercised	-	78	-	78
Issue of ordinary shares	-	84,375	-	84,375
Profit for the year	-	-	732,824	732,824
Balance at 31 December 2022	**26**	**8,482,880**	**1,080,422**	**9,563,328**

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 8,377,592 thousand) and the unbundling reserve (ZWL 7,346 thousand) which was created during unbundling from Masimba Holdings.

*Dividend paid was declared in 2021.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	Notes	Inflation Adjusted		Historical	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		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		**1,060,724**	**1,600,162**	**1,591,737**	**478,428**
Adjustments for:					-
Depreciation of non-current assets	4	425,677	519,934	139,350	86,603
Depreciation of right of use asset	5	10,470	23,290	7,250	5,005
Expense recognised in respect of equity-settled share-based payments	27	8,723	7,064	8,723	2,055
Loss/(Profit) on disposal of property, plant and equipment		39,432	37,061	(20,103)	9,071
Unrealised exchange gain/loss-lease		38,835	12,870	38,835	3,744
Unrealised exchange gains on cash held		(317,059)	(32,097)	(244,666)	(6,310)
Monetary gain/(loss)		239,155	(298,930)	-	-
Net cash generated from operations before working capital changes		**1,505,957**	**1,869,354**	**1,521,126**	**578,596**
Increase in trade and other receivables		(502,917)	(708,816)	(1,598,992)	(253,763)
(Increase)/ decrease in inventories		(2,358,627)	38,907	(2,899,105)	(133,241)
Increase/(decrease) in payables		3,523,595	(329,409)	4,181,541	42,960
Cash generated from operations		**2,168,008**	**870,036**	**1,204,570**	**234,552**
Net interest paid		(562,586)	(197,459)	(320,370)	(43,270)
Income tax paid	19	(428,243)	(568,950)	(184,009)	(134,824)
Net cash generated from operating activities		**1,177,179**	**103,627**	**700,191**	**56,458**
Cash flow from investing activities					
Purchase of property, plant and equipment to maintain op-erations	4	(1,147,832)	(107,226)	(722,417)	(25,352)
Proceeds from disposal of property, plant and equipment		53,717	48,299	45,930	10,927
Investment in Joint Venture		(56,118)	-	(46,848)	-
Net cash utilised in investing activities		(1,150,233)	(58,927)	(723,335)	(14,425)
Cash flow from financing activities					
Proceeds from loans and borrowings		688,160	1,352,531	550,412	358,547
Repayment of borrowings		(570,824)	(194,713)	(538,639)	(44,449)
Dividend paid		(23,205)	(248,948)	(14,778)	(54,431)
Proceeds from exercise of share options		78	268	78	78
Repayment of lease liability		(36,174)	(47,600)	(29,812)	(8,290)
Net cash generated from financing activities		**58,036**	**861,538**	**(32,739)**	**251,455**
Net increase in cash and cash equivalents		**84,982**	**906,238**	**(55,883)**	**293,488**
Cash and cash equivalents at the beginning of the year		1,127,749	156,184	328,063	28,265
Effects of IAS 29 on inflation adjustment of cash flow items		(1,012,944)	33,230	-	-
Effects of currency translation on cash and cash equivalents		317,059	32,097	244,666	**6,310**
Cash and cash equivalents at the end of the year		**516,846**	**1,127,749**	**516,846**	**328,063**

Company Statement of Financial Position

as at 31 December 2022

	Notes	31-Dec-21 ZWL 000 Audited	31-Dec-20 ZWL 000 Audited	31-Dec-21 ZWL 000 Unaudited	31-Dec-20 ZWL 000 Unaudited
Assets					
Non-current assets					
Property, plant & equipment	4	5,031,137	2,476,275	5,009,593	708,517
Right of use assets	5	905,282	897,520	238,422	216,578
Investments	6	2,079,287	2,023,169	108,680	61,831
Deferred tax asset	12	15,623	-	362,259	-
Total non- current assets		**8,031,329**	**5,396,964**	**5,718,954**	**986,926**
Current assets					
Inventories	7	4,076,211	1,717,583	3,283,139	384,034
Trade and other receivables	8	2,018,089	1,487,082	1,993,513	386,399
Cash and cash equivalents	9	516,824	1,127,657	516,824	328,036
Total current assets		**6,611,124**	**4,332,322**	**5,793,476**	**1,098,469**
Total assets		**14,642,453**	**9,729,286**	**11,512,430**	**2,085,395**
Equity and liabilities					
Equity					
Share capital	10	5,301	5,301	26	26
Reserves		4,914,108	3,369,891	3,476,754	583,440
Retained earnings		1,963,963	2,460,530	292,666	419,394
Total equity		**6,883,372**	**5,835,722**	**3,769,446**	**1,002,860**
Non-current liabilities					
Long-term borrowings	11	33,333	391,467	33,333	113,878
Long-term lease liability	14	1,529,553	681,198	1,529,553	198,161
Deferred taxation	12	-	673,299	-	148,730
Total non-current liabilities		**1,562,886**	**1,745,964**	**1,562,886**	**460,769**
Current liabilities					
Trade and other payables	13	4,608,150	1,080,097	4,592,053	311,229
Short-term borrowings	11	333,865	830,342	333,865	241,547
Current tax payable	19	1,130,016	185,239	1,130,016	53,886
Short-term lease liability	14	124,164	51,922	124,164	15,104
Total current liabilities		**6,196,195**	**2,147,600**	**6,180,098**	**621,766**
Total liabilities		**7,759,081**	**3,893,564**	**7,742,984**	**1,082,535**
Total equity and liabilities		**14,642,453**	**9,729,286**	**11,512,430**	**2,085,395**

K. Chigiya

G Sebborn
Chairman
31 March 2023

K. Chigiya
Chief Executive Officer
31 March 2023

Company Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

		Inflation Adjusted		Historical	
		12 months to 31- Dec-22 ZWL 000 Audited	12 months to 31-Dec-21 ZWL 000 Audited	12 months to 31- Dec-22 ZWL 000 Unaudited	12 months to 31-Dec-21 ZWL 000 Unaudited
Revenue	**15**	**11,713,380**	**9,532,458**	**8,419,778**	**2,215,369**
Cost of sales		(6,781,566)	(6,323,850)	(3,675,971)	(1,292,733)
Gross profit		**4,931,814**	**3,208,608**	**4,743,807**	**922,636**
Net monetary gain		325,369	376,049	-	-
Other (expenses)/ income	**16**	(35,155)	(10,894)	23,370	(3,423)
Distribution costs		(541,466)	(317,620)	(403,286)	(76,286)
Administrative expenses	**17**	(4,248,603)	(1,526,233)	(4,065,536)	(354,491)
Impairment loss on trade receivables*		(104,487)	-	(78,912)	-
Profit before interest and tax		**327,472**	**1,729,910**	**219,443**	**488,436**
Finance costs	**17.2**	(562,586)	(288,676)	(422,140)	(69,805)
(Loss)/profit before tax	**18**	**(235,116)**	**1,441,234**	**(202,697)**	**418,631**
Income tax expense	**18.1**	(105,756)	(609,143)	175,122	(140,622)
(Loss)/profit for the year		**(340,870)**	**832,091**	**(27,575)**	**278,009**
Other Comprehensive income					
Items that will not be reclassified to profit and loss					
Revaluation of Property, Plant and Equipment	**4.3/4.4**	1,863,609	(451,848)	3,719,631	175,410
Related tax		(460,684)	111,701	(919,493)	(43,361)
		1,402,925	**(340,147)**	**2,800,138**	**132,049**
Items that may be reclassified to Profit and Loss		**-**	**-**	**-**	**-**
Other comprehensive income net of tax		**1,402,925**	**(340,147)**	**2,800,138**	**132,049**
Total comprehensive income for the period		**1,062,055**	**491,944**	**2,772,563**	**410,058**
Basic earnings per share (cents)	**20**	**(131.28)**	**323.66**	**(10.62)**	**108.14**
Diluted earnings per share (cents)	**20**	**(129.69)**	**318.89**	**(10.49)**	**106.54**
Headline earnings per share (cents)	**20**	**(116.10)**	**320.03**	**(18.36)**	**108.10**

*Prior year impairment loss on trade receivables was recognised under Administration costs.

Company Statement of Changes in Equity

for the year ended 31 December 2022

Inflation Adjusted

	Share capital ZWL 000	Reserves ZWL 000	Retained earnings ZWL 000	Total equity ZWL 000
Balance at 31 December 2020	**5,301**	**3,702,706**	**1,877,387**	**5,585,393**
Dividend paid	-	-	(248,948)	**(248,948)**
Revaluation surplus (net of tax)	-	(340,147)	-	**(340,147)**
Share options exercised (net of tax)	-	7,064	-	**7,064**
Share based payments	-	268	-	**268**
Profit for the year	-	-	832,091	**832,091**
Balance at 31 December 2021	**5,301**	**3,369,891**	**2,460,530**	**5,835,722**
Dividend paid*	-	-	(155,697)	**(155,697)**
Revaluation surplus (net of tax)	-	1,402,925	-	**1,402,925**
Share based payments	-	8,723	-	**8,723**
Share options exercised (net of tax)	-	78	-	**78**
Issue of ordinary shares	-	132,491	-	**132,491**
Profit for the year	-	-	(340,870)	**(340,870)**
Balance at 31 December 2022	**5,301**	**4,914,108**	**1,963,963**	**6,883,372**

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 3,137 500 thousand) and the unbundling reserve (ZWL 1,131,084 thousand) which was created during unbundling from Masimba Holdings.

*Dividend paid was declared in 2021.

