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Company Profile

Name of Company:	Proplastics Limited
Address:	5 Spurn Road Ardbennie P.O. Box CY 1199 Causeway Harare Zimbabwe
Telephone:	+ 263 4 621651-5
Cell:	+263 773894561-2
Fax:	+ 263 4 660545
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 Chigiya
E-mail:	kchigiya@proplastics.co.zw

Proplastics Limited Inimitable Offering

Proplastics Limited (formerly Murray & Roberts and Masimba Industries 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 and 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 Limited is the only Zimbabwean PVC and HDPE plastic pipes and fittings manufacturer accredited to ISO 9001 and 14001, both SAZ and SABS product mark schemes, OHSAS 18001, IFPA and SAPPMA. These accreditations are the cornerstone of our unmatched manufacturing and service delivery excellence that ensures unsurpassed world class performance. It is a genetic identity of our guaranteed return on investment.

Proplastics Limited 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 that ensures long-term performance.

We request that in your next project "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 Costs a Fold".

Our Vision

Unrivalled Leadership in Plastic Piping Systems

Our Mission

To deliver World Class Plastic Piping Systems

Our Values

Integrity

Respect

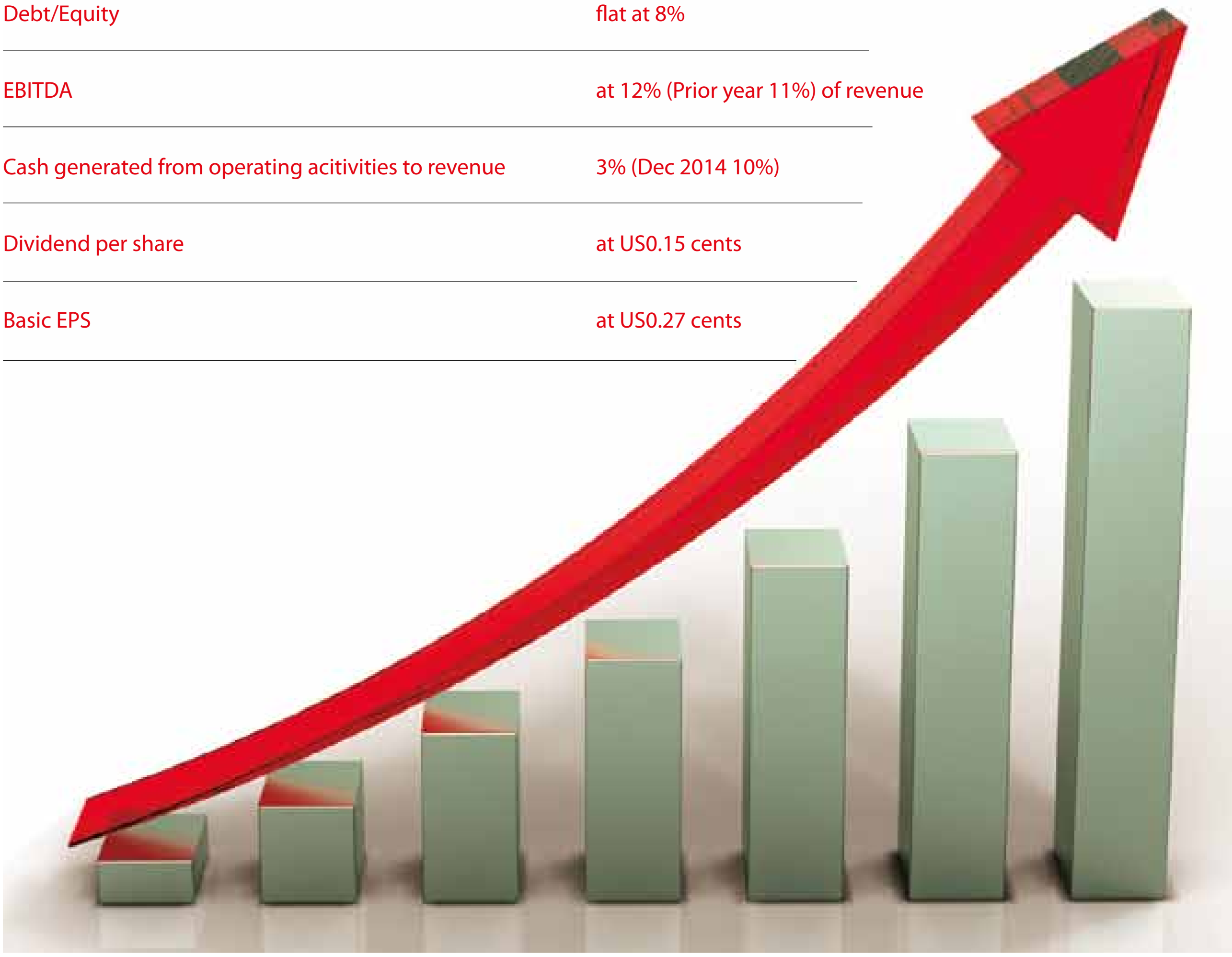
Leadership

Communication

Teamwork

Financial Highlights

Turnover	6% to US$14,152,915
EBT	28% to US$832,425
Sales volumes	8% to 4,236 tons
Profit for the period	35% to US$652,381
Gross profit margin	to 23% from 21%
Overheads	16% to US$2,471,401
Quick ratio	from 0.8:1 to 1. 6 :1
ROCE	to 7% from 6% Dec 2014
Current ratio	from 2.6:1 as at Dec 2014 to 3. 8 :1
ROA	flat at 5%
Debt/Equity	flat at 8%
EBITDA	at 12% (Prior year 11%) of revenue
Cash generated from operating acitivities to revenue	3% (Dec 2014 10%)
Dividend per share	at US0.15 cents
Basic EPS	at US0.27 cents



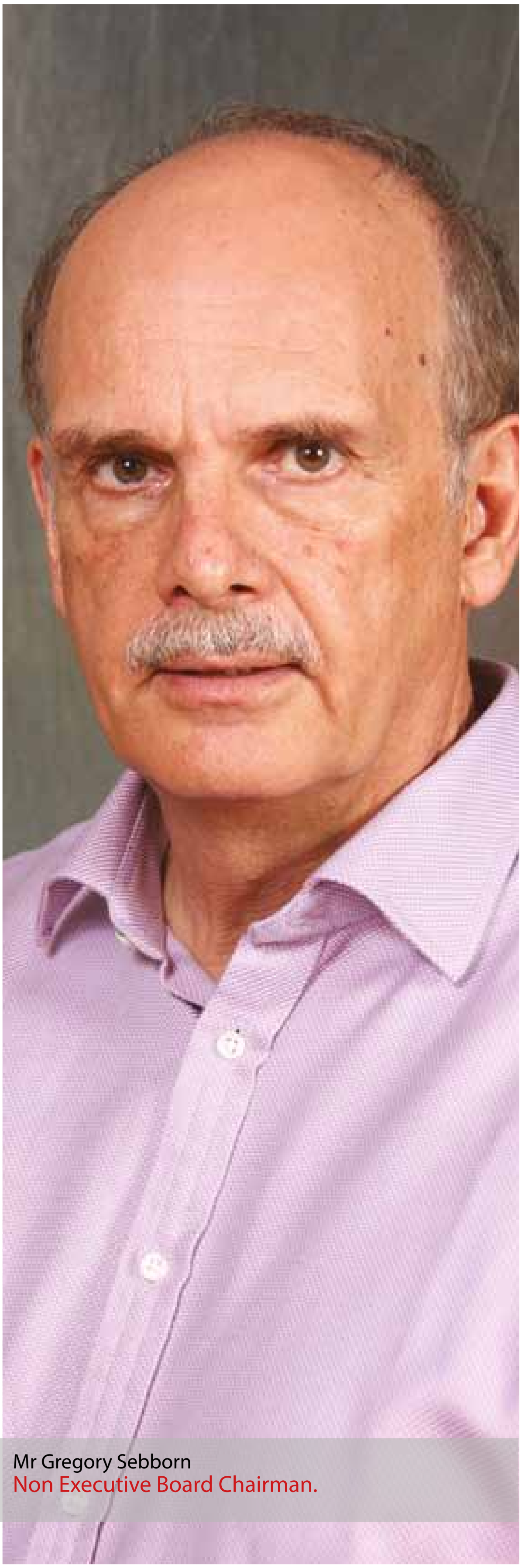
Ratios and Statistics

	Group		
		Proforma	
	Seven months to 31 December 2015 Audited	Twelve months to 31 December 2015 Unaudited	Twelve months to 31 December 2014 Unaudited
Earnings (US cents)			
Basic earnings per share	0.18	0.27	-
Diluted earnings per share	0.18	0.26	-
Profitability			
Profit before interest and tax on turnover (%)	7%	6%	6%
Return on capital employed (%)	5%	7%	7%
Productivity			
Payroll cost on turnover (%)	8%	10%	7%
Total average assets (excluding bank balances and cash) (US$)	11,043,773	11,043,773	9,785,752
Finance			
Debt to equity	8%	8%	8%
Current assets to current liabilities	3.77	3.77	2.61
Share performance			
Ordinary shares in issue (millions)	245	245	-
Share price at period end (US cents)	2.1	2.1	-
Market capitalization (US$-millions)	5.1	5.1	-
Other			
Number of employees at period end	263	263	269

Definitions

Average	Arithmetic average between consecutive periods/year ends.
Capital employed	Permanent capital, long term loans and deferred tax.
Cash equivalent earnings	Profit after tax adjusted for the effect of non-cash items.
Earnings per ordinary share	Earnings after tax net of non -operating items, divided by the weighted average ordinary shares in issue.
Net asset value	Ordinary shareholders' funds.
Permanent capital	Ordinary shareholders' funds.
Total liabilities	Borrowings and non -interest bearing debt.

Chairman's Statement



Mr Gregory Sebborn
Non Executive Board Chairman.

INTRODUCTION

It is my pleasure to present to you the set of financial results for Proplastics Limited for the period ended 31 December 2015.

As I explained in the June 2015 results, the Statutory reporting period for the Group is from June 2015, as Proplastics achieved its listing on the Zimbabwe Stock Exchange on 8 June 2015. However, because the entity has been in existence as a separate division for many years prior to the unbundling exercise from Masimba Holdings Limited, and in order to give stakeholders a balanced assessment of the performance of the Group, I am pleased to share with you the results for the full year 2015, by way of proforma information. We have obtained all the necessary approvals from the relevant authorities to present the results in this manner.

The commentary that follows is for the twelve months to December 2015, together with prior year comparatives.

