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LAFARGE CEMENT ZIMBABWE LIMITED
ABRIDGED AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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LAFARGE CEMENT ZIMBABWE LIMITED ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present the Company's audited financial results for the year ended 31 December 2022. Due to circumstances beyond the control of the Company, these results are being published late. In the intervening period and prior to publication of these results, the requisite approvals were sought from the Zimbabwe Stock Exchange and granted. The relevant notices were published in various media platforms.

Overview

The first half of the 2022 financial year was characterised by monetary policy fragility which led to aggressive inflation and depreciation of the foreign currency exchange rate. As a result, the monetary authorities implemented tight policy measures, including an upward review of the bank interest rate from 80% to 200%. These policy measures led to monthly inflation coming down from a 23-month high of 30.7% in June 2022 to close the year at 2.4% in December 2022. Annual inflation closed 2022 at 243.7%, up from 60.7% in the previous year, reflecting the inherent vulnerabilities in the local currency and the general pricing of goods and services. The country's overall economic performance was suppressed, with an annual growth of 3.0% in 2022 (2021: 6.3%) against a target of 3.9%.

The influx of cheap imported cement posed a serious threat to the domestic industry which has enough capacity to meet national demand. Constructive engagement continued with the regulatory authorities in an endeavour to obtain the required support.

The Company resumed production of cement at both mills in mid-February 2022 following the October 2021 incident which resulted in the roof over both cement mills collapsing. During the second half of the year, the Company successfully commissioned the Vertical Cement Mill (VCM) and subsequently decommissioned Mill 1 which had the least capacity. The VCM doubled the Company's milling capacity to 1 million tons per annum and bolstered its ability to supply high strength cement of improved quality and, at the same time, reduced the production costs. In December 2022, there was a change of the Company's majority shareholding which saw a local consortium acquire the 76.4% stake in the business, previously held by Associated International Cement Limited. Accordingly, the Company embarked on a transformation and rebranding journey in line with the changes in the majority shareholding.

Strategic Agenda

The Company implemented the Lafarge Holcim 2022 Vision – Building for Growth, focusing on the key strategic pillars of Winning at the Customer, Creating Sustainable Industrial Performance, Building Winning Teams and Restoring Profitability.

Health, Safety and Environment

Health, safety and environmental issues continue to be at the core of the Company's values, supported by policies and programs tailored to achieve zero harm in its operations. The Company has a zero-tolerance attitude towards negligence in the workplace. Health, safety, environment and quality systems are continually upgraded and improved, in line with world class standards to enhance performance in accordance with the Company's Zero Harm policy.

The Board and Management are committed to providing a safe and healthy working environment for employees, contractors and all our stakeholders. During the year under review, it is pleasing to report that no fatalities or serious injuries were recorded at any of the Company's operations or projects. During the same period, the Company did not incur any environmental penalties.

Inflation Adjusted Financial Performance

Inflation adjusted revenues were constant at ZWL 24.4 billion (2021: ZWL 24.7 billion) over the comparative period. Cement production volumes decreased by 15% as a result of the cement mill roof collapse incident. Production ramp up after the commissioning of the VCM was also slow as tests had to be conducted before the mill could perform at optimal levels. Sales volumes decreased by 19% in line with the trend in production volumes. The Company also witnessed increased costs as a result of increased third party and plant maintenance costs. Consequently, margins dropped to 31% compared to 49.6% in the prior year.

The Company managed to maintain a tight control over its operating expenditure as total expenses increased by 35.6%. Distribution expenses declined by 43.5% whilst administrative costs increased by 145.9% mainly driven by fair value adjustment of Treasury bills as well as increased depreciation on revalued assets.

Despite the operating cost containment efforts, the lower volumes and inflationary pressures weighed down the overall performance of the Company to a loss before tax of ZWL 21.5 billion compared to loss before tax of ZWL 1 billion in 2021. Exchange losses increased by 483% and were the major driver of the decline in profitability.