Historical Unaudited

	Share capital ZWL 000	Reserves ZWL 000	Retained earnings ZWL 000	Total equity ZWL 000
Balance at 31 December 2020	**26**	**449,258**	**195,816**	**645,100**
Dividend paid	-	-	(54,431)	**(54,431)**
Revaluation surplus (net of tax)	-	132,049	-	**132,049**
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**
Dividend paid*	-	-	(99,153)	**(99,153)**
Revaluation surplus (net of tax)	-	2,800,138	-	**2,800,138**
Share based payments	-	8,723	-	**8,723**
Share options exercised (net of tax)	-	78	-	**78**
Issue of ordinary shares	-	84,375	-	**84,375**
Profit for the year	-	-	(27,575)	**(27,575)**
Balance at 31 December 2022	**26**	**3,476,754**	**292,666**	**3,769,446**

The Reserves primarily comprise two material elements being the revaluation surplus reserve (ZWL 3,371,378 thousand) and the unbundling reserve (ZWL 7,346 thousand) which was created during unbundling from Masimba Holdings.

*Dividend paid was declared in 2021.

Company Statement of Cash Flows

for the year ended 31 December 2022

	Note	Inflation Adjusted		Historical	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		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		**327,472**	**1,729,910**	**219,443**	**488,436**
Adjustments for:					
Depreciation of non-current assets	**4**	308,906	434,392	105,462	71,870
Depreciation of right of use asset	**5**	34,642	82,334	20,560	18,315
Expense recognised in respect of equity-settled share-based payments	**27**	8,723	7,064	8,723	2,055
Monetary gain or loss		(325,369)	(376,049)	-	-
Unrealised exchange gain/loss-lease		1,450,127	12,963	1,450,127	3,771
Unrealised exchange gains on cash held		(317,059)	(32,097)	(244,666)	(6,312)
Loss/(Profit) on disposal of property, plant and equipment		39,432	37,061	(20,103)	9,069
Net cash generated from operations before working capital changes		**1,526,874**	**1,895,578**	**1,539,546**	**587,204**
Decrease in trade and other receivables		(531,008)	(727,152)	(1,607,114)	(254,041)
(Increase)/ decrease in inventories		(2,358,627)	38,907	(2,899,105)	(133,241)
Increase/(decrease) in payables		3,528,052	(328,947)	4,280,824	57,618
Cash generated from operations		**2,165,291**	**878,386**	**1,314,151**	**257,540**
Net interest paid		(562,586)	(288,676)	(422,140)	(69,805)
Income tax paid	**19**	(421,067)	(557,654)	(179,230)	(131,537)
Net cash generated from operating activities		**1,181,638**	**32,056**	**712,781**	**56,198**
Cash flow from investing activities					
Purchase of property, plant, and equipment to maintain operations	**4**	(1,147,832)	(95,548)	(722,417)	(22,580)
Proceeds from disposal of property, plant and equipment		108,217	48,298	55,614	10,927
Investment in Joint venture		(56,118)	-	(46,849)	-
Net cash utilised in investing activities		**(1,095,733)**	**(47,250)**	**(713,652)**	**(11,653)**
Cash flow from financing activities					
Proceeds from loans and borrowings	**11**	688,160	1,352,531	550,412	358,547
Repayment of borrowings	**11**	(570,824)	(194,713)	(538,639)	(44,449)
Dividend paid		(23,205)	(248,948)	(14,778)	(54,431)
Repayment of lease liability	**14**	(103,962)	(73,355)	(52,080)	(10,817)
Proceeds from exercise of share options		78	268	78	78
Net cash (utilised in) /generated from financing activities		**(9,753)**	**835,783**	**(55,007)**	**248,928**
Net increase/(decrease) in cash and cash equivalents		**76,152**	**820,589**	**(55,878)**	**293,473**
Cash and cash equivalents at the beginning of the year		1,127,657	156,115	328,036	28,253
Effects of IAS 29 inflation adjustment on cash flow items		(1,004,044)	118,856	-	-
Effects of currency translation on cash and cash equivalents		317,059	32,097	244,666	6,310
Cash and cash equivalents at the end of the year		**516,824**	**1,127,657**	**516,824**	**328,036**

Consolidated and Separate Financial Statements
Accounting Policies

for the year ended 31 December 2022

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, and joint venture, Protank (Private) Ltd.

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 2022 to 31 December 2022.

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 as issued by the International Accounting Standards Board ("IFRS Standards"), 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 change in functional currency in the second half of the year, it was not practical to comply with requirements of IAS21: The Effects of Changes in Foreign Exchange Rates (IAS 21), as the functional currency change was only implemented in January 2023 to coincide with the new year.

During the year under review, the Group and Company used both foreign currency sources, proceeds from local sales and allocations from the foreign exchange auction predominantly to fund foreign currency requirements in raw materials and capital equipment. 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 Practice Certificate Number 2847) and were approved by the Board on 31 March 2023.

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 2022	13,672.99	1
31 December 2021	3,977.46	3,4376
Average CPI 2022	9,198.69	
Average CPI 2021	3,135.23	

Consolidated and Separate Financial Statements Accounting Policies (Continued)

for the year ended 31 December 2022

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 2022 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 2022

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 and IFRS Practice Statement 2 amendment-Disclosure of Accounting Policies	1 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 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	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.
IAS 1 Non-current Liabilities with Covenants (Amendments to IAS 1) 1	1 January 2024	Amendment stipulates that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of debt as current or non-current but should instead disclose in the note to financial statements. The Group and company is yet to assess the impact on disclosure requirements.
IAS 1 amendments - Classification of liabilities as current or non-current	1 January 2024	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.

Consolidated and Separate Financial Statements Accounting Policies (continued)

for the year ended 31 December 2022

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, subsidiaries and joint venture. 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 2022

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.

Investment in Joint venture

The Group is undertaking activities under a jointly controlled entity. Proplastics Limited's investment in the joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount is subsequently adjusted to recognize changes in the Company's share of net assets of the joint venture since acquisition date. The joint venture is anticipated to commence operations in the new financial year, but some initial setup costs have been incurred and accounted for accordingly.

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 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).

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.

Consolidated and Separate Financial Statements Accounting Policies (Continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2022 amounted to ZWL760.2 million inflation adjusted, ZWL747.4 million historical. The amount included in contract liabilities as at 31 December 2021 has been recognized as revenue in 2022 except for Masimba Holdings (ZWL335.9 million) as at reporting date. 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.

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 shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

On 31 December 2022, 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:

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. 6 Property, plant and equipment (continued)

Land and work in progress is not depreciated

Buildings	40 years	on a straight – line basis
Plant and equipment	12 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.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount thereof and are recognised net within other income in profit or loss. When a revalued asset is disposed of, any revaluation surplus is not transferred directly to retained earnings. It is left in equity under revaluation reserve.

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.

Consolidated and Separate Financial Statements Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Taxation and deferred taxation

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

Current and deferred 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.

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.

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.

Consolidated and Separate Financial Statements Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 2022 considering the currency of the products, currency sales mix, expenditure currency and competition currency and it was concluded that the functional currency had changed to USD in the second half of the year. Refer to 3.17

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 2022. 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 purposes 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 2022 at the dates of the transactions.

Consolidated and Separate Financial Statements Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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.

The impairment risk for other receivables and cash and cash equivalents is insignificant and is therefore considered to be immaterial in terms of estimating future credit losses.

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.

Consolidated and Separate Financial Statements
Accounting Policies (continued)
for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11.1 Financial assets (continued)

- 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.
- 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.

Consolidated and Separate Financial Statements Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11.1 Financial assets (continued)

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.

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.

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.

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 Group 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.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Consolidated and Separate Financial Statements
Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and Company's accounting policies.

Inventory assumptions

2022 inventory balances for the purposes of the inflation adjusted financial statements were based on a period aging of current, 60 days,90 days, 120 days, 150 days, 180 days, 360 days,720 days and more than 1,080 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 50%, Finished goods, spares, consumables, and millings all at 15%). Refer to note 7 for further details.

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, considering 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.

Consolidated and Separate Financial Statements Accounting Policies (continued)

for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

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 Group and Companies adopted the ZWL in 2019 in line with the law, statutory instrument 33 of 2019 which brought parity between ZWL and USD with effect from 22 February 2019. From 2019 and all subsequent years, the Directors and management of the Group and Company determined that the functional currency is ZWL based on requirements of IAS 21.

The Directors and Management 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.

However, overall proportion of US$ revenue to total revenue, one of the most important determinants of the functional currency, is skewed towards the USD. For the first half of the year the functional currency was ZWL and only changed to USD in the second half of the current year to 31 December 2022, with year-to-date USD after retention contributing 46% at half year and 60% at 31 December 2022.
The Group and company's borrowings are now mainly in USD with a strategy to increase the USD borrowings in 2023.

In view of the volatility of the economic environment, the Board of Directors of the Group and Company have applied judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events, and conditions.

The Directors and Management are, therefore, of the opinion that whereas the functional currency from half year was ZWL, the position did shift in the second half of the year with revenue after retention averaging plus 60% from July, borrowings mainly being in USD and 80% of raw materials being financed through internally generated USD receipts.

The functional currency was resolved to have changed to United States Dollars with effect from 01 October 2022. However, the functional currency change was only implemented effective 01 January 2023 which coincides with the beginning of a new financial year. The annual financial statements for year ended 31 December 2022 are however presented in ZWL being the currency of the primary economic environment in which the Group and company operates.

Consolidated and Separate Financial Statements Accounting Policies (continued)

for the year ended 31 December 2022

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

Determination of the Group's and Company's functional currency (continued)

Exchange rates used for translation of foreign currency transactions

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. 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 participated on the Foreign Currency Auction Market during the year to fund its foreign currency requirements in raw materials and capital equipment.

The Group and Company made an evaluation of the appropriateness of the exchange rate used for the period January to December 2022 and the following issues were considered.

- The entity made use of the auction offer rate since 23 June 2020 when the Reserve Bank of Zimbabwe introduced a Foreign Exchange Auction Trading System.
- The entity used both foreign currency sources, proceeds from local sales and allocations from the foreign exchange auction predominantly to fund foreign currency requirements.

The introduction of an interbank exchange rate (Willing buyer willing seller) on 9 May 2022 to run parallel to the Foreign Currency Auction System.

- In the year under review, fourteen bids were successful out of twenty – two bids (64% success rate).

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 2022 is appropriate although the company stopped participating from July 2022. The application of the auction rate is consistent with rates used in prior year and lack of any other appropriate rate with observable units for financial reporting.

