ART
AMALGAMATED REGIONAL TRADING

integrated annual report 2019

about this report

ART Holdings Limited is pleased to present its first annual report that consolidates sustainability and financial performance for the year.

The report provides a detailed analysis of how we have performed against key topics pertinent to our internal and external stakeholders for the period ended 30 September 2019.

The content of the report was developed through an assessment of the material factors which influence our ability to create value for our stakeholders. The process was undertaken in compliance with the Global Reporting Initiative (GRI) Standards.

REPORTING FRAMEWORKS

We have prepared this report with due consideration of the following regulations and standards:

- International Financial Reporting Standards (IFRS).
- The Companies Act [Chapter 24:03].
- Global Reporting Initiative (GRI) Standards.
- Listing requirements and exchange regulations of the Zimbabwe Stock Exchange (ZSE).

This report has been prepared in accordance with the GRI Standards: Core option.

REPORTING BOUNDARIES

The report covers information for ART Holdings, whose principal activities are based in Zimbabwe and Zambia. ART products are also distributed in Malawi, Mozambique, South Africa, as well as other African countries. In this report unless otherwise noted references to "our", "we", "us", "the Company", "ART" refers to ART Holdings Limited.

ASSURANCE

We depend on both internal and external assurance players in strengthening continuous improvement in the quality and credibility of our data.
Internally the directors, management and internal auditors safeguard and monitor reliability and accuracy of all Company information.

We have appointed Ernst and Young as our Independent and external auditors responsible for auditing our financial statements in accordance with the International Standards of Auditing (ISA). The independent auditors' report is found on page 51. The ART Holdings Board has approved this report.

FORWARD LOOKING STATEMENTS

The report contains forward looking statements. These statements and forecasts involve risk and uncertainties as they relate to events and depend on circumstances that occur in the future. Forward looking statements can contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Future statements are not guarantees of future developments and results outlined therein. Readers are cautioned not to put undue reliance on forward looking statements.

FEEDBACK

We welcome your comments, questions and suggestions on our report and any other matters regarding our business.

To do so, please contact Abisai Chingwecha at: achingwecha@artcorp.co.zw.

vision, mission and values

VISION

To be a blue chip conglomerate commanding regional presence and market leadership.

MISSION

To manufacture and distribute goods and services of international standards, that enhance and enrich the lives of people everywhere.

A blue chip conglomerate commanding regional presence and market leadership

VALUES

Transparency
Interacting with all our current and future business partners with honesty and integrity.

Respect
Accepting with humility the diversity of people's values, beliefs, views and circumstances.

Teamwork
Optimizing collective resources in pursuit of a shared vision in a spirit of mutual trust.

Communication
Timely provision of quality and responsive information to individuals and institutions.

Commitment
Applying mastery to consistently exceed customer expectations.

Unlocking Infinite Possibilities

With years of targeted investments in the Group's business units, ART is committed to delivering real and lasting stakeholder value by harnessing the potential of our people throughout the Group's operations, brands and distribution channels.

As we take this model forward, **"Unlocking Infinite Possibilities"** describes our focus and commitment to look beyond traditional limits and grow shareholder value.

annual report contents

overview

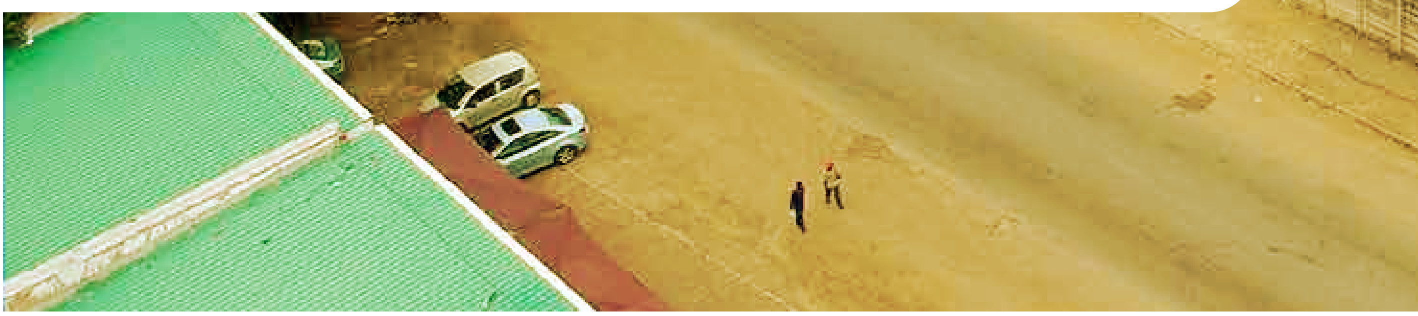
GROUP STRUCTURE

ART is a Zimbabwe Stock Exchange listed industrial group whose reputation has been built on diversity, operational excellence and quality brand custodianship. The Company formerly known as Beachmont Trading Limited, changed its name to Amalgamated Regional Trading Holdings Limited in 2001 and was listed on the Zimbabwe Stock Exchange in the year 2002.

ART is involved in the manufacturing and retailing of Lead-acid batteries, Pens, Stationery, Tissues, Hygiene products and Forestry Resource Management. The Group's units include Chloride Zimbabwe, Chloride Zambia, Exide Express, Eversharp, Kadoma Paper Mills, National Waste Collection, Softex Zimbabwe and Mutare Estates.

ART
AMALGAMATED REGIONAL TRADING

Amalgamated Regional Trading is involved in the manufacturing and retailing of Lead-acid batteries, Pens, Stationery, Tissues, Hygiene products and Forestry Resource Management.



our products, brands and services

BATTERIES

- Exide Automotive Batteries
- Exide Solar Batteries
- Industrial Motive Batteries
- Industrial Backup Batteries

PAPER

- Bulk Tissue Paper
- Kraft Paper
- Waste Collection

STATIONERY

- Eversharp 15M Pens
- Eversharp Tungsten Pens
- Mighty Mark Super Permanent Markers
- Eversharp Rulers
- Exercise Books

PERSONAL HYGIENE

- Tissue Products
- Femcare Products
- Hygiene Products

FORESTRY RESOURCE MANAGEMENT

- Sawn Timber
- Pulpwood Logs
- Gum Poles

The Group's battery manufacturing facility in Harare

PERFORMANCE REVIEW

CHLORIDE
STANDBY & MOTIVE BATTERIES

performance highlights

Inflation Adjusted

		2019 ZWL$000	2018 ZWL$000	%ge Change
GROUP SUMMARY				
Revenue from contracts with customers		267,331	212,435	26
Operating profit before impairments and fair value adjustments		82,305	32,996	149
Profit before tax		205,065	26,019	688
Profit after tax		100,247	24,622	307
Cash generated from operating activities		17,152	12,915	33
Total Assets				
Capitalisation	Debt	274,154	84,898	223
	Equity	351,694	91,996	282
	Total	625,848	176,894	254
SHARE PERFORMANCE (cents)				
Share price		12	8	50
Basic earnings per share		21.20	5.21	307
Headline earnings per share		1.08	4.62	(77)
DIVISIONS				
Paper Manufacturing				
Revenue		49,238	29,394	68
Assets		121,952	21,970	455
Mutare Board and Paper Mills				
Revenue		10,958	9,505	15
Assets		221,218	42,761	417
Batteries				
Revenue		228,952	225,940	1
Assets		243,216	74,988	224
Eversharp				
Revenue		37,200	28,361	31
Assets		31,786	19,173	66

chairman's statement

> **The Group remained resilient and maintained a positive performance across all business units**

DR THOMAS UTETE WUSHE
Chairman

OVERVIEW

The country's economic challenges continued during the year ended 30 September 2019. Currency reforms embarked on by the fiscal and monetary authorities culminated in the introduction of the Zimbabwe dollar in June 2019. Foreign currency shortages continued with the local currency depreciating from the fixed exchange rate of 1:1 to the United States dollar to 1:15 at the close of the period. The Group remained resilient and maintained a positive performance across all business units.

REPORTING CURRENCY AND COMPLIANCE WITH IFRS

There was a change in the transactional and functional currency following the reintroduction of the local currency. The Group's financial statements are presented in Zimbabwe dollars (ZWL) for the current year. The 2018 comparative numbers were converted into Zimbabwe dollars (ZWL) at a rate of 1:1 in compliance with Statutory Instrument 33 of 2019 and then adjusted for inflation. The requirement to comply with the legislation presented challenges in terms of compliance with International Financial Reporting Standards due to the inconsistencies of Statutory Instrument 33 of 2019 with IAS 21 "The effects of changes in Foreign Exchange Rates".

The Group's Consolidated Financial Statements have not in all material respects, been prepared in compliance with the requirements of IAS21. The reporting period was characterised by multiple exchange rates and therefore the Board advises users to exercise caution in the interpretation of these financial statements.

FINANCIAL REVIEW

The continued shortage of foreign currency and the persisting liquidity constraints affected the Group's trading, resulting in overall volumes reducing by 18% on average across the business units. Revenue increased to $267 million due to price increases effected in response to the increased cost of production.

chairman's statement (cont'd)

Export volumes for batteries and paper increased by 4% and 7% respectively, on the back of consistent product availability and increased selling effort in Zambia and Malawi. Volumes for solar and industrial batteries increased by 12% from prior year, as opportunities in the local market could not be fully exploited due to product supply gaps.

The drive at Softex to expand product range yielded positive results with volume increases of 8% for both hygiene and femcare.

Included in income is ZWL$157 million relating to the revaluation of assets in an attempt by the Group to fairly present the Statement of Financial position.

The Group's foreign currency exposure reduced significantly from US$4 million as at half year to US$2 million as at 30 September 2019. Net Borrowings at ZWL$24 million were contained as increased cash sales and concerted collection effort on receivables enabled the Group to minimise pressure on cash resources. Capital expenditure for the year was restrained to ZWL$8 million with focus being on critical projects and improvements.

SUSTAINABILITY REPORTING

ART Holdings Limited is pleased to present the first annual report covering our sustainability performance. The Group has taken a bold step to align operations with the rising expectations by regulators and other strategic stakeholders to operate sustainably. We understand the limitations of our planet and how our operations, if not managed, can threaten our ability to operate in the long term.

This understanding has led us to adopt sustainability as a strategic tool to manage the stakeholder issues that affect our capacity to create value. We have adopted the Global Reporting Initiative (GRI) Standards to help us identify opportunities and manage our environmental social and economic impacts.

DIVIDEND

The Group is not in a position to declare a dividend as the Board, in light of the prevailing liquidity constraints, is focusing on clearing foreign creditors and key capital projects.

DIRECTORATE

There were no changes to the Board during the period.

OUTLOOK

The challenges in the economic environment are expected to persist in the short term as inflation and foreign currency volatility will constrain trading.

The Group will continue to defend its market share whilst exploiting new export markets and opportunities in the hygiene, solar and industrial battery segments. Operational efficiencies will be enhanced to ensure that costs are contained and our customers continue to receive quality products and superior service.

APPRECIATION

I would like to express my sincere gratitude to our customers, suppliers, bankers and other key stakeholders for the continued support during the period under review. My fellow Directors, management and the entire team at ART, thank you for the contribution and commitment throughout the year.

T U Wushe
CHAIRMAN
17 December 2019

chief executive's review of operations

> **The Group will continue to defend its market position whilst exploring new export markets and opportunities...**

MILTON MACHEKA
Group Chief Executive Officer

GROUP FINANCIAL HIGHLIGHTS

	2019 ZWL$000	2018 ZWL$000	Change
Revenue from contracts with customers, before other income	267,331	212,435	26%
Operating profit before impairments and fair value adjustments	82,305	32,996	149%
Profit before tax	205,065	26,019	688%
Profit after tax	100,247	24,622	307%
Cash generated from operations	17,152	12,915	33%
Net assets	351,694	91,996	282%
Number of employees	864	802	8%
Capacity utilisation	60%	84%	(24%)
Gross profit percentage	52%	39%	13%

Group Highlights

Overall volumes decreased by	18%
Revenue increased by	26%
Profit before tax increased by	688%
EBITDA increased by	784%
Gross profit margin increased by	13%

BATTERY MANUFACTURING AND DISTRIBUTION

Financial Highlights

	2019 ZWL$000	2018 ZWL$000
Revenue	228,952	225,940
Operating profit before impairments and fair value adjustments	63,491	29,811
Profit before tax	87,806	28,327
Net segment assets	243,216	74,988
Number of employees	341	359
Capacity utilisation	63%	83%

Revenue increased by 1% despite an 18% reduction in volumes, reflecting the impact of movements in prices following the significant depreciation of the local currency. Production efficiencies were affected by the worsening power shortages.

The battery business, in spite of our best efforts to avert product shortages, faced intermittent supply gaps due to power cuts and delays in obtaining foreign currency for raw material imports.

The distribution network was further improved during the year as additional Exide Express outlets were opened, bringing the total number of Exide Express branches to 34 throughout the country.

Export volumes increased by 4% on the back of consistent product supply to Zambia and improved product uptake in Malawi during the period. New regional markets, Botswana and Mozambique, were developed during the period.

Solar and industrial battery volumes grew by 12% from prior year on the back of increased demand.

chief executive's review of operations (cont'd)

PAPER

Financial Highlights

	2019 ZWL$000	2018 US$ 000
Revenue	49,238	29,394
Operating profit before impairments and fair value adjustments	8,599	3,327
Profit before tax	14,734	3,232
Segment assets	121,952	21,970
Number of employees	155	147
Capacity utilisation	84%	87%

The paper division recorded a 68% increase in revenues and a 158% increase in operating profit from the prior year. Local volumes reduced by 15% due to increased power shortages. Export volumes increased by 7% as capacity to export tissue was enabled by the reduced stocking and trading by local customers.

Gross profit margins increased to 31% from 24% in the prior year on the back of efficient procurement of waste paper and coal. Operating expenses lagged both costs of imported raw material and selling price movements.

Overall waste collection volumes decreased by 18%. However, local sales grew by 11% as a result of improved resourcing of the division which improved collections through the vendor network.

SOFTEX

Financial Highlights

	2019 ZWL$ 000	2018 ZWL$ 000
Revenue	62,354	44,337
Operating profit before impairments and fair value adjustments	10,920	2,752
Profit before tax	11,247	2,756
Segment assets	18,274	8,676
Number of employees	88	76
Capacity utilisation	45%	53%

Softex recorded an operating profit of $10.9 million in spite of a 16% volume reduction. Sales were affected by raw material and power shortages. New products were developed in line with the changing customer preferences and purchasing power resulting in cheaper recycled grades gaining wider market acceptance.

Hygiene product volumes increased by 8% as new lines were introduced. The Femcare range continued to be affected by product availability as challenges in obtaining foreign currency to import persisted.

EVERSHARP

Financial Highlights

	2019 ZWL$ 000	2018 ZWL$ 000
Revenue	37,200	28,361
Operating profit before impairments and fair value adjustments	407	3,685
(Loss)/profit before tax	(1,949)	3,522
Segment assets	31,786	19,173
Number of employees	85	88
Capacity utilisation	44%	73%

Revenue increased by 31% to $37,2 million even as overall volumes declined by 21% due to reduced local demand and the deliberate scaling down of pen exports to curb repatriation.

The business was able to fulfil orders in spite of the erratic power supplies due to improved stocking especially in the peak back to school periods. Pen sales in the informal market continued to grow as counterfeit product sales were curbed by vigilant surveillance and closer co-operation with the authorities.

PLANTATIONS

Financial Highlights

	2019 ZWL$ 000	2018 ZWL$ 000
Revenue	10,958	9,505
Operating profit/ (loss) before impairments and fair value adjustments	3,975	(177)
Fire Loss	-	-
Fair value adjustment	126,530	2,611
Profit before tax	146,851	2,652
Segment assets	221,218	42,761
Number of employees	124	121

The business continued with its resource preservation strategy. The focus was on sawn timber volumes which increased by 5%. Opportunities to trade timber were exploited and will continue to be pursued, given the strong demand projected.

M Macheka
GROUP CHIEF EXECUTIVE OFFICER
17 December 2019

group financial review

A total of ZWL $8.2 million of the cash generated was applied towards capital expenditure whilst improved foreign currency generation enabled the Group to reduce foreign currency exposure by 50%...

ABISAI CHINGWECHA
Group Chief Finance Officer

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2019 ZWL$ 000	2018 ZWL$ 000
Revenue	267,331	212,435
Gross profit %	52%	39%
Operating expenses %	23%	25%
Operating profit	82,305	32,996
Operating profit %	31%	16%
Profit after tax	100,247	24,622

- The Group posted revenue of $267.3 million which was 26% above prior year.
- Gross profit increased by 13% despite an 18% reduction in volumes.
- The Group managed to contain operating costs as they decreased from 25% to 23% of turnover in 2019.
- Operating profit increased by 149%
- Overall the Group posted a profit after tax of $100 million.

group financial review

STATEMENT OF CASH FLOWS

	2019 ZWL$ 000	2018 ZWL$ 000
Cash generated from operations before working capital changes	78,895	30,452
Net cash generated from management of working capital	(55,379)	(11,621)
Cash generated from operations	23,516	18,831
Net Interest costs	(5,480)	(4,615)
Net Increase/(repayment) of borrowings	(10,662)	7,663
Net (payments)/ increase in borrowings	(16,142)	3,049
Income tax paid	(884)	(1,301)
Net cash utilised in investing activities	(12,495)	(14,776)
(Decrease)/increase in cash and cash equivalents	(6,005)	5,802

The Group generated cash from operations of $23.5 million compared to $18.8 million prior year. The cash generated was applied towards capital expenditure and loan repayments.

CAPITAL EXPENDITURE

A total of $8.2 million was applied towards key capital expenditure projects to improve efficiencies and address environmental concerns, in particular emissions at the Chloride factory.

TREASURY AND BORROWINGS

Total Group debt as at year end was $23.8 million compared to $30 million in the prior year. The Group managed to meet all loan obligations during the year. The Group's foreign currency exposure declined from US$4 million to US$2 million as at 30 September 2019.

Installation work of a new filtration plant at the batteries division

GOVERNANCE

CORPORATE GOVERNANCE APPROACH

The Group is committed to achieving high standards of Corporate Governance as set out in the King IV Report and Zimbabwe National Code of Corporate Governance (ZimCode). During the year matters relating to Corporate Governance were dealt with as set out below.

BOARD COMMITEES

COMMITTEE	MEMBERS	RESPONSIBILITIES
Audit & Risk Committee	Mr O Mtasa (Chair), Mr M Oakley	The committee comprises solely of non-executive directors. It meets at least four times annually. The Chief Executive Officer, Chief Financial Officer, members of the executive committee, internal audit and the external auditors attend these meetings by invitation. ***The committee is responsible for*** • Reviewing and making independent recommendations on the accounting and reporting policies of the Group and defining and monitoring internal controls and risk management policies. • Reviewing the effectiveness of the internal audit function, its programmes and reports, and also reviewing all reports from the external auditors on accounting and internal control matters, and monitoring action taken where necessary. • Reviewing the interim and annual financial statements before the Board considers them and recommending the appointment and fees of external auditors.
Human Resources Committee	Mr M Oakley (Chair), Dr T U Wushe, Mr O Mtasa, Mr Y C Baik	The Human Resources Committee is chaired by Mr Michael Oakley and comprises solely of non-executive directors. The Committee meets at least four times a year and the Chief Executive Officer attends meetings by invitation. ***The committee is required to*** • Determine ART's broad policy for executive remuneration and the remuneration terms and packages for the executive and non-executive directors, and other senior executives. • Give the executives every encouragement to enhance the Group's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions. • The objective of the committee is to provide a remuneration package comprising short-term rewards (salary, benefits and annual performance bonus) and long-term rewards (share options and grants) competitive with companies of a similar size, activity and complexity, so as to attract, motivate and retain high calibre individuals who will contribute fully to the success of each of the businesses in which ART operates. • The committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate. Note 33 discloses the remuneration of directors and key employees.

governance (cont'd)

BOARD COMMITTEES

The Board meets at least four times a year to deliberate on matters pertaining to strategic direction, business development and overall resource allocation. The approval of the Group's strategic plan and annual budgets, the monitoring and appraisal of the Group's financial performance are all matters included in the Board's responsibilities as set out in the Board Charter. The Board currently comprises of two executive and four non-executive directors. The positions of the Chairman and the Chief Executive Officer are held separately. The Chairman is a non-executive director. Membership to the Board is for an initial two-year period and thereafter subject to annual reviews.

The members of the Board are listed on page 20. Specific roles have been assigned to Board Committees.

The directors are responsible for maintaining systems of internal control that:

- safeguard the assets of the Group;
- prevent and detect errors and fraud;
- ensure the completeness and accuracy of the Group's records;
- ensure the timeous preparation of reliable and relevant financial statements and reports; and
- ensure compliance with applicable legislation, regulations and Group policies and procedures.

To fulfil their responsibilities, the directors and management have established such systems and procedures as they consider necessary. These systems and procedures provide reasonable, but not absolute, assurance as to the reliability of the financial statements, adequately safeguard, verify and maintain accountability of assets, and prevent and detect material misstatement and loss.
Internal control weaknesses were identified during the year and are receiving due management attention.

