ART
AMALGAMATED REGIONAL TRADING

Directors: M. Chundu (Chairman), T. M. Ameer*, A. M. Chingwecha*, E. K. Moyo, O. Mtasa, T. Musukutwa (EXECUTIVE)*

ABRIDGED UNAUDITED HALF YEAR RESULTS - for the half-year ended 31 March 2015

Group Statement Of Profit Or Loss And Other Comprehensive Income

For the half year ended 31 March 2015

	Unaudited 31 March 2015 US$ 000	Unaudited 31 March 2014 US$ 000
CONTINUING OPERATIONS		
Revenue	14 825	14 091
Cost of sales	(9 997)	(9 695)
Gross profit	4 828	4 396
Other Income	245	275
Operating expenses	(4 414)	(4 908)
Operating profit/(loss) before fair value adjustments and impairments	659	(237)
Share of Joint Venture loss	(8)	(29)
Operating profit/(loss) before interest and tax	651	(266)
Finance costs	(628)	(725)
Profit/(Loss) before tax	23	(991)
Income tax expense	(137)	(169)
Loss after tax	(114)	(1 160)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment on available-for-sale investments(net of tax)	-	(4)
Translation of foreign subsidiaries	(221)	(87)
Other comprehensive loss for the year net of tax	(221)	(91)
Total comprehensive loss for the year net of tax	(335)	(1 251)
Loss per share (cents)		
Basic	(0.02)	(0.25)
Diluted	(0.02)	(0.24)

Group Statement Of Financial Position

As at 31 March 2015

	Unaudited March 2015 US$000	Audited September 2014 US$000
ASSETS		
Non-current assets		
Property plant and equipment	11 776	9 796
Investment Property	3 175	3 175
Biological assets	4 625	4 625
Deferred tax assets	1 020	1 020
Investment in joint venture	514	521
Other investments	51	51
Total non-current assets	**21 161**	**19 188**
Current assets		
Inventories	4 638	4 818
Trade and other receivables	3 465	3 711
Cash resources	399	486
Total Current Assets	**8 502**	**9 015**
TOTAL ASSETS	**29 663**	**28 203**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	47	47
Share premium	4 378	4 378
Reserves	5 385	5 720
Shareholders' equity	**9 810**	**10 145**
Non-current liabilities		
Deferred tax liabilities	1 825	1 815
Interest bearing loans and borrowings	2 239	3 117
Total non-current liabilities	**4 064**	**4 932**
Current liabilities		
Trade and other payables	8 982	7 364
Provisions	516	541
Income tax payable	435	468
Interest bearing loans and borrowings	5 730	4 605
Bank overdrafts	126	148
Total current liabilities	**15 789**	**13 126**
Total liabilities	**19 853**	**18 058**
TOTAL EQUITY AND LIABILITIES	**29 663**	**28 203**

Group Statement Of Cash Flows

For the half year ended 31 March 2015

	Unaudited March 2015 US$ 000	Unaudited March 2014 US$ 000
Cash flow from operating activities		
Cash generated from operations	**3 007**	**1 260**
Finance income	-	-
Finance costs	(628)	(745)
Tax paid	(115)	(128)
Cash generated from operating activities	**2 264**	**387**
Cash flow from investing activities:		
Purchase of property plant and equipment	(2 589)	(319)
Increase in biological assets	-	(51)
Proceeds on disposal of property plant and equipment	9	56
Cash utilized in investing activities	**(2 580)**	**(314)**
Cash flow from financing activities:		
Proceeds from borrowings	1 062	589
Repayment of borrowings	(813)	(809)
Cash generated from/(utilized in) financing activities	**249**	**(220)**
Decrease in cash and cash equivalents	**(67)**	**(147)**
Net foreign exchange differences	2	(15)
Cash and cash equivalents at the beginning of the period	338	539
Cash and cash equivalents at the end of the period	**273**	**377**
Comprising:		
Cash resources	399	482
Overdrafts	(126)	(105)
Cash and cash equivalents at the end of the period	**273**	**377**

Group Statement Of Changes In Equity

For The Half Year Ended 31 March 2015

US$ 000	Share Capital	Share Premium	Non-Distributable Reserves	Distributable Reserves	Total
At 1 October 2013	**47**	**4 378**	**12 462**	**(5 657)**	**11 230**
Loss for the period	-	-	-	(1 100)	(1 100)
Other comprehensive income	-	-	15	-	15
Total comprehensive loss	-	-	15	(1 100)	(1 085)
At 30 September 2014	**47**	**4 378**	**12 477**	**(6 757)**	**10 145**
Loss for the period	-	-	-	(114)	(114)
Other comprehensive loss	-	-	(221)	-	(221)
Total comprehensive loss	-	-	(221)	(114)	(335)
At 31 March 2015	**47**	**4 378**	**12 256**	**(6 871)**	**9 810**

Group Segment Results

Mar 15	Paper US$000	Batteries US$000	Forests US$000	Eversharp US$000	Central Administration US$000	Adjustments & Eliminations US$000	Group US$000
Revenue							
External customer	1 924	9 748	334	2 819	-	-	**14 825**
Operating (loss)/profit	(212)	511	(8)	229	(139)	-	**659**
Finance cost	(11)	(135)	(9)	(53)	(420)	-	**(628)**
Net Segment assets	3 704	4 845	7 164	(153)	(5 750)	-	**9 810**
Capital expenditure	(959)	(1 108)	(22)	(498)	(2)	-	**(2 589)**
Depreciation	(164)	(188)	(28)	(42)	(26)	-	**(448)**