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.

3.18 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

4.1 PROPERTY, PLANT, AND EQUIPMENT

Group **Inflation adjusted Audited Cost**	**Freehold Land & Buildings**	**Leasehold Improve-ments**	**Capital Work in Progress**	**Plant & Equipment**	**Motor Vehicles**	**Furniture & Office Equipment**	**Total**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**	**ZWL 000**
Balance at 31 December 2020	**3,416,232**	**21,069**	**47,236**	**2,899,289**	**283,375**	**103,575**	**6,770,776**
Additions	11,678	3,912	15,119	17,975	24,087	34,455	107,226
Revaluations gains/(losses)	1,479,918	-	-	(968,362)	47,793	41,959	601,308
Disposals	-	-	-	(51,158)	(39,691)	(1,911)	(92,760)
Transfer (out)/in	-	-	(1,255)	1,042	-	213	-
Balance at 31 December 2021	**4,907,828**	**24,981**	**61,100**	**1,898,786**	**315,564**	**178,291**	**7,386,550**
Additions	-	-	-	1,034,323	67,906	45,602	1,147,831
Revaluations gains/(losses)	1,612,363	-	-	1,549,418	(1,506)	15,558	3,175,833
Disposals	-	-	-	-	(99,419)	(2,307)	(101,726)
Transfer in/(out)	54,500	-	(61,100)	6,600	-	-	-
Balance at 31 December 2022	**6,574,691**	**24,981**	**-**	**4,489,127**	**282,545**	**237,144**	**11,608,488**
Accumulated Depreciation							
Balance at 31 December 2020	**-**	**(2,220)**	**-**	**-**	**-**	**-**	**(2,220)**
Depreciation for the year	(85,541)	(227)	-	(354,472)	(50,127)	(29,567)	(519,934)
Disposals	-	-	-	4,352	2,839	212	7,403
Elimination of Accumulated Depreciation	85,541	-	-	350,120	47,288	29,355	512,304
Balance at 31 December 2021	**-**	**(2,447)**	**-**	**-**	**-**	**-**	**(2,447)**
Depreciation for the year	(116,771)	(215)	-	(204,942)	(54,674)	(49,075)	(425,677)
Disposals	-	-	-	-	8,180	372	8,552
Elimination of Accumulated Depreciation	116,771	-	-	204,942	46,494	48,703	416,910
Balance at 31 December 2022	**-**	**(2,662)**	**-**	**-**	**-**	**-**	**(2,662)**
Carrying Amount							
Balance at 31 December 2021	**4,907,828**	**22,534**	**61,100**	**1,898,786**	**315,564**	**178,291**	**7,384,103**
Balance at 31 December 2022	**6,574,691**	**22,319**	**-**	**4,489,127**	**282,545**	**237,144**	**11,605,826**
Reconciliation of Revaluation gains/(losses)							
31 December 2021							
Revaluations gains/(losses)	1,479,918	-	-	(968,362)	47,793	41,959	601,308
Elimination of Accumulated Depreciation	85,540	-	-	350,119	47,288	29,356	512,303
Total revaluation gains as per OCI	**1,565,458**	**-**	**-**	**(618,243)**	**95,081**	**71,315**	**1,113,611**
31 December 2022							
Revaluations gains/(losses)	1,612,363	-	-	1,549,418	(1,506)	15,558	3,175,833
Elimination of Accumulated Depreciation	116,771	-	-	204,942	46,494	48,703	416,910
Total revaluation gains as per OCI	**1,729,134**	**-**	**-**	**1,754,360**	**44,988**	**64,261**	**3,592,743**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 Property, plant and equipment

Group

Historical Unaudited Cost

	Freehold Land & Buildings	Leasehold Improvements	Capital Work in Progress	Plant & Equipment	Motor Vehicles	Furniture & Office Equipment	Total
	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Balance at 31 December 2020	**618,255**	**99**	**7,592**	**524,700**	**51,285**	**18,744**	**1,220,675**
Additions	2,772	876	4,239	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**	**975**	**11,604**	**552,357**	**91,799**	**51,864**	**2,136,289**
Additions	-	-	-	626,192	60,165	36,060	722,417
Revaluation gains	5,137,316	-	-	3,308,655	159,509	149,889	8,755,369
Disposals	-	-	-	-	(28,920)	(670)	(29,590)
Transfer in/(out)	9,684	-	(11,604)	1,920	-	-	-
Balance at 31 December 2022	**6,574,690**	**975**	**-**	**4,489,124**	**282,553**	**237,143**	**11,584,485**
Accumulated Depreciation							
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
	-	**(82)**	**-**	**-**	**-**	**-**	**(82)**
Depreciation for the year	(33,888)	(120)	-	(69,490)	(18,508)	(17,344)	(139,350)
Disposals	-	-	-	-	3,572	192	3,764
Elimination of Accumulated Depreciation	33,888	-	-	69,490	14,936	17,152	135,466
Balance at 31 December 2022	**-**	**(202)**	**-**	**-**	**-**	**-**	**(202)**
Carrying Amount							
Balance at 31 December 2021	**1,427,690**	**893**	**11,604**	**552,357**	**91,799**	**51,864**	**2,136,207**
Balance at 31 December 2022	**6,574,690**	**774**	**-**	**4,489,124**	**282,553**	**237,143**	**11,584,283**
Reconciliation of Revaluation gains				-			
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**
31 December 2022							
Revaluation gains	5,137,316	-	-	3,308,655	159,509	149,889	8,755,369
Elimination of Accumulated Depreciation	33,888	-	-	69,490	14,936	17,152	135,466
Total revaluation gains as per OCI	**5,171,204**	**-**	**-**	**3,378,145**	**174,445**	**167,041**	**8,890,835**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

4.3 PROPERTY, PLANT AND EQUIPMENT (continued)

Inflation adjusted 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 2020	**21,069**	**47,236**	**2,899,289**	**283,375**	**103,575**	**3,354,544**
Additions	3,912	15,119	17,975	24,087	34,455	95,548
Revaluation (losses/) gains	-	-	(968,362)	47,793	41,959	(878,610)
Disposals	-	-	(51,158)	(39,691)	(1,911)	(92,760)
Transfer (out)/in	-	(1,255)	1,042	-	213	-
Balance at 31 December 2021	**24,981**	**61,100**	**1,898,786**	**315,564**	**178,291**	**2,478,722**
Additions	-	-	1,034,323	67,907	45,602	1,147,832
Revaluation gains/(losses)	-	-	1,549,418	(1,506)	15,558	1,563,470
Disposals	-	(54,500)	-	(99,419)	(2,307)	(156,226)
Transfer (out)/in	-	(6,600)	6,600	-	-	-
Balance at 31 December 2022	**24,981**	**-**	**4,489,127**	**282,546**	**237,144**	**5,033,798**
Accumulated Depreciation						
Balance at 31 December 2020	**(2,220)**	**-**	**-**	**-**	**-**	**(2,220)**
Depreciation for the year	(227)	-	(354,472)	(50,127)	(29,567)	(434,392)
Disposals	-	-	4,352	2,839	213	7,404
Elimination of Accumulated Depreciation	-	-	350,120	47,288	29,354	426,762
Balance at 31 December 2021	**(2,447)**	**-**	**-**	**-**	**-**	**(2,447)**
Depreciation for the year	(215)	-	(204,942)	(54,674)	(49,075)	(308,906)
Disposals	-	-	-	8,180	372	8,552
Elimination of Accumulated Depreciation	-	-	204,942	46,494	48,703	300,139
Balance at 31 December 2022	**(2,661)**	**-**	**-**	**-**	**-**	**(2,661)**
Carrying Amount						
Balance at 31 December 2021	**22,534**	**61,100**	**1,898,786**	**315,564**	**178,291**	**2,476,275**
Balance at 31 December 2022	**22,320**	**-**	**4,489,127**	**282,546**	**237,144**	**5,031,137**
Reconciliation of Revaluation gains 31 December 2021						
Revaluation (losses/) gains	-	-	(968,362)	47,793	41,959	(878,610)
Elimination of Accumulated Depreciation	-	-	350,120	47,288	29,354	426,762
Total revaluation gains as per OCI	**-**	**-**	**(618,242)**	**95,081**	**71,313**	**(451,848)**
Reconciliation of Revaluation gains 31 December 2022						
Revaluation gains/(losses)	-	-	1,549,418	(1,506)	15,558	1,563,470
Elimination of Accumulated Depreciation	-	-	204,942	46,494	48,703	300,139
Total revaluation gains as per OCI	**-**	**-**	**1,754,360**	**44,988**	**64,261**	**1,863,609**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

4.4 PROPERTY, PLANT AND EQUIPMENT (continued)

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 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**
Additions	-	-	626,192	60,165	36,060	722,417
Revaluation gains	-	-	3,308,655	159,509	149,889	3,618,053
Disposals	-	(9,684)	-	(28,920)	(670)	(39,274)
Transfer (out)/in	-	(1,920)	1,920	-	-	-
Balance at 31 December 2022	**975**	**-**	**4,489,124**	**282,553**	**237,143**	**5,009,795**
Accumulated Depreciation						
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)**
Depreciation for the year	(120)	-	(69,490)	(18,508)	(17,344)	(105,462)
Disposals	-	-	-	3,572	192	3,764
Elimination of Accumulated Depreciation	-	-	69,490	14,936	17,152	101,578
Balance at 31 December 2022	**(202)**	**-**	**-**	**-**	**-**	**(202)**
Carrying Amount						
Balance at 31 December 2021	**893**	**11,604**	**552,357**	**91,799**	**51,864**	**708,517**
Balance at 31 December 2022	**773**	**-**	**4,489,124**	**282,553**	**237,143**	**5,009,593**
Reconciliation of Revaluation gains				-		
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**
31 December 2022						
Revaluation gains	-	-	3,308,655	159,509	149,889	3,618,053
Elimination of Accumulated Depreciation	-	-	69,490	14,936	17,152	101,578
Total revaluation gains as per OCI	**-**	**-**	**3,378,145**	**174,445**	**167,041**	**3,719,631**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.5 Encumbrances on property, plant and equipment