AD HOC (EMERGENCY BOARD MEETING) COMMITTEES

The Board Charter provides that the Board may also appoint other ad hoc committees as it may see fit, to carry out specific functions as they arise. Ad hoc committees sat six times during the current year.

Committee Meeting Attendance

DIRECTOR	MAIN BOARD 5 Meetings	AUDIT & RISK 4 Committee Meetings	HUMAN RESOURCES 2 Committee meetings	AD HOC (EBM) 6 Committee Meetings
Dr T U Wushe	5/5	-	2/2	6/6
Mr Milton Macheka	5/5	4/4	2/2	6/6
Mr Abisai Chingwecha	5/5	4/4	-	6/6
Mr Oliver Mtasa	5/5	4/4	2/2	6/6
Mr Young Chul Baik	3/5	-	2/2	5 /6
Mr Michael Oakley	5/5	4/4	2/2	6/6

BOARD COMMITTEES (cont'd)

INTERNAL AUDIT

The Group has an independent internal audit function. The function has the responsibility to appraise and report on the Group's systems of internal control, integrity of financial and operating information, risk management and resource allocation. Internal Audit reports to the Audit Committee. The internal auditors audit each business unit at least twice a year and close communication is maintained between internal and external audit.

DIRECTORS' INTERESTS UPON APPOINTMENT

Every director of the Company is required to disclose all business interests, and thereafter to update the Board as changes occur. Directors are also required to disclose interests in any contract with the Company or any companies within the Group, which could give rise to a conflict of interest.

CODE OF CORPORATE PRACTICES CONDUCT AND COMPLIANCE WITH REGULATIONS

The Group is committed to promoting the highest standards of ethical behaviour amongst all its employees. All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner, which in all reasonable circumstances, is above reproach. Furthermore, all employees are required to observe the Group's Code of Ethics. In line with the Zimbabwe Stock Exchange Listing Requirements, the Company operates a "closed period" prior to the publication of its interim and year-end financial results during which period directors and senior officers of the Company may not deal in the shares of the Company. Where appropriate, this is also extended to include other "sensitive" periods.

The Group complied with all relevant laws and regulations and considers adherence to non-binding rules, codes and standards as an integral part of the Company's risk management process.

governance (cont'd)

BOARD OF DIRECTORS

The Board comprises the executive and the non-executive Directors who are responsible for the overall strategic direction of the Group.

Thomas Utete Wushe

Chairman

Non-Executive

DBA Nottingham Business School UK, MBA (UZ), AdvDip in Purchasing and Supply Management (UNISA), MCIPS (UK), Prince II Certified Practitioner.

Appointed; August 2015

Other Commitments: Board member of PRAZ AND POTRAZ

Milton Macheka

Group Chief Executive Officer

Executive

BSc Hons Chemistry (UZ), Masters in Business Leadership (UNISA)

Appointed; January 2017

Abisai Chingwecha

Chief Financial Officer

Executive

FCCA, Bachelor of Accounting Science, BCompt (UNISA), MBA Roehampton (UK),.

Appointed; October 2013

Other Commitments: Non-Executive Director Platinum Investment Managers

Oliver Mtasa

Non-Executive

CA (Z), BAcc (Hons) (UZ), MBA (UZ)

Appointed; September 2007

Other Commitments: Chairman First Mutual Holdings, Partner at Crowe Horwath Welsa Chartered Accountants

Michael Oakley

Non-Executive

Chartered Institute of Secretaries Fellow

Appointed; August 2015

Young Chul Baik

Non-Executive

BSc Chemistry (Sungyunkwan University), Korea

Appointed; August 2018

Other Commitments: Chairman, Taesung C&I Ltd

ADMINISTRATION

EXECUTIVE COMMITTEE

Milton Macheka	Group Chief Executive Officer	
Abisai M Chingwecha	Group Chief Finance Officer / Company Secretary	
Kudzai L Pasipanodya	General Manager	- Batteries
Mackson Maturura	General Manager	- Kadoma Paper Mills & - National Waste Collection
Prosper Chijokwe	General Manager	- Softex
Thomas Nyahasha	General Manager	- Eversharp
Farai Sithole	General Manager	- Mutare Estates

ASSOCIATE COMPANIES

Kwangwari Kwangwari	Managing Director	- Victor Onion
Prosper Chijokwe	General Manager	- Softex

CENTRAL ADMINISTRATION

Sarah Matsa	Group Internal Audit Manager
Brighton Zivahama	Group Finance Manager

governance (cont'd)

DIRECTORS' REPORT

The directors approved the Directors' Report and the Financial Statements for the year ended 30 September 2019 on 17 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Group are outlined in Note 1 of the Notes to the Financial Statements.

SHARE CAPITAL

As at 30 September 2019, the authorised share capital of the Company remained unchanged at 800,000,000 ordinary shares while issued share capital remained at 472,802,874 ordinary shares.

DIRECTORATE

All directors eligible for re-election were re-elected at the Group's last Annual General Meeting held on 24 February 2019. The names of the directors appear on page 20.

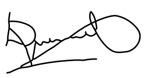
DIRECTORS' INTERESTS IN THE SHARE CAPITAL

The directors' beneficial interests in the shares of the Company

Name	2019	2018
T Utete Wushe	-	-
M Macheka	-	-
A M Chingwecha	-	-
O Mtasa	-	-
M Oakley	-	-
Y C Baik*	-	-

Mr Y C Baik* is a beneficial shareholder of Cranbal Investments (Pvt) Ltd and Silvermine Investments (Pvt) Ltd which directly hold 242,781,720 shares (2018: 242,781,720).

There has been no change in the directors' interests subsequent to 30 September 2019 to the date of this report.



A M Chingwecha
GROUP COMPANY SECRETARY
17 December 2019

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the Company are required to prepare financial statements for each financial year, which give a true and fair view of the financial position of the Company and the Group, and of the Group's financial results for the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then consistently apply them;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on a going concern basis unless it is inappropriate to assume that the Company and the Group will continue in business.

The accounting policies adopted in the preparation of the financial statements are consistent with those applied in the previous year, and conform to International Financial Reporting Standards (IFRS) with the exception of IAS 21 – "Effects of Changes in Foreign Exchange Rates" as described under note 3.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with relevant legislation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud.

GOING CONCERN

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing these financial statements.

Dr T Utete Wushe
CHAIRMAN
17 December 2019

M Macheka
GROUP CHIEF EXECUTIVE OFFICER
17 December 2019

SUSTAINABILITY PHILOSOPHY & IMPACTS

EXIDE SOLAR

sustainability philosophy and impacts

OUR STRATEGY

ART Holdings recognises the unpredictable nature of business today. We are faced with wide-ranging impacts and issues that challenge our capacity to operate in the long term. These include changes in regulatory environments, the elevation of new multidimensional risks such as climate change, resource scarcity, and new perspectives and expectations from stakeholders. The call for sustainability is clearer today than it has ever been. ART Holdings Limited in response to these issues has adopted the GRI Standards as a strategy to measure, understand, manage and communicate economic, social and environmental issues. We are in the process of embedding and aligning our operations across all subsidiaries and suppliers to reflect our sustainability principles. Capacity development across staff, management and executives will be reinforced as we continue to improve our sustainability performance.

SUSTAINABILITY GOVERNANCE

Our governance processes at ART Holdings Limited are critical in carrying out our sustainability strategy enabling us to achieve set goals and continuously improve our performance. The Board has the overall responsibility for sustainability at ART Holdings Limited and is supported by the Audit Committee. We have a select number of individuals spread across the Group with specialist knowledge about the business. These individuals provide input in key areas and report to the Chief Executive Officer.

We also rely on the knowledge and experience of external experts on sustainability to revolutionise our approaches and systems through independent advice and consulting services. A significant external advisor in our adoption of sustainability has been the Institute for Sustainability Africa (INSAF).

LOOKING FORWARD

This report sets the tone into the commitments and aspirations ART Holdings has set for itself in order to demonstrate our commitment to sustainability. We intend to set goals and targets for each material topic that we will hold ourselves accountable to. These will be supported by group-wide initiatives tailor made to the needs of each division. As we continue to enhance our reporting systems, we will ensure each division accounts for performance on each of the material issues and the steps taken to reduce impacts.

sustainability philosophy and impacts (Cont'd)

MANAGING MATERIAL TOPICS AND REPORTING PRACTICE

ART Holdings is a conglomerate whose operations cut across sectors, industries and countries. The size and complexity of our operations gives rise to a wide range of economic, social and environmental impacts which vary in significance to both the business and our stakeholders. To help us identify and prioritise issues that matter most to our business and stakeholders we use the materiality process.

A topic is material to ART Holdings if it reflects our significant economic, environmental and social impacts; or substantively influences the assessments and decisions of stakeholders. This approach of defining material topics is informed by the GRI Standards. The materiality process helps us develop our sustainability strategy and ensures we report on the issues of most interest.

In conducting this year's materiality analysis we assessed issues pertinent to the business and our stakeholders. We also analysed trends and issues raised by industry peers. The issues were compared and grouped according to the topics provided by the GRI standards. We then analysed the frequency at which the issues were raised by both the business and the stakeholders giving us the material issues in our operations. Key management was involved in validating and approving the significance of these issues to ART Holdings Limited. The followings issues were found to be material to the business and our stakeholders.

Our Materiality Approach

ECONOMIC	SOCIAL	ENVIRONMENTAL
Economic Contributions	Employment	Energy
Indirect Economic Impact	Community relations	Water
Procurement Practice	Occupational Health and Safety	Waste
Product responsibility	Materials	Emissions

ENGAGING WITH OUR STAKEHOLDERS

To achieve our goal of sustainability we need to engage and work in partnership with a wide variety of stakeholders. Engaging our stakeholders enables us to understand their needs and interests. We seek to be transparent about the way we run our business and how our products affect our stakeholders. This enables us to advance our operational approaches to better meet the expectations of our stakeholders and to focus our reporting on the issues that matter to them. The Board is the main custodian for managing company reputation and stakeholder relationships.

During the year we conducted a stakeholder mapping to identify key stakeholders to engage with. ART Holdings considers key stakeholders as those individuals or groups significantly affected adversely or positively by our operational activity, those who have an influence on what we do and those who have an interest in what we do. Key stakeholders groups fundamental to our ongoing success as informed by the mapping exercise are as follows:

- Employees (Employees of the Company)
- Government and Regulators (Government ministries and their regulators)
- Suppliers (Our suppliers, consultants, auditors and other service providers)
- Shareholders and Investors (Providers of capital-debt or equity investors)
- Consumers and Customers (Retailors that sell our products to consumers and users of our products)
- Communities (The people who work or live near our operations)
- Industry and trade associations. (Organisations founded by businesses that operate in similar industries with ART Holdings)

Management engaging stakeholders at an analyst briefing event

sustainability philosophy and impacts (Cont'd)

ENGAGING WITH OUR STAKEHOLDERS

Our Stakeholder Engagement Approach

Stakeholder	Engagement Method	Issues Raised	Our Response
Employees	Work council Monthly meetings	Cost of living adjustments and groceries Medical Aid Performance against set targets	Currently being implemented and being assessed on a continuous basis. Revision of contributions supporting employees. Consideration of self-funded medical scheme.
Government and Regulators	Personal meetings Lunch meetings	Changes in regulations Lobbying against exportation of scrap batteries Protection from counterfeits (Brand protection)	Continuous Risk Assessment of new and revised regulations and implementing mitigating controls to cushion against adverse impacts. Proactive programmes to catch offenders and prosecution of such people. Court proceedings have taken place with others with some still pending. Process is ongoing.
Suppliers	Meetings	Payment terms Quality of products/ services supplied	Constant negotiation of payment terms. Maintaining good relations and trading advantages e.g. economies of scale. Limit concentration risk and dependency where possible. Constant engagement on level of quality required. Evidence documented from Quality Control. Compensation where necessary when product is returned due to incorrect specifications or poor quality. Use of approved suppliers list.
Shareholders and Investors	Analyst briefings Annual General Meetings Newspaper Publications Letters	Dividend payments	Plans in place to begin dividend payments expected FY2021. Position being assessed at Board level.
Consumers and Customers	Lunch meetings, Roadshows, Radio, Emails, Phone calls & Competitions	Payment terms Pricing Product/ Service quality Product Availability	Reasonable negotiations with key customers by offering discounts for early payment. Striking a balance between being competitive and maintaining value of product. Always monitoring market movements in prices and responding accordingly. Continuous improvement in production process and abiding to strict requirements required by government. Constant training of employees to improve manufacturing efficiency. Quality control (SHEQ) at all divisions to constantly monitor quality. Consumer feedback channels are open and are actioned by departments. Engagement of ZESA to secure relatively stable operating times with electricity. Introduction of direct lines for some manufacturing sites. Investment in additional back-up generators. Introduction of production shifts as and when power is available.
Communities	Awareness campaigns CSR activities	Environmental friendliness of products (pollution, fumes) Community involvement	Engagement with authorities to regularise pollution from furnaces. Continuous renewal of EMA licences. Divisional CSR activities such as sponsoring sport tournaments, clean up campaigns etc. Assistance to Cyclone IDAI victims. Community involvement with respect to protecting plantations (timber) in return for firewood etc.
Industry and trade associations.	Conferences Meetings	Employee Welfare	Constant engagement with associations and consultations with lawyers.

We have developed consultation and communication tools aimed at maximising opportunities for feedback from stakeholders due to their varying characteristics. We seek to ensure that our communication tools are not one way but accommodate feedback in a transparent and truthful manner.

PROCUREMENT PRACTICE

Building partnerships with suppliers through respect and mutual trust is a tenet we believe in. Our suppliers are key partners in ensuring we deliver quality and reliable products to customers in a timely manner. The diverse nature of operations has resulted in the Group engaging an extensive number of suppliers locally and internationally. The limitations in the capacity of local players in providing key raw materials has resulted on our dependence in suppliers outside the borders of Zimbabwe where a huge portion of our manufacturing processes is based. We, however, make an effort to support local suppliers for the provision of a number of products and services for our administrative and manufacturing requirements. We are cognisant of the risks that our relationships with suppliers can bring to us and we continuously assess and monitor our procurement practices to ensure our relationship is sustainable.

Procurement Policy

It is imperative that we procure all our supplies in a sustainable manner to minimise risks. Various criteria are important in selecting providers of services and raw materials. Compliance to quality standards, and proven track records are key selection benchmarks that we use. We have a procurement policy in place that guides us in making decisions and practices enabling us to withstand internal and external scrutiny at all times. To ensure sustainability in our supply chain we vary the way we procure goods depending on value, complexity and risk involved. The procurement committee composed of the Board, finance and management representatives is responsible for the processes including awarding tenders, approving orders, and awarding contracts.

We also expect our people to uphold the Better Service Charter for Business rule which is a commitment to being the best customer to suppliers, and this is achieved through fair treatment of all suppliers, using clear and easy to understand documentation, consistent treatment of all suppliers and removing all barriers to good procurement.

The Group's tissue paper manufacturing facility in Kadoma

sustainability philosophy and impacts (Cont'd)

OUR ENVIRONMENT

ART Holdings Limited has a long-standing history as a trailblazer in environmental stewardship and conservation of natural resources. The Group recognises the limitations of our planet and the need to lower our emissions, to be energy efficient, to responsibly manage waste and efficient use of water. We are taking action on being responsible business stewards not only because of the pressures from stakeholders but because it is the right thing to do.

The diverse nature of our operations implies that we generate significantly variable impacts due to the multiplicity of our operations. Given this variability we have appointed Safety, Health, Environmental and Quality Specialists at each division to enable streamlined and specialised management of environmental issues. The General Managers have the overall responsibility for management of environmental issues and report directly to the Chief Executive Officer on their performance. The Audit Committee oversees performance and governance process for all safety, quality and environmental management issues. The environmental topics critical to our Group include:

- Energy consumption
- Emissions
- Waste management
- Water usage
- Materials

ENERGY CONSUMPTION

Our operations are heavily dependent on grid energy for running our plants and facilities. However, due to the frequency of power cuts we have installed backup batteries and diesel generators to cater for our energy needs in the event of power outages. The high energy demands for our operations entail high costs in purchasing and storage of energy, as such it is critical for us to efficiently use energy in our operations. Currently our energy needs are being partly met from non-renewable energy sources.

Energy Consumption within the organisation for the manufacture of primary products and services

Energy Indicator	Unit	2019	2018
Electricity	KwH	8,807,658	8,355,323
Coal	Kgs	2,157,267	2,155,246
Fuel for generators - Diesel	Litres	216,275	161,537
Fuel for generators - Petrol	Litres	1,925	40
Furnace fuel oil	Litres	753,635	823,986

Electricity usage was higher in 2019 than in 2018 because of frequent machine stoppages due to power cuts and machine breakdowns. The power outages in turn resulted in more fuel consumption in running generators for backup power. The focus on selling processed sawn timber rather than unprocessed round wood requires more energy.

OUR ENVIRONMENT (cont'd)

Fuel Consumption outside the manufacturing process.

Energy type	Unit	2019	2018
Diesel	Litres	115,772	133,157
Petrol	Litres	107,795	87,008

Manpower movement in the Group resulted in a higher number of individuals receiving fuel allocations hence the increase in fuel consumption.

EMISSIONS

Climate change is increasingly becoming a threat to operations. As regulations continue to strengthen legislation on emissions and carbon taxes, it is imperative for us to manage our emissions. Climate Change has also exacerbated extreme weather which is likely to disrupt supplies of raw materials, destroy operational facilities, manufacturing plants and plantations. We recognise the significance of climate and we are committed to manage fossil energy consumption to reduce our contribution to climate change. Our plantations play a significant role as a carbon sink.

WATER

Water is critical in the manufacturing and use of our products. We interact with water in a number of ways as a raw material for the manufacturing of products, as a coolant in our manufacturing process, providing sanitation and drinking water in our facilities. We understand that water is essential for life hence the need to use it efficiently. Limitations on the quality and availability of water also threatens our ability to meet consumer needs. We appreciate that in the areas we operate our water usage affects the amount of water available for the communities and other stakeholders that share this resource with us hence it is critical for us to manage this resource effectively.

Water Management Approach

We have a number of initiatives for managing water in our operations depending on how water intensive the operations are. We always encourage our employees to ensure they don't leave taps running and to report all leaks. Kadoma Paper Mills is the largest consumer of water in the Group due to the paper manufacturing process. We have installed a water treatment plant for recovery of water contaminated with waste. The effluent generated from the production process is highly contaminated with sediments and organic compounds which are toxic if disposed of in the environment. The waste treatment provides for the clarification and removal of biological oxygen demand, allowing for reuse of the water in the plant or disposal into the environment.

Water treatment plant for recovery of water contaminated with waste

sustainability philosophy and impacts (Cont'd)

OUR ENVIRONMENT (cont'd)

Water Consumption outside the manufacturing process.

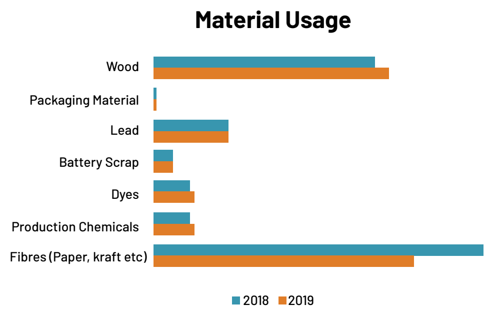
Water source	Divisions measuring	Unit	2019	2018
Surface water (dams)	MBPM	Cubic Metres	5,400	5,760
Underground (borehole)	Eversharp	Cubic Metres	520	520
Municipal water supplies	KPM, Eversharp, Battery Division, Chloride Zambia	Cubic Metres	174,162	119,806

The values indicated above illustrate water consumption from divisions where the information was available and as we continue to improve data collection, group-wide water withdrawal data will then be provided.

MATERIALS

We manufacture and assemble our products at facilities located in Zimbabwe. We use a variety of materials to make our products and many people interface with these raw materials as they are provided to us. Responsible procurement of raw material can help mitigate unsustainable behaviours in our supply chain. Increased scrutiny on how our products are produced and supplied to us can help protect the planet and protect the workers who are involved in supplying these materials. Efficiency in our processing systems also alleviates the constant demand on the environment to provide these materials to us. The primary raw materials to manufacture our products include lead, fibres, production chemicals , wood , and battery scrap. To meet the high quality requirements of our product we use inspections and quality assessments. We purchase these raw materials locally and throughout the world.

