

Abridged Audited Financial Results

For the year ended 31 December 2021

Chairman's Statement

Introduction

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

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

Operating Environment

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

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

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

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

Financial Performance

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

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

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

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

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

The recently constructed factory is now fully functional, and the attention has shifted towards beefing up working capital to sweat out the investment to its installed capabilities. To this end, borrowings for the Group increased significantly with the debt to

equity ratio now sitting on 16%. The current ratio closed the year on 2.21.

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

Safety, Health, And Quality Management Systems

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

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

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

Outlook

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

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

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

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

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

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

Dividend

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

Acknowledgements

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



G. SEBBORN
29 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Inflation Adjusted		Historical	
	12 months to 31 Dec 2021	12 months to 31 Dec 2020	12 months to 31 Dec 2021	12 months to 31 Dec 2020
	Audited	Audited	Unaudited	Unaudited
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Revenue	2,772,998	1,761,570	2,215,369	813,368
Cost of sales	(1,839,612)	(1,246,169)	(1,292,733)	(418,695)
Gross profit	933,386	515,401	922,636	394,673
Net monetary gain	86,959	268,260	-	-
Other (expenses)/ income	(3,169)	2,172	(3,423)	986
Distribution costs	(92,396)	(60,135)	(76,286)	(27,367)
Administrative expenses	(459,292)	(389,899)	(364,499)	(163,343)
Profit before interest and tax	465,488	335,799	478,428	204,949
Finance costs	(57,441)	(56,457)	(43,270)	(10,618)
Profit before tax	408,047	279,342	435,158	194,331
Income tax expense	(174,526)	(144,993)	(128,624)	(32,945)
Profit for the year	233,521	134,349	306,534	161,386
Other comprehensive income				
Items that will not be reclassified to Profit and Loss				
Revaluation of Property, Plant and Equipment	323,950	327,959	996,806	1009,725
Related tax	(75,764)	(70,495)	(234,847)	(244,270)
	248,186	257,464	761,959	765,455
Items that may be reclassified to Profit and Loss				
Other comprehensive income net of tax	248,186	257,464	761,959	765,455
Total comprehensive income for the year	481,707	391,813	1,068,493	926,841
Basic earnings per share (cents)	90.83	52.39	119.23	62.93
Diluted earnings per share (cents)	89.49	51.86	117.47	62.30
Headline earnings per share (cents)	89.78	52.24	119.20	62.88

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

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

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

Historical Unaudited

	Share capital	Reserves	Retained earnings	Total equity
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Balance at 31 December 2019	26	110,703	33,262	143,991
Revaluation surplus (net of tax)	-	765,455	-	765,455
Share based payments	-	(95)	-	(95)
Share premium	-	69	-	69
Profit for the year	-	-	161,386	161,386
Balance at 31 December 2020	26	875,272	194,648	1,069,946
Dividend paid	-	-	(54,431)	(54,431)
Revaluation surplus (net of tax)	-	761,959	-	761,959
Share based payments	-	2,055	-	2,055
Share options exercised	-	78	-	78
Profit for the year	-	-	306,534	306,534
Balance at 31 December 2021	26	1,639,364	446,751	2,086,141

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Inflation adjusted		Historical	
	12 months to 31 Dec 2021	12 months to 31 Dec 2020	12 months to 31 Dec 2021	12 months to 31 Dec 2020
	Audited	Audited	Unaudited	Unaudited
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Cash flows from operating activities	253,094	(53,014)	234,552	63,124
Interest paid	(57,441)	(33,523)	(43,270)	(8,780)
Income tax paid	(165,508)	(58,868)	(134,824)	(23,422)
Net cash flows from operating activities	30,145	(145,405)	56,458	30,922
Net cash flows utilised in investing activities	(17,142)	(91,771)	(14,425)	(48,512)
Net cash flows generated from financing activities	250,622	24,211	251,455	27,920
Net increase/(decrease) in cash and cash equivalents	263,625	(212,965)	293,488	10,330
Opening cash balance	45,434	40,403	28,265	5,603
Effects of IAS 29 on inflation adjustment of cash flow items	9,667	158,587	-	-
Effects of currency translation on cash and cash equivalents	9,337	59,409	6,310	12,332
Closing cash and cash equivalents	328,063	45,434	328,063	28,265