Freehold land and buildings with a carrying amount of $6,574,690 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 and The Remaining Extent of Stand 4896 Salisbury Township. 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 2022.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:

2022 Specialised Equipment valuation sensitivity analysis - Group and Company

Key Input	US$ 000	Actual ZWL 000	Sensitivity ZWL 000	Impact on asset fair value and OCI (Net of tax) ZWL 000
			10% Increase	
Estimated depreciated cost	6,685,750	4,489,124	4,938,061	337,960
		US$1: ZWL 671.45	US$1: ZWL 1000	
Exchange Rate	6,685,750	4,489,124	6,685,750	835,077

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.6 Revaluation (continued)

2021 Specialised plant and equipment valuation sensitivity analysis - Group and Company

Key Input	US$ 000	Actual ZWL 000	Sensitivity ZWL 000	Impact on asset fair value and OCI (Net of tax) ZWL 000
		US$1: ZWL 111.38	US$1: ZWL 250	
Exchange Rate	4,960	1,899,130	4,262,624	1,779,239

2022 Specialised Freehold Land and Buildings valuation sensitivity analysis - Group

Key Input	Actual ZWL 000	Sensitivity ZWL 000	Impact on asset fair value and OCI (Net of tax) ZWL 000
Value per SQM	**319**	**50% Increase (478,5)**	
Specialised freehold land and buildings	5,575,110	8,362,665	2,098,471

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 1000** asset value would have increased by ZWL 2.2 billion with a corresponding increase in the gross 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 an active market.
- **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 Inflation adjusted	**Level 1**	**Level 2 Non-Specialised Assets**	**Level 3 Specialised Assets**	**Total**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
Freehold land and Buildings	-	999,580	5,575,110	6,574,690
Plant and Equipment	-	-	4,489,124	4,489,124
Motor Vehicles	-	282,552	-	282,552
Furniture and Office equipment	-	237,143	-	237,143
Carrying amount	**-**	**1,519,275**	**10,064,234**	**11,583,509**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Level 3 assets reconciliation

	ZWL 000
Opening Balance	6,074,299
Additions	1,090,490
Disposals	-
Revaluation	2,899,445
Carrying amount	**10,064,234**

Carrying amounts before revaluation

If the assets were held at cost as of 31 December 2022, the carrying amount of Property, plant and equipment would have been:

Group	**ZWL 000**
Freehold land and buildings	582,089
Plant and Equipment	1,018,928
Furniture and office equipment	38,216
Motor Vehicle	56,634
Total carrying amounts before revaluation	**1,695,867**

Carrying amounts before revaluation

Company	**ZWL 000**
Plant and Equipment	1,018,928
Furniture and office equipment	38,216
Motor Vehicle	56,634
Total carrying amounts before revaluation	**1,113,778**

Valuation Analysis of Properties

The following are the inputs provided by EPG independent valuers:

PROPERTY	Market Value ZWL 000	Market Rent per month ZWL 000	Potential Income p.a ZWL 000	Rental Rates Applied per m2 ZWL 000	CAP Rate	Value per m2 ZWL000
The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie situated along Spurn Road, Ardbennie, Harare	999,580	7,247	86,963	W/house/Fact-1460- 1825 Office equipment-2190 Basement-365	8.6%	178
Stand 1842 Ardbennie Township, Finneran Road, both situated in Ardbennie, Harare	1,735,290	10,123	121,470	W/H/ Factory-1825 Mix Plant Build - 1460 Sheds- 1095 Offices-2190	7%	319

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation Summary as at 31 December 2022

Property	Gross Replacement Cost ZWL 000	Depreciated Replacement Cost ZWL 000	Land Value Plus Depreciated Replacement Cost ZWL 000	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	3,547,754	1,191,052	1,282,312	999,580	999,580
Stand 1842 Ardbennie Township situated along Finneran Road, Ardbennie, Harare, Zimbabwe	5,691,184	5,298,470	5,575,110	1,735,290	5,575,110
Totals	**9,238,938**	**6,489,522**	**6,857,422**	**2,734,870**	**6,574,690**

*The non-specialised property was valued at market value and the specialised property was valued at depreciated replacement cost.

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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Balance at 1 January	165,854	76,287	6,433	4,651
Additions to right of use	42,404	112,857	42,403	6,787
Depreciation charge for the year	(10,470)	(23,290)	(7,250)	(5,005)
Balance as 31 December	**197,788**	165,854	**41,586**	6,433

Company

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Balance at 1 January	897,520	410,313	216,578	69,213
Additions to right of use	42,404	569,541	42,404	165,680
Depreciation charge for the year	(34,642)	(82,334)	(20,560)	(18,315)
Balance as 31 December	**905,282**	897,520	**238,422**	216,578

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

6. INVESTMENTS

Group

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Investments in Joint Venture	56,118	-	46,849	-
Balance at end of year	**56,118**	**-**	**46,849**	**-**

Company

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Investments in Joint Venture	2,023,169	2,023,169	61,831	61,831
Investments in Joint Venture	56,118	-	46,849	-
Balance at end of year	**2,079,287**	**2,023,169**	**108,680**	**61,831**

INVESTMENT IN SUBSIDIARIES

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Investment in Promouldings	239,767	239,767	1123	1,123
Investment in Dudway Investments	1,783,402	1,783,402	60,708	60,708
Balance at end of year	**2,023,169**	**2,023,169**	**61,831**	**61,831**

Initial investment into the joint venture amounted to ZWL56million (ZWL46.8million historical). The amounts were mainly utilized towards purchase of capital equipment. The joint venture had not commenced trade as at 31 December 2022.

There were no indications of impairment of the investment in subsidiaries as at 31 December 2022.

7. INVENTORIES

Group & Company

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Raw materials	1,836,442	674,313	1,558,035	177,611
Finished goods	1,649,880	562,292	1,176,975	95,354
Work in progress	567,620	484,963	523,817	102,410
Spares and consumables	219,743	158,833	48,895	18,026
Provision for slow moving inventories	(197,474)	(162,818)	(24,583)	(9,367)
Total inventories at end of the year	**4,076,211**	**1,717,583**	**3,283,139**	**384,034**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

7. INVENTORIES Group & Company (continued)

Total inventories written down to net realisable value during the year amounted to ZWL nil (2020: ZWL 68,7 million). Included in work in progress is millings amounting to ZWL 424 million.

The cost of inventories recognised as an expense as a result of provision for slow moving inventories amounts to ZWL 34.7 million, (2020: ZWL 146,8 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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Trade receivables	854,953	151,340	854,953	44,025
Prepayments	559,024	1,053,652	534,450	260,317
Deposits and other receivables	686,064	345,279	686,064	100,390
	2,100,041	**1,550,271**	**2,075,467**	**404,732**
Less: Allowances for doubtful receivables	(81,954)	(35,101)	(81,954)	(10,211)
Total trade and other receivables	**2,018,087**	**1,515,170**	**1,993,513**	**394,521**

Company

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Trade receivables	854,953	151,340	854,953	44,025
Prepayments	559,024	1,053,652	534,450	260,317
Deposits and other receivables	686,066	317,191	686,064	92,268
	2,100,043	**1,522,183**	**2,075,467**	**396,610**
Less: Expected credit losses	(81,954)	(35,101)	(81,954)	(10,211)
Total trade and other receivables at end of the year	**2,018,089**	**1,487,082**	**1,993,513**	**386,399**

*Included in prepayments are progress payments for SAP B1 ERP system amounting to ZWL 145 million (ZWL 126 million historical) which will be reclassified as intangible asset in 2023 upon full implementation of the ERP.

SAP B1 ERP system was introduced in a phased approach with the first data migration into the new system undertaken on 1 October 2022. As at 31 December 2022, the ERP was not yet complete as some significant add – on modules were being re-scoped. Manufacturing, Engineering, MRP and Quality control ad-on modules were not functional.

As a result, Management had no full control of the ERP and full control will be achieved after signing off which is expected on 31 April 2023.

Write offs during the year inflation adjusted amounted to ZWL 11.2 million (Historical ZWL 7.1 million) (2021- Inflation adjusted ZWL 0, Historical ZWL 0). The average credit period on sales of goods is 15 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.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

8.TRADE AND OTHER RECEIVABLES (continued)

The Group has recognized a loss allowance of ZWL 82 million compared to ZWL 35,1 million 2021.

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 years 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.

ECL calculations for other receivables are not disclosed on the basis of being immaterial and the other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

Trade receivables-days past due

31 December 2022	**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)	218,841	420,223	129,041	14,264	72,584	**854,953**
Lifetime expected credit loss (ECL) A*B	1,160	4,202	2,581	1,426	72,584	**81,954**

Trade receivables-days past due

31 December 2021	**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)	53,348	54,744	8,137	1,100	34,012	**151,340**
Lifetime expected credit loss (ECL) AXB	268	547	163	110	34,012	**35,100**

Trade receivables-days past due

31 December 2022	**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)	218,841	420,223	129,041	14,264	72,584	**854,953**
Lifetime expected credit loss (ECL) A*B	1,160	4,202	2,581	1,426	72,584	**81,954**

31 December 2021	**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	78	159	47	32	9,894	**10,211**

*Expected credit loss rates are based on historical trend of default over the lifetime of the trade receivable

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

8. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables-days past due

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Debtor days	15	8	15	8

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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Balance at the beginning of the year	35,101	3,496	10,211	632
Net movement in provision for the year	104,487	*31,605	78,912	9,579
Bad debts write off	(11,256)	-	(7,169)	-
Net Monetary (loss)/gain	(46,378)	-	-	-
	81,954	**35,101**	**81,954**	**10,211**

*Prior year figure was net movement in provision for the year including monetary loss of ZWL 5,239

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. Given the current business environment more companies are 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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Cash Balance	3,756	38	3,756	11
Bank Balance	513,090	1,127,711	513,090	328,052
Balance at end of year	**516,846**	**1,127,749**	**516,846**	**328,063**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

9. Cash and Cash Equivalents-Company

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Cash Balance	3,756	38	3,756	11
Bank Balance	513,068	1,127,619	513,068	328,025
Balance at end of year	**516,824**	**1,127,657**	**516,824**	**328,036**

Cash and cash equivalents include cash on hand and cash at bank as at 31 December 2022.