Material	Unit	2019	2018
Fibres (Paper, kraft etc)	Tons	17,333	21,978
Production chemicals	Tons	2,724	2,411
Dyes	Tons	205	340
Battery Scrap	Tons	1,300	1,276
Lead	Tons	5,010	4,980
Packaging material	Tons	48	59
Wood	M3	15,691	14,744



Waste paper was lower in 2019 than in 2018 attributable to production volumes that were lower due to machine inefficiencies and frequent power outages in the last quarter of the year. Economic challenges resulted in reduced consumer buying patterns hence less waste paper, intense competition, lack of foreign currency to facilitate production of goods, packaging materials such as plastic instead of card box by manufacturers for instance Nestle. Wood resource volumes were up in 2019 as we outsourced timber to preserve our resource

OUR ENVIRONMENT (cont'd)

RECYCLING

Recycled material is a key part of our manufacturing, helping reduce the continued extraction of virgin raw materials from the environment. National Waste Company is the key consumer of waste paper in the Group. By collecting and processing waste paper we have helped companies divert waste from the landfill, easing pressure on land and contributing to the reduction of greenhouse gas emissions from decaying materials. Tissue & Kraft waste is collected for baling by National Waste Collections and subsequently recycled at the Kadoma Paper Mill in the manufacture of 100% recycled tissue reels and kraft products. The table illustrates the proportions of recycled material used in our manufacturing process.

Percentage of recycled input material used to manufacture the Group's primary products

Materials	2019	2018
Fibres (paper, plastic and PET)	90%	90%
Local waste paper	69%	75%
Imported waste paper	31%	25%
Lead batteries scrap	3.09%	2.35%
Scrap batteries	70%	70%
Tissue paper	71%	71%

There was a higher usage of imported waste paper in 2019 in line with increased exports

WASTE MANAGEMENT

Our key waste types include non- hazardous -packaging waste, saw dust and hazardous dyes, lead from batteries. We have adopted the waste management hierarchy in our waste management process to ensure we harness or capture value in the waste before considering disposing of the material. In the event that disposal is the only option available we ensure that we abide to statutory regulations for waste disposal.

Waste Type	Unit	2019	2018
Solid waste sold for recycling	Tons	1,283	1,027
Solid waste sent to dump site	Tons	99	161
Stock preparation rejects	Tons	47	53
Saw dust heaped on site and offcuts burnt	Tons	9,415	9,584

sustainability philosophy and impacts (Cont'd)

OUR ENVIRONMENT (cont'd)

HAZARDOUS WASTE

Our hazardous waste is generated mostly from the Battery Division and Eversharp, this material is derived from production chemicals, dyes, inks and lead.

Disposal mechanism	Unit	2019
Recycled	Tons	1.3
Incineration	Tons	0.71

NON- HAZARDOUS WASTE

The majority of waste generated by the Group is in the form of non-hazardous paper, and plastics, sawdust and offcuts. The greater portion of this waste is in the form sawdust and offcuts which is stored onsite and later burned, the remaining recyclable components are sent to National Waste Company.

DETERMINATION OF WASTE DISPOSAL METHOD

The disposal mechanism was determined by management on the following criteria

- Recovery options available.
- Cost of disposal method.
- Legal procedures for disposing of the waste.
- Prevention of reuse of rejected products.

The mechanisms above were found to be effective in the Group waste management processes.

Installation work of a new filtration plant at the batteries division

OUR PEOPLE

The strength of ART Holdings lies in our commitment to putting our people first. We value the people that make ART Holdings what it is today; the employees who interface directly with our stakeholders daily and work tirelessly each day to source, produce and deliver our products to our customers. Attracting and retaining employees of the highest calibre enables us to achieve our objectives. Creating an environment where our people thrive, grow and explore their talents in an inclusive manner is a key pillar in our human resources management. We acknowledge that we operate in a constrained environment typified by unemployment, low disposable incomes and limited opportunities for the youth and women. Our business can shield these challenges by providing opportunities for the youth and women, while providing competitive remuneration packages.

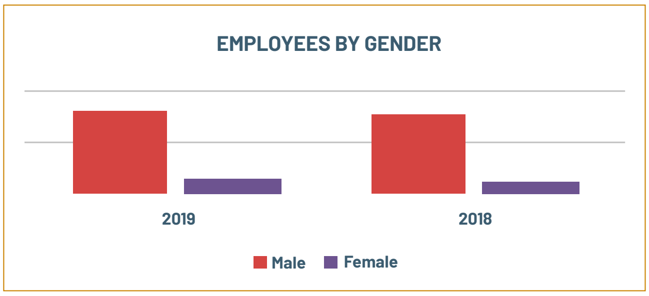
It is critical for us to be represented by people who uphold our core values as ART Holdings. We want our stakeholders to get uniform treatment across all levels, we provide induction trainings and refresher trainings on an ad hoc basis to inculcate the ART Holdings values and way of doing business in each individual that is employed by us. We also expect high standards from our leadership and management.

MANAGEMENT APPROACH

Talent and Skills Management

ART Holdings appreciates the changes in the human capital sphere, employees' needs are constantly evolving. It is also key for our organisation to evolve in order to meet the needs of our people in terms of the work environment they thrive in and the skills they require to enable our organisation to continuously be relevant into the future.

Logging at Mutare Estates Plantation



Employees	Unit	2019	2018
Male	Count	731	690
Female	Count	133	112
Total employees		**864**	**802**

sustainability philosophy and impacts (Cont'd)

OUR PEOPLE (cont'd)

Permanent and Contract employees

Indicator	Unit	2019	2018
Permanent	Count	548	558
Contract	Count	316	244
Total Permanent and Contract employees		864	802

Our Human Capital management practitioners are working hard to develop strategies that elevate our people. We provide on the Job development training, mentoring and coaching and employee study support. Through our on the job training we help students from universities, polytechnics and other colleges to get work experience through our organisation. Often these students end up getting full time jobs after completing their studies. Through our mentoring and coaching facilities we prepare junior staff for management and leadership. Employees who seek to advance their studies while working for ART Holdings are provided with support to enable them to upgrade their skills.

DIVERSE AND INCLUSIVE WORKFORCE

Embracing differences is a significant part our commitment to diversity and inclusion in the way we operate. Vulnerable groups in the communities we operate in continue to have limited access to opportunities such as employment. We also appreciate the benefits of having a diverse and inclusive workforce and how it stimulates different views and ways of thinking. The Group is committed to creating careers at all levels, regardless of background, race or gender.

Employees	Unit	2019	2018
Male	Count	68	71
Female	Count	15	20
Total new employees		83	91
Age Group			
Under 30years	Count	61	60
30-50 years	Count	26	30
Over 50years	Count	1	1

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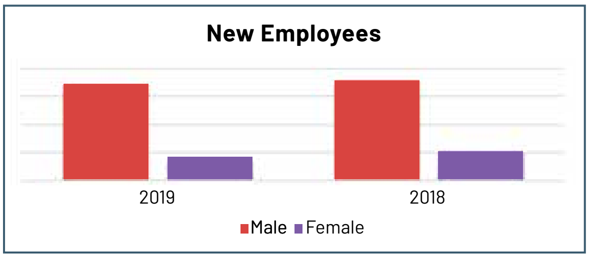
OUR PEOPLE (cont'd)

Development training, mentoring and employee study support at the paper division

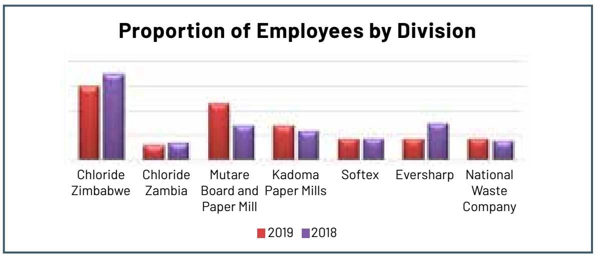
REMUNERATION AND REWARD

The Group's employment policy emphasises providing opportunity for all and seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their job and is embraced by participative programmes designed to achieve appropriate communication and sharing of information between employer and employee. The policies include appropriate training, recruitment targets and development programmes.

New employees



Proportion of Employees by Division



sustainability philosophy and impacts (Cont'd)

OUR PEOPLE (cont'd)

NEW EMPLOYEES

Division	Unit	2019	2018
Chloride Zimbabwe	%	30.0	35.0
Chloride Zambia	%	6.0	7.
Mutare Board and Paper Mill	%	23.0	14.0
Kadoma Paper Mills	%	14.0	12.0
Softex	%	9.0	9.0
Eversharp	%	9.0	15.0
National Waste Company	%	9.0	8.0

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

ART Holdings is committed to the promotion of human rights and good labour practices. As part of this commitment we allow freedom of association and collective bargaining agreements in our operations. These enable the realisation of decent working conditions in our Company. Employees are free to join associations of their choosing. Currently 66% of our employees are covered by collective bargaining agreements.

Employees under collective bargaining processes

Indicator	Unit	2019	2018
Male	Count	567	579
Female	Count	54	68
Total employees		621	647

Part of the Group's forestry asset in Mutare

OUR PEOPLE (cont'd)

TRAINING AND DEVELOPMENT

Average hours of training

Division	Unit		2019		2018
		MALE	FEMALE	MALE	FEMALE
National Waste Company	Hours	14	9	18	5
Kadoma Paper Mills	Hours	2	17	3	13
Mutare Board and Paper Mills	Hours	16	16	16	16
Softex	Hours	20	10	7	12
Eversharp	Hours	5	18	30	20
Battery Division	Hours	3	42	2	48
Chloride Zambia	Hours	45	45	37	37

OCCUPATIONAL HEALTH AND SAFETY

Our operations can impact the health and safety of our people. We want our people to be able to live and work free of the threats of injuries and accidents. Our responsibility for health and safety is not only limited to our people but also to the consumers of our products and the communities who live near our operations. We acknowledge our obligation and are committed to manage all forms of hazards that can affect our stakeholders.

Each division has responsibility for managing key safety and health issues related to their operations. The table below illustrates the hazards that are significant across our operations:

Significant Hazards Across Operations

High Risk Hazard	Divisions affected	Determination mechanism	Actions taken to eliminate the hazard
Fire	National Waste Company (NWC) Kadoma Paper Mills (KPM) Mutare Board and Paper Mills (MBPM)	Nature of stock and assets i.e. Paper Plantations and Timber. Temperature control	Fire fighter training Fire Drills Fire guards Smoking and open fire restrictions
Dust	NWC KPM Softex	Nature of raw materials (NWC) Dust measurement surveys	Protective equipment (Dust masks) Extrusion system (Softex)
Machine moving parts	Softex	Observation	Machine guarding.
Noise	Softex Eversharp	Risk assessment hygiene survey	Protective Equipment
Lead exposure Exposure to chemicals Physical hazards	Battery divisions	Hazard Identification and Risk Assessment. Test Analysis (Chloride Zambia)	Engineering controls Personal protective equipment Training 2 year Lead in blood sampling test to monitor exposure.

sustainability philosophy and impacts (Cont'd)

OUR PEOPLE (cont'd)

OCCUPATIONAL HEALTH AND SAFETY

Significant Injuries encountered

The main types of injuries encountered during year are as follows

- Cuts and Burns
- Vehicle accidents
- Staircase falls
- Finger injuries from road traffic accidents
- Soft tissue injuries and chemical eye injuries

Health and Safety topics covered by collective bargaining agreements

- Duties of the employer
- Duties of the supervisor
- Duties of the employee
- Protective clothing provision
- Lead in blood testing
- Work ergonomics

Safety Performance

ART Holdings Employees			
Indicator	**Unit**	**2019**	**2018**
Fatality	Count	0	0
Lost time injuries	Count	576	888
Recordable work related injuries	Count	30	38
Number of hours worked	Hours	863 292	537 028

Third party employees			
Indicator	**Unit**	**2019**	**2018**
Fatality	Count	0	0
Lost time injuries	Count	0	68
Recordable work related injuries	Count	12	16
Number of hours worked	Hours	28	182

sustainability philosophy and impacts (Cont'd)

OUR IMPACT IN THE COMMUNITY

The people that live and work near our operations constitute what we call our community. This is where our colleagues live, where our customers come from and where our shareholders invest in. We are an active citizen in the communities we operate in. We endorse the principle of corporate social responsibility that no business exists in isolation but we are an integral element of the society in which we operate, to which we owe certain responsibilities. The variability in location, cultures and languages of our communities has led us to place responsibility for community engagements at divisional level. We are in the process of transitioning our social responsibility approach from a philanthropic approach to addressing impacts arising from our operations and also to address some of the global challenges we face as a society. We seek to leverage our corporate social responsibilities for transforming communities and as a way of giving back for their support for our business.

CHLORIDE ZIMBABWE

SOCIAL RESPONSIBILITY PROGRAMMES 2019

This year's community activities focus was on good health, providing entertainment, nurturing talent and building relationships. The following activities were conducted in line with our focal strategy.

Exide Longest Drive Golf Day

An Exide-sponsored tournament which comprised of 64 amateur golf players, held at the Triangle Country Club on the 2nd of November 2019. The cost was approximately ZWL 134 000.

The aim was to provide entertainment and build relationships with the business community in the lowveld.

Sevens Rugby Tournament

The second edition of the Exide Sevens Rugby kick started on the 26th of October 2019, the tournament is fully sponsored by Exide. The 2019 edition of the Exide Sevens Rugby has 26 participating teams. The finale was on the 23rd of November 2019. The tournament hosted by XP Horns at the Belgravia Sports Club aims to develop talent and keep the youths occupied. It's good for their health and prevents them from indulging in vices that destroy careers and harm their health.

The cost for the Exide Sevens Rugby amounted to ZWL110 000.

sustainability philosophy and impacts (Cont'd)

OUR IMPACT IN THE COMMUNITY (cont'd)

CHLORIDE ZIMBABWE

SOCIAL RESPONSIBILITY (cont'd)

Global Dance Supreme Zimbabwe-Harare qualifiers

Exide sponsored the Global Dance Supreme Zimbabwe-Harare qualifiers. The event was at the National Ballet Centre on the 23rd of June 2019. The cost for this sponsorship was ZWL$ 1 000. The Global Dance Supreme Zimbabwe is organised by the local group called Break Nation. The 7 Harare qualifiers participated in the Global Dance Supreme competition in Johannesburg, South Africa in September 2019 courtesy of Exide. The cost for this sponsorship was ZWL$30, 600. It included their 6-day stay in South Africa.

Cricket

Exide also sponsored the St Georges 20/20 Cricket in 2019. Cost was ZWL$ 10000 for the kit for Christian Boys College. The event was done in August 2019.

EVERSHARP

SOCIAL RESPONSIBILITY

Social Responsibility Programmes 2019

Activity	Amount
1. Prince Edward Basket Ball Tournament	ZWL$60 000
2.Parinodira Festival	ZWL$8 000
3. Donations Directed to Schools	ZWL$5 934

OUR IMPACT IN THE COMMUNITY (cont'd)

NATIONAL WASTE COLLECTION COMPANY
SOCIAL RESPONSIBILITY

Social Responsibility Programmes 2019

Activity	Dates
1. Lake Chivero clean-up with Presidium	February 2019
2.Southlea Park clean-up with Presidium	March 2019
3. Epworth clean-up with MMCZ	May 2019
4. Braeside clean-up with Spar	October 2019

The Presidium attending a clean-up campaign organised by National Waste Collection.

MUTARE BOARD AND PAPER MILLS
SOCIAL RESPONSIBILITY

Summary of Activities

Beneficiary	Purpose	Amount (ZWL$)
College of Forest	Academic Awards	150
Cyclone Idai Victims	Humanitarian donation	9,420
Mutasa Rural District Council	Heroes Day Commemoration donation	400
Total		**9,970**

In addition to the activities above we also support the Chief, Headman and the surrounding communities monthly and allow them to obtain firewood around the estate.

Mutare Board and Paper Mills management presenting a donation for Cyclone Idai victims to Manicaland Resident Minister Hon Ellen Gwaradzimba.

sustainability philosophy and impacts (Cont'd)

OUR IMPACT IN THE COMMUNITY

CHLORIDE ZAMBIA

SOCIAL RESPONSIBILITY

Summary of Activities

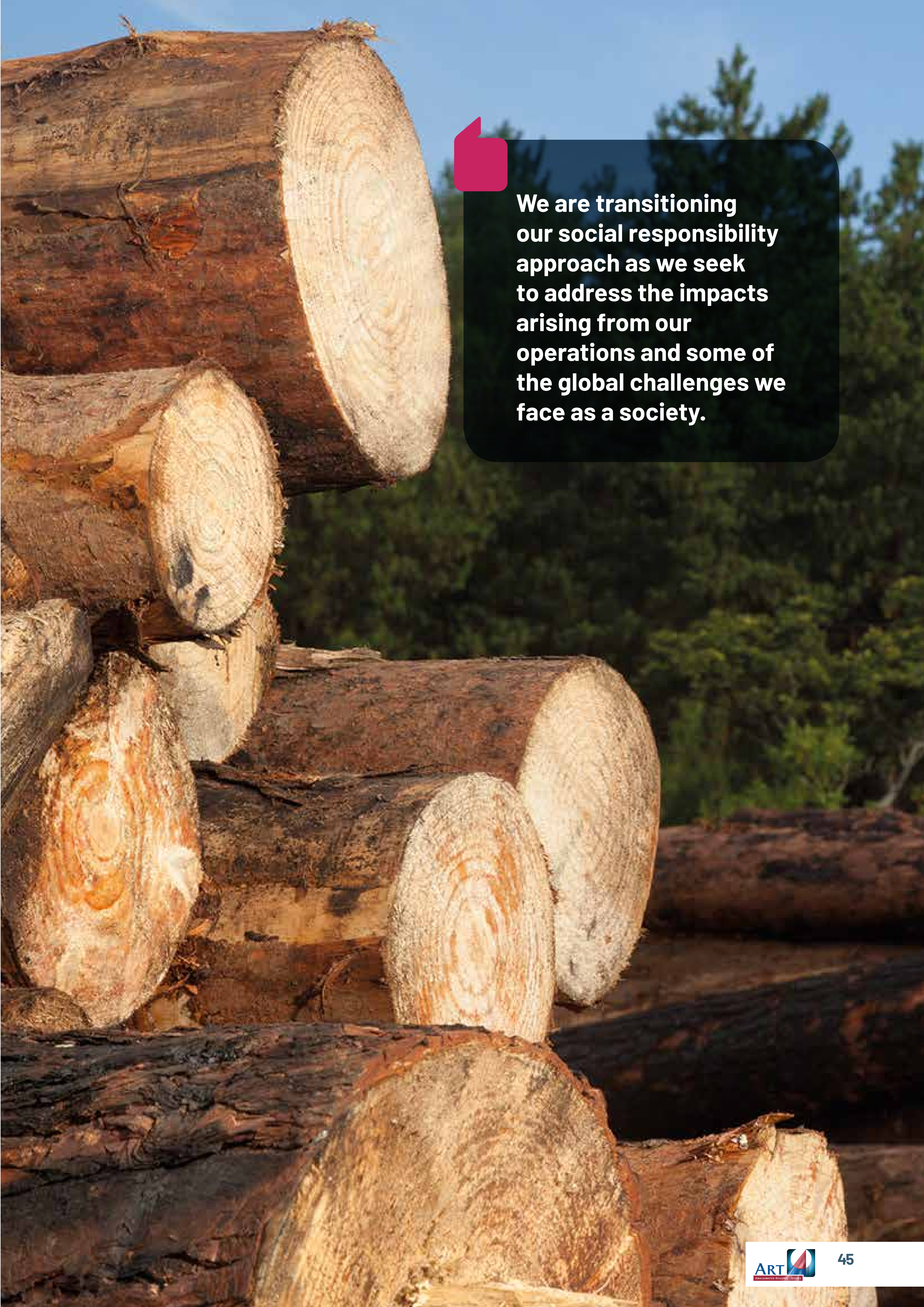
- Battery clinics
- Participation in solar education and outreach through Exide Express Branches
- Clean-up campaigns in communities where we collect battery scrap

SOFTEX

SOCIAL RESPONSIBILITY

Summary of Activities

- Partnered with Spar Zimbabwe for their rainbow fun run as a gold sponsor towards Childline Zimbabwe.
- Partnered with marketers Association of Zimbabwe in donating towards the Cyclone Idai victims (Donated toilet paper, paper towels and cotton wool)
- Partnered NWC in National Clean-Up Initiative (Lake Chivero)



We are transitioning our social responsibility approach as we seek to address the impacts arising from our operations and some of the global challenges we face as a society.

sustainability philosophy and impacts (Cont'd)

ECONOMIC CONTRIBUTIONS

We are operating in an environment heavily limited by economic and inflationary pressure which challenges us in terms of the value we can generate. ART Holdings has remained resilient amid the economic pressure and continues to demonstrate exceptional performance in a constrained environment. The performance is key for us in adding value to our various stakeholders through, for instance, payments to governments, shareholders, suppliers and employees. We are committed to increasing the wealth generated and distributed to our stakeholders while being transparent in terms of information disclosure.

MANAGEMENT APPROACH

We are prioritising value preservation as the economic challenges in our operating environment are expected to persist. We have also improved efficiencies following the retooling of the business, taking opportunities in new product lines in order to broaden our customer base.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The wealth that we create through our business is subsequently distributed across to our stakeholders. The difference between the value generated and distributed is the economic value retained by ART Holdings for further developing the business.