OPERATING ENVIRONMENT

The Zimbabwean operating environment remained burdened with challenges throughout 2015. The liquidity challenges persisted and funding remained expensive and of a short term nature.

The electricity supply situation remained a major constraint for most of the year. However, the situation showed improvement in the last two months following positive engagement between management and ZESA. Following this engagement, the factory has been able to operate a multi-shift regime which resulted in improved efficiencies and cost savings. We hope the current stable supply of electricity will continue into the foreseeable future as this will assist the Group to price its product competitively.

The tough economic environment had an effect on the Group's performance as demand for some of our products was hampered by lack of significant infrastructural development in the country. The prevailing liquidity situation poses a serious risk in offering credit terms to our clients. However, improved credit control procedures have resulted in strong cash flows being generated by the business.

Despite these challenges, I am pleased to inform you that the Group posted a pleasing set of financial results for the year. This is partially attributable to an ongoing plant modernization and replacement exercise which is aimed at increasing production efficiency and reducing product unit cost. This modernization exercise will continue into 2016 and will involve the acquisition of further state of the art machinery for certain key product lines.

FINANCIAL PERFORMANCE

The Group produced a strong set of financial results, with profit after tax growing by 35% from prior year to US$652,381. This was a result of an increase in revenue largely driven by volume growth, an expansion in gross margins for most of the products (itself a function of improved manufacturing efficiency and better sourcing of raw materials), as well as lower funding costs for the Group on the back of negotiating favourable rates on borrowings.

Chairman's Statement (continued)

The Group's revenue increased by 6% from prior year to close at US$14,152,915. This growth in revenue was underpinned by an 8% growth in volumes.

Gross Profit grew by 15% to US$3,271,673 as the gross profit margin improved to 23% from 21% in prior year. However, overheads grew by 16% partly as a result of the once off costs attributed to the unbundling exercise from Masimba Holdings Limited. EBITDA grew by 20% to US$1,748,986. Finance costs were 21% below prior year as a result of negotiating more favourable rates on long term borrowings. Consequently, profit before tax grew by 28% to US$832,425 and profit after tax grew by 35% to US$652,381 as noted above.

The Statement of Financial Position remains sound with total assets amounting to US$12,273,940. The Group has a strong cash generating capacity, and thus, will strive to maintain low levels of gearing, currently at 8%. The Group's short term debt was successfully converted to long term debt, at an effective rate of 8.5% per annum. Our relationship with suppliers of raw materials continues to strengthen and we are enjoying more favourable trading terms. This will further enhance the Group's cash generation capacity. The cash and cash equivalents as at 31 December 2015 amounted to US$281,785.

OUTLOOK

Despite the lack of infrastructure development in the country, demand for most of the Group's products remains robust. This demand is underpinned by housing development projects, irrigation projects and the rehabilitation of decaying and old piping infrastructure. Most of these projects are being carried out through private public partnerships and non-governmental organizations funding. However, the coming year will not be without significant challenges as a result of the prevailing weak economic conditions.

As the Group pursues its plant replacement and modernization strategy, it is important that the capital employed in the business is optimized in order to ensure that Shareholders receive an appropriate and attractive return on their investments. To this end, a capital rationalization program has commenced whereby capital employed in the business which cannot generate an appropriate return will be scaled down. Management performance incentives will now be based on achieving a return on capital employed which is considered appropriate for the business and its shareholders.

The Group has also moved to the total cost to company remuneration model, which has seen the abolition of the company car scheme in favour of senior management purchasing their own vehicles through market related funding provided by a commercial bank. This will free up capital for the Group previously tied up in the company vehicles, as well as reduce the running costs for vehicles going forward.

DIVIDEND DECLARATION

In view of the profit for the year, coupled with the ability of the business to generate cash, the Board proposes a final dividend of US 0.15 cents per share.

DIRECTORATE

It is with sadness that we announce the passing on of Michael Tapera, who was one of our Executive Directors, in January 2016. Mike was a highly respected Director and member of the community. We record our sincere condolences on his untimely passing on.

ACKNOWLEDGEMENTS

Finally, I wish to extend my appreciation to my fellow Board members for their valuable contributions during the year as well as to thank management and staff for their dedication and commitment throughout the year.

May I also extend my appreciation to all stakeholders for their continued support for the Group.

G. SEBBORN
Chairman
16 March 2016

Chief Executive Officer's Report

Mr. Kudakwashe Chigiya
Chief Executive Officer

Introduction

It is my pleasure to present my report on the operations of Proplastics Limited for the year ended 31 December 2015. This is the first reporting period following the unbundling exercise from Masimba Holdings Limited on 8 June 2015.

My report will be for the full twelve months, from January to December 2015, notwithstanding the fact that the statutory reporting period is for the seven months from June to December. This will give you, our valued stakeholders, better insight into the operations of the Group from this early stage, since Proplastics has always been reported on as a separate entity even when it was still a Division of Masimba Holdings Limited.

Financial Performance

The Group recorded a strong financial performance for the period with turnover, at $14,152,915, 6% above prior year. This was driven by an 8% growth in sales volumes to 4,236 tonnes for the year.

EBITDA of $1,748,986 was recorded which was a 20% growth from prior year. Gross profit margins improved from 21% in prior year to close at 23%.

This was a commendable performance given the obtaining macro-economic environment.

The statement of financial position was solid with total assets amounting to $12,273,940 which is a 20% growth from prior year. This growth is driven mainly by the acquisition of land and buildings amounting to $1,405,208 housed in a subsidiary, Promouldings (Pvt) Limited, at the time of unbundling. The acquisition also underpinned the growth in total equity, which rose by 24%.

The current ratio was 3.8 to 1 which is an improvement from the prior year position of 2.6 to 1. The debt to equity ratio was 8%, with the short term loan of $750,000 having been converted to a 3 year term loan post the unbundling, at improved interest rates.

Cash generated from operating activities was $433,388, which was a drop from the prior year cash generated of $1,267,052. This was mainly as a result of a $319,807 growth in trade receivables, as the Group continued to offer some of its products on credit terms, and $331,517 growth in prepayments and deposits as the Group deposited some 30% for the acquisition of a new PVC plant.

Capital expenditure amounted to $487,538, with the bulk of the amount being spent on the acquisition of state of the art sewer and waste fittings moulds from China.

Review of Operations

Factory production mirrored sales volumes performance with total output for the year at 4,459 tonnes, a 9% growth on the prior year production of 4,099 tonnes. This was an encouraging performance considering that during the period under review, the factory was still suffering from the cumulative effect of the fire that occurred in October 2014 and the over-voltage in the first quarter of 2015. In addition, the supply of electricity was erratic for the greater part of the year.

The supply of raw materials has stabilized as strategic suppliers were brought on board to augment the traditional suppliers. Management will continue to focus on broadening the supplier base to guarantee continuous supplies as well as drive the prices of raw materials down.

After persistent follow-ups with the supply body, the availability of electricity has improved significantly. Should this trend continue, it will go a long way in assisting the factory to achieve its targeted overall equipment effectiveness.

Safety, Health, Environment and Quality Management Systems (SHEQMS)

The Safety and Health, the Quality and the Environmental Management Systems remain a strategic focus for the operations. The Lost Time Injuries Frequency Rate (LTIFR), at 10, was high and Management has introduced a behavior based safety (BBS) programme which will be in full operation in the new financial year. We are optimistic that the LTIFR will improve as a result. The Group remains ISO 14001, OHSAS 18001 and ISO 9001 certified through the South Africa Bureau of Standards (SABS) for SHEQMS systems and through Standard Association of Zimbabwe (SAZ) for product certification scheme.

According to the SABS new regulation, all PVC pipes and fittings manufactured to their affiliation have to be free of heavy metals by July 2015. The Group is proud to announce that it has fully adapted a "lead free environment" in all its products as at the end of FY 2014. The Ardbennie operations, therefore, continue to lead the way in the country for an environmentally responsible production with 100% heavy metal free products.

It is encouraging to advise that the Group remains the only company in the country affiliated to the Southern African Plastics Pipes Manufactures Association (SAPPMA)'s stringent regime on product quality, use of 100% virgin materials, heavy metal free production and adherence to world class quality standards.

Corporate Social Responsibility

Apart from its core business interests, Proplastics Limited has a corporate conscience to the community as evidenced by;-

- Yearly school fees payment for 10 disadvantaged children at Jairos Jiri.
- Fighting crime through participation and donations to the local Police.
- Availing employment opportunities for unskilled labour to local residents.
- Enrolment of students on attachment from various universities and technical colleges supported by a sound integration process.

The responsibility has had a positive impact to the economy, the community and the nation at large.

Future Prospects

The country's piping infrastructure provide good prospects for the Group going forward as some rehabilitation work will need to be carried out. Demand for the Group's products is also being driven by housing development as well as irrigation projects.

However, it should be emphasized that the overall business environment remains challenging with a lot of uncertainties in the market, as well as the lack of meaningful infrastructural projects at national level.

With the liquidity challenges in the market persisting, the Group will have to further tighten its credit policy and this is expected to have a negative impact on sales volumes.

The Group looks forward to the commissioning of a new PVC line in the third quarter of the year. This investment, which is part of the plant replacement and modernisation programme that began in 2010, will no doubt improve efficiencies in the factory as well as product availability in the market.

Appreciation

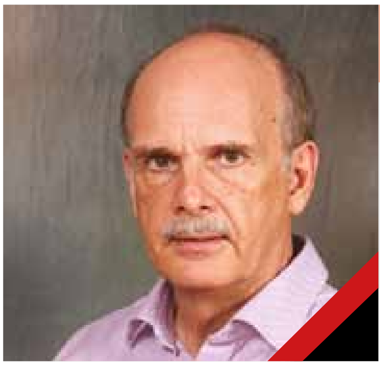
May I take this opportunity to extend my appreciation to our clients, who continue to contribute to our success. My sincere thanks also goes to our suppliers for their support. May I also record my appreciation to the Proplastics employees who are the real force driving this business.

Finally, I wish to thank the Proplastics Limited Board for their support and wise counsel as we embark on this journey as a listed entity.

K. Chigiya

K. CHIGIYA
Chief Executive Officer
16 March 2016

Company Directorate, Executive Committees and Corporate Governance



Mr. Gregory Sebborn
Non-Executive Board Chairman.

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.

Mr. Kudakwashe Chigiya
Chief Executive Officer.

Kudakwashe rejoined Proplastics Limited as Managing Director in July 2013. He 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.

Mr. Samuel Sithole
Non-Executive Director.