The cash and bank balances for prior year included an amount of ZWL 144 million Inflation adjusted (ZWL 42 million-Historical) 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 paid to foreign suppliers in March 2022.There were no outstanding forex bids as at 31 December 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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Cash Balance	3,756	38	3,756	11
Bank Balance	513,090	1,127,712	513,090	328,052
	516,846	**1,127,749**	**516,846**	**328,063**
Less funds allocated at the auction	-	(144,383)	-	(42,001)
Balance at end of year	**516,846**	**983,366**	**516,846**	**286,062**

Company	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Cash Balance	3,756	38	3,756	11
Bank Balance	513,068	1,127,619	513,068	328,025
	516,824	**1,127,657**	**516,824**	**328,036**
Less funds allocated at the auction	-	(144,383)	-	**(42,001)**
Balance at end of year	**516,824**	**983,274**	**516,824**	**286,035**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

10. SHARE CAPITAL - Group & Company

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Authorized and issued share capital.				
Authorized (000)				
875,000 ordinary shares of ZWL0.0001 each	88	88	88	88
Issued (000)				
259,645 ordinary shares of ZWL0.0001 each	5,301	5,301	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. Final dividend declared in 2021 amounting to ZWL155,697 thousand was settled with a cash payment of ZWL23,205 thousand and the balance was taken up as a script dividend with issuance of 1,909,854 new shares with a value of ZWL132,491 thousand.

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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Unissued share capital	10,740	10,740	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 2022 were as follows:

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

10. SHARE CAPITAL- Group & Company

	Inflation adjusted		Historical	
	31-Dec-22 Number of shares 000	31-Dec-21 Number of shares 000	31-Dec-22 Number of shares 000	31-Dec-21 Number of shares 000
	Audited	Audited	Unaudited	Unaudited
Balance at the beginning of year	3,850	2,600	3,850	2,600
Granted during the year	-	1,900	-	1,900
Forfeited during the year	-	-	-	-
Share options exercised during the year	(650)	(650)	(650)	(650)
Balance at end of year	**3,200**	**3,850**	**3,200**	**3,850**

Valuation of options granted were determined using Black Scholes model in accordance with IFRS 2 with the following inputs and assumptions as at 31 December 2021.

	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Audited	Audited	Unaudited	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.

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.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

11. BORROWINGS-Group & Company

	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Long term loan	33,333	391,467	33,333	113,878
Short term loan	333,865	830,342	333,865	241,547
Total borrowings	**367,198**	**1,221,809**	**367,198**	**355,425**

11.1 Reconciliation of movements in borrowings

Group and Company	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Balance at 1-Jan-2022	1,221,809	228,353	355,425	41,327
Proceeds from loans and borrowings	688,160	1,352,531	550,412	358,547
Gross repayment of borrowings	(1,027,477)	(388,387)	(854,846)	(86,618)
Interest on borrowings	456,653	193,674	316,207	42,169
Effects of IAS 29	(971,947)	(164,362)	-	-
Balance at end of year	**367,198**	**1,221,809**	**367,198**	**355,425**

*Gross repayments of loans as shown on the statement of cash flow is net of gross payments and interest component.

The loans are secured by Notarial Covering Bond (NGCB) with cession of book debts i.e., trade receivables accruing to the group and company. There are no specific covenants relating to the loans. The USD loan is payable over 1 year at an effective interest rate of 10% per annum. The ZWL loan is payable over a period of 2 years with an interest rate of 120% per annum. The borrowings are measured at amortised cost.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

12. DEFERRED TAX

12.1 Deferred Tax - Group

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Balance at beginning of the year	1,777,023	1,365,342	472,140	239,200
Charge to income statement	(785,492)	151,234	(736,415)	(1,908)
Charge to Equity	867,932	260,447	2,140,495	234,847
Balance at end of year	**1,859,464**	**1,777,023**	**1,876,220**	**472,140**
Comprising of:				
Property, Plant and Equipment	2,396,731	1,707,757	2,376,035	486,689
Inventory	196,047	98,242	-	-
Supplier Prepayments	6,075	39,253	-	-
Revenue received in advance	(3,180)	(1,723)	-	-
Unrealised Exchange Gains	(435,495)	(32,675)	(435,495)	(9,505)
Provision for bad debts	(20,259)	(8,677)	(20,259)	(2,524)
Provision for Obsolete Stock	(48,816)	(40,248)	(6,077)	(2,315)
Other Payables	(231,639)	15,094	(37,984)	(204)
	1,859,464	**1,777,023**	**1,876,220**	**472,140**

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.

12.2 Deferred Tax - Company

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Balance at beginning of the year	673,299	615,031	148,730	92,503
Charge to income statement	(1,149,605)	169,969	(1,430,482)	12,866
Charge to Equity	460,684	(111,701)	919,493	43,361
Balance at end of year	**(15,623)**	**673,299**	**(362,259)**	**148,730**
Comprising of:				
Property, Plant and Equipment	838,101	543,683	832,775	155,233
Inventory	196,047	98,242	-	-
Supplier Prepayments	6,075	39,254	-	-
Revenue received in advance	(3,180)	(1,722)	-	-
Unrealised Exchange Gains	(792,565)	(34,104)	(792,565)	(9,921)
Provision for bad debts	(20,259)	(8,678)	(20,259)	(2,524)
Provision for Obsolete Stock	(48,816)	(40,248)	(6,077)	(2,315)
Other Payables	(191,026)	76,872	(376,133)	8,257
Deferred tax (asset)/liability	**(15,623)**	**673,299**	**(362,259)**	**148,730**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

13. TRADE AND OTHER PAYABLES (Group)

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Trade payables	3,534,230	548,937	3,534,230	159,686
Accruals and other payables	935,688	397,386	919,592	112,594
	4,469,918	**946,323**	**4,453,822**	**272,280**

TRADE AND OTHER PAYABLES (Company)

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Trade payables	3,534,230	548,937	3,534,230	159,686
Accruals and other payables	1,073,920	531,160	1,057,823	151,543
	4,608,150	**1,080,097**	**4,592,053**	**311,229**

Included in trade payables are contract liabilities of ZWL760.2 million inflation adjusted, ZWL747.4 historical. Payables to subsidiaries included in other payables are ZWL 144,321 million (inflation adjusted and historical).

The average credit period on purchases of goods and services from suppliers is 44.25days. 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

Group

	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Current	23,400	12,516	23,400	3,641
Non-current	37,417	19,763	37,417	5,749
	60,817	**32,279**	**60,817**	**9,390**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

14. LEASE LIABILITY (continued)

Reconciliation of movements in lease liability

	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-Jan-2022	32,279	24,572	9,390	7,148
Additions	42,404	6,788	42,404	6,788
Gross payments	(40,337)	(51,385)	(33,975)	(9,391)
Interest on leases	4,163	3,785	4,163	1,101
Exchange loss	38,835	12,870	38,835	3,744
Effects of IAS 29	(16,527)	35,649	-	-
Balance at end of year	**60,817**	**32,279**	**60,817**	**9,390**

Company

Current	124,164	51,922	124,164	15,104
Non-current	1,529,553	681,198	1,529,553	198,161
	1,653,717	**733,120**	**1,653,717**	**213,265**

Reconciliation of movements in lease liability

Company	**Inflation adjusted**		**Historical**	
	31-Dec-22	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Balance at 1-Jan-2022	733,120	187,806	213,265	54,633
Additions	42,404	165,679	42,404	165,678
Gross payments	(209,895)	(168,357)	(158,013)	(38,453)
Interest on leases	105,933	95,002	105,933	27,636
Exchange loss	1,450,127	12,963	1,450,127	3,771
Effects of IAS 29	(467,972)	440,026	-	
Balance at end of year	**1,653,717**	**733,120**	**1,653,717**	**213,265**

*Repayment of lease liability as shown on the statement of cash flow is net of gross payments and interest component.

Maturity analysis-contractual undiscounted cash flow-Group

	Inflation adjusted		Historical	
	31-Dec-22	**31-Dec-21**	**31-Dec-22**	**31-Dec-21**
	ZWL 000	**ZWL 000**	**ZWL 000**	**ZWL 000**
	Audited	**Audited**	**Unaudited**	**Unaudited**
Less than one year to a year	46,604	26,664	46,604	7,757
Two to three years	70,588	31,421	70,588	9,140
More than three years	-	5,004	-	1,456
Total undiscounted lease liabilities at 31 December 2022	**117,192**	**63,090**	**117,192**	**18,353**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2021

Maturity analysis-contractual undiscounted cash flow -Company

	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Less than one year to a year	283,004	160,064	283,004	46,563
One to 3 years	1,618,318	914,007	1,618,318	265,885
More than 3 years	3,073,034	1,892,193	3,073,034	550,440
Total undiscounted lease liabilities at 31 December 2022	**4,974,357**	**2,966,263**	**4,974,357**	**862,888**

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 2022.The weighted average USD borrowing rate was 12%.