The Dry Mortars business performance was adversely affected by raw material shortages, including key imported materials, owing to foreign currency shortages.

Borrowings

The Company had long term borrowings of ZWL 30 billion for the year under review (2021: ZWL 12.5 billion) inflation adjusted.

Hyperinflation and Regulatory Environment

As previously reported, the Public Accountants and Auditors Board (PAAB), declared that Zimbabwe met the conditions for financial reporting of an economy in hyperinflation with effect from 1 July 2019. Consequently, all entities reporting under International Financial Reporting Standards (IFRSs) are required to comply with International Accounting Standard (IAS) 29 'Financial Reporting in Hyperinflationary Economies'. The business therefore continues to present hyperinflation adjusted financial statements on which the commentary is based. Historical information has been presented as unaudited supplementary information.

Capital Expenditure

The business concluded the implementation of the previously announced USD 25 million capital expansion program. The final phase of this three-pronged investment plan was the commissioning of the VCM in 2022, following the successful installation of alternative power infrastructure in 2020 and the completion of the automated Dry Mortars plant in 2021.

Board and Management

Mr. Geoffrey Ndugwa resigned as Chief Executive Officer and a member of the Board of Directors with effect from 1 December 2022. He was replaced by Mr. Innocent Chikwata. The Board is confident that Mr. Chikwata will lead the business effectively to deliver shareholder value. Mr. Amr Aly Moaufy resigned as Chief Finance Officer and a member of the Board of Directors with effect from 1 December 2022. He was replaced by Mr. Willcort Dzuda.

Mr. Shepherd Shonhiwa resigned as an Independent Non-Executive Director and member of the Nomination and Remuneration Committee as well as the Safety Health & Environmental and Corporate Social Responsibility Committee with effect from 31 December 2022. Mr. John William Stull resigned as a Non-Executive Director effective 1 December 2022. Mrs. Gloria Eva Zvaravanhu resigned as an Independent Non-Executive Director, Chairperson of the Audit and Risk Management Committee and member of the Safety Health & Environmental and Corporate Social Responsibility Committee with effect from 19 December 2022. I would like to thank Mr. Moaufy, Mr. Ndugwa, Mr. Shonhiwa, Mr. Stull and Mrs. Zvaravanhu, for their dedicated service to the Company during their respective tenures.

Dividend

Due to the prevailing uncertainties in the economic environment, the loss recorded for the period and the desire to ensure that adequate working capital is maintained in the business, the Directors have not declared a dividend.

Appreciation

I would like to extend a very special word of gratitude to our customers, suppliers and various stakeholders who have contributed to the success of the business, to all the employees for trusting and co-operating with the leadership direction to manage the various headwinds encountered during the year under review.

Outlook

We welcome and support efforts by Government and regulatory agencies to stabilise the macro-economic environment and maintain the viability of the cement industry. The need to regulate cement imports, bring inflation under control, address the shortages of electricity supply and an improvement in the state of the global economy are likely to be dominant factors in the Company's performance for the year 2023. The Company will also continue to adapt its business strategy so as to thrive in the ever-changing environment.

Encouraging signs are being observed in the individual household sector and Government-funded infrastructure projects. There is also higher economic activity in the agricultural sector which is being spurred by Government-driven initiatives. The Company is uniquely positioned to support the agricultural sector through its Dry Mortar Products which include agricultural lime. Consequently, the Directors are satisfied with the positive trend in production, sales and profitability recovery despite power outages, and that overall performance will continue improving going forward.

The change of the Company's name from Lafarge Cement Zimbabwe Limited to Khayah Cement Limited was approved by the Board at the EGM held on 7 July, 2023. This paved way for resumption of trading of the Company's shares on the Zimbabwe Stock Exchange amongst other conditions precedent.