Samuel is the Finance Director of Brait South Africa Limited and holds non-executive directorships on boards of a number of South African companies.

Mr. Paddy Tongai Zhanda (Jnr)
Non-Executive Director.

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

Mr. Paschal Changunda
Finance Director

Paschal joined Proplastics as Finance Director on 20 July 2015. He is a qualified Chartered Accountant (Zimbabwe) and is a holder of a Masters 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.

Directorate, Executive Committees and Corporate Governance (continued)

Corporate Governance

The Board of PROPLASTICS LIMITED is committed to adherence to the principles of good corporate governance in order to attain the goal of responsible corporate behaviour and full accountability to its shareholders and stakeholders.

THE BOARD OF DIRECTORS

Composition and appointment

The Board comprises of 5 directors; 3 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 Group's Articles of Association and the Companies Act (Chapter 24:03), 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 course of the year must retire at the annual general meeting and, if eligible, stand for re-election. All the directors retire at the Annual General Meeting and being eligible, will stand for re-election.

Accountability and delegated functions

The Board meets formally at least once every quarter to review the entity'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.

Performance management reporting

The entity 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 is reported regularly to management, 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 system of internal financial control is monitored regularly by management, the Executive Committee and the Board.

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

Composition of the Board

Following the unbundling exercise from Masimba Holdings effective 08 June 2015, the Board was made up as follows:

- Mr. Gregory Sebborn - Non-Executive Board Chairman.
- Mr. Kudakwashe Chigiya - Chief Executive Officer.
- Mr. Samuel Sithole - Non-Executive Director.
- Mr. Michael Tapera - Executive Director.
- Mr. Paddy Tongai Zhanda - Non-Executive Director.

- Mr. Paschal Changunda, the Finance Director, was appointed to the Board effective 21 August 2015.

Sadly, Mr. Michael Tapera passed on in January 2016.

Board Committees

The Board has established and mandated a number of committees to perform work on its behalf in various key areas affecting the business of the entity. The committees are chaired by non-executive directors. They submit reports to the main Board on their deliberations 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 entity to attract and retain executives of the highest quality.

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

Audit Committee

Mr. Samuel Sithole, a non-executive director, chairs this Committee which deals with compliance, internal control and risk management.

The Committee:-

- Considers changes to the Group'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 entity's assets are safeguarded, that proper accounting records are maintained and the financial information used in the business and for

Directorate, Executive Committees And Corporate Governance (Continued)

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.

Code of Conduct

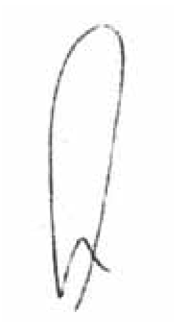
The Board has approved a Code of Conduct for the entity, which sets out the entity's core values relating to lawful and ethical conduct of business. All employees have a copy of the Code and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators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

Going Concern

The Board confirms that the Group has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the basis that the Group is a going concern.

Auditors

A resolution will be proposed at the annual general meeting to reappoint Deloitte & Touche as auditors of the Group.



Samuel Sithole
Chairman - Audit and Risk Committee
16 March 2016

Report of the Directors

The directors have pleasure in presenting their Annual Report and the Audited Financial Statements of the Group for the period ended 31 December 2015. In the report "Group" refers to Proplastics Limited and its subsidiary company, Promouldings (Private) Ltd.

Period's Results

Profit attributable to Shareholders	US$435,295
Final Dividend	US0.15cents per share

Capital Expenditure

Capital Expenditure for the period to 31 December 2015 amounted to $416,900. The budgeted capital expenditure for the period to 31 December 2015 was $1,235,020.

Share Capital

The authorized share capital of the Company is $87,500, comprising of 875,000,000 ordinary shares of a nominal value of $0.0001 each.
The issued share capital of the Company is $24,499 divided into 244,993,024 ordinary shares of $0.0001 each.

Auditors

The auditors of the Company are Deloitte & Touche. Shareholders will be asked at the forthcoming Annual General Meeting to approve their remuneration in respect of the past audit and to re-appoint them auditors for the coming year.

Reserves

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

Dividends

The directors recommended a final dividend of US0.15cents per share for the year ended 31 December 2015 payable in respect of all the ordinary shares of the Company. Shareholders will be asked to approve the payment of this dividend.

Borrowing Powers

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

1) The total of the nominal amount of the issued and paid up share capital for the time being of the Company, and
2) The aggregate of the amounts standing to the credit of all capital and revenue reserve accounts and share premium account and profit and loss account as set out in the latest consolidated 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 period 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 period under review:-

- Mr. Gregory Sebborn - Non-Executive Board Chairman
- Mr. Kudakwashe Chigiya - Chief Executive Officer
- Mr. Paschal Changunda - Finance Director
- Mr. Samuel Sithole - Non-Executive Director
- Mr. Paddy Tongai Zhanda - Non-Executive Director

All directors retire on conclusion of the inaugural Annual General Meeting. All being eligible, have offered themselves for re-election and Shareholders will be asked to re-appoint them as Directors for the ensuing year.

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 $27,708 be paid, to be divided amongst themselves at their discretion.

The 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. The details of the movement in the outstanding option during the period to 31 December 2015 are shown on note 8 of the 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as well as the disclosure requirements of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange listing requirements.

The Group's independent external auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 15. 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 period under review.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for the foreseeable future.

G Sebborn
Chairman
16 March 2016

Most of the Municipalities water and sewer reticulation networks were laid out in the late 1930s. They have outlived their life span and are now replacing the worn out ductile metal and asbestos cement pipe systems with more durable, world class standard PVC pipe systems, manufactured by Proplastics Limited.

Report of the Independent Auditors to the Members of Proplastics Limited

Deloitte.

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Fax: +263 (0) 4 852 130
www.deloitte.com

We have audited the accompanying consolidated and company financial statements of Proplastics Limited ("the Group") as set out on pages 16 to 53, which comprise the consolidated and the company statement of financial position as at 31 December 2015, the consolidated and the company statement of profit or loss and other comprehensive income, the consolidated and the company statement of changes in equity and the consolidated and the company statement of cash flows for the seven month period then ended for the Group and twelve months for the company (see note 1) and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Group's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96).
This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of Proplastics Limited as at 31 December 2015 and of its financial performance and its cash flows for the seven month period then ended for the Group and the twelve months then ended for the company in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the current year financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant statutory instruments (SI 33/99 and SI 62/96).

Deloitte & Touche

Deloitte & Touche
16 March 2016

Consolidated Statement of Financial Position

as at 31 December 2015

	Notes	31 December 2015 Audited US$	Proforma 31 December 2014 Unaudited US$
Assets			
Non-current assets			
Property, plant & equipment	4	4,478,669	3,451,209
		4,478,669	**3,451,209**
Current assets			
Inventories	6	4,411,264	4,616,693
Trade and other receivables	7	3,102,222	2,027,488
Cash and cash equivalents		281,785	171,806
Total current assets		**7,795,271**	**6,815,987**
Total assets		**12,273,940**	**10,267,196**
Equity and liabilities			
Equity			
Share Capital	8	24,499	-
Reserves		8,663,410	4,732,377
Retained earnings		435,295	2,614,044
Total equity		**9,123,204**	**7,346,421**
Non-current liabilities			
Long-term borrowings	9	525,000	-
Deferred tax	10	555,319	312,431
Total non-current liabilities		**1,080,319**	**312,431**
Current liabilities			
Trade and other payables	11	1,772,579	1,820,755
Short-term borrowings	9	225,000	600,473
Current tax payable		72,838	187,116
Total current liabilities		**2,070,417**	**2,608,344**
Total liabilities		**3,150,736**	**2,920,775**
Total equity and liabilities		**12,273,940**	**10,267,196**

G. Sebborn
Chairman
16 March 2016

K. Chigiya
Chief Executive Officer
16 March 2016

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the period ended 31 December 2015

	Notes	7 months to 31 December 2015 Audited US$	Proforma 12 months to 31 December 2015 Unaudited US$	Proforma 12 months to 31 December 2014 Unaudited US$
Revenue		**8,815,574**	**14,152,915**	**13,328,216**
Cost of sales		(6,653,108)	(10,881,242)	(10,484,763)
Gross profit		**2,162,466**	**3,271,673**	**2,843,453**
Other income	12	105,053	113,854	43,774
Distribution expenses		(270,283)	(462,751)	(450,355)
Administrative expenses	13	(1,402,631)	(2,008,650)	(1,681,566)
Profit before interest and tax		**594,605**	**914,126**	**755,306**
Finance costs		(54,552)	(81,701)	(103,622)
Profit before tax	**14**	**540,053**	**832,425**	**651,684**
Income tax expense	15	(104,758)	(180,044)	(169,803)
Profit for the period		**435,295**	**652,381**	**481,881**
Attributable profit for the period		**435,295**	**652,381**	**481,881**
Comprehensive income				
Other comprehensive income		-	-	-
Total Comprehensive income for the period		**435,295**	**652,381**	**481,881**
Earnings per share				
Number of shares (millions)		**245**	**245**	**-**
Basic earnings per share (cents)	**16**	**0.18**	**0.27**	**-**
Diluted earnings per share (cents)	**16**	**0.18**	**0.26**	**-**

Consolidated Statement of Cash Flows

for the period ended 31 December 2015

	7 months to 31 December 2015 Audited US$	12 months to 31 December 2015 Unaudited US$	Proforma 12 months to 31 December 2014 Unaudited US$
Cash flows from operating activities			
Profit for the period/year before interest and tax	**594,605**	**914,126**	**755,306**
Adjustments for:			
Depreciation of non-current assets	500,338	834,860	697,870
Expense recognized in respect of equity-settled share based payments	1,113	1,113	-
Unrealised exchange loss	2	2	3
Loss/(profit) on disposal of property, plant and equipment	15,499	16,324	(903)
Other	-	-	9,927
Net cash from operations before working capital changes	**1,111,557**	**1,766,425**	**1,462,203**
(Increase)/decrease in trade and other receivables	**(454,188)**	**(1,074,126)**	**279,161**
(Increase)/decrease in inventories	**(385,222)**	**205,429**	**(416,685)**
Increase/(decrease) in payables	**392,221**	**(48,177)**	**179,909**
Cash generated from operations	**664,368**	**849,551**	**1,504,588**
Net interest paid	(54,552)	(81,701)	(103,622)
Income tax paid	(147,346)	(334,462)	(133,914)
Net cash generated from operating activities	**462,470**	**433,388**	**1,267,052**
Cash flow from investing activities			
Purchase of property, plant and equipment	(416,900)	(487,538)	(1,268,473)
Proceeds from disposal of property, plant and equipment	12,102	14,102	17,704
Payments made at acquisition of subsidiary	-	500	-
Net cash utilised in investing activities	**(404,798)**	**(472,936)**	**(1,250,769)**
Cash flow from financing activities			
(Decrease)/ increase in borrowings	(315,345)	149,527	-
Net cash (utilised)/generated by financing activities	**(315,345)**	**149,527**	**-**
Net (decrease)/increase in cash and cash equivalents	**(257,673)**	**109,979**	**16,283**
Cash and cash equivalents at the beginning of the period/year	539,458	171,806	155,523
Cash and cash equivalents at the end of the period/year	**281,785**	**281,785**	**171,806**