Value Added Statement	2019 (ZWL$) Inflation Adjusted "000"	2019 (ZWL$) Historical "000"	2018 (ZWL$) Inflation Adjusted "000"	2018 (ZWL$) Historical "000"
Economic Value Generated (Gross Profit)	138,031	88,504	82,496	18,199
Other Incomes and Interest Earned	4,693	2,910	3,828	844
Equity Accounted Earnings and other gains	383,530	341,264	6,554	1,080
	526,254	**432,678**	**92,878**	**20,123**
Value Distribution				
Employee remunerations and benefits	(21,602)	(13,816)	(14,458)	(9,247)
Operating Costs	(37,720)	(29,995)	(36,558)	(1,039)
Providers of capital and finance	(7,208)	(4,054)	(4,618)	(1,018)
Depreciation and Amortisation	(41,883)	(35,377)	(2,817)	(1,418)
Provisions for taxes	(159,177)	(109,952)	(3,694)	(815)
	(267,590)	**(193,194)**	**(62,145)**	**(13, 537)**
Value added	**258,664**	**239,484**	**30,733**	**6,586**

ECONOMIC CONTRIBUTIONS (Cont'd)

PAYMENTS TO GOVERNMENT

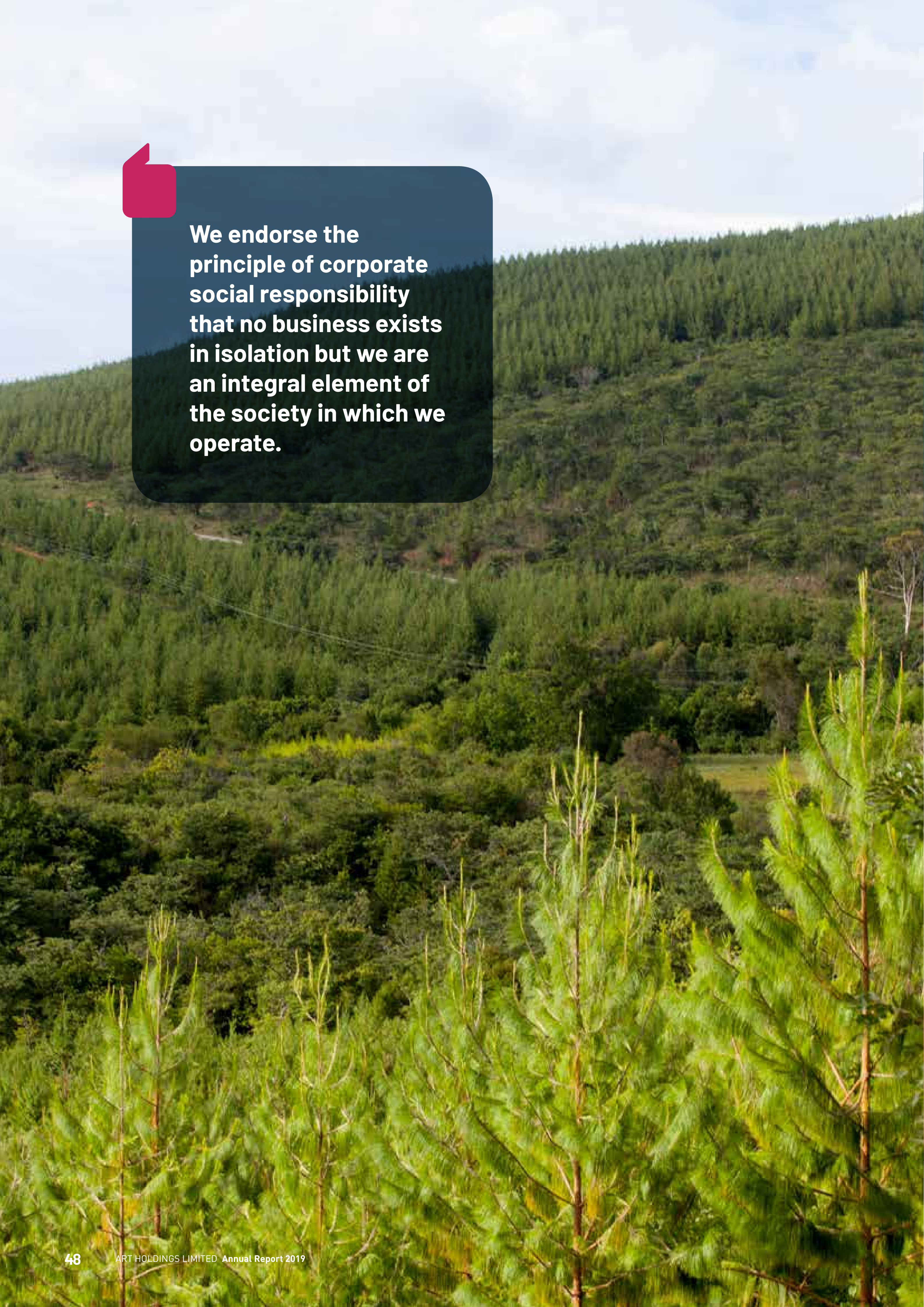
ART Holdings generates revenue for the government through taxes paid to regulators and other government authorities. Transparency on tax payments ties governments, communities and businesses together and is important in advancing good governance. The taxes we pay can be used by the government to provide its citizens with infrastructure and services that improve their quality of life.

Taxes Paid	2019	2018
Value Added Tax (VAT)	13,131,243	3,287,087
Import Duty	2,494,280	1,188,199
PAYE	3,407,025	1,940,499
Withholding Tax	133,183	277,953
Fines	99,873	63,415
Aids Levy	57,777	27,620
Income Tax	751,000	-
Total	**20,074,381**	**6,784,773**

Defined Benefits/ Contributions

Employees are obligated under the NSSA regulations to be a member of a pension fund. The fund is financed by both ART Holdings and the employee. We take our responsibility of ensuring that contributions are deducted and paid to NSSA seriously. In compliance to regulations the table below illustrates the pension contributions.

Indicator	2019	2018
Total Number of Permanent Employees	555	569
National Social Security Authority (NSSA) Contributions	369,396	300,149



We endorse the principle of corporate social responsibility that no business exists in isolation but we are an integral element of the society in which we operate.

FINANCIAL REPORTS

declaration and certificate of compliance

CERTIFICATE OF COMPLIANCE BY THE GROUP COMPANY SECRETARY

In my capacity as Group Company Secretary of Art Holdings Limited and its subsidiary companies, I confirm that in terms of the Zimbabwe Companies Act (Chapter 24:03), the Company lodged with the Registrar of Companies all such returns as are required of a public quoted company in terms of this Act, and all such returns are true, correct and up to date.

A M Chingwecha
GROUP COMPANY SECRETARY
17 December 2019

DECLARATION BY THE GROUP CHIEF FINANCE OFFICER

These financial statements have been prepared under the supervision of the Group Chief Finance Officer, Abisai M Chingwecha, a member of the Association of Chartered Certified Accountants, and registered with the Public Accountants and Auditors Board, as a registered public accountant, certificate number 00197.

A M Chingwecha
GROUP CHIEF FINANCE OFFICER
17 December 2019

EY
Building a better working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 750707 or 773842
E-mail: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of Amalgamated Regional Trading Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Amalgamated Regional Trading Holdings Limited (the Group), as set out on pages 56 to 132, which comprise the consolidated statement of financial position as at 30 September 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the financial position of the Group as at 30 September 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Date of change in functional currency - Non-compliance with IAS 21 and resultant inconsistency with IAS 29

As explained in note 2 to the consolidated financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 October 2018 to 22 February 2019 and the Real Time Gross Settlement Dollars (RTGS$) and Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 30 September 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

independent auditor's report

Based on International Accounting Standard IAS 21-The Effects of Changes in Foreign Exchange Rates ("IAS 21") the functional currency of an entity is *the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it*. In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it *"must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."*

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018. This impacts the basis for measuring transactions that occurred between 1 October 2018 and 22 February 2019,

Accordingly, the consolidated financial statements of the Group include balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2X to the consolidated financial statements.

Notwithstanding that IAS 29 has been applied from 1 October 2018 to 30 September 2019 correctly, it is noted that this is inconsistent with the incorrect assertion by management that the change in functional currency date is 22 February 2019 as described above.

<u>Exchange rates (Non-compliance with IAS 21)</u>
For the period 1 October 2018 to 22 February 2019 the financial statements of the Group included balances and transactions denominated in USD that were not converted to ZWL at an exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because Management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2019, 20th of February 2019 and 1st of October 2018. We believe that transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL: US$ exchange rate.

On the 23rd of February 2019, being the date of change in functional currency for the Group, management translated some balances using an exchange rate of 1ZWL:1US$ and others using the interbank rate of 2.5ZWL:1US$. Subsequently the Group applied relevant interbank rates up to 30 September 2019 for foreign denominated transactions, monetary assets, monetary liabilities, investment property and property, plant and equipment.

The exchange rates used did not meet the criteria for appropriate exchange rates in terms of IFRS as defined below:

According to IAS 21, at the end of each reporting period; *(a) foreign currency monetary items shall be translated using the closing rate; (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.* According to paragraph 8 of IAS 21, the closing rate is defined as *a) spot exchange rate at the end of the reporting period, and b) Spot exchange rate is the exchange rate for immediate delivery.*

In light of the definitions above, the IFRS interpretations Committee concluded in their September 2018 paper that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US$ and the RTGS$/ZWL used by the Group (1:1) for the period 1 October 2018 to 22 February 2019, 1:2,5 for the translation to functional currency on 22 February 2019 of monetary assets and liabilities and 1:15,1653 for all monetary assets and liabilities and non-monetary assets namely investment property and property, plant and equipment did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above. Had the correct rate been used, most balances would have been materially different.

The effects of the above departures from IFRS are material and pervasive to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, the Chief Executive Review of Operations, Group Financial Review, Sustainability Philosophy Report, Corporate Governance Report, Directors' Report, Directors' Responsibility for Financial Reporting, Certificate of Compliance by Group Company Secretary and Declaration by Group Chief Finance Officer but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 - Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the above reports affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

independent auditor's report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

independent auditor's report

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Constance Chakona (PAAB Practising Certificate Number 431).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Audit

Harare
19 December 2019

consolidated statement of profit or loss & other comprehensive income

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	Hyper Inflated 2019 ZWL$000	Hyper Inflated 2018 ZWL$000
Revenue from contracts with customers	8	**267,331**	**212,435**
Cost of sales		(129,300)	(129,939)
Gross Profit		**138,031**	**82,496**
Other income	8.1	4,614	3,826
Selling and distribution expenses		(14,127)	(12,470)
Administration expenses		(46,213)	(40,856)
Total Operating expenses		**(60,340)**	**(53,326)**
Operating profit before fair value adjustments & impairments	10	**82,305**	**32,996**
Share of joint venture & associate profit	34	8,338	1,922
Fair value adjustments on investment property	18	64,786	2,078
Fair value adjustments on biological assets	15	63,353	898
Foreign exchange loss		(21,982)	(7,260)
Net monetary gain		15,390	-
Operating Profit before interest and tax		**212,190**	**30,634**
Interest income		83	3
Finance costs	12	(7,208)	(4,618)
Profit before tax		205,065	26,019
Income tax expense	11.1	(104,818)	(1,397)
Profit after tax		**100,247**	**24,622**
OTHER COMPREHENSIVE INCOME			
Items that may not be reclassified subsequently to profit or loss:			
Surplus on revaluation of property, plant and equipment (net of tax)	11.3	156,740	6,624
Items that may be reclassified subsequently to profit/loss:			
Translation of foreign subsidiaries		5,126	(462)
Fair value adjustments on available for sale investments	17	-	(45)
Total other comprehensive income for the year, net of tax		**161,866**	**6,117**
Total comprehensive income for the year		**262,113**	**30,739**
Basic Earnings per Share	13	21.20	5.21
Diluted Earnings per share	13	21.20	5.21
Headline Earnings per Share	13	1.08	4.62

consolidated statement of financial position

AS AT 30 SEPTEMBER

	Notes	Hyper Inflated 2019 ZWL$000	Hyper Inflated 2018 ZWL$000
ASSETS			
Non-current assets			
Property, plant and equipment	14	285,717	69,562
Investment property	18	82,057	17,271
Biological assets	15	84,756	20,677
Financial assets	17	-	322
Investment in joint venture and associate	34	13,559	5,308
		466,089	**113,140**
Current assets			
Inventories	20	104,159	30,145
Trade and other receivables	21	48,909	24,816
Cash and cash equivalents	22	6,691	8,793
		159,759	**63,754**
TOTAL ASSETS		**625,848**	**176,894**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	213	213
Share premium	23	19,844	19,844
Accumulated profit		167,029	68,875
Non-distributable reserves	24	164,608	3,064
		351,694	**91,996**
Non-current liabilities			
Interest-bearing loans and borrowings	19	771	17,105
Deferred tax liabilities	26	145,057	10,562
		145,828	**27,667**
Current liabilities			
Trade and other payables	27	78,272	39,241
Provisions	27.1	2,247	1,160
Income tax payable	11.2	24,812	4,339
Interest-bearing loans and borrowings	19	16,730	10,129
Bank overdrafts	19.1	6,265	2,362
		128,326	57,231
Total liabilities		**274,154**	**84,898**
TOTAL EQUITY AND LIABILITIES		**625,848**	**176,894**

T Utete Wushe
CHAIRMAN
17 December 2019

M Macheka
CHIEF EXECUTIVE OFFICER
17 December 2019

consolidated statement of changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER

Hyper-inflated	Share Capital ZWL$000	Share Premium ZWL$000	Available for Sale ZWL$000	Revaluation ZWL$000	Share Option ZWL$000	Foreign Currency Translation ZWL$000	Retained Earnings ZWL$000	Total ZWL$000
30 September 2017	**213**	**19,844**	**367**	**40,461**	**163**	**2,824**	**(2,615)**	**61,257**
Profit for the year	-	-	-	-	-	-	24,622	24,622
Other comprehensive income	-	-	(45)	6,624	-	(462)	-	6,117
Elimination of revaluation reserve – IAS 29	-	-	-	(46,868)	-	-	46,868	-
30 September 2018	**213**	**19,844**	**322**	**217**	**163**	**2,362**	**68,875**	**91,996**
Effects of adopting IFRS9	-	-	-	-	-	-	(2,415)	(2,415)
Restated opening balances	**213**	**19,844**	**322**	**217**	**163**	**2,362**	**66,460**	**89,581**
Profit for the year	-	-	-	-	-	-	100,247	100,247
Other comprehensive income	-	-	-	156,740	-	5,126	-	161,866
Transfer between reserves	-	-	(322)	-	-	-	322	-
30 September 2019	**213**	**19,844**	**-**	**156,957**	**163**	**7,488**	**167,029**	**351,694**

consolidated statement of cash flows

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	Hyper Inflated 2019 ZWL$000	Hyper Inflated 2018 ZWL$000
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash generated from operations	31	**23,516**	**18,831**
Interest income		83	3
Finance costs	12	(5,563)	(4,618)
Income tax paid	11	(884)	(1,301)
Cash generated from operating activities		**17,152**	**12,915**
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	14	(8,246)	(9,837)
Costs capitalised to biological assets	15	(4,423)	(5,770)
Proceeds on disposal of property, plant and equipment		87	555
Dividends received		87	276
Cash utilised in investing activities		**(12,495)**	**(14,776)**
FINANCING ACTIVITIES:			
Proceeds from borrowings		7,738	16,574
Repayment of borrowings		(18,400)	(8,911)
Cash (used)/generated from financing activities		**(10,662)**	**7,663**
(Decrease)/increase in cash and cash equivalents		**(6,005)**	**5,802**
Net foreign exchange differences		-	162
Cash and cash equivalents at the beginning of the year		6,431	467
Cash and cash equivalents at the end of the year		**426**	**6,431**
Comprising:			
Cash resources	22	6,691	8,793
Overdrafts	19.1	(6,265)	(2,362)
Cash and cash equivalents at 30 September		**426**	**6,431**

notes to the financial statements

1. CORPORATE INFORMATION

The consolidated financial statements of Amalgamated Regional Trading (ART) Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 30 September 2019 were authorised for issue in accordance with a resolution of the directors on 17 December 2019. ART Holdings Limited is incorporated in the British Virgin Islands and its shares are publicly traded on the Zimbabwe Stock Exchange through its regional subsidiary ART Zimbabwe Limited.

The main activities of the Group throughout the year were the manufacture and distribution of paper products, stationery and lead acid batteries. The Group's principal place of business is 202 Seke Road, Graniteside, Harare. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 17, and on other related party relationships of the Group is provided in Note 32.

2. BASIS OF PREPARATION

The consolidated financial statements have not been prepared in accordance with International Financial Reporting Standards "IFRS" due to non compliance with IAS 21 - "Effects of changes in foreign currency rates. TheGroup complied with the Zimbabwe Companies Act (Chapter 24:03), and the Zimbabwe Stock Exchange (ZSE) Listing requirements. The Group, in compliance with Statutory Instrument 33 of 2019 maintained the 1:1 fixed exchange rate between its functional currency USD and ZWL$ for the period 1 October 2018 to 23 February 2019 and thereafter adopted the interbank exchange rates. The requirement to comply with Statutory Instrument 33 of 2019, made full compliance with "IFRS" not possible.

The Group adopted IAS 29 – "Financial Reporting in Hyper -Inflationary Economies" effective 1 October 2018 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board ("PAAB") . The consolidated financial statements have now been prepared under the current cost basis as per the provisions of IAS 29.

Comparative Information

The prior year comparative information was converted at the exchange rate of 1:1 (US$ to ZWLS). An adjustment factor of 4.533 based on the Consumer Price Index (CPI) as published by the Reserve Bank of Zimbabwe was used to hyper-inflate the amounts. The revaluation reserve was eliminated through retained earnings for IAS 29 purposes.

Hyperinflation Adjustments

The Group used the following inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Reserve Bank of Zimbabwe as follows:

Prior Year	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
4.533	3.893	3.565	3.270	2.952	2.904	2.782	2.636	2.343	1.682	1.390	1.177	1.000

The process of hyper-inflating the historical figures was as below:

Movements in the comparative information

- The comparative amounts as at 30 September 2018 were converted at the hyper-inflation adjustment factor of 4,533. This is not comparative to the interbank exchange rate of 15.1653 used at 30 September 2019 to convert the fair valued non-monetary items, thus the significant fluctuation in the comparative amounts mainly for property, plant and equipment; investment property and biological assets.

2. BASIS OF PREPARATION (cont'd)

Hyper-inflation adjustment approach- Statement of profit and loss and other comprehensive income

Revenue, cost of sales, exchange gain/loss

- The line items were segregated into monthly totals and then the applicable monthly adjustment factor was factored to hyper-inflate the amounts.

Other income

- The other income was segregated into the respective month in which the income accrued and then the applicable adjustment factor utilised to hyper-inflate the amounts.

Depreciation

- The depreciation expense was recalculated based on the restated opening balances.

Share of Joint venture and associate profit

- The financial statements for the associate and joint venture were adjusted for inflation before the allocation of the Group's share of profit.

Fair value adjustments to investment property and biological assets

- The fair valuation of investment property and biological assets were determined at year end and thus an adjustment factor for September was used to restate the fair value measurements.

Income tax expense

- The tax expense was segregated into the respective quarters and the applicable quarterly inflation adjustment factor used to hyper-inflate the amounts.

Other comprehensive

- The fair value measurements were determined at year end and thus an adjustment factor for September was used to hyper-inflate the fair value measurements.

Hyper-inflation adjustment approach- Statement of financial position

Property, plant and equipment

- There was no hyper-inflation of the PPE classes fair valued at year end i.e land and buildings; plant and machinery and motor vehicles
- The additions for computers and furniture and fittings and all the disposals were hyper inflated at the applicable rates. The difference between the hyper-inflated carrying amount and the closing fair value amount was accounted for as the revaluation gain through other comprehensive income.
- The fair valued amounts were assessed for impairment.

Biological assets

- The opening balance was hyper-inflated at the inflation adjustment factor of 4.533.
- The asset was fair valued at year end and thus there was no restatement on the closing balance.

2. BASIS OF PREPARATION (cont'd)

Investment property

- The investment property was fair valued at 30 September and thus no inflation adjustment on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment.
- The fair valued amounts were assessed for impairment.

Investment in joint venture and associate

- The financial statements for the associate and joint venture were adjusted for inflation before the allocation of the Group's share of profit.

Deferred tax liability

- The closing balance was calculated based on the inflation adjusted closing balances for the applicable assets and liabilities.

Inventory

- The amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Trade receivables

- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances.

Prepayments

- The amounts constitute a non-monetary asset and the balance was inflation adjusted based on the applicable adjustment factor. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Cash and bank

- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances.

Trade payables

- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances.

Contract liabilities (revenue received in advance)

- The amount constitutes a non-monetary liability and it was hyper-inflated at the applicable adjustment factor. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.

Provisions

- The provisions were separated into monetary (leave pay) and non-monetary (warranty).
- The non-monetary provisions were hyper-inflated using the applicable monthly adjustment factors. The resulting differences were accounted for as part of the net-monetary gain in profit or loss.
- There was no hyper-inflation adjustment on the monetary provisions.

2. BASIS OF PREPARATION (cont'd)

Bank overdrafts and loans and borrowings

- The amounts constitute a monetary liability and thus there was no inflation adjustment on the balances.