By Order of the Board

K. C. Katsande
Chairman of the Board of Directors
24 July 2024

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LAFARGE CEMENT ZIMBABWE LIMITED
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LAFARGE CEMENT ZIMBABWE LIMITED ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the financial statements and related information. The financial statements are prepared with the intention to comply with International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules 2019 ("the Zimbabwe Stock Exchange Listings Requirements").

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

The financial statements have been prepared on the going concern basis. The Directors have reviewed the Company's current operational performance, the forecasts for the three-year period from 1 January 2023, the projected cashflows for the forecast period, the recent commissioning of the Vertical Cement Mill (VCM) and the coming on board of a new shareholder. On the basis of this review and assessment of the current financial position, the Directors believe that the Company will remain a going concern for the foreseeable future. However, the Directors believe that under the current economic environment, a continuous assessment of the ability of the Company 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 (Note 6).

Compliance with IFRSs

The financial statements are prepared with the aim of complying fully with IFRSs. IFRSs comprise standards issued by the International Accounting Standards Board ("IASB") and interpretations developed and issued by the International Financial Reporting Interpretations Committee ("IFRS IC") or by the former Standing Interpretations Committee ("SIC"). Complying with IFRSs is intended to achieve consistency with the financial reporting framework adopted by the ultimate parent Company, Montanavalley (Private) Limited which is incorporated in Zimbabwe

The financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 16 July 2024 and signed on its behalf by:

K. C. Katsande
Chairman
24 July 2024

I. Chikwata
Chief Executive Officer
24 July 2024

PREPARER OF THE FINANCIAL STATEMENTS
The financial statements have been prepared under the supervision of:

W. Dzuda CA(Z), Registered Public Accountant
Chief Finance Officer
PAAB No 00207
24 July 2024

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Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; S. N. Chitehwe; T. N. H. Kapumha; I. Chikwata (Chief Executive Officer) W. Dzuda (Chief Financial Officer)

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LAFARGE CEMENT ZIMBABWE LIMITED ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	AUDITED Inflation Adjusted		AUDITED Historical Cost	
	2022 ZWL'000	**Restated 2021 ZWL'000	2022 ZWL'000	**Restated 2021 ZWL'000
Revenue	24 436 516	24 666 442	17 579 460	5 586 097
Cost of sales	(16 855 363)	(12 429 537)	(9 969 667)	(2 788 563)
Gross profit	**7 581 153**	**12 236 905**	**7 609 793**	**2 797 534**
Other income	248 903	29 535	226 533	6 620
Distribution expenses	(866 464)	(1 534 124)	(599 994)	(329 036)
Administration expenses	(23 419 800)	(9 523 333)	(16 087 225)	(2 131 800)
Other expenses	(12 877 999)	(2 382 792)	(12 441 693)	(738 710)
Finance costs	(2 423 486)	(1 155 238)	(1 956 586)	(263 871)
Net monetary gain	10 209 423	1 240 407	-	-
Loss before income tax	**(21 548 270)**	**(1 088 640)**	**(23 249 172)**	**(659 263)**
Income tax credit	2 005 143	824 710	3 371 512	806 791
(Loss)/profit for the year	**(19 543 127)**	**(263 930)**	**(19 877 660)**	**147 528**
Other comprehensive income				
Other comprehensive income that will not be reclassified to profit in subsequent periods (net of tax):				
Revaluation of property, plant and equipment	17 798 412	4 336 592	23 149 671	2 249 816
Net other comprehensive income that will not be reclassified to profit in subsequent periods	**17 798 412**	**4 336 592**	**23 149 671**	**2 249 816**
Total (loss)/profit and comprehensive income for the year	**(1 744 715)**	**4 072 662**	**3 272 011**	**2 397 344**
Number of shares	80 000 000	80 000 000	80 000 000	80 000 000
(Losses)/earnings per share (in ZWL per share)				
Basic	**(244.29)**	**(3.30)**	**(248.47)**	**1.84**
Diluted	**(244.29)**	**(3.30)**	**(248.47)**	**1.84**
Headline	**(244.63)**	**(5.50)**	**(248.76)**	**1.32**