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 December 2021

1. Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with IFRS Standards as well as under the current cost basis as per provision of IAS 29: "Financial Reporting in Hyperinflationary Economies". The Group adopted IAS 29 effective 1 July 2019 as per guidance issued by the local accounting regulatory board, the Public Accountants and Auditors Board (PAAB) which relates to financial reporting period on or after 1 July 2019. These financial statements were approved by the Board of Directors on 29 April 2022.

1.1 Determination of Functional currency

The functional currency of the Company in the prior year was Zimbabwe dollars (ZWL). The Government of Zimbabwe issued statutory instrument "SI"85 of 2020 which permitted use of free funds for domestic transactions. As a result, the Directors noted a mix of US\$ and ZWL sales affecting determination of the functional currency of the Company. The Directors have applied their judgement and believe that the functional currency for the year ended 31 December 2021 remains ZWL. The Directors will continue reviewing this position going forward as they believe it's a close call.

1.2 Statement of compliance

The Group's Financial Statements, where practicable, have been prepared in accordance with International Financial Reporting Standards, except for non-compliance with IAS 21 "Effects of Changes in Foreign Exchange Rates", in the comparative statement of profit and loss and other comprehensive income and in the manner required by the Zimbabwe Stock Exchange Listing Requirements. Due to the requirements of Statutory Instrument 33 of 2019, it was not practical to comply with requirements of IAS 21: Effects of Changes in Foreign Exchange rates, in prior period, but the effect on the current year is immaterial.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 DECEMBER 2021

Notes	Inflation adjusted		Historical	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
	Audited	Audited	Unaudited	Unaudited
Assets				
Non-current assets				
Property, plant & equipment	3	2,148,040	1,968,977	2,136,207
Right of use assets	4	48,247	22,192	6,433
Total non-current assets		2,196,287	1,991,169	2,142,640
Current assets				
Inventories	5	499,646	510,964	384,034
Trade and other receivables	6	440,764	234,569	394,521
Cash and cash equivalents		328,063	45,434	328,063
Total current assets		1,268,473	790,967	419,816
Total assets		3,464,760	2,782,136	3,249,258
Equity and liabilities				
Equity				
Share capital		1,542	1,542	26
Reserves		1,643,584	1,393,265	1,639,364
Retained earnings		608,714	447,612	446,751
Total equity		2,253,840	1,842,419	2,086,141
Non-current liabilities				
Long-term borrowings	7	113,878	50,354	113,878
Long-term lease liability		5,749	6,989	5,749
Deferred taxation		516,937	397,180	472,140
Total non-current liabilities		636,564	454,523	591,767
Current liabilities				
Trade and other payables	8	275,286	371,111	272,280
Short-term borrowings	7	241,547	16,074	241,547
Current tax payable		53,882	93,508	53,882
Short-term lease liability		3,641	4,501	3,641
Total current liabilities		574,356	485,194	571,350
Total liabilities		1,210,920	939,717	1,163,117
Total equity and liabilities		3,464,760	2,782,136	3,249,258

Abridged Audited Financial Results

For the year ended 31 December 2021

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 December 2021

1.3 Hyperinflation

The Group adopted IAS 29 "Financial Reporting in Hyper-Inflationary Economies" with effect from 1 July 2019 as per the guidance issued by the Public Accountants and Auditors Board (PAAB) through pronouncement 1/2019. The restated approach was applied as if the economy had been hyperinflationary from October 2018.

The Group adopted the Zimbabwe Consumer Price Index (CPI) to restate the transactions and balances. The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe Central Statistics Office as reported on the Reserve Bank of Zimbabwe website. The conversion factors used to restate the Financial Statements are as follows:

Date	Indices	Conversion Factor
CPI as at 31 December 2021	3,977.46	1
CPI as at 31 December 2020	2,474.51	1.61
Average CPI 2021	3,153.23	
Average CPI 2020	1,579.09	

2. Reporting Currency

The Group's financial statements are presented in Zimbabwe dollars (ZWL), which is the Group's presentation currency as at 31 December 2021. All the Group's subsidiaries operates in Zimbabwe and Zimbabwe dollar (ZWL) is both their functional currency and presentation currency.