15. REVENUE GROUP AND COMPANY

By market

	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Civils	5,068,848	2,857,519	3,706,479	678,660
Merchants	3,595,714	2,554,130	2,568,050	606,070
Irrigation	2,095,636	2,386,516	1,430,466	528,068
Mining	700,885	523,385	545,956	116,975
Local authorities	133,022	430,872	88,182	105,270
Borehole drillers	119,275	780,036	80,645	180,326
Total	**11,713,380**	**9,532,458**	**8,419,778**	**2,215,369**

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

	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
(Loss)/profit on disposal of property, plant, and equipment	(39,432)	(37,061)	20,103	(9,069)
Interest on staff loans	392	117	313	34
Handling charges	143	4,043	77	499
Scrap sales	3,742	22,007	2,877	5,113
Total other (expenses)/ income	**(35,155)**	**(10,894)**	**23,370**	**(3,423)**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

17. ADMINISTRATIVE EXPENSES

Group

	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Net exchange loss *	735,686	96,476	1,035,722	10,783
Fair value adjustment	160,394	49,526	284,826	28,253
Audit fees	91,581	54,221	76,970	12,339
Increase in allowance for credit losses*	-	36,844	-	9,579
Bank charges	84,383	52,320	44,055	12,150
2%(IMT) Government Tax	177,563	154,252	113,222	36,074
Communication	85,353	30,921	61,477	7,543
Computer printing and stationery expenses	74,449	26,858	49,747	6,671
Consultancy /technical fees	64,846	9,914	47,877	2,324
Donations	5,136	846	4,425	217
Depreciation & amortisation	231,205	102,413	61,443	26,832
Directors Fees	46,034	26,569	33,477	6,148
Legal and professional fees	11,934	27,477	11,934	7,713
Insurance	21,287	16,136	15,761	3,688
Licenses and levies	15,363	18,312	11,783	5,636
Repairs and maintenance	46,078	4,122	32,445	1,031
Security expenses	33,999	34,304	24,636	7,885
Share based payments	8,723	7,064	8,723	2,055
Other	22,732	204,297	17,046	29,695
Staff	1,013,481	625,990	739,128	147,883
	2,930,227	**1,578,862**	**2,674,697**	**364,499**

*Net exchange losses are disclosed as part of administration expenses.

*Current year credit loss allowance has been disclosed separately on the statement of profit or loss and other comprehensive income.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

17. ADMINISTRATIVE EXPENSES (continued)

Company

	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Net exchange loss	2,146,978	96,476	2,447,014	10,783
Fair value adjustment	160,394	49,526	284,826	28,253
Audit fees	91,581	54,221	76,970	12,339
Increase in allowance for credit losses*	-	36,844	-	9,578
Bank charges	84,268	52,230	44,000	12,144
2%(IMT) Government Tax	177,563	154,252	113,222	36,074
Communication	85,353	30,921	61,477	7,543
Computer printing and stationery expenses	74,449	26,858	49,717	6,671
Consultancy /technical fees	64,846	9,914	47,877	2,324
Donations	5,136	846	4,425	217
Depreciation & amortisation	138,606	79,694	40,865	25,409
Directors Fees	46,034	26,569	33,477	6,148
Legal and professional fees	11,934	27,477	11,934	7,713
Insurance	21,287	16,136	15,761	3,688
Licenses and levies	15,363	25,569	11,783	5,636
Repairs and maintenance	46,078	4,122	33,264	1,031
Security expenses	33,999	34,304	24,636	7,885
Share based payments	8,723	7,064	8,723	2,055
Other	22,530	167,220	16,437	21,118
Staff	1,013,481	625,990	739,128	147,882
Total	**4,248,603**	**1,526,233**	**4,065,536**	**354,491**

*Net exchange losses are disclosed as part of administration expenses

*Current year credit loss allowance has been disclosed separately on the statement of profit or loss and other comprehensive income

Reconciliation of realised and unrealised loss

Group	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Realised	(898,798)	8,039	(474,329)	11,881
Unrealised	1,634,484	88,437	1,510,051	(1,098)
Fair value adjustment	**735,686**	**96,476**	**1,035,722**	**10,783**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

Reconciliation of realised and unrealised loss

Company	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Realised	(898,798)	8,039	(474,329)	11,881
Unrealised	3,045,776	88,437	2,921,343	(1,098)
	2,146,978	**96,476**	**2,447,014**	**10,783**

The movement in unrealised foreign exchange in the cash flow statement excludes the elements within debtors and creditors presented within the working capital movements in the cash flow statement.

17.1 Fair value adjustment -Group and Company

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Balance at 31 December	335,873	175,479	335,873	51,047
Balance at 1 January	175,479	125,954	51,047	22,794
Fair value adjustment	**160,394**	**49,526**	**284,826**	**28,253**

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).

17.2 Finance Cost

	Inflation adjusted		Historical	
Group	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Finance Costs				
Finance charges on Borrowings	456,653	193,674	316,207	42,169
Finance charges on leases	4,163	3,786	4,163	1,101
Charge to income statement	**460,816**	**197,460**	**320,370**	**43,270**
Company				
Finance charges on Borrowings	456,653	193,674	316,207	42,169
Finance charges on leases	105,933	95,002	105,933	27,636
Charge to income statement	**562,586**	**288,676**	**422,140**	**69,805**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Depreciation	425,677	519,934	139,350	86,603
Pensions	57,283	36,834	35,705	8,691
Compensation to directors and key management	540,920	307,005	297,848	69,231
Share option expenses	8,723	7,064	8,723	2,055
Loss/(Profit) on disposal of property, plant and equipment	39,432	37,061	(20,103)	9,069

Company	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Depreciation	308,906	434,392	105,462	71,870
Pension	57,283	36,834	35,705	8,691
Compensation to key management	540,920	307,005	297,848	69,231
Share option expenses	8,723	7,064	8,723	2,055
Loss/(profit) on disposal of property, plant and equipment	39,432	37,061	(20,103)	9,069

18.1 Income tax expense

Group	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Current Income Tax	1,274,958	448,716	1,274,958	130,532
Deferred tax movement	(785,492)	151,234	(736,415)	(1,908)
Tax per income statement	**489,466**	**599,950**	**538,543**	**128,624**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

18.1 Income tax expense (continued)

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-22	31-Dec-21	31-Dec-21	31-Dec-21
	%	%	%	%
Tax Effect on current Income tax rate	24.72%	24.72%	24.72%	24.72%
Disallowable expenditure:				
Entertainment Expenses	7.18%	1.37%	3.39%	1.96%
2% IMTT Tax	4.67%	1.60%	2.20%	2.05%
Excess Pension Contribution	0.19%	0.27%	0.09%	0.10%
Other non-deductible expenses*	12.46%	-4.64%	11.96%	0.72%
IAS 29 Adjustments	32.37%	28.59%	0.00%	0.00%
Effective Tax Rate	**81.59%**	**51.91%**	**42.36%**	**29.55%**

Company	Inflation adjusted		Historical	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Current Income Tax	1,255,361	439,174	1,255,361	127,756
Deferred tax movement	(1,149,605)	169,969	(1,430,482)	12,866
Tax Per Income statement	**105,756**	**609,143**	**(175,122)**	**140,622**

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-22	31-Dec-21	31-Dec-22	31-Dec-21
	%	%	%	%
Tax Effect on current Income tax rate	-24.72%	24.72%	-24.72%	24.72%
Disallowable expenditure:				
Entertainment Expenses	18.33%	2.04%	-21.26%	2.04%
2% IMTT Tax	11.90%	2.13%	-13.81%	2.13%
Excess Pension Contribution	0.48%	0.11%	-0.55%	0.11%
Other non-deductible expenses*	27.04%	4.34%	-25.91%	4.54%
IAS 29 Adjustments	11.95%	8.93%	0.00%	
Effective Income tax Expense	**44.98%**	**42.26%**	**-86.26%**	**33.54%**

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

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

19. CURRENT TAX PAYABLE

Group

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Opening balance	185,225	321,444	53,882	58,174
Add current tax	1,274,958	448,716	1,274,958	130,532
Less payments	(428,243)	(568,950)	(184,009)	(134,824)
Effects of IAS 29	112,891	(15,985)	-	-
Closing balance as at 31 December 2022	**1,144,831**	**185,225**	**1,144,831**	**53,882**

Company

	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Opening balance	185,239	318,645	53,886	57,667
Add current tax	1,255,360	439,174	1,255,360	127,756
Less payments	(421,067)	(557,654)	(179,230)	(131,537)
Effects of IAS 29	110,484	(14,926)	-	-
Closing balance as at 31 December 2022	**1,130,016**	**185,239**	**1,130,016**	**53,886**

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-22 Number of shares ZWL 000 Audited	31-Dec-21 Number of shares ZWL 000 Audited	31-Dec-22 Number of shares ZWL 000 Unaudited	31-Dec-21 Number of shares ZWL 000 Unaudited
Issued ordinary shares at 1-Jan-22	257,086	256,436	257,086	256,436
Share options exercised during the year	650	650	650	650
Issue of ordinary shares	1,910	-	1,910	-
Basic ordinary number of ordinary shares	**259,645**	**257,086**	**259,645**	**257,086**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

20. EARNINGS PER SHARE (continued)

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-22 Number of shares 000 Audited	31-Dec-21 Number of shares 000 Audited	31-Dec-22 Number of shares 000 Unaudited	31-Dec-21 Number of shares 000 Unaudited
Balance at the beginning of year	260,936	259,036	260,936	259,036
Granted during the year (Note 10)	-	1,900	-	1,900
Issue of ordinary shares	1,910		1,910	
Diluted number of shares	**262,846**	**260,936**	**262,846**	**260,936**

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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Earnings				
Earnings attributable to the equity holders of the Group	110,442	802,752	732,824	306,534
Headline earnings	110,481	793,417	732,803	306,442
Number of shares (,000)				
Weighted average number of shares in issue used in the determination of:				
Basic earnings per share	259,645	257,086	259,645	257,086
Share options unissued	3,200	3,850	3,200	3,850
Diluted earnings per share	**262,845**	**260,936**	**262,845**	**260,936**
Earnings per share (cents):				
Basic	42.54	312.25	282.24	119.23
Diluted	42.02	307.64	278.80	117.47
Headline	42.55	308.62	282.23	119.20

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

20. EARNINGS PER SHARE (continued)

Earnings per share - Company	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Earnings				
Earnings attributable to the equity holders of the Group	(340,870)	832,091	(27,575)	278,019
Headline earnings	(301,440)	822,754	(47,679)	277,918
Number of shares (,000)				
Weighted average number of shares in issue used in the determination of:				
Basic earnings per share	259,645	257,086	259,645	257,086
Share options unissued	3,200	3,850	3,200	3,850
(Loss)/earnings per share (cents):				
Basic	**(131.28)**	**323.66**	**(10.62)**	**108.14**
Diluted	**(129.69)**	**318.89**	**(10.49)**	**106.54**
Headline	**(116.10)**	**320.03**	**(18.36)**	**108.10**

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 2022, 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.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

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

Group and Company	Inflation adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Masimba Holdings Pension Fund	38,050	31,454	22,231	7,378
National Social Security Authority	19,233	5,380	13,474	1,313
	57,283	**36,834**	**35,705**	**8,691**

22. Capital Commitments (Group and Company)

Capital Expenditure for the period to 31 December 2022 amounted to ZWL 1,15 billion The budgeted capital expenditure for the period to 31 December 2023 is ZWL 2,6 billion. The expenditure will be financed from internal resources and existing facilities.