Hyper-inflation adjustment approach- Statement of changes in equity

Revaluation reserve

- The opening revaluation reserve was eliminated against retained earnings. The remaining opening balance relates to the portion applicable to the foreign operation whose functional currency was not in a hyper-inflationary economy.

Hyper-inflation adjustment approach- Statement of cash flow

- The amounts were segregated into the respective months in which the cash flows actually occurred and the applicable monthly adjustment factor used to hyper-inflate the amount.

Functional Currency

These financial statements are presented in Zimbabwe dollars (ZWL$) which is the parent Company's functional currency and all values are rounded to the nearest thousand (ZWL $000), except when otherwise indicated.

The Group has been using the United States dollar as its functional and reporting currency since 2009. In 2016, the monetary authorities introduced the Bond note which was at par with the US$.

On the 1st of October 2018, an Exchange Control Directive RT120/2018 was promulgated directing all banks to separate domestic and Nostro currency accounts. On the 22nd of February 2019, Statutory Instrument 32 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS dollar. Another Exchange Control Directive RU 28 of 2019 was issued at the same time and it introduced an interbank market for the RTGS dollar and the USD as well as other currencies in the multi-currency regime. On June 24, the government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi- currencies and compelled that all transactions be done in local currency (ZWL$). The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019.

3. STATEMENT OF COMPLIANCE

The consolidated financial statements have not been prepared in accordance with International Financial Reporting Standards "IFRS" due to non compliance with IAS 21 - "Effects of changes in foreign currency rates. The Group complied with the Zimbabwe Companies Act (Chapter 24:03), and the Zimbabwe Stock Exchange (ZSE) Listing requirements. The Group, in compliance with Statutory Instrument 33 of 2019 maintained the 1:1 fixed exchange rate between its functional currency USD and ZWL$ for the period 1 October 2018 to 23 February 2019 and thereafter adopted the interbank exchange rates. The requirement to comply with Statutory Instrument 33 of 2019, made full compliance with "IFRS" not possible.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

4. BASIS OF CONSOLIDATION (cont'd)

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit 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 intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Investment in associates and joint ventures (cont'd)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or a joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss after restatements for IAS 29 of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of a joint venture are prepared for the same reporting period as the Group. However, the reporting period of the associate ends 31 December. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'impairment loss' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Foreign currency translation

The Group's consolidated financial statements are presented in Zimbabwe dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. The Group uses the exchange rates as per the Reserve Bank of Zimbabwe interbank market.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Foreign currency translation (cont'd)

i) *Transactions and balances (cont;d)*

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) *Group companies – Foreign operation*

On consolidation, the assets and liabilities of foreign operations are translated into Zimbabwe dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

d) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

5. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

d) Current versus non-current classification (cont'd)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

OR

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Fair value measurement (cont'd)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as immovable properties and motor vehicles, financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the executive management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The executive management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 14, 15, 17 and 18
- Quantitative disclosures of fair value measurement hierarchy Note 14,15,17,18
- Freehold premises under revaluation model Note 14
- Investment properties Note 18
- Biological Assets Note 15
- Fair valuation Note 29

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Group has satisfied its performance obligations according to the five-step model of IFRS 15. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax.

Customer Contracts

Revenue contracts for the Group which are within the scope of IFRS 15 are for sales of the following:

i. Automotive, industrial and solar batteries, solar panels and accessories. Some contracts include installation; automotive batteries are installed on the motor vehicles and solar equipment is installed on customer premises. All batteries and solar equipment are sold with a one-year warranty. The warranty is an assurance-type warranty because it is simply a promise to the customer that the delivered product is as specified in the contract and will work as specified in the contract and is therefore accounted for under IAS 37.

ii. Stationery which includes Eversharp pen, rulers, covers and books.

iii. Toilet tissues; female and infants products such as diapers, pads and cotton wool and a variety of hygiene and toilet accessories such as air fresheners, hand sanitizers, detergents, bins among others.

iv. Bulk tissue reels and Kraft material. These are wholesale products which require further processing for use by final consumers.

v. Sorted waste paper which is categorised into white virgin paper, newsprint, Kraft and pet bottles.

vi. Pine and gumtree raw logs and processed timber.

All the Group's contracts with customers are for distinct goods and services which are regularly sold on a standalone basis because they satisfy the following conditions; the customer can benefit from the goods or services on its own or in conjunction with other readily available resources; and the entity's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract and hence there is always one performance obligation in each contract except for solar equipment.

Sale of solar equipment

Revenue from sale of solar equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on installation of the equipment at the customer's premises.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of solar equipment, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of batteries provide customers with a right to return the goods within a specified period. The rights of return gives rise to variable consideration.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Revenue from contracts with customers (cont'd)

Warranty obligations

The Group typically provides warranties for batteries that become defective within one year of sale. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (m) Provisions.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of solar equipment to a customer. The installation services do not significantly customise or modify the solar equipment.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the solar equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e., based on the labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Contract balances

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (l) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Revenue recognition – Prior year

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Revenue from contracts with customers (cont'd)

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Group provides normal warranty provisions for battery sales for one year on all its products sold, in line with industry practice. A liability for potential warranty claims is recognised at the time the product is sold – see Note 27 for more information.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Where the outcome cannot be measured reliably, revenue is recognised to the extent that expenses incurred are eligible to be recovered. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Interest income

Interest income is recognised as interest accrues on a time basis, by reference to the principal outstanding and at the effective interest rate (EIR) applicable. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss and other comprehensive income.

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Government Grant - Export Incentive

Export incentive is recognised when the Group's right to receive the export incentive has been established. The export incentive is recognised as income on the earlier of receipt of export proceeds in the Company's bank account or when the export proceeds have been confirmed by the bank and they appear in the Group's bank account.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Taxes (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not profit or loss. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Value Added Tax

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- Where the Value Added Tax (VAT) incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
  Receivables and payables that are stated with the amount of VAT included. 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.

h) Retirement benefit costs

The Group provides for retirement benefits through subscription to defined contribution retirement plans. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The Group's pension schemes are defined contribution schemes and the cost of retirement benefits is determined by the level of contributions made in terms of the rules. Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

All eligible employees contribute to the National Social Security Authority (Zimbabwe) defined contribution pension scheme, or the equivalent in foreign subsidiaries. The cost of retirement benefits applicable to the National Social Security Authority is determined by the systematic recognition of legislated contributions.

i) Termination benefits

Termination benefits are benefits that result from either the Group's decision to terminate the employment or an employee's decision to accept the Group's offer of benefits in exchange for termination of employment. The Group provides for termination benefits based on labour legislation applicable at the time of termination. The expense and liability is recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. Measurement is based on results of negotiations with the employees and is subject to Board approval.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Share-based payments

Employees (including senior executives) of the Group sometimes receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

k) Treasury shares

The cost of the Group's own shares that are acquired by the Group ('treasury shares') is deducted from equity.
Treasury shares may be acquired and held by the other companies of the Group. Consideration paid or received is recognised directly in equity. Treasury shares are excluded for purposes of earnings and dividend per share computations.

l) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as; subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial instruments (cont'd)

i) Financial Assets (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments) .
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at amortised cost (debt instruments)

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement: and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial instruments (cont'd)

i) Financial Assets (cont'd)

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 7
- Trade receivables, including contract assets Note 21

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial instruments (cont'd)

ii) Financial liabilities (cont'd)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial Instruments policy - Prior Year

Financial assets Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and cash equivalents, trade and other receivables and investments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

I) Financial instruments (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired as well as through the amortisation process. This category applies to cash and short-term deposits and trade and other receivables balances.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost after taking into account an allowance for any uncollectible amounts. Provision for bad debts is made when there is objective evidence that the Group will most probably not recover the debts. Bad debts are impaired when identified.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts. Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred on a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial instruments (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Available-For -Sale Financial Assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost. In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial instruments (cont'd)

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and interest-bearing loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial instruments (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The classes of provisions are leave pay, warranties and bonus.

The expense relating to any provision is recognised in profit or loss net of any certain reimbursements. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a finance cost.

Contingent liabilities

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

n) Biological assets

Biological assets are timber plantations that are managed by the Group. At initial recognition, biological assets are measured at fair value. Subsequent to initial recognition, biological assets are measured at fair value less estimated point-of-sale costs. Costs incurred subsequent to initial recognition are capitalised in the year in which they are incurred. `Changes in fair value of biological assets are recorded in profit or loss.

Fair value is determined with reference to the age of the trees and prevailing market prices of timber. Discount rate is based on Weighted Average Cost of Capital.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Property, plant and equipment

Change in accounting policy

The Group in the previous financial year used to account for the classes of property, plant and equipment under the cost model except for land and buildings accounted for under the revaluation model. The following classes were subsequently measured at fair value during the current year:

- Freehold land and buildings
- Plant and machinery
- Motor vehicles

The following classes are still on a cost model

- Furniture and fittings
- Computers

On initial recognition, land and buildings, plant and equipment and motor vehicles are stated at cost. Subsequent to initial recognition, these assets are carried at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Any revaluation surplus is recorded in other comprehensive income and hence credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis to write-down the assets to their residual values over their expected useful lives. The following useful lives are used to depreciate the Group's assets:

Buildings	-	50 years
Plant and machinery	-	10-40 years
Office furniture and fittings	-	10-20 years
Office equipment	-	3-10 years
Motor vehicles - passenger	-	5-7 years
Commercial motor vehicles	-	7-15 Years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Property, plant and equipment (cont'd)

Impairment of non-financial assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the 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 time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expenses categories consistent with the function of the impaired asset except for property previously revalued with the revaluation taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amounts of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount.

However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

p) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner- occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined as follows:

- Raw materials - weighted average cost
- Consumable stores and spares – weighted average cost
- Manufactured goods and work in progress – direct material cost at standard cost and an appropriate portion of labour and production expenses. Standard costs are regularly assessed and updated to represent current market costs.

Net realisable 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.

r) Leases

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

Finance Lease

Assets held under finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

t) Key management remuneration

Key management include executive directors and divisional management as outlined in note 33.

u) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less and bank overdrafts.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

v) Operating Segments

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- Paper– collection of waste paper, manufacture and distribution of paper for the manufacture of tissue
- Batteries – manufacture and distribution of lead-acid batteries
- Stationery - manufacture and distribution of pens, books and other stationery
- Plantations – timber plantations

For more information refer to note 9

6. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The accounting policies adopted are consistent with those of the previous financial year with the exception of the few explained on notes 6.1, 6.2 and 7. In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Board that are mandatorily effective for any accounting period that begins on or after 1 January 2018.

6.1 Revaluation of Plant and Machinery and Motor Vehicles

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 October 2018, the Group elected to change the method of accounting for plant and machinery and motor vehicles classified as property, plant and equipment to revaluation model. This was necessitated by the significant changes in the economic and legal environment during the course of the year. These include statutory instrument (S.I) 32 of 2019 that was issued on the 22nd of February 2019 which introduced a new currency called the RTGS dollar. Subsequent to these measures, the economic environment deteriorated significantly, and inflation rose from 5.39% in September 2018 to 288.50% in August 2019. The real values of the assets, which were previously denominated in United States dollars were distorted. As a result, a decision was made to revalue all material classes of fixed assets so as to fairly record and present the financial position of the Group. The decision will be reviewed every year, taking into consideration the stability of the local currency as a unit of measure.

After initial recognition, plant and machinery and motor vehicles are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For details refer to Note 14

Residual Values

The Group decided that all assets bought on or after 1 January 2019 shall be deducted with 5% residual value and be depreciated on the net value. This was intended to ensure that no asset that the Group will still be using will have a nil residual value even though it would have extinguished its useful life.

6.2 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified-retrospective method of adoption. There were no adjustments as a result of the adoption.

Sale of goods with variable consideration

The Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. In the current year, the Company has adopted IFRS 15 and has elected to apply transitional provisions for the standards. Accordingly, we have not restated comparatives for previous periods and as a result presentation of a third balance sheet is not required.

Contract Liabilities

Revenue received in advance for which the performance obligations had not been satisfied was previously accounted for under IAS 18 as other payables. The amount will now be accounted for under IFRS 15 as contract liabilities up until the performance obligation has been satisfied. Refer to Note 8.4 and Note 27 for the disclosures.

	2019 ZWL$000	2018 ZWL$000
Contract liabilities	5,127	-
Other Payable (Revenue received in advance)	-	3,562

6.3 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 October 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied IFRS 9 prospectively, with an initial application date of 1 October 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

The effect of adopting IFRS 9 as at 1 October 2018 was, as follows

Class of financial instruments	Gross Carrying Amount	IAS39 Impairment	IFRS 9 Impairment	Increase in Impairment	Restated IFRS 9 Balance
Trade debtors	19,941	1,797	5,049	3,252	14,892

Adjustments	1 October, 2018
Assets	
Trade Receivables	(3,252)
Total Assets	**(3,252)**
Liabilities	
Deferred tax liabilities	837
Total Liabilities	**837**
Total Adjustment on equity:	
Retained Earnings	**2,415**

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12 months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). Management assessed their current credit provisioning policy as detailed on note 5(I) against the requirements of IFRS 9 and concluded that the Company will not adopt the simplified or general approach recommended by IFRS9.

6.3 Financial Instruments

Assessment

Recognition of credit losses is dependent on the Company first identifying a credit loss event and considering a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In the periods presented the corporation does not have any financial assets categorised as FVOCI.

Financial assets

Available-for-sale investments have now been reclassified to Financial assets at fair value through OCI. Refer to note 17 for the reclassification.

6.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of those standards and interpretations issued that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019.

Key requirements

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

A preliminary assessment indicates that there are arrangements that will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify for low value or short-term leases upon application of IFRS 16. The new requirement to recognise a right-of-use asset and related lease liability is envisioned to have a significant impact on the amounts recognised in the Group's consolidated financial statements. The assessment is as follows:

notes to the financial statements (cont'd)

6.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont;d)

Art Holdings Limited has lease contracts which convey the right to control the use of assets for a period of time in exchange for consideration, where the Group has both the rights to direct the assets' use and to obtain substantially all the economic benefits from that use. The leases in the Group are categorised as below:

Operating Leases – The Group as Lessee

1. Head office leases its offices which are located at 202 Seke Road, Graniteside, Harare. The lease is a three-year term.
2. Softex Tissue Products leases its Harare offices, factory and warehouse at the same building as Head Office and the terms are the same. The Bulawayo operations are carried out at a leased site along Khami Road. The lease term is 3 years.
3. Eversharp occupies a rented building at 4 Kelvin Close, Graniteside, Harare, where all its operations are carried out which include factory, warehouse and offices. The term is 2 years.
4. The operations of Zimbabwe Paper Waste t/a National Waste Collections are conducted at a leased building at 111 Kelvin Road South, Graniteside. The lease is renewed after 2 years.
5. Chloride Zambia leases sites of all but one of its operations across Zambia and its country head office is situated at 1 Malambo Road, Lusaka.
6. Battery Express rents most of its forecourts across Zimbabwe.

Operating Leases – The Group as Lessor

1. Mutare Board and Paper Mills leases out its complex situated at 1 St. Helens Drive, Nyakamete, Mutare to various tenants. The terms vary from one to three years. It also leases out its sawmill machine to interested millers.
2. Head office owns a house situated at 7 Windemere Road, Strathaven and it leases it out.
3. The Complex at No. 2 Newcastle Road, Workington, Harare which belongs to Dulwich is leased to Chloride and a house in Mushumavale, Kadoma which belongs to Kadoma Consolidated Properties is leased to Kadoma Paper Mills to house the General Manager. All these are Group companies leasing to one another.

Incremental Borrowing Rate (IBR)

It is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The walk-through of ART's incremental borrowing rate for the Leases domiciled in Zimbabwe and Zambia using the Portfolio Approach is as below:

- The Group reasonably expects that the application of the leases model to the portfolio would not differ materially from the application of that model to the individual leases in the portfolio because; The head office manages all the loans as one portfolio secured by assets across the Group. The interest rates charged by the banks consider the plight of ART as a whole and the loans thereof are directed to ART which are then distributed by Head Office to individual business units accordingly. The individual leases within the portfolio have similarities with regards to the market environment, quality of security, lease terms, total lease payments and lease currency.
- Operating Leases (Lessee) - Zimbabwe: The interest rates charged on local ZWL loans ranges from 25% to 30%. The securities used are Kadoma Consolidated Properties stands for the loan with 25% interest and Mutare Board and Paper Mills complex for the loan with 30% interest. These assets are similar to those the Group is leasing from third parties. The incremental borrowing rate for this portfolio is thus the average of these rates which is 28%.
- Operating Lease (Lessee) – Zambia: Chloride Zambia has a Kwacha loan with a local bank secured by the Freetown Buildings and the interest rate is 28%. Therefore, given that the asset secured is closely similar to the ones that are being leased out albeit at different sites within Zambia ; the IBR is derived to be 28% for Chloride Zambia leases.
- Finance Lease – Motor Vehicle: The IBR for this lease is taken directly from the facility contract and the current amortisation schedules and this is 12%.

6.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

- Finance Lease – Plant and Machinery: The IBR for this lease is taken directly from the revised facility agreement which is 26%.

The IBR shall be continually re-assessed throughout the period up to a point of adoption.

Measurement: The Group as Lessee

Upon lease commencement the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Group. After lease commencement, the Group measures the right-of-use asset using a cost model excerpt for the right-of-use asset that relates to a class of PPE to which the Group applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE are revalued. These are the motor vehicles and book-making machine which are both under finance lease and are being accounted for using the revaluation model. The right-of-use assets, lease liabilities and incremental finance costs for the Group leases are as follows:

	Head Office	Softex	NWC	Eversharp	Exide Express	Chloride Zambia
Currency	ZWL	ZWL	ZWL	ZWL	ZWL	ZMW
Monthly Lease charges	4,662	47,138	55,250	74,932	83,000	186,000
Annual IBR	28%	28%	28%	28%	28%	28%
Lease Term (Yrs)	3	3	2	2	2	2
Right-Of-Use Asset	112,708	1,139,601	1,006,586	1,365,165	1,512,157	3,388,688
Lease Liability	(112,708)	(1,139,601)	(1,006,586)	(1,365,165)	(1,512,157)	(3,388,688)
Finance Costs	(31,558)	(319,088)	(281,844)	(382,246)	(423,404)	(948,833)

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2018, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Scope

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Key requirements

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances; an entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

6.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

The directors have made a preliminary assessment of the application of this interpretation and do not envision any material impact on the consolidated financial statements of the Group.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2 Effective for annual periods beginning on or after 1 January 2019.

Key requirements

The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations. This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity- settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled. The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss.

The changes are effective for annual periods beginning 1 January 2019 This amendment does not have an impact on the Group.

Transfers of Investment Property – Amendments to IAS 40

Key requirements

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Transition

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight.

6.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

The amendments are effective from 1 January 2019 and the Group does not anticipate a material impact on its financial statements.

Amendments to IAS 1 and IAS 8: Definition of Material.

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimation uncertainty

The key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

a) Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment at the end of each reporting period taking into consideration past experience, technology changes and the local operating environment. Refer to note 14 for the carrying amount of property, plant and equipment and accounting policy on property, plant and equipment for the depreciation rates applied by the Group.

b) Revaluation of investment property and property, plant and equipment

The Group engaged an accredited independent professional valuer to determine the fair value of its land and buildings, investment property; motor vehicles and plant and machinery as at 30 September 2019. The accredited external independent valuer applies valuation models recommended by the International Valuation Standards Committee. Refer to notes 14 and 18 for the valuation methodologies, estimates, inputs used and assumptions applied to determine the fair value.

c) Warranty provisions

The Group provides for warranty claims on the sale of batteries. The warranty is valid for 12 months. The calculation of the provision is based on past claims history and estimated future returns which is judgemental. Refer to note 27.1 for the carrying amount of warranty provisions.

d) Biological Assets

Plantations are stated at fair value less estimated cost to sell at the harvesting stage. In arriving at plantation fair values, the key assumptions are estimated prices less cost of delivery, discount rates, and volume and growth estimations. All changes in fair value are recognised in the period in which they arise. The impact that changes in estimated prices, discount rates, volume and growth assumptions may have on the calculated fair value and other key financial information on plantations is disclosed in note 15.

The discount rate used is the applicable pre-tax weighted average cost of capital of the Group.

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

e) Allowance for Expected Credit Loss

The Group uses a provision matrix in line with IFRS 9 to calculate Expected Credit Losses (ECL) for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward- looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and the carrying amount of receivables is disclosed in Note 21.

f) Battery Scrap

The Group collects battery scrap for the purposes of extracting lead, which is a raw material in the battery making process. Scrap is received at cost. It is converted in a furnace where lead is the finished product. Lead is transferred to stock at London Metal Exchange prices. At year end, a quantity surveyor estimates the quantity of stock at hand.