Consolidated Statement of Changes in Equity

for the period ended 31 December 2015

	Share Capital US$	Reserves US$	Non Distributable Reserves US$	Retained earnings US$	Total equity US$
Proforma Balance as at 31 December 2014 (Unaudited)	**1,750**	**4,732,377**	**(1,750)**	**2,614,044**	**7,346,421**
Proforma Adjustments					
Transfer from retained income	-	2,614,044	-	(2,614,044)	-
Transfer from retained income	-	217,086	-	(217,086)	-
Profit for 5 months to May 2015	-	-	-	217,086	217,086
Balance as at 1 June 2015	**1,750**	**7,563,507**	**(1,750)**	**-**	**7,563,507**
Transfer from reserves	-	(22,749)	-	-	(22,749)
Transfer from non-distributable reserves	-	(1,750)	1,750	-	-
Issue of share capital	22,749	-		-	22,749
Reserves arising at unbundling	-	1,123,289	-	-	1,123,289
Share based payments	-	1,113	-	-	1,113
Profit for 7 months to 31 December 2015	-	-	-	435,295	435,295
Balance as at 31 December 2015	**24,499**	**8,663,410**	**-**	**435,295**	**9,123,204**

Company Statement of Financial Position

as at 31 December 2015

	Note	31 December 2015 Audited US$	31 December 2014 Audited US$
Assets			
Non-current assets			
Property, plant & equipment	4	3,088,628	-
Investment in subsidiary	5	1,123,289	-
		4,211,917	**-**
Current assets			
Inventories	6	4,411,264	-
Trade and other receivables	7	3,102,222	-
Cash and cash equivalents		281,511	-
Total current assets		**7,794,997**	**-**
Total assets		**12,006,914**	**-**
Equity and liabilities			
Equity			
Share capital	8	24,499	1,750
Reserves		8,663,410	(1,750)
Retained earnings		407,261	-
Total equity		**9,095,170**	**-**
Non-current liabilities			
Long-term borrowings	9	525,000	-
Deferred tax	10	298,207	-
Total non-current liabilities		**823,207**	**-**
Current liabilities			
Trade and other payables	11	1,796,693	-
Short-term borrowings	9	225,000	-
Current tax payable		66,844	-
Total current liabilities		**2,088,537**	**-**
Total liabilities		**2,911,744**	**-**
Total equity and liabilities		**12,006,914**	**-**

Company Statement of Profit or Loss and other Comprehensive Income

for the period ended 31 December 2015

	Notes	12 months to 31 December 2015 Audited US$	12 months to 31 December 2014 Audited US$
Revenue		**8,815,574**	**-**
Cost of sales		(6,653,108)	-
Gross profit		**2,162,466**	**-**
Other income	12	105,053	-
Distribution expenses		(270,283)	-
Administrative expenses	13	(1,410,743)	-
Profit before interest and tax		**586,493**	**-**
Finance costs		(54,552)	-
Profit before tax	**14**	**531,941**	**-**
Income tax expense	15	(124,680)	-
Profit for the period		**407,261**	**-**
Comprehensive income			
Other comprehensive income		-	-
Total Comprehensive income for the period		**407,261**	**-**
Earnings per share			
Number of shares (millions)		**245**	**-**
Basic earnings per share (cents)	**16**	**0.17**	**-**
Diluted earnings per share (cents)	**16**	**0.16**	**-**

Company Statement of Cash Flows

for the period ended 31 December 2015

	7 months to 31 December 2015 Audited US$	12 months to 31 December 2014 Audited US$
Cash flows from operating activities		
Profit for the period/year before interest and tax	**586,493**	**-**
Adjustments for:		
Depreciation of non-current assets	485,171	-
Expense recognized in respect of equity-settled share based payments	1,113	-
Unrealised exchange loss	2	-
Loss on disposal of property, plant and equipment	15,499	-
Net cash from operations before working capital changes	**1,088,278**	**-**
Increase in trade and other receivables	**(454,797)**	**-**
Increase in inventories	**(385,222)**	**-**
Increase in payables	**416,335**	**-**
Cash generated from operations	**664,594**	**-**
Net interest paid	(54,552)	-
Income tax paid	(147,346)	-
Net cash generated from operating activities	**462,696**	**-**
Cash flow from investing activities		
Purchase of property , plant and equipment	(416,900)	-
Proceeds from disposal of property, plant and equipment	12,102	-
Net cash utilised in investing activities	**(404,798)**	**-**
Cash flow from financing activities		
Decrease in borrowings	(315,345)	-
Net cash utilised by financing activities	**(315,345)**	**-**
Net decrease in cash and cash equivalents	**(257,447)**	**-**
Cash and cash equivalents at the beginning of the period/year	538,958	-
Cash and cash equivalents at the end of the period/year	**281,511**	**-**

The directors believe that disclosing the cash flows for seven months was more informative than showing it for twelve months.

Company Statement of Changes in Equity

for the period ended 31 December 2015

	Share capital US$	Reserves US$	Non Distributable reserves US$	Retained earnings US$	Total equity US$
Balance as at 31 December 2014	**1,750**	**-**	**(1,750)**	**-**	**-**
Reserves arising at unbundling	-	8,686,796	-	-	8,686,796
Transfer from reserves	22,749	(22,749)	-	-	-
Transfer from non distributable reserves	-	(1,750)	1,750	-	-
Share based payments	-	1,113	-	-	1,113
Profit for 12 months to 31 December 2015	-	-	-	407,261	407,261
Balance at 31 December 2015	**24,499**	**8,663,410**	**-**	**407,261**	**9,095,170**

Accounting policies

for the period ended 31 December 2015

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 subsidiary, Promouldings (Private) Limited. As is mentioned in note 1.2 below, the Group came into existence on 1 June 2015 and so the reporting period is seven months. The Company, however, had been domant for some years and so reporting was for twelve months.

1.1 Nature of Business

The principal activities of the Group are manufacturing and distribution of PVC and HDPE sewer and water reticulation pipes.

1.2 Reporting period

Proplastics Limited listed on the Zimbabwe Stock Exchange on 8 June 2015, hence the statutory reporting period for the Group is from 1 June 2015. However, because the entity has been in existence as a separate division for many years prior to the unbundling exercise from Masimba Holdings Limited, the results of the full year 2015 have been provided by way of proforma information in order to give our stakeholders a balanced assessment of the performance of the Group.

2. Application of New and Revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current period or prior period

<u>Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) (Issued November 2013, applicable to annual periods beginning on or after 1 July 2014)</u>

Makes amendment to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

<u>Annual Improvements 2010 - 2012 Cycle (issued December 2013, effective July 2014)</u>

Makes amendments to the following standards:

- IFRS 2 - Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.
- IFRS 3 - Require contingent consideration that is classified as an asset or liability to be measured at fair value at each reporting date.
- IFRS 8 - Require disclosure of the judgements made by management in applying the aggregation criteria to operating segments; clarify reconciliations of segment assets only required if segment assets are reported regularly.
- IFRS 13 - Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).
- IAS 16 and IAS 38 - Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.
- IAS 24 - Clarify how payments to entities providing management services are to be disclosed.

<u>Annual Improvements 2011 - 2013 Cycle (issued December 2013, effective July 2014)</u>

Makes amendments to the following standards:

- IFRS 1 - Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).
- IFRS 3 - Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 13 - Clarify the scope of the portfolio exception in paragraph 53.
- IAS 40 - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner occupied property.

2.2 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted

<u>IFRS 9 Financial Instruments (issued November 2009, effective January 2018)</u>

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss;
- all other instruments (including all derivatives) are measured at fair value with changes recognised in profit or loss; and
- the concept of 'embedded derivative' does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.

The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group currently measures its borrowings at amortised cost, does not have any investments in equity instruments and does not have any financial instruments with embedded derivatives.

Accounting policies (continued)

for the period ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted (continued)

IFRS 9 Financial Instruments (issued October 2010, effective January 2018)

This is a revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group currently measures its borrowings at amortised cost and has no future intention to measure them at fair value.

IFRS 9 Financial Instruments (Hedge Accounting and amendments to (IFRS 9, IFRS 7 and IAS 39) (2013) issued November 2009 effective January 2018)

A revised version of IFRS 9 which:

- introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures,
- permits an entity to apply only the requirement introduced in IFRS 9 (2010) for presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss,
- remove the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group does not engage in transactions that give rise to hedge accounting.

IFRS 14 Regulatory Deferral Accounts (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016) (issued January 2014, effective January 2016)

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

The future application of this IFRS will not have a material impact on the Group's financial statements, as the Group is not a first time adopter of IFRS.

IFRS 15 Revenue from Contracts with Customers (Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018) (issued May 2014, effective January 2018)

Provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

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

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations (Effective for annual periods beginning on or after 1 January 2016)

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

Entities should apply the amendments prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. Earlier application is permitted.

Accounting policies (continued)

for the period ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted (continued)

Amendments to IAS 1 Disclosure Initiative
(Effective for annual periods beginning on or after 1 January 2016)

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. Certain key highlights in the amendments are as follows:

Amendments to IAS 1 Disclosure Initiative
(Effective for annual periods beginning on or after 1 January 2016) (continued)

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.
- In the other comprehensive income section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following items:
  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and
  - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. Application of the amendments need not be disclosed.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
(Issued May 2014, effective January 2016)

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment,
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated,
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) (issued June 2014, effective January 2016)

- Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to:
- include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16,
- introduce a definition of 'bearer plants' as a living plant that is issued in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales,
- clarify that produce on bearer plants remains within the scope of IAS 41.

Equity Method in Separate Financial Statements (Amendments to IAS 27) (issued August 2014, effective January 2016)

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (issued September 2014, effective January 2016)

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Proplastics manufactures and supplies uPVC borehole casings and screen pipes from 110mm to 250mm in two pressure classes, PN 6 and PN 10. Borehole casings and screens are manufactured with selected PVC compounds to provide absolute non-corrosive pipes with excellent mechanical properties. The casing and screens can be joined by screwing in threaded joints or use of solvent cement.