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-22 Number of shares (000) Audited	31-Dec-21 Number of shares (000) Audited	31-Dec-22 Number of shares (000 Unaudited	31-Dec-21 Number of shares (000) Unaudited
G. Sebborn	-	-	-	-
S. Roberts	-	-	-	-
H. Mashanyare	-	-	-	-
K. Chigiya	7,183	6,667	7,183	6,667
P. Changunda	2,034	3,333	2,034	3,333
P. Zhanda	24,513	23,829	24,513	23,829
M.McCulloch	59,512	54,733	59,512	54,733
M.Di Nicola	59,003	54,733	59,003	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.

	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Performance guarantee	-	85,019	-	24,732

There were no performance guarantees this year. The prior year performance guarantee was established as a requirement for customer tender to guarantee delivery of the contract specifications.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

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.

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 2022.

27. RELATED PARTY DISCLOSURES

Group

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Unaudited
Sales to Masimba Holdings	245,442	-	166,681	-
Purchases from Masimba	-	18,178	-	4,550
Purchase from Kosto Holdings	1,040,601	1,007,475	672,731	228,325
Balances owing (to) /from Related Parties				
Balance owing to Masimba Holdings	335,873	175,479	335,873	51,047
Balance owing to Kosto Holdings	533,387	49,711	533,387	14,461

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

27. RELATED PARTY DISCLOSURES (continued)

Company

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Unaudited
Sales to Masimba Holdings	245,442	-	166,681	-
Purchases from Masimba	-	18,178	-	4,550
Purchase from Kosto Holdings	1,040,601	1,007,475	672,731	228,325
Lease rentals paid to Dudway Investments	95,543	78,260	69,893	17,786
Lease rentals paid to Promouldings	74,015	42,496	54,145	11,279
Balances owing (to) /from Related Parties				
Balance owing to Masimba Holdings	335,873	175,479	335,873	51,047
Balance owing to Kosto Holdings	533,387	49,711	533,387	14,461
Balance owing to Dudway Investments	90,161	96,404	90,161	28,044
Balance owing to Promouldings	54,160	68,955	54,160	20,059

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

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
For services rendered as Directors	46,034	26,569	33,477	6,148
For managerial services	540,920	307,005	297,848	69,231
Short term benefits	586,954	333,574	331,325	75,379
Termination benefits	10,566	9,512	5,818	2,145

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 2022

27. Related Party Disclosures (continued)

Loans and advances to Directors- Group and Company

	Inflation Adjusted		Historical	
	31-Dec-22 ZWL 000 Audited	31- Dec-21 ZWL000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Opening balance	9,959	14,036	2,897	4,083
New loans	164,497	14,857	110,668	4,322
Repayment of loans	(48,766)	(18,934)	(32,808)	(5,508)
Effects of IAS 29	(44,933)	-	-	-
Closing balances	**80,757**	**9,959**	**80,757**	**2,897**

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 12-45% 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-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Unaudited	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Unaudited
Share based payments	8,723	7,064	8,723	2,055

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

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

	Carrying amount		Fair Value	
	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited	31-Dec-22 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited
Financial Assets				
Trade and other receivables (excluding prepayments)	1,541,017	496,620	1,541,017	496,620
Cash and cash equivalents	516,846	1,127,749	516,846	1,127,749
Loans to Directors	80,757	9,959	80,757	9,959
Financial Liabilities				
Borrowings and payables (excluding statutory liabilities)	3,666,094	1,753,310	3,666,094	1,753,310
Lease liability	60,817	32,279	60,817	32,279

Company

	Carrying amount		Fair value	
	31-Dec-22 ZWL 000 Audited	31-Dec-21 ZWL 000 Audited	31-Dec-22 ZWL 000 Unaudited	31-Dec-21 ZWL 000 Unaudited
Financial Assets				
Trade and other receivables (excluding prepayments)	1,541,017	390,374	1,541,017	390,374
Cash and cash equivalents	516,824	156,115	516,824	156,115
Loans to Directors	80,757	22,558	80,757	22,558
Financial Liabilities				
Borrowings and payables (excluding statutory liabilities)	3,820,425	1,102,662	3,820,425	1,102,662
Lease liability	1,653,717	301,880	1,653,717	301,880

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 auction rate of 671.45 to US$ as at 31 December 2022.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

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-22 USD 000**	**31-Dec-22 ZAR 000**	**31-Dec-21 USD 000**	**31-Dec-21 ZAR 000**
Trade Receivables	1,240	350	-	-
Cash and cash equivalents	596	248	-	42
Borrowings	(460)	-		-
Trade Payables	(4,516)	(430)	(7,979)	(5,363)
Net monetary position	**(3,140)**	**168**	**(7,979)**	**(5,321)**

Foreign exchange sensitivity analysis 2022

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	(3,140)	(2,108,484)	632,545	(632,545)

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	(7,979)	(316,643)	94,993	(94,993)

Abbreviations of currencies

ZAR-South African Rand
USD-United States Dollar

The conversion rates used were the closing auction rate as at 31 December 2022. 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.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

29. FINANCIAL RISK MANAGEMENT

Foreign exchange sensitivity analysis 2021

Group and Company USD

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

Group and Company ZAR

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

Abbreviations of currencies
ZAR-South African Rand
USD-United States Dollar

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.

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 have two credit line facilities. The ZWL interest rates have materially fluctuated in the current year from 45% (January to June) to 200% in July and only reduced to 120% in October 2022.This led to a decision to borrow in USD to mitigate against interest rate fluctuations. On the statement of financial position, the ZWL loan is disclosed under non-current liabilities and the USD loan is disclosed under current liabilities.

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 120% 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 2022 as a base to assess impact of increase in interest rates. The interest rate impact assessment assumed a 10% decrease in effective interest rate based on current year movements which management considered to be immaterial.

Inflation adjusted interest rate sensitivity 2022

Item	**120%**	**110%**	**100%**
	ZWL 000	**ZWL 000**	**ZWL 000**
Finance costs	456,653	418,599	380,544

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.

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

29. FINANCIAL RISK MANAGEMENT (continued)

29.2 Interest rate risk- Group and Company (continued)

Inflation adjusted interest rate sensitivity 2021

Item	45%	50%	55%
	ZWL 000	ZWL 000	ZWL 000
Finance costs	193,674	215,194	236,713

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.

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-22	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	218,841	420,223	129,041	14,264	72,584	**854,953**
Credit loss allowance	1,160	4,202	2,581	1,426	72,584	**81,954**
Net carrying amount	**217,681**	**416,021**	**126,460**	**12,838**	**-**	**772,999**

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	53,348	54,744	8,137	1,100	34,012	**151,340**
Credit loss allowance	268	547	163	110	34,012	**35,100**
Net carrying amount	**53,080**	**54,197**	**7,974**	**990**	**-**	**116,241**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

29. FINANCIAL RISK MANAGEMENT (continued)

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

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

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-22					
Borrowings	120%	60,577	290,018	33,333	383,928
Trade payables		2,186,717	653,736	533,387	3,373,840
Lease liability		7,767	38,837	70,588	117,192
		2,255,061	**982,591**	**637,308**	**3,874,960**

	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%	-	830,342	391,467	1,221,809
Trade and other payables		325,757	47,700	-	373,457
		4,444	22,220	36,425	63,090
		330,202	**900,262**	**427,892**	**1,658,356**

Historical Group

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-22					
Borrowings	120%	60,577	290,018	33,333	383,928
Trade and other payables		2,183,482	653,736	533,387	3,370,605
Lease liability		7,767	38,837	70,588	117,192
		2,251,826	**982,591**	**637,308**	**3,871,725**

	Weighted average Effective interest rates	0-2 months ZWL 000	2-12 months ZWL 000	12-36 months 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
Lease liability		1,293	6,464	10,596	18,353
		96,056	**261,887**	**124,474**	**482,417**

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

29. FINANCIAL RISK MANAGEMENT (continued)

Inflation adjusted Company

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-22					
Borrowings	120%	60,577	290,018	33,333	383,928
Trade payables		2,186,717	653,736	533,387	3,373,839
Lease liability		47,167	235,837	4,691,352	4,974,357
		2,294,461	**1,179,591**	**5,258,072**	**8,732,124**

	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%	-	830,342	391,467	1,221,809
Trade and other payables		325,757	47,700	-	373,457
		26,677	133,387	2,806,200	2,966,263
		352,433	**1,011,429**	**3,197,667**	**4,561,529**

Historical Company

	Weighted average Effective interest rates	0-2months ZWL 000	2-12months ZWL 000	12-36months ZWL 000	TOTAL ZWL 000
31-Dec-22					
Borrowings	120%	60,577	290,018	33,333	383,928
Trade and other payables		2,183,482	653,736	533,386	3,370,604
Lease liability		47,167	235,837	4,691,352	4,974,357
		2,291,226	**1,179,591**	**5,258,072**	**8,728,889**

	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
Lease liability		7,761	38,802	816,325	862,888
		102,524	**294,225**	**930,203**	**1,326,952**

Included in trade and other payables were foreign obligations amounting to USD 4,516,081(2021- USD429,334 and ZAR5,7,979,408 (2021 ZAR5,363,047). This has increased the liquidity risk due to delays in affecting foreign payments owing to challenges of inadequate foreign currency funds being experienced in the country. The Group and company participate on the Reserve Bank of Zimbabwe foreign currency auction to compliment internally generated foreign currency and ease operational delays in settling foreign obligations..