7.1 GENERAL DISCLOSURES

Exchange rates

The following exchange rates were used in the preparation of these financial statements:

Zimbabwe dollar (ZWL 1):	**Statement of financial position and other comprehensive income**	Statement of Profit or Loss
2019		
Great British Pound	0.054	0.427
South African Rand	0.992	7.176
United States Dollar	0.066	0.533
Botswana Pula	0.740	5.920
Zambian Kwacha	0.176	1.129
2018		
Great British Pound	0.8	0.75
South African Rand	13.36	12.99
Botswana Pula	11.10	10.15
Zambian Kwacha	12.21	10.10

8. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019 ZWL$ 000	2018 ZWL$ 000
An analysis of the Group's revenue by destination is as follows:		
Zimbabwe	304,392	258,525
Zambia	17,815	28,823
Malawi	-	458
South Africa	2,645	3,282
Other African countries	1,496	2,112
Less intra-Group sales	(59,017)	(80,765)
	267,331	212,435

Revenue recognised is from sale of goods. Refer to Note 9 for information on business segments and sources of revenue.

	2019 ZWL$ 000	2018 ZWL$ 000
8.1 OTHER INCOME		
Below is a breakdown of other income		
Export Incentive	411	979
Rental income	4,058	1,722
Insurance proceeds	79	96
Bad Debts recovered	80	59
Dividends on available-for-sale investments	-	55
Settlement discounts	-	407
(Loss)/profit on disposal of property, plant and machinery	(14)	141
Provision write back*	-	331
Other	-	36
	4,614	**3,826**

*The provision write back relates to excess Chloride Zambia 2018 tax provision. The provision related to the potential tax liability as disclosed in the contingent note in prior year.

8.2 EXPORT INCENTIVE

Export incentive is recognised when the Group's right to receive the export incentive has been established. The export incentive is recognised as income on the earlier of receipt of export proceeds in the Company's bank account or when the export proceeds have been confirmed by the bank and they appear in the entity's bank account. The export incentive was removed by government following the introduction of the new currency.

	2019 ZWL$ 000	2018 ZWL$ 000
Export Incentive (in other income)	411	979

8.3 CONTRACT BALANCES

	2019 ZWL$ 000	2018 ZWL$ 000
Trade receivables note 21	32,178	18,144

8.4 CONTRACT LIABILITIES

	2019 ZWL$ 000	2018 ZWL$ 000
Contract Liabilities (Note 27)	5,127	-
Warranties provision (Note 27.1)	1,766	702

9. BUSINESS SEGMENTS

For management purposes, the Group is currently primarily organised into business units based on business products and services. The Group has four operating segments as follows:

- Paper– collection of waste paper, manufacture and distribution of paper for the manufacture of tissue
- Batteries – manufacture and distribution of batteries
- Stationery - manufacture and distribution of pens, books and other stationery
- Plantations – timber plantations

Central Administration includes the residual activities of Fleximail, Flexiwaste Zambia, Chloride Central Africa, DC Powerpax operations discontinued in 2011 and Art Head Office.

Sept 19	Paper	Batteries	Plantations	Stationery	Central Adminis-tration	Adjustments & Eliminations	Group
	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000
Revenue:							
External customer	49,238	228,952	10,958	37,200	-	(59,017)	267,331
Operating profit before impairments & fair value adjustments	8,599	63,491	3,975	407	5,833	-	82,305
Impairment Note 16	-	-	-	-	-	-	-
Income tax expense	(13,630)	(76,432)	(6,688)	(787)	(7,281)	-	(104,818)
Interest Income	-	-	-	-	83	-	83
Finance costs	(3)	(798)	-	(225)	(6,182)	-	(7,208)
Share of JV and Associate Profit	-	-	-	-	8,338	-	8,338
Segment Assets	121,952	243,216	221,218	31,786	7,676	-	625,848
Segment liabilities	53,680	72,484	63,840	21,955	62,195	-	274,154
Capital expenditure	3,216	3,674	712	228	416	-	8,246
Depreciation	209	4,382	363	736	345	33	6,068

9. BUSINESS SEGMENTS (cont'd)

Sept 18	Paper	Batteries	Plantations	Stationery	Central Adminis-tration	Adjustments & Eliminations	Group
	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000
Revenue:							
External customer	29,394	225,940	9,505	28,361	-	(80,765)	212,435
Operating profit be-foreimpairments & fair value adjustments	3,327	29,811	(177)	3,685	412	(4,062)	32,996
Impairment Note 16	-	-	-	(689)	-	-	(689)
Income tax expense	(884)	(2,886)	(168)	(721)	1,600	1,662	(1,397)
Interest Income	-	-	-	-	3	-	3
Finance costs	(100)	(1,757)	(14)	(50)	(2,697)	-	(4,618)
Share of JV and Asso-ciate Profit	-	-	-	-	1,922	-	1,922
Segment Assets	21,970	74,988	42,761	19,173	3,785	14,217	176,894
Segment liabilities	6,853	27,794	4,030	12,506	21,575	12,140	84,898
Capital expenditure	802	4,410	508	3,418	699	-	9,837
Depreciation	893	4,197	286	907	222	104	6,609

- Segment assets comprise property, plant and equipment, biological assets, investments, other non-current financial assets, inventories, trade and other receivables, cash and bank
- Segment liabilities comprise trade and other payables, short-term loans and current taxation liability.
- Capital expenditure consists of additions of property, plant and equipment.

Geographic information

Analysis of revenue and non-current assets by geographical source:

	Zimbabwe		Zambia		Adjustments		ZWL$ 000	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue:	312,349	195,368	13,998	28,823	(59,016)	(11,756)	267,331	212,435
Non-cur-rent assets	499,609	111,187	7,309	1,954	-	-	466,089	113,140

10. OPERATING PROFIT

	2019 ZWL$ 000	2018 ZWL$ 000
Operating profit has been arrived at after the following items of expenditure/(income):		
Current year audit fees	3,132	533
Depreciation (Note 14)	6,068	6,609
Net monetary gain	15,390	-
Allowance for credit loss	8,777	891
Directors' emoluments		
- as directors	433	499
- managerial remuneration	4,519	1,904
	4,952	2,403
Staff costs	37,566	41,914
Defined contribution plan (Note 30)	2,126	223
Impairment of property, plant and equipment (Note 16)	-	689
Exchange (loss)/gain		
- realised	(10,579)	(7,567)
- unrealised	(11,403)	307
	(21,982)	(7,260)
(Loss)/profit on sale of property, plant and equipment (Note 8.1)	(14)	141
Reorganisation costs	538	-

Compensation to key management personnel is disclosed in Note 33.
Reorganisation costs relates to amount paid to retrenched staff.

11. Taxation

11.1 Tax charge

	2019 ZWL$ 000	2018 ZWL$ 000
Current income tax	24,118	3,427
Deferred tax (Note 26)	80,700	(2,030)
Total current tax charge	104,818	1,397

Zimbabwe income tax is calculated at 25.75% (2018: 25.75%) of the taxable profit for the year. Zambia income tax is calculated at 35% (2018: 35%) of the taxable profit for the year. The Group has no tax losses (2018: $268,787) that are available for off-setting against future taxable profits of the Company in which the loss arose. The deferred tax rate is 25.75% (2018:25.75%) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.
Withholding taxes are paid on cross-border dividends and fees within the Group.

The charge for the year can be reconciled to the profit per the statement of profit or loss and other comprehensive income as follows:

11. Taxation (cont'd)

11.1 Tax charge (cont'd)

	2019 ZWL$ 000	%	2018 ZWL$ 000	%
Profit before tax	205,065		26,019	
Tax at the Zimbabwean income tax rate	52,804	25.75%	6,700	25.75%
Adjusted for:				
Disallowed expenditure	17,767	8.26%	4,251	16.33 %
Income not subject to tax	(41,494)	(20.23)%	(3,483)	(13.38)%
Export deduction	(1,733)	(0.42)%	(9)	(0.027)%
Utilisation of tax loss	-	-	(3,839)	(11.44)%
Other differences	6,601	0.16%	426	1.27%
Effect of different tax rates of subsidiaries operating in other jurisdictions	9,827)	(4.79)%	(619)	(2.37)%
Tax expense and effective tax rate for the year	**24,118**	**11.76%**	**3,427**	**13.17%**

11.2 Tax reconciliation

The income tax that is payable to the respective revenue authorities is the amount before inflation adjustment. The figure is $15.604 million (2018:0.756 million).

	2019 ZWL$ 000	2018 ZWL$ 000
Tax payable reconciliation		
Opening balance	4,339	2,307
Exchange movements	(2,761)	(1,117)
Current income tax and withholding taxes	24,118	3,427
Amount paid during the year	(884)	(278)
Closing balance	24,812	4,339

11.3 Other comprehensive tax charge

Tax (charge)/credit in other comprehensive income

	Gross ZWL$ 000	Tax ZWL$ 000	Net ZWL$ 000
2019			
Surplus on revaluation of property, plant and equipment	211,098	(54,358)	156,740
Fair value adjustment on available-for-sale investments	-	-	-
2018			
Surplus on revaluation of property, plant and equipment	8,921	(2,297)	6,624
Fair value adjustment on available-for-sale investments	(59)	(14)	(45)

12. FINANCE COSTS

	2019 ZWL$ 000	2018 ZWL$ 000
Interest paid on bank overdrafts and loans	7,208	4,618

Interest on finance lease was $110,000 (2018:526,000).

13. EARNINGS PER SHARE

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

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

The calculation of basic earnings per share is as shown below:

Basic earnings per share		
Profit after tax $'000	100,247	24,622
Weighted average number of ordinary shares	472,802,874	472,802,874
Basic earnings per share (cents)	21.20	5.21
Diluted earnings per share		
Profit after tax $'000	100,247	24,622
Weighted average number of shares for basic earnings per share	472,802,874	472,802,874
Effect of dilution:		
Share options	-	-
Number of shares in issue	472,802,874	472,802,874
Diluted earnings per share (cents)	21.20	5.21

13. EARNINGS PER SHARE

	2019 ZWL$ 000	2018 ZWL$ 000
Headline earnings/ net assets/ tangible net assets per share		
Earnings attributable to ordinary owners	100,247	24,622
Adjusted for		
Profit or (loss) on disposal	(14)	141
Impairment loss on plant	-	(689)
Investment property fair value adjustment	(64,786)	(2,078)
Biological assets fair value	(63,353)	(898)
Differed tax reversals	32,997	766
Headline Earnings	**5,087**	**21,864**
Net Assets	351,694	91,996
Tangible net assets	351,694	91,996
Weighted average number of ordinary shares	472,802,874	472,802,874
Headline earnings per share (cents)	1.08	4.62
Diluted headline earnings per share (cents)	1.08	4.62
Net assets per share (cents)	74.38	19.46
Tangible net assets per share (cents)	74.38	19.46

notes to the financial statements (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold premises ZWL$ 000	Plant & machinery ZWL$ 000	Motor Vehicles ZWL$ 000	Office equipment ZWL$ 000	Total ZWL$ 000
Cost or valuation					
At 30 September 2017	**19,037**	**47,392**	**6,196**	**3,635**	**76,260**
Exchange differences	656	(27)	(516)	(199)	(86)
Additions	59	5,920	3,037	821	9,837
Disposals	-	(290)	(585)	(371)	(1,246)
Transfer to investment property	(689)	-	-	-	(689)
Impairment	-	(689)	-	-	(689)
Revaluation	7,254	-	-	-	7,254
At 30 September 2018	**26,317**	**52,306**	**8,132**	**3,886**	**90,641**
Exchange differences	4,476	2,480	(2,811)	4,407	8,552
Additions	-	2,022	4,453	1,771	8,246
Disposals	-	-	(362)	(407)	(769)
Revaluation	103,870	68,430	13,268	-	185,568
At 30 September 2019	**134,663**	**125,238**	**22,680**	**9,657**	**292,238**
Accumulated depreciation					
At 30 September 2017	90	12,473	4,433	1,512	18,508
Exchange differences	(45)	23	(1,427)	(1,098)	(2,547)
Charge for the year	585	4,496	1,313	215	6,609
Disposals	-	(190)	(435)	(361)	(951)
Revaluation - Depreciation written back	(630)	-	-	-	(630)
At 30 September 2018	**-**	**16,802**	**3,884**	**303**	**20,989**
Exchange differences	628	2,205	(15)	6,229	9,047
Charge for the year	112	4,128	1,229	599	6,068
Disposals	-	-	(145)	(610)	(755)
Revaluation - Depreciation written back	(740)	(23,135)	(4,953)	-	(28,828)
At 30 September 2019	**-**	**-**	**-**	**6,521**	**6,521**
Carrying amount					
At 30 September 2019	**134,663**	**125,238**	**22,680**	**3,136**	**285,717**
At 30 September 2018	**26,317**	**35,504**	**4,248**	**3,583**	**69,652**

Included in disposals is insurance proceeds for Chloride Zambia accident damaged motor vehicles of $55,052. The reclassification to investment property relates to a property which is now being held mainly for collecting rentals.

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Sensitivity Analysis

	% Change	Effect on other comprehensive income before tax	
		2018 ZWL$ 000	2019 ZWL$ 000
Land and buildings - change per square metre	5%	6,733	3,432
Land and buildings - change per square metre	-5%	-6,733	-3,432
Motor vehicles - Exchange rates	15%	3,402	-
Motor vehicles - Exchange rates	-15%	-3,402	-
Plant and machinery - Exchange Rates	15%	18,786	-
Plant and machinery - Exchange Rates	-15%	-18,786	-

Residual values and useful lives

The Group re-assessed the carrying amounts and residual values upon revaluation of the property, plant and equipment and necessary adjustments were done accordingly.

Revaluation of property, plant and equipment

The Group engaged an accredited independent professional valuer, to determine the fair value of its land and buildings, plant and machinery and motor vehicles. Fair value is determined by reference to market value which is the price at which similar properties cost in the market. The date of revaluation was 30 September 2019.

The fair valuation of land and buildings, plant and machinery and motor vehicles were done in US$ and then converted to the functional currency at the closing interbank rate. The interbank exchange rate does not meet the definition of a market exchange rate.

Where there is an active market for the property, it is valued at fair value determined by reference to market-based evidence. This means that valuations performed by the valuer are based on active market prices, adjusted for any differences in the nature, location and condition on the specified property. In coming up with the valuations, management considered the highest and best use of the properties. Valuation techniques for properties incorporate various underlying assumptions. These assumptions include, inter alia, the capitalisation rate for residential properties, rental per square metre, long-term vacancy rate, discount rates. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value.
Significant unobservable valuation input: Range
Price per square metre $302 – $378 (2018: $302 – $378)

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	2019 ZWL$000	Level 1 ZWL$000	Level 2 ZWL$000	Level 3 ZWL$000
Freehold premises	134,663	-	-	134,663
Plant and machinery	125,238	-	-	125,238
Motor vehicles	22,680	-	-	22,680
Total	**282,581**	**-**	**-**	**282,581**

	2018 ZWL$000	Level 1 ZWL$000	Level 2 ZWL$000	Level 3 ZWL$000
Freehold premises	26,317	-	-	26,317
Plant and machinery	-	-	-	-
Motor vehicles	-	-	-	-
Total	**26,317**	**-**	**-**	**26,317**

There were no movements between levels 1, 2 and 3 during the year.

Finance leases

The carrying value of land and buildings held under finance leases at 30 September 2019 was ZWL$23.355million (2018: ZWL$7.253million). Leased assets are pledged as security for the related finance lease.

Impairment of property, plant and equipment

No impairment losses were recorded during the financial year.

Security

Certain property, plant and equipment are encumbered. The net book value of properties pledged as security for borrowings (see note 19) as at 30 September 2019 is ZWL$95,707million (2018; ZWL$37.805million).

Carrying values of revalued assets that would have been recognised under the cost model

	Freehold Premises ZWL$000	Plant and Machinery ZWL$000	Motor Vehicles ZWL$000	TOTAL ZWL$000
At 30 September 2019	2,426	76	13	2,515
At 30 September 2018	888	-	-	888
Totals	**3,314**	**76**	**13**	**3,403**

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Reconcilliation of opening and closing carrying amounts of property, plant and equipment

	2019 ZWL$ 000	2018 ZWL$ 000
Opening carrying amount at 1 October	**69,652**	**57,752**
Movement for the year:		
Additions	8,246	9,837
Net carrying amount of disposals	(14)	(295)
Depreciation charge for the year	(6,609)	(6,068)
Transfer to investment property	-	(689)
Impairment	-	(689)
Revaluation of land and buildings, plant, machinery & motor vehicles	156,740	6,624
Exchange movements	57,702	3,180
Carrying amount at 30 September	**285,717**	**69,652**
Cost plus revaluation	292,238	90,641
Accumulated depreciation	(6,521)	(20,989)

15. BIOLOGICAL ASSETS

	2019 ZWL$ 000	2018 ZWL$ 000
The Group's biological assets comprise timber plantations		
Opening balance	20,677	22,259
Harvesting Costs	(3,697)	(8,250)
Capitalised costs	4,423	5,770
Fair value adjustments	63,353	898
At 30 September	**84,756**	**20,677**

Timber that is 18 years and above is considered mature, hence harvestable. 23,933 cubic metres were harvested during the year (2018: 34,381 cubic metres).

Forest Ageing Profile	2019 Hectares	2019 Valuation ZWL$ 000	2018 Hectares	2018 Valuation ZWL$ 000
1 - 6 years	1,217	1,235	1,287	1,351
7 - 12 years	602	6,604	671	5,648
13 - 18 years	493	42,343	320	9,755
19-40 years	129	34,574	82	3,923
	2,441	**84,756**	**2,360**	**20,677**

notes to the financial statements (cont'd)

15. BIOLOGICAL ASSETS (cont'd)

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)	
DCF Method	Estimated future timber market prices per tonne	ZWL$3000-ZWL$3600 (ZWL$3000)	ZWL$438ZWL$681 ZWL($607)
	Discount rate	30%	15%

Biological assets risk management policies

Biological assets are timber plantations that are managed by the Group. These plantations are exposed to various risks, which include, fire, price fluctuations and marketing risk. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls include among other things, physical protection against fire and regular evaluation of prices.

Sensitivity on biological assets

	% Change	Effect on profit before tax ZWL$ 000	
		2019	2018
Change in mean annual increment/trees per hectare	+5%	3,749	3,432
	-5%	(3,750)	(3,432)
Change in price	+5%	3,508	3,311
	-5%	(3,508)	(3,311)

The estimated fair value would increase/ (decrease) if:

- the estimated timber prices per tonne were higher/(lower)
- the estimated yields per hectare were higher/(lower)
- the estimated harvest costs were lower/(higher)
- the discount rate were lower/(higher)

A change in the harvest costs by 5% will result in a change in profit before tax by $197,000 and a 2%change in discount rate would result a change in profit before tax by $456,000.

Fair value hierachy

	2019 ZWL$000	Level 1	Level 2	Level 3
Biological assets	84,756	-	-	84,756

Fair value hierachy

	2018 ZWL$000			
Biological assets	20,677	-	-	20,677

16. IMPAIRMENT OF ASSETS

	2019 ZWL$ 000	2018 ZWL$ 000
Plant & Machinery	-	689
As at September	-	689

The impairment of plant and machinery relates to the write down of a component of a book-making machine which is not cost effective in the production process. The machinery was being used in the stationery business segment. The impairment loss is disclosed under administration expenses on the face of statement of profit or loss and other comprehensive income. The machine's recoverable value after impairment was ZWL$1,862,786 which represents fair value less costs to sale. The fair value was determined using the market approach as reflected by the expected selling price of the machinery. The fair value was based on the assumption that a market participant is willing to buy the machinery without the impaired component.

	2018 ZWL$000	Level 1	Level 2	Level 3
Book-making machine	1,863	-	-	1,863

17. INVESTMENTS

	2019 ZWL$ 000	2018 ZWL$ 000
Available-for-sale investments		
Opening balance	322	367
Reclassification to financial assets at fair value through OCI	(322)	-
Fair value loss	-	(45)
Closing balance	**-**	**322**
Financial assets at fair value		
Reclassification from available-for-sale investments	322	-
Disposals	(322)	-
Closing balance	-	-

Available-for-sale investments comprise of quoted shares held on the Zimbabwe Stock Exchange. The financial assets were disposed of at their fair value during the year and the cumulative gain was ZWL$322 000.

Fair value hierarchy

The Group used the following for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 September 2019, the Group held the following financial instruments measured at fair value.

17. INVESTMENTS (cont'd)

	2019 ZWL$000	Level 1	Level 2	Level 3
Financial assets	-	-	-	-
	2018 ZWL$000			
Avalaible-for-sale	322	322	-	-

Details of the Company's direct subsidiaries at 30 September 2019 are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	Principal activity
Art Investments Limited	Mauritius	100%	Owns Art Zimbabwe Limited
Chloride CA Limited	British Virgin Islands	100%	Owns Exide rights in Zimbabwe and Zambia

The Company's other indirect operating subsidiaries at 30 September 2019 are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	Principal activity
Art Investments Limited	Mauritius	100%	Owns Art Zimbabwe Limited
Chloride Zambia Limited	Zambia	100%	Retailer of batteries
Art Corporation Limited	Zimbabwe	100%	Owns divisions that manufacture and retail battery, paper and stationery products
Zimbabwe Waste Paper	Zimbabwe	100%	Collects waste paper used in the Collections (Private) Limited production of tissue paper
Kadoma Consolidated Properties (Private) Limited	Zimbabwe	100%	Owns property
Mutare Board & Paper Mills (Private) Limited	Zimbabwe	100%	Owns property

Ultimate Parent

The ultimate parent company is Art Holdings Limited

18. INVESTMENT PROPERTY

	2019 ZWL$ 000	2018 ZWL$ 000
Opening balance	**17,271**	**14,504**
Fair value adjustment	64,786	2,078
Transfer from PPE	-	689
Closing balance	**82,057**	**17,271**

The Group's investment property consists of a commercial property in Mutare and Harare. At 30 September 2019, management engaged the services of a professional independent valuer. A valuation in accordance with that recommended by the International Valuation Standards Committee has been applied in coming up with the fair value of the investment property.