Mar 14	Paper US$000	Batteries US$000	Forests US$000	Eversharp US$000	Central Administration US$000	Adjustments & Eliminations US$000	Group US$000
Revenue							
External customer	1 700	9 443	427	2 521	-	-	**14 091**
Operating (loss)/profit	(492)	(185)	46	332	62	-	**(237)**
Finance income	-	-	-	-	-	-	**-**
Finance cost	(14)	(134)	(5)	(93)	(479)	-	**(725)**
Net Segment assets	5 386	4 812	5 598	(133)	(5 518)	-	**10 145**
Capital expenditure	(33)	(188)	(30)	(67)	(1)	-	**(319)**
Depreciation	(167)	(173)	(49)	(26)	(17)	-	**(432)**

Supplementary Information

1. **Basis of preparation**

The abridged consolidated financial results have been prepared on a historic cost basis except for land and buildings investment property financial assets and biological assets that have been measured at fair value.

2. **Currency of reporting**

The financial results are prepared in United States Dollars (US$)

3. **Statement of compliance**

The abridged consolidated financial results have been prepared in accordance with International Financial Reporting Standards and the Zimbabwe Stock Exchange Listing Rules.

4. **Statement of accounting policy**

The accounting policies in the preparation of the 2015 interim consolidated financial results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2014.

Several other new Standards and Amendments apply for the first time for the Group from 1 October 2014. However they do not materially impact the interim consolidated financial statements of the Group.

5. **Capital expenditure commitments**

	2015 USD 000	2014 USD 000
Authorised and contracted	2 589	1 800
Authorised but not yet contracted	116	784
Total	2 705	2 584

The capital expenditure will be funded from internal working capital and shareholder loans.

6. **Total borrowings split**

	31 March 2015			30 September 2014		
USD 000's	Short-term and Overdraft	Long-term	Total	Short-term and Overdraft	Long-term	Total
Group	5 856	2 239	**8 095**	4 753	3 117	**7 870**

7. **Lease commitments**

	2015		2014	
	Minimum Payments US$000	Value of Payments US$000	Minimum Payments US$000	Value of Payments US$000
Within one year	410	152	349	109
After one year but not later than five years	1 927	1 308	720	109
More than five years	-	-	1 351	1 155
Total minimum lease payments	2 337	1 460	2 420	1 373
Less amounts representing finance charges	(877)	-	(1 047)	-
Present value of minimum lease payments	**1 460**	**1 460**	**1 373**	**1 373**

Chairman's Statement

OVERVIEW

I am pleased to present the first half year results which have seen the benefits of the first phase of our recapitalisation program beginning to bear fruits. This has been supported by management initiatives to maximise revenues and reduce operating costs.

FINANCIAL

The Group recorded revenue of $14,8 million which represented an increase of 5% on last year whilst margins improved by 2% to 33%.

Operating profit was $651,000 which is an improvement from a last year loss of $266,000. The Group posted a profit before tax of $23,000 up from prior year loss of $991,000.

Cash of $2,3 million was generated from operating activities representing 115% increase on prior year. The positive cash flows were delivered out of tight working capital management and improved performance by the businesses in the second quarter .

OPERATIONS

Production and sales volumes improved across all divisions as a result of the first phase recapitalisation particularly in the second quarter.

Eversharp posted a profit before tax of $176,000. This was however lower than prior year as a result of raw material shortages in the first quarter. The automatic pen assembly and ink filling machines were commissioned in December resulting in production efficiencies and cost savings in the second quarter.

The batteries division posted a profit before tax of $370,000 the bulk of which came in the second quarter. Volumes at the factory were 53% higher than last year due to improved performance in the Industrial Business unit. The new Automotive Battery manufacturing equipment was commissioned in January and resulted in improved efficiencies, product aesthetics and overall productivity. New battery lines were also introduced and this together with the launch of the Exide solar battery, positions the business to perform better in the second half of the year.

The consolidated Paper division, posted a loss of $212,000 compared to a loss of $492,000 in 2014. The new equipment which was commissioned in December 2014 resulted in improved quality and consequently, volumes increased by 13% from prior year in both Kadoma Paper Mills and Softex.

Plantations incurred a loss of $11,000 at the back of increased competition from larger timber plantations and general market decline which resulted in reduced volumes and softer margins.

BALANCE SHEET AND CASHFLOW

Total Non Current Assets increased by $2 million as a result of the first phase recapitalization program. Group Debt is at $8,1 million and $628,000 of the cash generated was utilised to pay interest. Management of working capital particularly creditors remains a challenge for the Group.

DIRECTORATE

I would like to express my gratitude to Dr Passmore Matupire who retired from the Board on 31 December 2014 and had been the Chairman for 12 years. I would like to also thank Mr Richard Zirobwa who retired as the Chief Executive Officer on 31 January 2015 having served the Group for 25 years.

OUTLOOK

Your Board anticipates the current difficult macro-economic environment to continue in the short to medium term.

The investment in new machinery and equipment at Eversharp, Kadoma Paper Mills and Chloride Factory has placed the Group in a stronger position to compete in the local and regional markets. It is anticipated that volumes in most business units will be higher due to increased exports and winter demand for batteries in the second half of the year.

Plans are underway to further automate the manufacturing businesses in the medium term and a commitment has already been made to increase capacity at Eversharp by year-end.

The balance sheet remains highly geared and focus in the next half will be to find a conclusive solution to the debt situation and directing efforts to return to profitability in all the business units. Your Board is exploring various options of enhancing the Company`s capital.

The Board is confident that the strategies that have been put in place will result in a turnaround and return the Group to sustainable profitability.

M Chundu
CHAIRMAN
11 June 2015

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