Notes to the Consolidated and Separate Financial Statements (continued)

for the year ended 31 December 2022

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

Proplastics Limited Company is reporting a loss position for the period ending 31 December 2022 (ZWL 340,871) due to exchange loss on the lease liability. The major exchange loss on lease liability relate to subsidiary properties, which eliminates on consolidation resulting in the Group reporting a profit position of ZWL 110,442.

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. Consideration was made on the following critical issues:

- The Group and Company's current exposure in foreign liabilities is manageable.
- The Group and Company has ability to service its current loans.
- The Group and Company has sufficient capacity to increase borrowings, if need be, to finance working capital.
- Demand for the Group and Company's products remains firm.
- The impact of Covid-19 has eased, and critical raw materials supply has improved for both the Group and Company.
- From the company's perspective, the loss in 2022 has been caused by the significant devaluation of the Zimbabwe dollar against the USD which has resulted in significant foreign exchange losses for our long-term lease liabilities. Considering the long-term nature of the leases, Management is confident that the cashflows will remain positive in the next 12 months.

Accordingly, the financial statements have been prepared on the basis that the Group and Company are going concerns.

31. EVENTS AFTER THE REPORTING PERIOD

The Company changed its functional currency to the United States dollar effective 01 January 2023. This is after the Directors applied their judgement and concluded that the functional currency shifted in the second half of 2022. However, implementation was only carried out at the beginning of the year to coincide with the new financial year.

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

32. DIVIDEND DECLARATION

Given the turbulent operating environment for the year and the need to stabilize the business amidst the shift in functional currency, the Board proposes that no dividend be declared for the year.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and approved for issue on 31 March 2023.

Shareholder Analysis

Consolidated as at 31 December 2022

Rank	Account Name	Shares	% of Total
1	Zumbani Capital (Pvt)Ltd,	59,512,198	22.92
2	Old Mutual Life Ass Co Zim Ltd	54,155,522	20.86
3	Stanbic Nominees	24,677,896	9.50
4	Amalgamated African Ventures	24,513,411	9.44
5	Giona Capital (Pvt) Ltd	17,445,398	6.72
6	Scb Nominees	10,559,442	4.07
7	Bulkwood Investments	7,182,737	2.77
8	Braford Investments Pvt Ltd	4,280,059	1.65
9	Stanbic Nominees Nr	4,074,250	1.57
10	The Roy Turner Trust	3,417,800	1.32
11	Effective Circle (Pvt) Ltd	3,073,919	1.18
12	Nssa - National Pension Scheme	2,797,292	1.08
13	Akribos Wealth Mangrs Nominees	2,778,491	1.07
14	Hippo Valley Estates Pf-Imara	2,463,477	0.95
15	Streamcoast Investments P/L	2,034,592	0.78
16	National Foods Pension Fund	1,676,261	0.65
17	Public Service Pension Fund	1,647,578	0.63
18	Catering Industry Pension Fund	1,608,792	0.62
19	Zesa Staff Pension Fund	1,519,933	0.59
20	Fbc Holdings Pf	1,321,302	0.51
	Total	**230,740,350**	**88.87**
	Other Shareholders	28,905,132	11.13
	Total Number of Shares	**259,645,482**	**100.00**

Shareholder Analysis (continued)

Company Statistics as at 31 December 2022

Country	Holders	% of Holders	Shares	% of Shares
Australia	5	0.35	16,094	0.01
Belgium	2	0.14	4,002,272	1.54
Botswana	2	0.14	1,462	0.00
Canada	2	0.14	6,132	0.00
Ireland	3	0.21	2,472	0.00
Kenya	1	0.07	11,021	0.00
Malawi	1	0.07	6,135	0.00
Mauritius	2	0.14	86,560	0.03
New Zealand	1	0.07	9,201	0.00
South Africa	50	3.50	360,667	0.14
Israel	2	0.14	12,636	0.00
Sweden	2	0.14	13,718	0.01
Turkey	1	0.07	593,449	0.23
United Arab Emirates	2	0.14	20,043	0.01
United Kingdom	15	1.05	272,420	0.10
United States	5	0.35	25,864	0.01
Warrant Not Presentable	215	15.05	1,315,390	0.51
Zimbabwe	1114	77.96	252,753,091	97.35
Estonia	1	0.07	132	0.00
Germany	1	0.07	136,553	0.05
Guyana	1	0.07	152	0.00
Spain	1	0.07	18	0.00
Total	**1,429**	**100.00**	**259,645,482**	**100.00**

Range	Holders	% of Holders	Shares	% of Shares
0 - 1000	632	44.23	175,856	0.07
1,001 - 10,000	466	32.61	1,840,465	0.71
10,001 - 50,000	174	12.18	3,896,505	1.50
50,001 - 100,000	39	2.73	2,871,675	1.11
100,001 - 1,000,000	87	6.09	27,875,975	10.74
1,000,000 -	31	2.17	222,985,006	85.88
Total	**1,429**	**100.00**	**259,645,482**	**100.00**

Shareholder Analysis (continued)

Company Statistics as at 31 December 2022

Shareholder Analysis

Industry	Holders	% of Holders	Shares	% of Shares
Companies	180	12.60	124,342,233	47.89
Estate Late	11	0.77	60,174	0.02
Fund Managers	4	0.28	431,969	0.17
Insurance Companies	20	1.40	60,826,506	23.43
Investment Trusts and Property	33	2.31	3,705,901	1.43
Local Resident	869	60.81	6,715,432	2.59
Nominees Local	49	3.43	14,213,567	5.47
Non-Residents	3	0.21	4,087,646	1.57
Non-Resident Individual	118	8.26	1,554,120	0.60
Pension Fund	142	9.94	43,707,934	16.83
Total	**1,429**	**100.00**	**259,645,482**	**100.00**

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Eighth Annual General Meeting of the Members of Proplastics Limited will be held at Monomotapa Hotel, 54 Park Lane Harare on Wednesday, 21 June 2023 at 10.00 hours.

ORDINARY BUSINESS

1. Approval of Financial Statements and Reports

To receive, consider and adopt the financial statements for the year ended 31 December 2022, together with the reports of the Directors and Independent Auditors thereon.

2. Election of Directors

2.1 To re-elect the following director, Mr. Herbert Mashanyare, who retires by rotation and being eligible, offers himself for re-election.

2.2 To re-elect the following director, Mr. Paddy Zhanda, who retires by rotation and being eligible, offers himself for re-election.

3. Directors' Fees

To approve the fees of the Directors for the year ended 31 December 2022.

4. External Auditor's Appointment and Compensation

4.1 To approve the compensation of KPMG Chartered Accountants (Zimbabwe) for 2022.

4.2 To approve appointment of KPMG Chartered Accountants (Zimbabwe) as the Company's auditors for 2023. KPMG Chartered Accountants (Zimbabwe) has been the Company's auditors for 3 years.

SPECIAL BUSINESS

To consider, and if deemed fit, to pass, with or without amendments, the special resolution set out below:

1. "That the Company be authorised in advance, in terms of Article 60 of its Articles of Association and section 129 of the Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements, to purchase the Company's own ordinary shares upon such terms and conditions as the Directors may from time to time determine, and such authority hereby specifies that:
   i. the maximum number of shares authorized to be acquired in any one financial year shall not exceed 10% (ten percent) of the Company's issued ordinary share capital;
   ii. this authority shall expire at the next Annual General Meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;
   iii. the maximum and minimum prices at which such ordinary shares are to be acquired will not be more than 5% (five percent) above nor 5% (five percent) below the weighted average of the market price at which such ordinary shares are traded on the Zimbabwe Stock Exchange as determined over the 5 (five) business days immediately preceding the date of the purchase of such ordinary shares by the Company.
   iv. the repurchased shares will be cancelled.

Directors' statement

In terms of this resolution,the Directors will consider the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and the adequacy of ordinary capital and reserves as well as the adequacy of working capital.

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 on 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
29 May 2023

PROXY FORM

PROXY FORM (IN TERMS OF SECTION 171, COBEA)

For the Eighth Annual General Meeting of the Members of Proplastics Limited to be held at Monomotapa Hotel, 54 Parklane Harare on Wednesday, 21 June 2023 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

3……………………………………………………………… of……………………………………………………………………

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* To receive, consider and adopt the financial statements for the year ended 31 December 2022, together with the reports of the Directors and Independent Auditors thereon.			
2. *Ordinary Resolution number 2* 2.1 To re-elect Mr. Herbert Mashanyare as a Director of the Company. 2.2 To re-elect Mr. Paddy T Zhanda as a Director of the Company.			
3. *Ordinary Resolution number 3* To approve the fees of the Directors for the year ended 31 December 2022.			
4. *Ordinary Resolution number 4* To approve: 4.1 The compensation of KPMG Chartered Accountants (Zimbabwe) for 2022. 4.2 Appointment of KPMG Chartered Accountants (Zimbabwe) as the Company's auditors for 2023.			
Special Business Resolution			
5. *Special Resolution number 5* To approve the Share buy-back			

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 _______________ 2023

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. 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. A proxy need not to be a member of the Company and shall not be a director or officer of the Company.

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 initialled. Any alteration or correction must be initialled by the signatory/ies.

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 of 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. 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 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 19 June 2023.

OFFICE OF THE TRANSFER SECRETARIES

First Transfer Secretaries

Number 1 Armagh, Eastlea, Harare

Email : zmazhandu@fts-net.com

REGISTERED OFFICE OF THE COMPANY

5 Spurn Road,

Ardbennie, Harare

Email : pchangunda@proplastics.co.zw

Notes

Notes

Pipe Systems That Last

Contact us:
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Harare Show Grounds: Stand No.14, 1st Avenue, (Along Samora Machel Avenue)
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Bulawayo Branch: Military Road (off Khami Road), Raylton , Bulawayo
Tel: +263 (292) 683 96 / 620 59
Gweru Branch: 1041 Coventry Road, Gweru
Tel: +263 (542) 2222 277/9
Email: sales@proplastics.co.zw I **Website:** www.proplastics.co.zw

SABS ISO 9001 SAPPMA IFPA