Accounting policies (continued)

for the period ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New, revised and amended IFRSs in issue, but not yet mandatorily effective at the end of the reporting period and not yet adopted (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (Effective for annual periods beginning on or after 1 January 2016)

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (Effective for annual periods beginning on or after 1 January 2016) (continued)

in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value. The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Annual Improvements 2012-2014 Cycle (issued September 2014, effective July 2016)

Makes amendments to the following standards:

- IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held-for-sale to held-for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 19 - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The directors of the Group do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

3. Summary of significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by IASB.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties that are measured at re-valued amounts or fair values at the end of each reporting period, as explained in the accounting policies below:

Historical cost is generally based on the fair value of 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 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 consolidated 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 IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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 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.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. 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 Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- 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.

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 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 accounting policies.

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

3.3.1 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassifies to profit or loss or transferred to another category of equity as specified /permitted by applicable IFRSs) . The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable , the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group, in exchange for the control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at the fair value except that:-

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquirer's share-based payments awards are measured in accordance with IFRS 2 Share-based Payment; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non- current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

3.5 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.5 Interests in joint operations (continued)

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3.6.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.6.2 Dividend and interest revenue

Dividend revenue from investments is recognised 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 the amount of income can be measured reliably).

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.6.3 Rental income

Rental income from investment properties is recognised on a straight line basis over the term of the relevant lease.

3.7 Property, plant and equipment

Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group 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.

3.7.1 Measurement

Property, plant and equipment are shown at cost less the related depreciation. It is the policy of the Group to revalue its property, plant and equipment 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 asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve of that asset.

3.7.2 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 the cost of the item can be measured reliably.

3.7.3 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.

3.7.4 Depreciation

Depreciation is recognized 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 method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following average useful lives are used in the calculation of depreciation:

Land is not depreciated		
Buildings	40 years	on a straight – line basis
Plant and equipment	8 years	on a straight – line basis
Motor vehicles	5 years	on a straight – line basis
Other Assets	3-10 years	on a straight – line basis

Proplastics is Zimbabwe's leading manufacturer of High Density Polyethylene (HDPE) solid wall pipes for use in potable water, sewer, mining and gas applications. HDPE pipes are tough, have a 100 year design life and, because of good chemical and abrasion resistance properties, are rapidly growing as the preferred material for pipeline lining and relining, slurry applications and for use in Dolomite areas.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.7.5 Useful lives and residual values

The property, plant and equipment's residual values 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 value.

3.8 Impairment of assets

At each statement of financial position date the Group 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.

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.

3.9 Taxation and deferred taxation

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

3.9.1 Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement 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 by the statement of financial position date.

3.9.2 Deferred taxation

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 recognized 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 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 statement of financial position 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 that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group 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 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 profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, 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.

3.9.3 Value added tax

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

3.10.1 Advance payments received

Advance payments received are assessed on initial recognition to determine whether it is probable that they will be repaid in cash or another financial asset. If it is probable that the advance payments will be repaid with goods or services, the liability is carried at historic cost.

3.11 Inventories

Inventories comprise raw materials, work in progress, finished goods and manufactured components. They are valued at the lower of cost or net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.12 Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the functional currency of the Group and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group are expressed in United States dollars using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign operation (i.e. disposal of a Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non controlling interest and are not recognized in profit or loss. For all partial disposals i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.13.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.13.1 Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments:
- Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated statement of comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

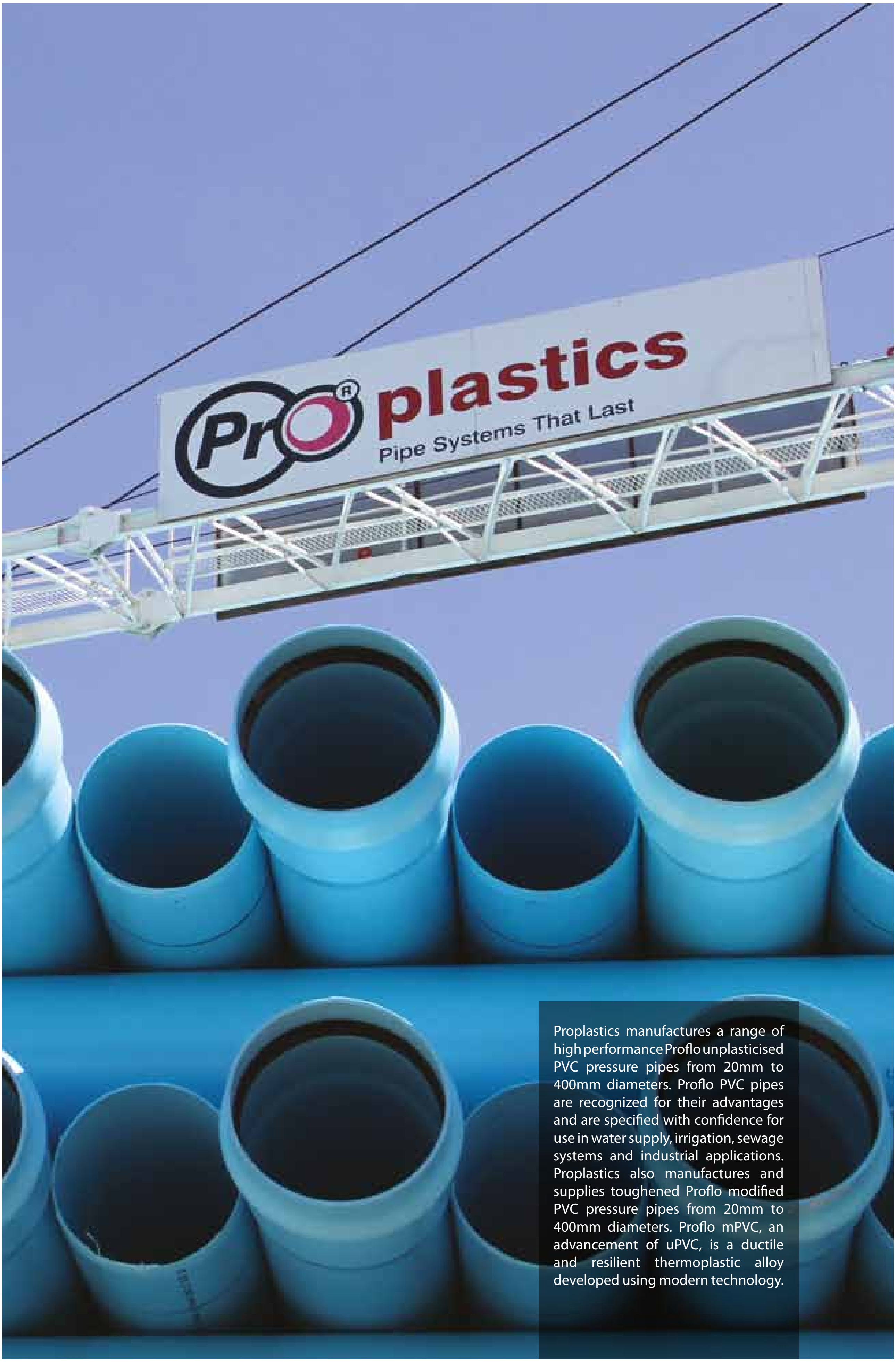
Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or



Proplastics manufactures a range of high performance Proflo unplasticised PVC pressure pipes from 20mm to 400mm diameters. Proflo PVC pipes are recognized for their advantages and are specified with confidence for use in water supply, irrigation, sewage systems and industrial applications. Proplastics also manufactures and supplies toughened Proflo modified PVC pressure pipes from 20mm to 400mm diameters. Proflo mPVC, an advancement of uPVC, is a ductile and resilient thermoplastic alloy developed using modern technology.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.13.1 Financial assets (continued)

Impairment of financial assets (continued)

- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group 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 neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group 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 continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition 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.

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

3.13.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.13.2 Financial liabilities and equity instruments (continued)

Compound instruments

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) 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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.13.2 Financial liabilities and equity instruments (continued)

Derecognition of financial liabilities (continued)

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.14 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

3.15 Share based payments

Senior executives of the Group 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 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').

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 8.

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 estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

3.16 Investment properties

Investment property is property held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis. Initially, investment property is measured at its cost, including transaction costs. Subsequent to initial measurement, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the period in which the property is derecognized.

3.17 Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Provisions and contingencies

3.18.1 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Proplastics manufactures and supplies unplasticised Polyvinyl Chloride (uPVC) sewer and underground drainage systems from 110mm to 400mm. The sewer pipe system provides contractors with ease-of-installation, flexibility and long-term reliability. Sewer pipes are provided plain ended or socket ended and are supported by a full complement of Proplastics uPVC underground fittings. The Prodrain range is manufactured according to SANS 791 and ZWS 219 specifications for uPVC sewer and drain pipes and pipe fittings. Sewer and drain pipes are supplied in two classes, namely heavy duty (Class 34) and normal duty (Class 51), with a resistance to external load of 100 kPa and 300 kPa respectively.

Accounting policies (continued)

for the period ended 31 December 2015

3. Summary of significant accounting policies (continued)

3.18 Provisions and contingencies (continued)

3.18.2 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

3.18.3 Contingent assets

A contingent asset is a possible asset that arises from past events and existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. In the ordinary course of business, the Group may pursue a claim against a subcontractor or client. Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the flow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised on the statement of financial position.

3.19 Employee benefits

3.19.1 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.

3.19.2 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.

3.19.3 Termination benefits

Termination benefits are payable when employment is terminated by the Group 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 position date are discounted to present value.

3.19.4 Retirement benefit costs

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

3.20 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, 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 or not a price is charged.