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Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; S. N. Chitehwe; T. N. H. Kapumha; I. Chikwata (Chief Executive Officer) W. Dzuda (Chief Financial Officer)

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LAFARGE CEMENT ZIMBABWE LIMITED ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ABRIDGED STATEMENT OF FINANCIAL POSITION
as at 31 December 2022

	AUDITED Inflation Adjusted		AUDITED Historical Cost	
	2022 ZWL'000	**Restated 2021 ZWL'000	2022 ZWL'000	**Restated 2021 ZWL'000
ASSETS				
Non-current assets				
Property, plant and equipment	50 269 161	22 610 704	45 153 147	5 863 612
Statutory receivable	-	8 893 501		2 587 126
Financial asset at amortised cost	2 336 313	-	2 336 313	-
Total non-current assets	**52 605 474**	**31 504 205**	**47 489 460**	**8 450 738**
Current assets				
Inventories	6 464 930	6 431 015	4 234 532	1 577 348
Prepayments	1 695 822	1 519 562	1 145 863	349 222
Trade and other receivables	1 152 186	997 966	1 152 186	290 312
Related party receivables	95 807	148 620	95 807	43 234
Cash and cash equivalents	1 850 105	348 769	1 850 105	101 457
Total current assets	**11 258 850**	**9 445 932**	**8 478 493**	**2 361 573**
Total Assets	**63 864 324**	**40 950 137**	**55 967 953**	**10 812 311**
EQUITY				
Issued Share Capital				
Revaluation reserve	123 128	123 128	800	800
Accumulated losses / retained earnings	29 802 608	12 004 196	26 985 692	3 836 021
Total equity	(15 922 789)	3 620 338	(19 706 839)	170 821
Total Equity	**14 002 947**	**15 747 662**	**7 279 653**	**4 007 642**
LIABILITIES				
Non-current liabilities				
Long term borrowings	-	12 464 948	-	3 626 062
Related party loans	30 018 891	-	30 018 891	-
Deferred tax liabilities	4 217 268	1 676 114	3 106 993	75 539
Provision for quarry rehabilitation	782 262	394 958	782 262	114 894
Total non-current liabilities	**35 018 421**	**14 536 020**	**33 908 146**	**3 816 495**
Current Liabilities				
Trade and other payables	9 281 623	4 716 959	9 218 821	1 257 461
Related party payables	4 057 794	5 282 056	4 057 794	1 536 554
Short term provisions	1 279 477	311 147	1 279 477	90 513
Short term borrowings	148 958	-	148 958	-
Current tax payable	75 104	356 293	75 104	103 646
Total current liabilities	**14 842 956**	**10 666 455**	**14 780 154**	**2 988 174**
Total Liabilities	**49 861 377**	**25 202 475**	**48 688 300**	**6 804 669**
Total Equity and Liabilities	**63 864 324**	**40 950 137**	**55 967 953**	**10 812 311**

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K. C. Katsande
Chairman
24 July 2024

I. Chikwata
Chief Executive Officer
24 July 2024

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LAFARGE CEMENT ZIMBABWE LIMITED ABRIDGED AUDITED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ABRIDGED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

INFLATION ADJUSTED

	Share capital ZWL'000	Revaluation Reserve ZWL'000	Retained earnings/ accumulated losses ZWL'000	Total Equity ZWL'000
Balance at 1 January 2021	**123 128**	**7 688 032**	**3 884 268**	**11 695 428**
Profit for the year	-	-	(263 930)	(263 930)
Other comprehensive income	-	4 336 592	-	4 336 592
Reversal from assets impairment	-	(20 428)	-	(20 428)
Total equity at 31 December 2021 **Restated	**123 128**	**12 004 196**	**3 620 338**	**15 747 662**
Loss for the year	-	-	(19 543 127)	(19 543 127)
Other comprehensive income	-	17 798 412	-	17 798 412
Total equity 31 December 2022	**123 128**	**29 802 608**	**(15 922 789)**	**14 002 947**