The fair valuation of investment property was done in USD$ and then converted to the functional currency at the closing interbank rate. The interbank exchange rate does not meet the definition of a market exchange rate.

	2019 ZWL$ 000	2018 ZWL$ 000
Rental income derived from investment property*	3,898	1,169
Direct operating expenses generating rental income	(527)	(798)
Direct operating expenses that did not generate rental income	(204)	(176)
Profit arising from investment property carried at fair value	**3,167**	**195**

The Group has no restrictions on the realisability of its investment property and no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance and enhancements. Valuation techniques for properties incorporate various underlying assumptions. These assumptions include, inter alia, the capitalisation rate for residential properties, rental per square metre, long-term vacancy rate and discount rates. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value.

**this is included in other income in the statement of profit or loss.*

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)	
		2019	2018
DCF Method	Estimated rental value per sqm	$7.56-$83.16	$30.24-$83.16
	Rental growth per annum	1%-5%	1%-5%
	Long-term vacancy rate	25%-40%	25%-40%
	Discount rate	13%	13%

18. INVESTMENT PROPERTY (cont'd)

Sensitivity

Increase/(decrease) in the rental value per square metre and rental growth per annum result in increase/decrease in the fair value of the investment property. Increase/ decrease of long-term vacancy rate and discount rate result in decrease/increase in the fair value of the investment property.

	2019 ZWL$000	Level 1	Level 2	Level 3
Investment Property	82,057	-	-	82,057

Fair value hierarchy

	2018 ZWL$000			
Investment Property	17,271	-	-	17,271

19. INTEREST-BEARING LOANS AND BORROWINGS

	Interest rate %	Maturity	2019 ZWL$ 000
CURRENT INTEREST-BEARING LOANS AND BORROWINGS			
Secured bank loan	30%	30-Sept-20	2,713
Secured bank loan	8%	29-Nov-19	5,029
Secured bank loan	12%	30-May-20	301
Obligations under finance lease (short-term portion) (note 28)	26%	29-Nov-20	200
Obligations under finance lease (short-term portion) (note 28)	12%	30-June-20	54
Secured bank loan	17%	31-Dec-19	5,554
Secured bank loan	11%	6-Dec-20	679
Unsecured bank loan	30%	On demand	2,200
Total current interest-bearing loans and borrowings			**16,730**

19. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

	Interest rate %	Maturity	2018 ZWL$ 000
CURRENT INTEREST-BEARING LOANS AND BORROWINGS			
Unsecured bank loan	15%	On demand	100
Unsecured bank loan	15%	On demand	168
Unsecured bank loan	15%	On demand	90
Secured bank loan	10%	30-Jan-19	621
Secured bank loan	11%	30-Apr-19	82
Secured bank loan	14%	On Demand	449
ART Pension Fund	10%	31-Dec-19	1,038
Secured bank loan	17%	30-Apr-19	5,235
Secured bank loan	12%	31-Mar-19	530
Obligations under finance lease (short-term portion) (note 28)	11%	30-Sep-19*	929
Secure bank loan	12%	31-Oct-19	440
Obligations under finance lease (short-term portion)	12%	30-Sept-19*	447
Total current interest-bearing loans and borrowings			**10,129**

*The above loans represent the short portion of long-term loans.

	Interest rate %	Maturity	2019 ZWL$ 000
LONG-TERM BORROWINGS			
Secured bank loan	11%	30-Apr-20	581
Obligations under finance lease (note 28)	11%	02-June-20	190
Total long-term interest-bearing loans and borrowings			**771**

	Interest rate %	Maturity	2018 ZWL$ 000
LONG-TERM BORROWINGS			
Secured bank loan	10%	31-Dec-19	9,958
Obligations under finance lease (note 28)	11%	22-May-21	1,668
Obligations under finance lease (note 28)	10%	2-Jun-20	263
Secured loan	12%	30-Apr-20	5,216
Total long-term interest-bearing loans and borrowings			**17,105**

19. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

The Group has a significant amount of interest-bearing loans and borrowings on its statement of financial position and has decided to provide detailed information to the users of the financial statements about the effective interest rate as well as maturity of the loans. Land and buildings have been used to secure some of these borrowings both in Zimbabwe and Zambia (see note 14 for value of assets held as security).

The Group has long-term funding with banks in Zimbabwe and Zambia. The loans have tenures ranging from 2 years to 4 years with interest ranging from 10% to 30% (2018; 10% to 20%).

Year Ended 30 September 2019	01-Oct-18	New Loans	Repayments	Other movements	30-Sep-19
	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000
Current interest-bearing loans	10,129	7,738	(2,036)	899	16,730
Non-Current interest-bearing loans	17,105	-	(16,334)	-	771
Total	27,234	7,738	(18,400)	899	17,501

Year Ended 30 September 2018	01-Oct-17	New Loans	Repayments	Other movements	30-Sep-18
	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000
Current interest-bearing loans	15,739	6,340	(3,543)	8,407	10,129
Non-Current interest-bearing loans	12,239	10,235	(5,369)	-	17,105
Total	27,978	16,575	(8,912)	8,407	27,234

The value of undrawn facilities with financial institution totals ZWL$4.15 million (2018: ZWL$1.15 million)

19.1 OVERDRAFTS

	2019 ZWL$ 000	2018 ZWL$ 000
Bank overdrafts	6,265	2,362
	6,265	2,362

Interest of 10% (2018; 18%) is charged on the bank overdraft.
Land and buildings have been used to secure some of these overdrafts both in Zimbabwe and Zambia (see note 14 for value of assets held as security).

19.2 FINANCIAL RISK MANAGEMENT

Although the Group is significantly diversified with decentralised operational controls, the financial aspects are controlled centrally in order to manage exposure to financial risk.

Foreign currency risk management

The Group strategy is to take a non-speculative approach to the risk of moving exchange rates and whenever possible to maintain a hedged position between assets and liabilities denominated in foreign currencies.

The liquidity risk on foreign creditors and lenders has increased due to delay of foreign payments. Refer to note 22 for additional disclosures under cash and short term deposits.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2019 ZWL$ 000	2018 ZWL$ 000
Cash balances (Note 22)	6,691	8,793
Accounts receivable (Note 21)	48,909	24,816
Loans (Note 19)	(17,501)	(27,234)
Bank overdrafts (Note 19.1)	(6,265)	(2,362)
Accounts payable (Note 27)	(78,272)	(39,241)

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to the US dollar against the Zambian kwacha (ZMK), Botswana pula (BWP), South African rand (ZAR) and Euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 10% increase and decrease in the US$/ZMK, US$/BWP, US$/ZAR and US$/EUR exchange rates at the year-end date, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the directors' assessment of a reasonably possible change.

Impact on profit before tax

	2019 ZWL$ 000	2018 ZWL$ 000
ZWL$ weakens by 10%		
South African rand	(30)	(635)
Zambian kwacha	(514)	831
Euro	(76)	76
Botswana pula	45	(45)
	(575)	**227**
ZWL$ strengthens by 10%		
South African rand	30	635
Zambian kwacha	514	(832)
Euro	76	-
Botswana pula	(45)	45
	575	**(152)**

19.2 FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The business potentially faces liquidity risk in meeting its foreign working capital requirements because of circumstances highlighted in note 22.

	Within 3 months ZWL$ 000	Between 4 and 12 months ZWL$ 000	Between 12 and 24 months ZWL$ 000	More than 24 months ZWL$ 000	Total ZWL$ 000
2019					
LIABILITIES					
Borrowings	(5,029)	(11,701)	(771)	-	(17,501)
Bank overdrafts	(6,265)	-	-	-	(6,265)
Accounts payable	(65,229)	(13,043)	-	-	(78,272)
	(76,523)	(24,744)	(771)	-	(102,038)
2018					
LIABILITIES					
Borrowings (Note 19)	(1,314)	(8,816)	(16,365)	(739)	(27,234)
Bank overdrafts (Note 19.1)	(2,362)	-	-	-	(2,362)
Accounts payable (Note 27)	(35,306)	(3,935)	-	-	(39,241)
	(38,982)	**(12,751)**	**(16,365)**	**(739)**	**(68,837)**

Interest rate risk

The Group also actively seeks to convert short-term borrowings to long term sustainable debt at lower interest rates. The objective is to ensure continuity of funding at low cost and to avoid significant exposure to changes in interest rates.

The total borrowing position of the Group is governed by clauses in the memorandum and articles of association of the Group companies. The Board also monitors the Group's exposure to interest rates on a quarterly basis.

Interest rate sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Group's reported profit to a 5% increase or decrease in interest rates, assuming all other variables were unchanged. The sensitivity rate of 5% represents the directors' assessment of a reasonably possible change.

The analysis has been prepared using the following assumptions:
The amount of liability outstanding at the reporting date is assumed to have been outstanding for the whole year.

19.2 FINANCIAL RISK MANAGEMENT (cont'd)

Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis. There is no additional impact on equity.

	2019 ZWL$ 000	2018 ZWL$ 000
Interest rates increase by 50%	(13,820)	(1,401)
Interest rates decrease by 50%	13,820	1,401

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored.

The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 21. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured, and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The security held by the Group and other forms of credit insurance are considered an integral part of trade receivables and considered in the calculation of impairment. These credit enhancements obtained by the Group resulted in a decrease in the ECL of $91,731 as at 31 December 2018 (2017: $40,000). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 21. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix

30 September 2019

	Total	Current	30 Days	60 Days	90 Days	120 Days
Loss Rates	30%	29%	32%	36%	52%	100%
	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000
Total Gross Carrying amount	46,004	39,385	3,587	1,256	987	789
Expected credit loss	13,826	11,440	1,139	458	518	789

19.2 FINANCIAL RISK MANAGEMENT (cont'd)

Cash balances

The Group only deposits cash with financial institutions with high credit ratings. The maximum exposure to risk is equal to the carrying amount of cash and bank balances as disclosed in note 22.

Significant increase in credit risk

The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Write off policy

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owed to the Group. A write-off constitutes a derecognition event.

Insurance

The Group is currently insured on a catastrophe basis only with reputable local insurance companies, based on advice received from independent brokers. Independent risk management reviews are undertaken periodically.

20. INVENTORIES

	2019 ZWL$000	2018 ZWL$ 000
Raw materials	46,475	8,000
Work in progress	8,500	2,530
Manufactured goods	24,322	12,628
Consumables and spares	12,885	3,540
Goods-in-transit	11,977	3,447
	104,159	**30,145**

Inventory write down was nil; (2018: nil). There are inventories pledged as security for borrowings amounting to $58.082 million. $84.039 million (2018:85.461 million) amount of inventories has been recognised as an expense in cost of sales.

21. TRADE AND OTHER RECEIVABLES

	2019 ZWL$ 000	2018 ZWL$ 000
Group		
Trade receivables	46,004	19,941
Allowances for expected credit losses	(13,826)	(1,797)
Total	32,178	18,144
Prepayments	14,074	6,174
Other receivables	2,657	498
	48,909	**24,816**

An allowance has been made for estimated irrecoverable amounts ZWL$13,826,029 (2018:ZWL$1,797,013).This allowance for the current year has been determined by reference to IFRS 9. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Movement in the allowances for expected credit losses

	2019 ZWL$ 000	2018 ZWL$ 000
Balance at beginning of the year	**1,797**	**1,464**
Impact of adopting IFRS 9	3,252	-
Restated opening balances	**5,049**	**1,464**
Provisions reversed	-	(558)
Provisions raised	8,777	891
Balance at end of the year	**13,826**	**1,797**

There were no collectively impaired trade receivables in the current year. Credit terms vary per business unit, but do not exceed 30 days. No interest is charged on overdue receivables.

22. CASH AND CASH EQUIVALENTS

	2019 ZWL$ 000	2018 ZWL$ 000
Bank balances	6,305	8,740
Cash	386	53
	6,691	**8,793**

Cash and cash equivalents comprise bank balances and cash held by the Group and other short-term bank deposits with an original maturity of three months or less. The carrying amount of these balances approximates their fair value.
Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis.

23. SHARE CAPITAL

	2019 ZWL$ 000	2018 ZWL$ 000
The share capital of the Company comprises:		
Authorised:		
800,000,000 Ordinary Shares of ZWL$ 0.00045 each. (2018: 800,000,000) Ordinary Shares of ZWL$ 0.00045 cents each.	360	360
Issued and fully paid:		
472,802,874 Ordinary Shares of ZWL$ 0.00045 each. (2018: 472,802,874) Ordinary Shares of ZWL$ 0.00045 cents each	213	213
Treasury shares:		
638,408 Ordinary Shares of ZWL$ 0.00045 each. (2018: 638,408) Ordinary Shares of ZWL$ 0.00045 cents each.	-	-

	Issued and fully paid 2019 000's	2018 000's	Treasury shares 2019 000's	2018 000's
Movement in the number of shares				
Opening balance	472,803	472,803	638	638
Issue of shares	-	-	-	-
Purchase of treasury shares	-	-	-	-
Employees' share option scheme	-	-	-	-
At 30 September	**472,803**	**472,803**	**638**	**638**

SHARE PREMIUM

	2019 ZWL$ 000	2018 ZWL$ 000
Opening balance	**19,844**	**19,844**
Issue of shares	-	-
At 30 September	**19,844**	**19,844**

24. NON-DISTRIBUTABLE RESERVES

	2019 ZWL$ 000	2018 ZWL$ 000
Share options reserve	163	163
Available-for sale-reserve	-	322
Foreign currency translation reserve	7,488	2,362
Revaluation reserve	156,957	217
At 30 September	**164,608**	**3,064**
Comprising:		
Opening balance	3,064	43,790
Changes in non-distributable reserves	161,544	(40,726)
Translation of foreign subsidiaries	5,126	(462)
Surplus on revaluation of property, plant and equipment	156,740	(40,219)
Disposal of available-for-sale investments	(322)	-
Fair value adjustment on available-for-sale investments	-	(45)
Closing balance	**164,608**	**3,064**

Share options reserve

The share options reserve relates to share options granted by the Group to its employees under its employee share option plan (see note 25).

Available-for-sale reserve

This reserve records fair value changes on available-for-sale financial assets. On adoption of IFRS9, on 1 October 2018 the available-for-sale investments, were reclassified to financial assets at fair value through OCI. Refer note 17 for the reclassification.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Revaluation of property, plant and equipment reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

25. SHARE-BASED PAYMENTS

At the Group's Annual General Meeting, held on 5 February 2010, the shareholders approved an Executive Share Option Scheme. The scheme provides for the directors to grant options to employees, up to a maximum of 15,588,316 Zimbabwe Depository Receipts. The options are granted for a maximum period of five years at a minimum price of the middle market price ruling on the Zimbabwe Stock Exchange on the last business day preceding the date of grant of the option. The maximum value of the options that can be granted to an employee is twice the employee's annual salary, including bonuses

	2019 Number of options	2018 Weighted average exercise price (cents)	2019 Number of options	2018 Weighted average exercise price (cents)
Outstanding at start of the year	10,088,316	-	-	-
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at end of the year	10,088,316	-	-	-
Exercisable at end of year	-	-	-	-

26. DEFERRED TAX

	2019 ZWL$ 000	2018 ZWL$ 000
Opening balance	**10,562**	**9,905**
Impact of adopting IFRS 9 on opening balance	838	-
Restated opening balance	**11,400**	**9,905**
Exchange differences	(1,401)	406
Charged through other comprehensive income (Note 11.3)	54,358	2,297
Revaluation of property, plant and equipment		
Fair value loss on available-for-sale investments	-	(16)
Charge to profit or loss (Note 11.1)	80,700	(2,030)
At 30 September	**145,057**	**10,562**

The following are the major deferred tax liabilities and assets recognised by the Group.

	2019 ZWL$ 000	2018 ZWL$ 000
Deferred tax liabilities		
Investment property	47,681	8,795
Property, plant and equipment	74,493	2,184
Biological assets	20,564	100
Other	2,319	(517)
	145,057	**10,562**
Deferred tax liabilities	145,057	10,562
	145,057	**10,562**

27. TRADE AND OTHER PAYABLES

	2019 ZWL$ 000	2018 ZWL$ 000
Trade payables	50,734	29,782
Contract liabilities	5,127	-
Accruals and other	22,411	9,459
Trade and other payables	**78,272**	**39,241**

Trade payables, accruals and other obligations are non-interest bearing and are normally settled within 30 days. The long-term payables are settled over a period of 18 months and are non-interest bearing.

27.1 PROVISIONS

Provisions reconciliation

	Tax penalty ZWL$000	Leave pay ZWL$000	Warranties ZWL$000	Total ZWL$000
At 30 September 2017	**2,480**	**458**	**358**	**3,296**
Additional provision	-	258	1,831	2,089
Provision reversed	(331)	-	-	(331)
Amount utilised	(2,149)	(258)	(1,487)	(3,894)
At 30 September 2018	**-**	**458**	**702**	**1,160**
Additional provision	-	124	3,646	3,770
Amount reversed	-	-	-	-
Amount utilised	-	(101)	(2,582)	(2,683)
At 30 September 2019	**-**	**481**	**1,766**	**2,247**

The provision for leave pay represents annual leave entitlement accrued by employees. The provision for warranties represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties on batteries. The estimate has been made on the basis of historical warranty trends.

28. LEASE ARRANGEMENTS

Operating lease commitments-The Group as lessee

Lease payments represent rentals payable by the Group for certain of its properties. Leases are primarily negotiated for an average term of between three to thirty-six months during which rentals are fixed. Certain leases contain options for the Group to renew at market-related rentals. The Group will adopt IFRS 16 leases effective 1 October 2019. Refer to note 6.4.

	within 1 year ZWL$ 000	between 1 year and Five years ZWL$ 000
2019	2,243	11,215
2018	2,180	10,901

The lease payments for the year are ZWL$682,000 (2018: ZWL$675,000)

Operating lease commitments - The Group as lessor

The Group has entered into property leases on its Mutare and Harare properties. In addition, the Group also leases some forestry equipment. These non-cancellable leases have remaining lease terms of between one and four years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 September 2019 are as follows. All leases contain a clause to renew after expiry.

	within 1 year ZWL$ 000	between 1 year and Five years ZWL$ 000
2019	983	4,915
2018	1,133	4,533

Finance lease obligations- The Group as lessee

The Group has leased certain of its motor vehicles, machinery, land and buildings under finance leases. The lease terms for buildings, machinery and motor vehicles are five years, three years and two years respectively. The Group has an option to purchase the land and buildings at the end of the lease term. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 10% to 20% per annum. The lease agreement for the land and buildings has expired on 30 April 2019.

28. LEASE ARRANGEMENTS (cont'd)

	2019 Minimum payments ZWL$000	2019 Present value payments ZWL$000	2018 Minimum payments ZWL$000	2018 Present value payments ZWL$000
Within one year	254	191	1,564	1,364
After one year but not later than five years	190	143	1,745	1,419
More than five years	-	-	-	-
Total minimum lease payments	444	334	3,309	2,783
Less amounts representing finance charges	(110)	-	(526)	-
Present value of minimum lease payments	**334**	**334**	**2,783**	**2,783**

Included in the consolidated financial statements as:

	2019 ZWL$ 000	2018 ZWL$ 000
Current borrowings (note 19)	191	1,364
Long-term borrowings (note 19)	143	1,419
	334	**2,783**

29. FAIR VALUE

As at 30 September 2019

	Total ZWL$000	Quoted prices in active markets (level 1) ZWL$000	Significant observable inputs (Level 2) ZWL$000	Significant unobservable inputs (Level 3) ZWL$000
Assets measured at fair value				
Revalued land and freehold buildings (note 14)	134,663	-	-	134,663
Plant and machinery (note 14)	125,238	-	-	125,238
Motor vehicles (note 14)	22,680	-	-	22,680
Investment property (note 18)	82,057	-	-	82,057
Biological assets (note 15)	84,756	-	-	84,756
Trade and other receivables (note 21)	48,909	-	-	48,909
Cash and cash equivalents (note 22)	6,691	-	-	6,691
Liabilities measured at fair value				
Interest-bearing loans (note 19)	17,501	-	-	17,501
Bank overdraft (note 19.1)	6,265	-	-	6,265
Trade and other payables (note 27)	78,272	-	-	78,272

29. FAIR VALUE

As at 30 September 2018

	Total ZWL$000	Quoted prices in active markets (level 1) ZWL$000	Significant observable inputs (Level 2) ZWL$000	Significant unobservable inputs (Level 3) ZWL$000
Assets measured at fair value				
Revalued land and freehold buildings (note 14)	26,317	-	-	26,317
Investment property (note 18)	17,271	-	-	17,271
Biological assets (note 15)	20,677	-	-	20,677
Available-for-sale investments (note 17)	322	322	-	-
Trade and other receivables (note 21)	24,816	-	-	24,816
Cash and cash equivalents (note 22)	8,793	-	-	8,793
Liabilities measured at fair value				
Interest-bearing loans (note 19)	27,234	-	-	27,234
Bank overdraft (note 19)	2,362	-	-	2,362
Trade and other payables (note 27)	39,241	-	-	39,241

Management assessed that the fair values of cash and cash equivalents, bank overdrafts, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- There is an active market for the Group's listed equity investments as it is observable with activity on the Zimbabwe Stock Exchange
- The fair values of the Group's interest-bearing borrowings are determined using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 30 September 2019 was assessed to be insignificant

30. RETIREMENT BENEFIT PLANS

Defined contribution plans

Group operating companies in Zimbabwe and all related employees contribute to a defined contribution pension scheme, the Art Corporation Pension Fund. The assets of the pension schemes are held separately from those of the Group in funds under the control of trustees. With effect from 1 July 2012, the trustees of the Pension Fund approved a paid up status for the pension fund. The effect of this is the cessation of compulsory employer and employee contributions.