Notes to the Consolidated Financial Statements

for the period ended 31 December 2015

4. Property, plant and equipment

Group

Cost /Valuation	Freehold Land & Buildings US$	Plant & Equipment US$	Motor Vehicles US$	Furniture & Office Equipment US$	TOTAL US$
Proforma Balance at 31 December 2014 (Unaudited)	**-**	**5,635,546**	**555,964**	**191,016**	**6,382,526**
Additions	-	66,908	-	3,730	70,638
Disposals	-	(3,714)	(2,000)	-	(5,714)
Balance at 1 June 2015	**-**	**5,698,740**	**553,964**	**194,746**	**6,447,450**
Additions	-	266,223	129,904	20,773	416,900
Acquisition of a subsidiary	1,405,208	-	-	-	1,405,208
Disposals	-	(27,504)	(25,595)	-	(53,099)
Balance at 31 December 2015	**1,405,208**	**5,937,459**	**658,273**	**215,519**	**8,216,459**
Accumulated Depreciation					
Proforma Balance at 31 December 2014 (Unaudited)	**-**	**(2,459,744)**	**(360,920)**	**(110,653)**	**(2,931,317)**
Depreciation for the period	-	(295,179)	(27,661)	(11,682)	(334,522)
Disposals	-	1,889	1,000	-	2,889
Balance at 1 June 2015	**-**	**(2,753,034)**	**(387,581)**	**(122,335)**	**(3,262,950)**
Depreciation for the period	(15,167)	(431,008)	(37,579)	(16,584)	(500,338)
Disposals	-	11,567	13,931	-	25,498
Balance at 31 December 2015	**(15,167)**	**(3,172,475)**	**(411,229)**	**(138,919)**	**(3,737,790)**
Carrying Amount					
Proforma Balance at 31 December 2014 (Unaudited)	**-**	**3,175,802**	**195,044**	**80,363**	**3,451,209**
Balance at 1 June 2015	**-**	**2,945,706**	**166,383**	**72,411**	**3,184,500**
Balance at 31 December 2015	**1,390,041**	**2,764,984**	**247,044**	**76,600**	**4,478,669**

Company

Cost /Valuation	Freehold Land & Buildings US$	Plant & Equipment US$	Motor Vehicles US$	Furniture & Office Equipment US$	TOTAL US$
Balance at 31 December 2014	**-**	**-**	**-**	**-**	**-**
Acquisition at unbundling	-	5,635,546	555,965	191,016	6,382,526
Additions	-	66,908	-	3,730	70,638
Disposals	-	(3,714)	(2,000)	-	(5,714)
Balance at 1 June 2015	**-**	**5,698,740**	**553,964**	**194,746**	**6,447,450**
Additions	-	266,223	129,904	20,773	416,900
Disposals	-	(27,504)	(25,595)	-	(53,099)
Balance at 31 December 2015	**-**	**5,937,459**	**658,273**	**215,519**	**6,811,251**
Accumulated Depreciation					
Balance at 31 December 2014	**-**	**-**	**-**	**-**	**-**
Acquisition at unbundling		(2,459,744	(360,920)	(110,653)	(2,931,317)
Depreciation for the period	-	(295,179)	(27,661)	(11,682)	(334,522)
Disposals	-	1,889	1,000	-	2,889
Balance at 1 June 2015	**-**	**(2,753,034)**	**(387,581)**	**(122,335)**	**(3,262,950)**
Depreciation for the period	-	(431,008)	(37,579)	(16,584)	(485,171)
Disposals	-	11,567	13,931	-	25,498
Balance at 31 December 2015	**-**	**(3,172,475)**	**(411,229)**	**(138,919)**	**(3,722,623)**
Carrying Amount					
Balance at 31 December 2014	**-**	**-**	**-**	**-**	**-**
Balance at 1 June 2015	**-**	**2,945,706**	**166,383**	**72,411**	**3,184,500**
Balance at 31 December 2015	**-**	**2,764,984**	**247,044**	**76,600**	**3,088,628**

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

4. Property, plant and equipment (continued)

4.1 Encumbrances on property, plant and equipment

Freehold land and buildings with a carrying amount of $1.4 million have been pledged to secure borrowings of the Group. This was done by way of a Deed of Hypothecation over Lot 12 Block Y Ardbennie, The Remaining Extent of Lot 5 Block Y Ardbennie Township of Ardbennie, Lot 1 of Lot 11 Block Y Ardbennie Township of Ardbennie and The Remainder of Lot 11 Block Y Ardbennie Township of Ardbennie. Refer to note 9.

4.2 Revaluation

In 2015, the Directors engaged an independent valuer, Integrated Properties (Private) Limited, and revalued all freehold land and buildings of the Group. The effective date of the revaluation was 31 December 2015.

5. Investment in Subsidiary

Company

	31 December 2015 Audited US$	**31 December 2014 Audited US$**
At fair value		
Balance at 31 December 2014	-	-
Additions	1,123,289	-
Balance at end of period	**1,123,289**	**-**

The fair value of Investment in subsidiary has been arrived at on the basis of a valuation carried out at 31 December 2015 by independent professional valuers, Intergrated Properties (Private) Limited. In arriving at the market value, the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rentals, capital and income generated by owner occupied assets are interrelated.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments ; quoted prices for identical or similar instruments in markets that are considered less than active ; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- 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.

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. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.

The following table presents assets and liabilities recognised at fair value in the statement of financial position of the Group:

2015				
	Level 1	**Level 2**	**Level 3**	**Total carrying amount**
	US$	US$	US$	US$
Freehold land & buildings	-	1,390,041	-	1,390,041

There were no transfers between level 1 and level 2 during the current year.

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

5.1 Unbundling from Masimba Holdings

On 8 May 2015, the Masimba Holdings shareholders approved the unbundling of Proplastics Limited from Masimba Holdings through a dividend in specie to Masimba Shareholders. The unbundling was effective 1 June 2015 and Proplastics Limited was listed on the Zimbabwe Stock Exchange (ZSE) on 8 June 2015.

The rationale of the unbundling exercise was to give Proplastics a clear operational focus and ability to pursue own independent business strategies coupled with the advantage of being listed on the ZSE.

The net assets at the date of unbundling amounted to $8,686,796 as indicated below:

Net Assets Acquired at 1 June 2015	US$
Assets	
Property, plant & equipment	3,184,500
Investment in Promouldings	1,123,289
Inventories	4,026,041
Trade and other receivables	2,647,425
Cash and cash equivalents	538,958
Total assets	**11,520,213**
Liabilities	
Deferred tax	312,431
Trade and other payables	1,380,355
Short-term borrowings	1,065,345
Current tax payable	75,286
Total liabilities	**2,833,417**
Net assets acquired	**8,686,796**

6. Inventories

	Group		Company	
		Proforma		
	31 December 2015 Audited US$	31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Raw materials	686,416	976,638	686,416	-
Work in progress	775,495	796,657	775,495	-
Finished goods	2,410,251	2,260,461	2,410,251	-
Spares and consumables	743,477	777,313	743,477	-
Provision for slow moving inventories	(204,375)	(194,376)	(204,375)	-
Total inventories	**4,411,264**	**4,616,693**	**4,411,264**	**-**

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

7. Trade and other receivables

	Group		Company	
	31 December 2015 Audited US$	Proforma 31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Trade receivables	2,672,620	2,352,813	2,672,620	-
Prepayments	482,898	61,269	482,898	-
Deposits and other receivables	145,654	235,766	145,654	-
	3,301,172	2,649,848	3,301,172	-
Less: Allowances for doubtful receivables	(198,950)	(622,360)	(198,950)	-
Trade and other receivables	**3,102,222**	**2,027,488**	**3,102,222**	**-**

The average credit period for trade receivables is 65 days. No interest is charged on the overdue trade receivables. The entity has recognised an allowance for credit losses against all receivables on a case by case basis.

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for credit losses because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by it to the counterparty.

Ageing of past due but not impaired trade receivables	Group		Company	
	31 December 2015 Audited US$	Proforma 31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
60 days	479,138	355,261	479,138	-
61-90 days	251,223	18,421	251,223	-
91 days +	386,730	-	386,730	-
	1,117,091	**373,682**	**1,117,091**	**-**

	Group		Company	
	31 December 2015 Audited Days	Proforma 31 December 2014 Unaudited Days	31 December 2015 Audited Days	31 December 2014 Audited Days
Debtor days	65	64	65	-

Movement in the allowance for doubtful debts

	31 December 2015 Audited US$	31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Balance at the beginning of the period	622,360	346,205	622,360	-
Net movement in provision for the period	78,401	276,155	78,401	-
Bad debts written off	(496,444)	-	(496,444)	-
Bad debts recovered	(5,367)	-	(5,367)	-
Balance at the end of the period	**198,950**	**622,360**	**198,950**	**-**

Book debtors are encumbered as shown in note 9.

In determining recoverability of trade receivables , the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risks is limited due to the customer base being large and unrelated.

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

7. Trade and other receivables (continued)

Six of the Group's trade receivables constitute 54% of the total receivable balance with no individual debtor exceeding 17% of the total receivable balance.
The entire Group's impaired trade receivables are older than 180 days.

	Group		Company	
		Proforma		
Ageing of impaired trade receivables	31 December 2015 Audited US$	31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
180+ days	**198,950**	**622,360**	**198,950**	**-**

8. Share capital and reserves

	Group		Company	
		Proforma		
	31 December 2015 Audited US$	31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Authorised and issued share capital				
Authorised				
875,000,000 ordinary shares of $0.0001 each	87,500	-	87,500	2,000
Issued				
244,993,024 ordinary shares of $0.0001 each	24,499	-	24,499	1,750

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 Act (Chapter 24:03) and the Zimbabwe Stock Exchange without further restrictions.

Unissued share capital	63,001	-	63,001	250

Shares under options

The Directors are empowered to grant share options to senior executives of the Group 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. Details of share options outstanding as at 31 December 2015 were as follows:

	Group		Company	
		Proforma		
	31 December 2015 Audited shares	31 December 2014 Unaudited shares	31 December 2015 Audited shares	31 December 2014 Audited shares
Balance at the beginning of period	-	-	-	-
Granted during the period	6,000,000		6,000,000	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Balance at end of period	**6,000,000**	**-**	**6,000,0000**	**-**

Notes to the Consolidated Financial Statements (continued)
for the period ended 31 December 2015

8. Share capital and reserves (continued)

A valuation was carried out by Proplastics Directors as at 31 December 2015. The estimated fair values of options granted were determined using Black Scholes model in accordance with IFRS 2 with the following inputs and assumptions:

	Group		Company	
	31 December 2015 Audited US$	Proforma 31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Grant date share price (US$)	0.023	-	0.023	-
Exercise price (US$)	0.023	-	0.023	-
Expected volatility	25.30%	-	25.30%	-
Dividend yield	7.14%	-	7.14%	-
Risk -free interest rate	6%	-	6%	-

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 was calculated as the standard deviation of log normal daily returns for the period starting 08June 2015 to 02 February 2016.

Expected dividends

When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividends 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.