HISTORICAL COST

	Share capital ZWL'000	Revaluation Reserve ZWL'000	Retained earnings/ accumulated losses ZWL'000	Total Equity ZWL'000
Balance at 1 January 2021	**800**	**1 589 902**	**23 293**	**1 613 995**
Profit for the year	-	-	147 528	147 528
Other comprehensive income	-	2 249 816	-	2 249 816
Reversal of asset impairment	-	(3 697)	-	(3 697)
Total equity at 31 December 2021 **Restated	**800**	**3 836 021**	**170 821**	**4 007 642**
Loss for the year	-		(19 877 660)	(19 877 660)
Other comprehensive income	-	23 149 671	-	23 149 671
Prior year adjustment	-	-	-	(595 095)
Total equity 31 December 2022	**800**	**26 985 692**	**(19 706 839)**	**7 279 653**

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Directors: K. C. Katsande (Chairman); M. A. Masunda; S. M. Mutangadura; S. N. Chitehwe; T. N. H. Kapumha; I. Chikwata (Chief Executive Officer) W. Dzuda (Chief Financial Officer)

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ABRIDGED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	AUDITED Inflation Adjusted		AUDITED Historical Cost	
	2022 ZWL'000	**Restated 2021 ZWL'000	2022 ZWL'000	**Restated 2021 ZWL'000
Cash flow from operating activities				
(Loss) / profit for the year	**(19 543 127)**	**(263 930)**	**(19 877 660)**	**147 528**
Adjustments:				
Income tax credit	(2 005 143)	(824 710)	(3 371 512)	(806 791)
Finance costs recognised in profit /loss	2 423 486	1 155 238	1 956 586	263 871
Profit on disposal of property plant and equipment	-	(2 210)	-	(516)
Depreciation and amortisation expense	6 260 571	2 279 130	1 072 687	414 421
Write-off of property plant and equipment	57	34 194	15	8 159
Employee benefits provision	111 350	181 244	315 639	52 724
Litigation provision	856 980	22 018	873 325	6 405
Loss on reclassification of legacy debt to treasury bills	8 014 865	-	8 014 865	-
Stock used internally	12 187	-	23 672	-
Unrealised exchange losses	18 481 992	965 147	18 481 992	24 158
Effects of inflation on cashflow	3 974 449	2 638 729	-	-
Net cash from operations before working capital changes	**18 587 667**	**907 392**	**7 489 609**	**109 959**
Movements in working capital				
Increase in inventories	(46 102)	(3 578 987)	(2 680 856)	(1 211 508)
(Increase)/Decrease in trade, related party and other receivables	(101 408)	1 405 290	(914 448)	(27 830)
(Increase)/Decrease in prepayments	(176 260)	585 688	(796 643)	(19 371)
Increase in trade, related party and other payables	964 012	3 154 207	8 106 213	1 555 243
Cash generated from operations	**19 227 909**	**2 473 590**	**11 203 875**	**406 493**
Finance costs paid	(404 330)	(462 711)	(280 182)	(104 576)
Income taxes paid	(205 236)	(1 193 933)	(131 830)	(265 178)
Interest paid	(251 121)	(10 903)	(197 996)	(3 172)
Net cash generated by operating activities	**18 367 222**	**806 043**	**10 593 867**	**33 567**
Cash flow from investing activities				
Capital expenditures	(10 736 433)	(3 335 857)	(10 071 112)	(721 400)
Proceeds from short term investments	-	55 280	-	10 004
Proceeds from sales of fixed assets	-	2 210	-	516
Total net cash used in investing activities	**(10 736 433)**	**(3 278 367)**	**(10 071 112)**	**(710 880)**
Cash flow from financing activities				
Proceeds from short-term borrowings	625 735	-	375 000	-
Repayments of short-term borrowings	(384 569)	(362 207)	(250 000)	(47 575)
Total net cash generated/(used) in financing activities	**241 166**	**(362 207)**	**125 000**	**(47 575)**
Inflation effects on cash balances	(8 654 862)	(17 885)	-	-
Total net increase(+) / decrease(-) in liquid funds	**(782 907)**	**(2 852 416)**	**647 755**	**(724 888)**
Cash and cash equivalents at the beginning of the period	**348 769**	**704 388**	**101 457**	**127 480**
Effects of movements in exchange rates	2 284 243	2 496 797	1 100 893	698 865
Cash and cash equivalents at the end of the period	**1 850 105**	**348 769**	**1 850 105**	**101 457**