All Zimbabwean employees are also required by legislation to be members of the National Social Security Authority. The Group's obligations under the National Social Security Authority are limited to specific contributions as legislated from time to time. The Groups contributions are in compliance with the current legislation of 3.5% of pensionable emoluments to a maximum pensionable salary of ZWL$5000 for each employee.
Employees in Zambia contribute to a defined contribution pension scheme arranged in their country of operation.
The Zimbabwe companies also contribute to a Group Life Assurance Policy administered by an independent insurance company.

30. RETIREMENT BENEFIT PLANS (cont'd)

	2019 ZWL$ 000	2018 ZWL$ 000
Contribution to pension schemes during the year:		
Zimbabwe pension schemes	16	24
Zimbabwe National Social Security Authority	385	144
Non-Zimbabwe pension schemes	1,725	55
	2,126	**223**

31. GROUP CASH FLOW INFORMATION

	2019 ZWL$ 000	2018 ZWL$ 000
Cash generated from operations		
Operating profit before interest and tax	**212,190**	**30,634**
Depreciation	6,068	6,609
Profit on disposal of property, plant and equipment	14	(141)
Unrealised exchange loss/(gains)	11,403	(307)
Impairment	-	689
Fair value gain on investment property	(64,786)	(2,078)
Provisions	1,087	(2,134)
Net monetary gain	(15,390)	-
Share of JV and associate profit	(8,338)	(1,922)
Fair value adjustment on biological assets	(63,353)	(898)
Cash generated before working capital changes	**78,895**	**30,452**
Movement in working capital:		
Increase in inventories	(74,015)	(1,836)
Increase in trade and other receivables	(24,093)	(9,269)
Harvesting of biological assets	3,697	8,250
Increase/(decrease) in trade and other payables	39,033	(8,766)
Net cash utilised in working capital	(55,379)	(11,621)
Cash generated from operations	**23,516**	**18,831**

32. RELATED PARTY TRANSACTIONS

Softex Tissue (Private) Limited (Softex) is a 50% joint venture. Kadoma Paper Mills, a Group entity sells its products to Softex Tissue.

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Transactions between the Group and Softex:

	2019 ZWL$ 000	2019 ZWL$ 000
Amounts receivable from Softex	669	748
Sales to		
Kadoma Paper Mills	122	18
Purchases from		
Kadoma Paper Mills	11,030	12,524

No amounts relating to related party balances were written off. Balances are paid over 30 days and are interest free.

ART Holdings owns 40% of Victor Onions (Private) Limited and supplies the company with batteries for resale. Transactions with Victor Onions are at arm's length and trade terms are normally 30 days.

Transactions and balances with Victor Onions :

	2019 ZWL$ 000	2019 ZWL$ 000
Sales		
Sales to related party	4,284	2,031
Amounts owed by Related party	81	234

Transactions in the normal course of business:

Art Corporation also has a trading relationship with Taesung Chemical Company Limited a company with a majority shareholding, which supplies raw materials, batteries and machinery to the Batteries, Paper and Stationery Divisions.

Transactions in the normal course of business with Taesung:

	2019 ZWL$ 000	2019 ZWL$ 000
Purchases		
Purchases from related party- (Inventory)	4,506	3,667
Amounts owed to related party	2,278	1,815

No amounts relating to related party balances were written off and none are past due.

32. RELATED PARTY TRANSACTIONS (cont'd)

	2019 ZWL$ 000	2018 ZWL$ 000
Capital expenditure Transactions with Taesung :		
Purchases		
Purchases from related party – Equipment	927	2,138
Amounts owed to related party	**2,206**	**1,677**

The balances above are disclosed in accounts payables in the Statement of Financial Position. Transactions with Taesung Chemical Company bear no interest. Repayment terms for the working capital facility are generally on 150 days terms and the capital expenditure funding is repayable on varying terms between 12 months to 36 months.

Art Corporation Pension Fund

The Group was granted a loan by the pension fund which bore interest at 10%. The loan was fully repaid during the year (note 19).

	2019 ZWL$ 000	2018 ZWL$ 000
Loan balance	-	3,462
Interest charged to profit and loss	60	63

notes to the financial statements (cont'd)

33. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2019 ZWL$ 000	2018 ZWL$ 000
Short-term employee benefits	23,170	5,104
Pension	60	186
Total compensation paid to key management personnel	**23,230**	**5,290**

The Group considers the executive directors, Group executives and unit leaders as key management personnel.

Directors' Loans

There were no loans to directors during the financial year (2018: Nil)

34. JOINT VENTURE AND ASSOCIATE

	2019 ZWL$ 000	2018 ZWL$ 000
STATEMENT OF PROFIT OR LOSS		
Share of Joint Venture profit/(loss)	7,265	1,052
Share of associate profit	1,073	870
Total	**8,338**	**1,922**

	2019 ZWL$ 000	2018 ZWL$ 000
STATEMENT OF FINANCIAL POSITION		
Investment in Joint Venture	11,340	4,075
Investment in Associate	2,219	1,233
Total	**13,559**	**5,308**

34. JOINT VENTURE AND ASSOCIATE (cont'd)

Sep-19	Investment In Joint Venture ZWL000	Investment In Associate ZWL000	TOTAL ZWL$000
Opening Balance	4,075	1,233	5,308
Share of Profit	7,265	1,073	8,338
Dividends	-	(87)	(87)
Closing Balance	11,340	2,219	13,559

Sep-18	Investment In Joint Venture ZWL$000	Investment In Associate ZWL$000	TOTAL ZWL$000
Opening Balance	3,023	585	3,608
Share of Profit	1,052	870	1,922
Dividends	-	(222)	(222)
Closing Balance	4,075	1,233	5,308

The Group has a 50% interest in Softex Tissue Products (Private) Limited, a joint venture involved in the manufacture of tissue and related products in Zimbabwe. Its operations are strategic to the Group's operations. Detailed below is the summarised financial information of the Group's interest in the joint venture (Softex) in 2019 and 2018.

	2019 ZWL$ 000	2018 ZWL$ 000
STATEMENT OF PROFIT OR LOSS		
Revenue	**62,354**	**44,334**
Cost of sales	(39,962)	(32,780)
Gross profit	**22,392**	**11,554**
Other income	46	14
Operating expenses	(5,649)	(8,807)
Operating profit before interest and tax	**16,789**	**2,761**
Finance income	-	-
Finance costs	(10)	(6)
Profit before tax	**16,779**	**2,755**
Income tax charge	(2,249)	(651)
Profit for the year	**14,530**	**2,104**
Group's share of profit for the year	**7,265**	**1,052**

The financial statements of the Joint Venture are restated for hyper-inflation in line with the provisions of IAS 29. Therefore, the Group's share of profit was after restatement. Depreciation of ZWL$101,000 was charged during the year (2018: ZWL$95,000)

34. JOINT VENTURE AND ASSOCIATE (cont'd)

	2019 ZWL$ 000	2018 ZWL$ 000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Non-current assets		
Property, plant and equipment	8,434	1,773
	8,434	**1,773**
Current assets		
Inventories	4,287	2,750
Trade and other receivables	7,190	6,128
Cash and short-term deposits	171	220
	11,648	**9,098**
Total assets	**20,082**	**10,871**
LIABILITIES		
Current liabilities		
Trade and other payables	4,724	2,114
Financial Liabilities	18	83
	4,742	**2,197**
Long-term liabilities		
Deferred tax	1,737	149
Financial Liabilities	-	62
	1,737	**211**
Total Liabilities	**6,479**	**2,408**
NET ASSETS	**14,993**	**8,606**
Capital and reserves		
Shareholders' equity	**13,603**	**8,463**
Group's Carrying amount of the Investment	**11,340**	**2,219**

The joint venture had no contingent liabilities or capital commitments as at 30 September 2019 and 2018. Softex Tissue Products (Private) Limited cannot distribute its profits without the consent from the two venture partners.

The Group also has a 40% interest in Victor Onions (Private) Limited a company incorporated and domiciled in Zimbabwe which sells automotive batteries. The Group uses equity accounting to account for its investment in Victor Onions. During the year, Victor Onions made a profit of $2,682,358 and the Group's share was therefore accounted as ZWL $1,072,943 (2018: ZWL$869,769). The Group received dividends during the year of ZWL$ 86,968 (2018: ZWL$ 222,644). The financial statements of the Associate are restated for hyper-inflation, in line with the provisions of IAS 29. Therefore, the Group's share of profit was after restatement.

35. CONTINGENCIES

The Zimbabwe Finance Act, 2018, introduced a tax amnesty programme in terms of which taxpayers were granted tax amnesty from paying interest and penalties due on outstanding taxes accrued prior to 1 December 2017 as long as taxpayers came forward and settled their principal obligations before 30 June 2018. The Group's application for amnesty for the period 2009- 2017 was approved. However, the reversals are still to be effected.

The Zambia Revenue Authority online account currently indicates an adverse withholding tax liability for the Group, due to system challenges encountered in clearing previous assessment amounts. The reversals have not yet been effected.

36. CAPITAL EXPENDITURE COMMITMENTS

	2019 ZWL$ 000	2018 ZWL$ 000
Authorised but not yet contracted	37,883	29,333

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

37. CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued capital, share premium and other equity reserves attributable to the equity holders of the parent. The Group's policy is to maintain strong capital base in order to maintain shareholder and market confidence and sustain future development of the business.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, return on capital including the share appreciation and the level of dividend to ordinary shareholders is constantly monitored by the Board of Directors.

Authority is granted in the Articles of Association for the directors to borrow a sum not exceeding twice the share capital and reserves of the Company. The Group includes within net debt interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

	2019 ZWL$ 000	2018 ZWL$ 000
Interest-bearing loans and overdrafts (note 19)	23,766	29,596
Trade and other payables (note 27)	78,272	39,241
Less: cash and short-term deposits (note 22)	(6,691)	(8,793)
Net debt	**95,347**	**60,044**
Total capital	**351,694**	**91,996**
Borrowings as a percentage of capital and reserves	27%	65%

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2019 and 2018.

The Group is not subject to externally imposed capital requirements.

38. GOING CONCERN

The directors have satisfied themselves that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern assumption in the preparation of the financial statements.

39. EVENTS AFTER REPORTING DATE

- There was a fire outbreak at the Mutare estates on the 1st of October 2019 and the resultant net fire damage was only ZWL$10,550.
- The finance minister in his budget speech on 14 November 2019 proposed a reduction in the corporate tax rate from 25% to 24%. This will effectively reduce the total tax rate from 25,75% to 24,72% for the period. This is a non-adjusting event. The potential impact for the financial year ended 30 September 2019 is a reduction in the deferred tax liability.

OTHER ADDITIONAL INFORMATION

company financial statements

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR

FOR THE YEAR ENDED 30 SEPTEMBER

	2019 ZWL$ 000	2018 ZWL$ 000
Other income	-	-
Profit before tax	-	-
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment on investment in subsidiary	262,113	30,739
Other comprehensive income for the year	**262,113**	**30,739**
Total comprehensive income for the year	**262,113**	**30,739**

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER

	Notes	2019 ZWL$ 000	2018 ZWL$ 000
ASSETS			
Non-current assets			
Investments		351,694	91,996
Current assets			
Trade and other receivables		-	-
Cash and short-term deposits		-	-
TOTAL ASSETS		351,694	91,996
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	213	213
Share premium	23	19,844	19,844
Non-distributable reserves		164,608	3,064
Accumulated profit (loss)		167,029	68,875
Shareholders' equity		**351,694**	**91,996**
TOTAL EQUITY AND LIABILITIES		**351,694**	**91,996**

T Utete Wushe
CHAIRMAN
17 December 2019

M Macheka
CHIEF EXECUTIVE OFFICER
17 December 2019

company financial statements (Cont'd)

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER

The Company does not have significant cash flows. There were no cash flows in the current year hence the Company cash flow statement has not been presented.

INVESTMENTS

The Company measures its interests in Art Investments Limited and Chloride CA Limited at fair value with fair value changes taken to other comprehensive income. The fair value is based on the net asset value of the respective investees.

The investment in subsidiaries has been stated at directors' valuation based on the net asset values of the subsidiaries.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER

	Share Capital	Share Premium	Non-Distributable Reserves	Accumulated Loss	Total
	ZWL$ 000	ZWL$ 000	ZWL$ 000	ZWL$ 000	ZWL$ 000
At 1 October 2017	**213**	**19,844**	**43,815**	**(2,615)**	**61,257**
Profit for the period	-	-	-	24,622	24,622
Other comprehensive income	-	-	6,117	-	6,117
Transfer between reserves	-	-	(46,868)	46,868	-
At 30 September 2018	**213**	**19,844**	**3,064**	**68,875**	**91,996**
Effects of adopting IFRS9	-	-	-	(2,415)	(2,415)
Restated opening balances	**213**	**19,844**	**3,064**	**66,460**	**89,581**
Profit for the period	-	-	-	100,247	100,247
Other comprehensive income	-	-	161,866	-	161,866
Transfers between reserves	-	-	(322)	322	-
At 30 September 2019	**213**	**19,844**	**164,608**	**167,029**	**351,694**

shareholders analysis

AT 30 SEPTEMBER 2019

Size of shareholding			Number of shareholders	% of shareholders	Number of shares	% of shares in issue
1	-	5000	1,704,536	0.36	2,315	84.24
5001	-	50000	4,156,637	0.88	337	12.26
50001	-	500000	5,154,154	1.09	70	2.55
500001	-	1000000	4,524,406	0.96	05	0.18
1000001		and Above	457,902,306	97.07	21	0.76

Shareholders by type				
Corporates	366,328,903	77.38	251	9.13
Nominees	74,897,902	15.82	72	2.62
Individuals	18,875,014	3.99	2,287	83.22
Pension Funds	8,545,850	1.81	07	0.25
Investments and trusts	2,685,557	0.57	42	1.53
Other organizasations	2,087,002	0.44	86	3.13
Insurance Companies	21,811	0.00	03	0.11

TOP TEN SHAREHOLDERS

Rank	Shareholder	Total shares	% held
1	CRANBAL INVESTMENTS (PVT) LTD	174,381,720	36.83
2	SILVERMINE INVESTMENTS PL	68,400,000	14.45
3	ZADMAB (PVT) LTD	55,401,501	11.70
4	STANBIC NOMINEES (PVT) LTD.	35,379,931	7.47
5	LHG MALTA HOLDINGS LIMITED	34,365,434	7.26
6	J P MORGAN CHASE BANK	17,064,042	3.60
7	KAIROS INVESTMENTS (PVT) LTD	14,352,000	3.03
8	BOBER AND COMPANY	13,644,826	2.88
9	MEGA MARKET (PVT) LTD	13,499,988	2.85
10	LOCAL AUTHORITIES PENSION FUND	5,009,262	1.06

notice to shareholders

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting ("AGM") of Amalgamated Regional Trading (ART) Holdings Limited (the "Company") will be held at 202 Seke Road, Graniteside, Harare, Zimbabwe, on Thursday, 27 February, 2020, at 14:30 hours for the purpose of considering and, if thought fit, passing the following resolutions.

Ordinary Resolutions

1. To receive and consider the Directors' Report and the Accounts for the year ended 30 September 2019.

2. To re-appoint Ernst & Young as auditors for the ensuing year and to authorize the Directors to fix their remuneration. Ernst & Young were appointed as the Company's auditors in August 2007.

3. To approve Directors' fees for the year ended 30 September 2019.

4. In terms of the Articles of Association, of the Company, Mr O Mtasa retires at the Annual General Meeting and being eligible, offers himself for re-election. Mr O Mtasa was appointed to the Board in September 2006. He is a Chartered Accountant and holds a Bachelor of Accounting (Honours) and a Masters in Business Administration degree. He is the Chairman of First Mutual Life and is a director of several other companies in Zimbabwe.

5. In terms of the Articles of Association, of the Company, Mr M Oakley retires at the Annual General Meeting and being eligible, offers himself for re-election. Mr M Oakley was appointed to the Board in August 2015. He is a Fellow of the Chartered Institute of Secretaries and has vast experience in the Retail industry having held several positions in the Meikles group where he retired in 2009 as Managing Director for TM supermarkets and remained a non-executive director. He was later appointed Chairman for TM Supermarkets for the period 2012 -2013.

By order of the Board

Registered Office:
Palm Grove House
P O Box 3186
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

Regional Office:
202 Seke Road
P O Box 2777
Graniteside
Harare
Zimbabwe

A Chingwecha
GROUP COMPANY SECRETARY

Dated: 30 January, 2020

Note: A member entitled to attend and vote at the above meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him (see Form of Proxy). The proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting at the meeting. In order to be effective, completed proxy forms must reach the Company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting. Every person present and entitled to vote at a general meeting shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

form of proxy

For use at the Annual General Meeting ("AGM") of ART Holdings Limited ("the Company") to be held on Thursday 27 February 2020, at 14:30 hours at 202 Seke Road, Graniteside, Harare, Zimbabwe.

I/We...
(Name/s in block letters)

Of ....

Being a member of ART Holdings Limited ("the Company")

And entitled to ....votes

Hereby appoint...of..

....

Or failing him/her...of..

....

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the above AGM of the Company and at any adjournment thereof on the resolutions set out in the Notice of the Meeting as indicated below and otherwise as he shall deem fit.

ORDINARY RESOLUTIONS	For	Against	Abstain
1. To receive the Directors' Report and the Accounts for the year ended 30 September 2019.			
2. To re-appoint Ernst & Young as auditors for the ensuing year and to authorise the Directors to fix their remuneration.			
3. To approve Directors fees for the year ended 30 September, 2019.			
4. Re-election of Mr O Mtasa			
5. Re-election of Mr M Oakley			

Full Name____

Signature____

Dated this________________

notes to proxy

IINSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

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

2. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
(a) under a power of attorney
(b) 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 not less than 48 hours before the meeting.

3. 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.

4. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of 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.

5. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.

6. In order to be effective, completed proxy forms must reach the Company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting.

Transfer Secretaries
(Shares)
Amalgamated Regional Trading (ART) Holdings Ltd.
202 Seke Road
Graniteside
P O Box 2777
Harare
Tel. (263 4) 770097/138
Zimbabwe
Fax. (263 4) 770137
Email: achingwecha@artcorp.co.zw

Transfer Secretaries
(ZDR's)
Corpserve (Private) Limited
4th Floor, Intermarket Centre
1st Street/Kwame Nkrumah Avenue
P O Box 2208
Harare
Tel. (263 4) 758193/750711
Zimbabwe
Fax.(263 4) 752629
Email: collen@corpserve.co.zw

corporate information

NATURE OF ACTIVITIES

Manufacturing and retailing of batteries, tissue products, stationery and forestry resource management.

REGISTERED OFFICE

Palm Grove House
P O Box 3186
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

REGIONAL OFFICE

202 Seke Road
P O Box 2777
Graniteside
Harare
Zimbabwe

BANKERS

Stanbic Bank Limited
FBC Bank Limited
CBZ Bank Limited
BancABC Limited
Agribank Limited
Nedbank Limited
First Capital Bank Limited

ATTORNEYS

Wintertons Legal Practitioners
11 Selous Avenue
Harare

Nenjy Nyamapfene Law Practice
4 Edmonds Avenue
Belvedere
Harare

AUDITORS

Ernst & Young
Chartered Accountants (Zimbabwe)
Angwa City
Harare

SUSTAINABILITY ADVISORS

Institute of Sustainability Africa
22 Waterhill Avenue
Eastlea
Harare

CURRENCY OF FINANCIAL STATEMENTS

Zimbabwe dollars (ZWL$)


ART
AMALGAMATED REGIONAL TRADING
www.artcorp.co.zw