9. Borrowings

	Group		Company	
	31 December 2015 Audited US$	Proforma 31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Long term loan	525,000	-	525,000	-
Short term loan	225,000	600,473	225,000	-
Total borrowings at end of period	**750,000**	**600,473**	**750,000**	**-**

The loan is secured by NGCB over movable assets including cession of book debts and First Ranking Deed of Hypothecation over immovable assets. It is payable over 3 years at an effective interest rate of 8.5% per annum. The repayments will commence in May 2016.

Notes to the Consolidated Financial Statements (continued)
for the period ended 31 December 2015

		Group 31 December 2015 Audited US$	Group Proforma 31 December 2014 Unaudited US$	Company 31 December 2015 Audited US$	Company 31 December 2014 Audited US$
10.	**Deferred Tax**				
	Balance at 31 December 2014	312,431	329,742	-	-
	At acquisition	283,028	-	312,431	-
	Credit to income statement	(40,140)	(17,311)	(14,224)	-
	Balance at 31 December 2015	**555,319**	**312,431**	**298,207**	**-**
	Comprising of:				
	Accelerated wear and tear	663,802	513,985	406,690	-
	Unrealised exchange (gains)/loss	(1,052)	1,605	(1,052)	-
	Prepayments	9,429	4,886	9,429	-
	Revenue received in advance	(100)	2,280	(100)	-
	Provision for bad debt	-	(160,258)	-	-
	Provision for slow moving stock	(52,627)	(50,067)	(52,627)	-
	Other provisions	(64,133)	-	(64,133)	-
		555,319	**312,431**	**298,207**	

		Group 31 December 2015 Audited US$	Group Proforma 31 December 2014 Unaudited US$	Company 31 December 2015 Audited US$	Company 31 December 2014 Audited US$
11.	**Trade and other payables**				
	Trade payables	1,055,840	1,319,436	1,055,840	-
	Accruals and other payables	716,739	501,319	740,853	-
	Total trade and other payables	**1,772,579**	**1,820,755**	**1,796,693**	**-**

The average credit period on purchases of goods and services from suppliers is 45 days. 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.

		Group 7 months to 31 December 2015 Audited US$	Group Proforma 12 months to 31 December 2015 Unaudited US$	Group Proforma 12 months to 31 December 2014 Unaudited US$	Company 12 months to 31 December 2015 Audited US$	Company 12 months to 31 December 2014 Audited US$
12.	**Other Income**					
	Exchange gain	4,084	10,789	17,465	4,084	-
	Insurance claim	90,838	90,838	-	90,838	-
	(Loss)/ Profit on disposal of property, plant and equipment	(15,499)	(16,324)	961	(15,499)	-
	Bad debts recovered	5,367	5,367	-	5,367	-
	Scrap sales	20,263	23,184	25,348	20,263	-
	Total other income	**105,053**	**113,854**	**43,774**	**105,053**	**-**

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

13. Administrative expenses

	Group			Company	
		Proforma			
	7 months to 31 December 2015 Audited US$	12 months to 31 December 2015 Unaudited US$	12 months to 31 December 2014 Unaudited US$	12 months to 31 December 2015 Audited US$	12 months to 31 December 2014 Audited US$
Audit fees	17,500	42,000	37,586	17,500	-
Bad debt expense	181,927	181,927	360,343	181,927	-
Bank charges	30,765	48,515	58,807	30,538	-
Communication	14,187	23,601	20,619	14,187	-
Computer printing and stationery expenses	27,131	51,977	42,115	27,131	-
Consultancy /technical fees	78,458	78,458	-	78,458	-
Donations	4,500	6,500	7,770	4,500	-
Depreciation	50,274	82,446	76,469	35,108	-
Directors Fees	27,708	27,708	-	27,708	-
Forensic & internal audit	37,303	41,137	-	37,303	-
Bond registration fees	58,150	58,150	-	58,150	-
Legal and professional fees	27,036	31,591	2,070	27,036	-
Insurance	25,400	40,594	22,144	23,979	-
Licenses and levies	23,972	46,705	39,989	23,972	-
Repairs and maintenance	8,605	22,992	9,058	4,346	-
Security expenses	14,727	28,409	20,446	14,727	-
Share based payments	1,113	1,113	-	1,113	-
Other	24,675	60,684	54,177	53,860	-
Staff	749,200	1,134,143	929,973	749,200	-
Total administrative expenses	**1,402,631**	**2,008,650**	**1,681,566**	**1,410,743**	**-**

14. Profit before taxation

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

	Group			Company	
		Proforma			
	7 months to 31 December 2015 Audited US$	12 months to 31 December 2015 Unaudited US$	12 months to 31 December 2014 Unaudited US$	12 months to 31 December 2015 Audited US$	12 months to 31 December 2014 Audited US$
Depreciation	500,338	834,860	697,870	485,171	-
Pension	73,838	116,627	78,718	73,838	-
Compensation to directors and key management	225,100	369,268	351,995	225,100	-
Share option expenses	1,113	1,113	-	1,113	-
Loss/ (profit) on disposal of property ,plant and equipment	15,499	16,324	(903)	15,499	-

15. Income tax expense

Current income tax	220,184	220,184	187,116	214,189	-
Deferred tax movement	(115,426)	(40,140)	(17,313)	(89,510)	-
Pre-unbundling - Masimba Industries	(75,286)	-	-	(75,286)	-
Post-unbundling - Proplastics Limited	(40,140)	(40,140)	(17,313)	(14,224)	-
Tax per income statement	**104,758**	**180,044**	**169,803**	**124,680**	**-**
Reconciliation of current income taxation					
Profit before tax	540,053	832,425	651,684	531,941	-
Tax at standard rate	139,063	214,349	167,809	136,974	-
Effects of expenses not deductible for tax	(32,956)	(32,956)	1,994	(10,945)	-
Effects of other permanent differences	(1,349)	(1,349)	-	(1,349)	-
Effective income tax expense	**104,758**	**180,044**	**169,803**	**124,680**	**-**

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

16. 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 Company.

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.

The calculation of basic and diluted earnings per share attributable to ordinary shareholders of the Company is based on the following data.

	Group			Company	
		Proforma			
	7 months to 31 December 2015 Audited US$	12 months to 31 December 2015 Unaudited US$	12 months to 31 December 2014 Unaudited US$	12 months to 31 December 2015 Audited US$	12 months to 31 December 2014 Audited US$
Earnings					
Earnings attributable to the equity holders of the Company (US$)	435,295	652,381	481,881	407,261	-
Number of shares					
Weighted average number of shares in issue used in the determination of:					
Basic earnings per share	244,993,024	244,993,024	-	244,993,024	-
Diluted earnings per share	246,993,024	246,993,024	-	246,993,024	-
Earnings per share (US cents):					
Basic	0.18	0.27	-	0.17	-
Diluted	0.18	0.26	-	0.16	-

17. Retirement benefit costs

Pension funds

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

17.1 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 at 31 December 2015, there were 87 members on the scheme.

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

17.2 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 obligations under the scheme are limited to specific contributions legislated from time to time.

Pension costs recognised as an expense for the period.

	Group			Company	
		Proforma			
	7 months to 31 December 2015 Audited US$	12 months to 31 December 2015 Unaudited US$	12 months to 31 December 2014 Unaudited US$	12 months to 31 December 2015 Audited US$	12 months to 31 December 2014 Audited US$
Masimba Holdings Pension Fund	53,984	83,148	54,234	53,984	-
National Social Security Authority	19,854	33,479	24,484	19,854	-
	73,838	116,627	78,718	73,838	-

18. Capital commitments

Capital expenditure authorised, but not contracted for is US$1,069,500. The expenditure is to be financed from internal resources and existing facilities.

19. Directors' Interests

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

	Group		Company	
		Proforma		
	31 December 2015 Audited Shares	31 December 2014 Unaudited Shares	31 December 2015 Audited Shares	31 December 2014 Audited Shares
G Sebborn	-	-	-	-
K Chigiya	-	-	-	-
P Changunda	-	-	-	-
Zumbani Capital	102,713,272	-	102,713,272	-

Zumbani Capital (Private) Limited is an indigenous investment vehicle that is 51% owned by Musasa Capital (Private) Limited and 49% by their international partners Capital Africa Investments Holdings Limited of Mauritius (CAIHL). The representative of Musasa Capital on the board is Mr. Paddy Tongai Zhanda (Jnr). The representative of CAIHL is Mr. Samuel Sithole. All Directors seconded to the Board of Proplastics by Zumbani Capital (Private) Limited are non-executive Directors of the Group.

20. Borrowing Powers

Authority is granted in the Articles of Association for directors to borrow a sum not exceeding 300% of the ordinary shareholders' funds without the prior sanction of an ordinary resolution of the Group.

21. Insurance Cover

In the opinion of the Directors, the Group's assets are adequately insured at full replacement cost.

22. Contingent liabilities and contingent assets

22.1 The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of the business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material adverse effect on the financial conditions or future of the Group.

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

23. Related party disclosures

Balances and transactions between entities within the Group have been eliminated on consolidation and are not disclosed in this note.

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

	Group			Company	
		Proforma			
	7 months to 31 December 2015 Audited US$	12 months to 31 December 2015 Unaudited US$	12 months to 31 December 2014 Unaudited US$	12 months to 31 December 2015 Audited US$	12 months to 31 December 2014 Audited US$
Short term benefits	225,100	369,268	351,995	225,100	-
Termination benefits	21,843	35,527	41,293	21,843	-

The following amounts are in respect of directors emoluments:

For services rendered as directors	27,708	27,708	-	27,708	-
For managerial services	197,392	341,560	351,995	197,392	-

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

	Group		Company	
		Proforma		
	31 December 2015 Audited US$	31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Loans and advances to Directors	9,464	23,166	9,464	-

Terms and Conditions: The loan amount limit ranges below 6 months' salary and is subject to cash flow and Remuneration Committee approval. The annual interest rate is 6.5% per annum. The repayment period is 6 months to two years.

24. 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) Categories of financial instruments

	Group		Company	
		Proforma		
	31 December 2015 Audited US$	31 December 2014 Unaudited US$	31 December 2015 Audited US$	31 December 2014 Audited US$
Financial Assets				
Cash and cash equivalents	281,785	171,806	281,785	-
Trade and other receivables	3,102,222	2,027,488	3,102,222	-
Financial Liabilities				
Borrowings and payables	2,595,417	2,608,344	2,613,537	--

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities approximate the carrying values in the statement of financial position as at 31 December 2015.

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

25. Financial risk management

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

The main risks arising from entity's financial instruments are cash flow risk, foreign currency risk, interest rate risk, credit risk and liquidity risks. Senior executives of the Group 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 policies and exposure limits are reviewed at Audit and Risk Committee meetings.