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LAFARGE CEMENT ZIMBABWE LIMITED
ABRIDGED AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Lafarge Cement Zimbabwe Limited ("the Company") is incorporated in Zimbabwe and is engaged in the manufacture and distribution of cement and allied products. Its ultimate holding Company is Montanavalley (Private) Limited, a Company which is also incorporated in Zimbabwe. The address of its registered office and principal business is Manresa Works, Arcturus Road, Greendale, Harare, Zimbabwe. Montanavalley (Private) Limited acquired a 76.4% shareholding in Lafarge Cement Zimbabwe from Holcim Limited on 1 December 2022.

2. FUNCTIONAL AND PRESENTATION CURRENCY

The Company's functional and presentation currency is the Zimbabwe dollars ("ZWL"). Accordingly, the Company's financial statements are presented in Zimbabwe dollars (ZWL) and are rounded off to the nearest thousand dollars (ZWL'000). The Company converted its foreign denominated balances using the Reserve Bank of Zimbabwe exchange rates (mid-rate).

3. STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared using accounting policies that aim to be consistent with International Financial Reporting Standards ("IFRSs"). The financial statements have been prepared in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and in compliance with the Zimbabwe Stock Exchange Listing Requirements. The financial statements have been presented in Zimbabwe Dollars ("ZWL"). The Company converted its foreign denominated balances using RBZ interbank exchange rate.

4. BASIS OF PREPARATION

The financial statements have been prepared from the statutory records that are maintained under the historical cost basis except for certain property, plant and equipment items that are measured at fair value, and certain financial instruments measured at amortised cost, in line with the Company's accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services on transaction date and initial recognition.

The financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate.

The Company applied International Accounting Standard ("IAS") 29 Financial Reporting in Hyperinflationary Economies in compliance with the guidance provided by the Public Accountants and Auditors Board ("PAAB") through its pronouncement 01/2019. The current period figures in the financial statements have been restated for the changes in the general purchasing power of the ZWL, with reference with 1 October 2018 as the start date of application of hyperinflation. The corresponding inflation adjusted figures for the prior year utilised a start date of 22 February 2019 for purposes of hyperinflation. Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 compliant for the year ended 31 December 2022.

The effect of inflation on the net monetary position of the Company is included in the statement of profit or loss as a monetary adjustment. The restatement was calculated by means of conversion factors derived from the Zimbabwe Consumer Price Index (CPI) issued by the Zimbabwe Central Statistical Office.

Source of Consumer Price Indices

The consumer price indices ("CPI's") and conversion factors used to restate the accompanying financial statements at 31 December 2022 are as follows:

Dates	Consumer Price Indices	Conversion Factors
CPI as at 31 December 2022	13 672.91	1.0000
CPI as at 31 December 2021	3 977.50	3.4376
CP1 as at 31 December 2020	2 474.51	5,5255

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5. COMMITMENTS FOR CAPITAL EXPENDITURE

	Inflation Adjusted		Historical Cost	
	2022	2021	2022	2021
	ZWL '000'	ZWL '000'	ZWL '000'	ZWL '000'
Commitments for the acquisition of property, plant and equipment	10 427 052	2 420 173	10 427 052	704 030

The commitments relate to proposed capital expenditure approved by the Board of Directors.

6. GOING CONCERN

In preparing the financial statements, the Directors and management are required to make an assessment of the Company's ability to continue as a going concern.