3.1 Property, Plant, and Equipment

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

Freehold land and buildings with a carrying amount of \$1,428 million has been pledged to secure borrowings for the Group. This was done by way of a Deed of Hypothecation over The Remaining Extent of Lot 5 Block Y Ardbernie Township of Ardbernie. The Group's and Company property, plant and equipment are insured at full replacement cost.

3.2 Property, Plant and Equipment Group

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

Freehold land and buildings with a carrying amount of \$1,428 million has been pledged to secure borrowings for the Group. This was done by way of a Deed of Hypothecation over The Remaining Extent of Lot 5 Block Y Ardbernie Township of Ardbernie. The Group's and Company property, plant and equipment are insured at full replacement cost.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 December 2021

4. Right of use asset

	Group			
	Inflation adjusted 31 Dec 2021 ZWL 000 Audited	31 Dec 2020 ZWL 000 Audited	Historical 31 Dec 2021 ZWL 000 Unaudited	31 Dec 2020 ZWL 000 Unaudited
Balance at 1 January	22,192	12,531	4,651	483
Additions to right of use	32,830	16,970	6,787	8,040
Depreciation charge for the year	(6,775)	(7,309)	(5,005)	(3,872)
Balance as 31 December	48,247	22,192	6,433	4,651

5. Inventories

Raw Materials	196,158	216,225	177,611	108,842
Work in progress	141,076	93,305	102,410	52,008
Finished goods	163,571	245,854	95,354	88,168
Spares and consumables	46,205	45,691	18,026	4,835
Provision for slow moving inventories	(47,364)	(90,111)	(9,367)	(3,060)
Total inventories	499,646	510,964	384,034	250,793

6. Trade and other receivables

Trade receivables	44,025	52,034	44,025	32,371
Prepayments	306,508	108,221	260,317	62,303
Deposits and other receivables	100,442	75,331	100,390	46,716
	450,975	235,586	404,732	141,390
Less: Allowances for doubtful receivables	(10,211)	(1,017)	(10,211)	(632)
Total trade and other receivables	440,764	234,569	394,521	140,758

7. Borrowings

Long term loan	113,878	50,354	113,878	31,327
Short term loan	241,547	16,074	241,547	10,000
Total borrowings	355,425	66,428	355,425	41,327

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

8. Trade and other payables

Trade payables	159,686	249,626	159,686	155,298
Accruals and other payables	115,600	121,485	112,594	74,022
Total trade and other payables	275,286	371,111	272,280	229,320

9. Earnings per share

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

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

Headline earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent adjusted for profits or losses on disposal of assets for the year.

10. Contingent Liabilities

The Group and Company have no major pending cases which may impact on the future financial conditions of the Group. The current minor cases are related to labour and debt recovery issues. Bank guarantees in issue at the end of the year amounted to ZWL 24.7 million (2020 NIL).

11. Capital Commitments

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

12. Going Concern

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

13. Events after the Reporting Date

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

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

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

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

14. Dividend Declaration

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

15. Auditors' Statement

The financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2021, which have been audited by KPMG Chartered Accountants (Zimbabwe), with the responsible partner being Vinay Ramabhai (PAAB Number 0569). A qualified audit opinion was issued thereon, in respect of exchange rates applied in the comparative period, as the requirements of IAS 21, The Effects of Changes in Foreign Exchange Rates, and IAS 8, Accounting policies, Changes in Accounting Estimates and Errors, were not complied with. The audit report includes a section on Key Audit Matters for the year which include the following:

- Functional currency assessment.
- Valuation of property, plant and equipment and;
- Appropriateness of exchange rate.

The auditor's report on the financial statements, which forms the basis of these financial results, is available for inspection at the Group's registered office.