25.1 Foreign exchange risk management

The Group undertakes certain transactions denominated in currencies other than the US$ hence exposure to exchange rate fluctuations arises.

The Group's net foreign asset /liability exposure as at period end determined at the fair market rate of US$1:ZAR15.25 (2014 US$1:ZAR11.97): is summarised as:

Group	**Currency**	**Foreign Balance outstanding**	**2015 US$ equivalent**	**Foreign balance outstanding**	**2014 US$ equivalent**
Payables	ZAR	(1,360,056)	(89,187)	(1,487,423)	(124,291)
Company					
Payables	ZAR	(1,360,056)	(89,187)	-	-

Given the amounts and types of currency held, the Group has no significant exposure to foreign currency risk at period end.

Abbreviation of currencies

ZAR - South African rand

US$ - United States dollar

Sensitivity analysis

A 20% fluctuation of the United States dollar against other currencies would have increased/(decreased) equity and profit or loss by the amounts reflected below. The analysis is based on foreign currency rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes all other currencies remain the same.

Group	**Equity**	**Profit or loss**
ZAR		
31 December 2015		
20% appreciation	(14,663)	(14,663)
20% depreciation	22,298	22,298
ZAR		
31 December 2014		
20% appreciation	(20,715)	(20,715)
20% depreciation	31,073	31,073
Company		
ZAR		
31 December 2015		
20% appreciation	(14,663)	(14,663)
20% depreciation	22,298	22,298
ZAR		
31 December 2014	-	-
20% appreciation	-	-
20% depreciation		

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements. Assets and liabilities denominated in currencies other than the United States dollar which were on hand at the statement of financial position date have been valued for the purpose of these financial statements at official rates of exchange as the Directors are of the opinion that the official rate fairly reflects the value of such assets and liabilities for accounting purposes as required by IAS 21: The Effects of Changes in Foreign Exchange Rates.

Notes to the Consolidated Financial Statements (continued)

for the period ended 31 December 2015

25.2 Interest risk

The entity'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. Implementation of treasury policy ensures limited exposure to funding instruments while investment instruments are those which provide risk free returns at variable interest rates and mature within one year.

25.3 Credit risk

Financial assets which potentially subject the entity to concentration of credit risk consists principally of cash, short - term deposits and trade receivables. The entity's surplus cash equivalents and short term deposits are placed with high quality creditworthy financial institutions. The trade receivables are presented net of the allowance for credit losses and comprise a large, widespread customer base and the Group monitors the performance and financial condition of its customers so that the exposure to bad debts is not significant.

25.4 Liquidity risk

The entity monitors its risk of shortage of funds using a liquidity planning tool. The entity considers the maturity of both its financial investments and financial assets (e.g. receivables) and projected cash flows from operations. The entity's main objective is to maintain short term bank loans at a manageable level.

25.5 Capital risk management

The entity 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 entity 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 entity 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.

26. Critical accounting estimates and judgments

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Revenue recognition

The entity uses certain assumptions and key factors in the management of and reporting for its revenue.

Management is satisfied that at period end the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

Other estimates made:

The entity also makes estimates for:

- The calculation of the provision for credit losses. In determining trade recoverability of trade receivables , the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group therefore recognises an allowance for credit losses against receivables on a case by case basis.
- The determination of useful lives and residual values of items of property, plant and equipment. (Refer to property, plant and equipment accounting policy).
- The determination of the fair value of share options. (Refer to note 8).

27. Going Concern

The Directors have assessed the ability of the entity to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the entity to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

28. Events after reporting period

28.1 The Directors are not aware of any material events after reporting date that may significantly impact on the information contained in this report.

28.2 On 03 March 2016, the Proplastics Limited Board declared a final dividend of US 0.15 cents per share for the year ended 31 December 2015 payable in respect of all the ordinary shares of the Company.

29. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2016.

Shareholders' Analysis

Consolidated Top 20 As At 31 December 2015

Rank	Account Name	Shares	% of Total
1	Zumbani Capital (Pvt)Ltd,	102,713,272	41.92%
2	Old Mutual Life Ass Co Zim Ltd	29,264,769	11.95%
3	Masimba Holdings Limited,	28,147,353	11.49%
4	Stanbic Nominees	14,380,890	5.87%
5	SCB Nominees	11,023,753	4.50%
6	Old Mutual Zimbabwe Limited	9,734,883	3.97%
7	Stanbic Nominees NNR	7,990,124	3.26%
8	SCB Nominees NNR	4,923,146	2.01%
9	Moray Investments Holdings Ltd	4,000,000	1.63%
10	Turner , Roy	2,756,599	1.13%
11	National Social Security Authority (W.C.I.F)	2,540,728	1.04%
12	Comm And Allied Industries PF	1,737,234	0.71%
13	National Foods P F-Imara	1,434,529	0.59%
14	Catering Industry Pension Fund	1,198,058	0.49%
15	Lobb, Marcus Richard	1,177,650	0.48%
16	Giona Capital (Private) Limited	1,135,956	0.46%
17	Guramatunhu Family Trust	923,905	0.38%
18	Innscor Africa PF-Imara	652,018	0.27%
19	HIT Pension Fund - Imara	586,432	0.24%
20	El-Khoury, Philippe Elias Farid	540,921	0.22%
	Total	**226,862,220**	**92.60%**
	Other Shareholders	**18,130,804**	**7.40%**
	Total Shares	**244,993,024**	**100.00%**

Shareholders' Analysis (continued)

Company Statistics As At 31 December 2015

Country	Holders	% of Holders	Shares	% of Shares
Australia	7	0.78%	50,352	0.02%
Canada	2	0.22%	5,772	0.00%
Great Britain	5	0.56%	49,648	0.02%
Ireland	3	0.33%	2,328	0.00%
Kenya	1	0.11%	11,003	0.00%
Malawi	1	0.11	5,774	0.00%
Mauritius	2	0.22%	4,923,146	2.01%
New Zealand	1	0.11%	8,660	0.00%
South Africa	50	5.57%	376,886	0.15%
Sweden	1	0.11%	10,000	0.00%
Turkey	1	0.11%	540,921	0.22%
United Kingdom	5	0.56%	193,075	0.08%
United States Of America	4	0.51%	7,925,483	3.23%
Warrant Not Presentable	177	19.71%	1,234,765	0.50%
Zimbabwe	638	71.05%	229,655,211	93.74%
Total	**898**	**100.00%**	**244,993,024**	**100.00%**

Range	Holders	% of Holders	Shares	% of Shares
1 - 500	136	15.14%	27,847	0.01%
501 - 1,000	109	12.14%	76,500	0.03%
1,001 - 5,000	289	32.18%	763,663	0.31%
5,001 - 10,000	113	12.58%	821,850	0.34%
10,001 - 50,000	123	13.70%	2,639,980	1.08%
50,001 and Over	128	14.25%	240,663,184	98.23%
Total	**898**	**100.00%**	**244,993,024**	**100.00%**

Proplastics is engaged in offering its customers a wide range of PVC, LDPE and HDPE pipes that are designed in compliance with international quality standards. Proplastics Limited is the only Zimbabwean PVC and HDPE plastic pipes and fittings manufacturer accredited to ISO 9001 and 14001, both SAZ and SABS product mark schemes, OHSAS 18001, IFPA and SAPPMA.

Proplastics Limited

Notice to Shareholders

Notice is hereby given that the First Annual General Meeting of the Members of Proplastics Limited will be held at the Meikles Hotel, cnr 3rd/Jason Moyo Avenue, Harare on Thursday, 26 May 2016 at 10.00 hours for the purpose of transacting the following business:

ORDINARY BUSINESS

1. Approval of Financial Statements and Reports
To receive and adopt the financial statements for the year ended 31 December 2015, together with the reports of the Directors and Auditors thereon.

2. Election of Directors
In accordance with Article 119 of the Company's Articles of Association, all the Directors; Messrs. Paschal Changunda, Kudakwashe Chigiya, Gregory Sebborn, Samuel Sithole and Paddy Zhanda (Jnr.), retire by rotation at the Company's Annual General Meeting and being eligible, offer themselves for re-election.

3. Directors' Fees
To confirm the fees paid to Directors for the year ended 31 December 2015.

4. Dividend
To declare a final dividend of US0.15 (fifteen cents) per ordinary share in the capital of the Company.

5. Auditors

5.1 To approve the remuneration of the Auditors for the previous year.

5.2 To consider the re-appointment of Deloitte & Touche Chartered Accountants Zimbabwe as Auditors for the ensuing year.

SPECIAL BUSINESS

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

6.1 As an Ordinary Resolution: Share Buy-back "That the Company, as duly authorised by Article 60 of its Articles of Association and section 79 of the Companies Act (Chapter 24:03, may undertake the purchase of its own ordinary shares in such manner or on such terms as the Directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above nor 5% 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 repurchase and also provided that the maximum number of shares authorized to be acquired shall not exceed 10% (ten percent) of the Company's issued ordinary share capital. That this authority shall expire at the next Annual General Meeting, and shall not extend beyond 15 months from the date of this resolution".

Directors' statement
It will be recorded that, in terms of the Companies Act and the regulations of the Zimbabwe Stock Exchange, the Directors of the Company will duly take into account the ability of the Company for a period of 12 (twelve) months 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 Act (Chapter 24:03) 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.

By Order of the Board

Changunda

P. Changunda
Company Secretary
28 April 2016

Proplastics Limited

Proxy Form

For the First Annual General Meeting of the Members of Proplastics Limited to be held at the Meikles Hotel, cnr 3rd/Jason Moyo Avenue, Harare on Thursday, 26 May 2016 at 10.00 hours

1/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 the Chairman of the AGM.

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

Resolution	For	Against	Abstain
1. Ordinary Resolution number 1 Adoption of the 2015 Annual Financial Statements and Directors' and External Auditors' reports			
2. Ordinary Resolution number 2 Approval of final dividend			
3. Ordinary Resolution number 3 Approval of Directors' remuneration			
4. Ordinary Resolution number 4 Election of Directors			
5. Ordinary Resolution number 5 Approval of Audit Fees and Appointment of External Auditors			
6. Ordinary Resolution number 6 Approval of 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 ________________________ 2016

Signature (s) ____

Assisted by me ____

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

Proplastics Limited

Proxy Form

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

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

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

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

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

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

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

Office of the Transfer Secretaries	**Registered office of the Company**
First Transfer Secretaries (Private) Limited 1 Armagh Road Eastlea Harare Zimbabwe	5 Spurn Road Ardbennie Harare Zimbabwe

Proplastics Limited

Notes