The Directors and management are continuously monitoring and evaluating the Company's operating landscape to re-assess and appropriately adapt its strategies around the current economic environment. This is to ensure the continued operation of the Company into the foreseeable future. Such strategies include taking advantage of government policies and initiatives intended to support the continued operation of the Company.

The Directors have concluded that the Company's various responses are adequate, and that there are no uncertainties which can hinder the ability of the Company to continue operating as a going concern.

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LAFARGE CEMENT ZIMBABWE LIMITED ABRIDGED AUDITED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS (continued)

7. PRIOR PERIOD ERRORS

The Company recomputed its deferred taxation and corrected its quarry rehabilitation provision which affected its 2021 financial statements.

Nature of the errors

The Company has made corrections on the following items:

(a) Deferred taxation.
In 2021 the Company made an error in the calculation of deferred tax on the exchange gains and losses thereby resulting in an understatement of profit. The Company also made an error on calculation of deferred tax of revaluation gain by charging 24.72% on land. However, this has been corrected in 2022 resulting in the restatement of 2021 figures.

(b) Quarry rehabilitation provision.
In 2021 the Company had understated its quarry rehabilitation provision and this resulted in overstatement of profit. Also, the Company did not show the effects of inflation on the quarry rehabilitation note. This has been corrected in 2022.

(c) Cash flow presentation
In the year 2021 the Company included the effects of inflation on cash balances in the effects of inflation on cashflow and also the effects of movements in exchange rates was included in the impact of exchange losses. This has been corrected in the current year and restatements has been done.

8. EVENTS AFTER BALANCE SHEET DATE

(a) The Company appointed Mr Innocent Chikwata as Chief Executive Officer and Mr Willcort Dzuda as Chief Finance Officer with effect from the 1st of April 2023 and they were also appointed to Board of Directors on the same day.
(b) The Company also appointed Ms Sabinah Chitehwe and Mr Tendai Kapumha to the Board of Directors with effect from the 1st of March 2023.
(c) After the exit of Associated International Cement Limited in November 2022, the Shareholders approved the change of the Company's name from Lafarge Cement Zimbabwe Limited to Khayah Cement Limited at the Extra Ordinary General Meeting held on 7 July 2023.
(d) The Company took a strategic decision to mothball its kiln during the last quarter of 2023 due to breakdown challenges and started focusing on a grinding station model whilst the kiln is being repaired.
(e) The Company changed its functional currency to United States Dollars with effect from the 1st of April 2024.
(f) Mr Willcort Dzuda's secondment as Khayah Cement Limited Chief Finance Officer expired on 31 March 2024 and Mr Bernard Mudzimuirema was appointed as Chief Finance Officer with effect from the 1st of April 2024.
(g) On the 5th of April 2024, Statutory Instrument 60 of 2024, Presidential Powers (Temporary Measures) (Zimbabwe Gold Notes and Coins) Regulations, 2024 (The S.I) was gazetted, introducing a new currency known as ZiG (Zimbabwe Gold) which was gold backed and was subsequently assigned the currency code ZWG. As at 31 December 2022, the new currency had not come into effect and therefore did not have an impact on the inflation adjusted financial statements for the year ended 31 December 2022.

9. AUDITORS OPINION

The Company's Auditors, Ernst & Young Chartered Accountants (Zimbabwe), have issued a qualified opinion as a result of the following:

- Impact of prior year modification on current period – Non-compliance with IAS 8 Accounting Policies, changes in accounting estimates and Errors.
- Inappropriate valuation of Plant and machinery in terms of IFRS 13 'Fair value measurement' and disclosure misstatements in terms of IAS 16 'Property, plant and Equipment.
- Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies.

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The abridged financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2022.

The Auditors' report is available for inspection at the Company's registered office. The engagement partner responsible for the audit is Mr. Fungai Kuipa (PAAB Practicing Certificate Number 335).

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 16 July 2024.