ART

AMALGAMATED REGIONAL TRADING

Annual Report | 2014

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This annual report is stated in United States Dollars (US$).

Unlocking Value in our Brands

BATTERY EXPRESS

CHLORIDE
ZIMBABWE

CHLORIDE
ZAMBIA

Battery Manufacture & Retail

KPM
KADOMA PAPER MILLS
Makers Of Fine Quality Paper

NWC
NATIONAL WASTE COLLECTION

SOFTEX
TISSUE PRODUCTS

Paper

MUTARE
ESTATES

Plantations

EVERSHARP
A DIVISION OF ART CORPORATION LTD
TOTAL WRITING SOLUTIONS

Eversharp

	2014 US$ 000	2013 US$ 000
ABRIDGED GROUP INCOME STATEMENT AND CASH FLOW STATEMENT		
Revenue	**28 681**	**30 217**
Operating profit	204	2 085
(Loss)/profit before taxation	(723)	288
(Loss)/profit for the year	**(1 100)**	**399**
Basic (loss)/ earnings per share (cents)	(0.24)	0.09
Cash generated from operations	**3 092**	**3 266**
Capital expenditure (net)	681	541
Debt servicing (interest and capital)	2 300	3 216
Number of employees	816	899

	2014 US$ 000	2013 US$ 000
ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION		
Non-current assets	19 188	16 289
Net current liabilities	(4 111)	(2 963)
Net assets of disposal group classified as held for sale	-	1 884
	15 077	**15 210**
Long term borrowings	(3 117)	(2 123)
Deferred tax liabilities	(1 815)	(1 857)
	(4 932)	(3 980)
Net Assets	**10 145**	**11 230**
EMPLOYMENT OF CAPITAL		
Share capital	47	47
Share premium	4 378	4 378
Reserves	5 720	6 805
Capital employed	**10 145**	**11 230**

EXIDE BRAND

A battery that not only works harder but is better suited for local conditions is central to any Solar power solution. The introduction of the Solar Battery by Exide brings a battery with high end working properties to cater for the needs of the Solar market segment.

Corporate information

Nature of Activities	Manufacture and distribution of batteries, tissue products, stationery and forestry resources management.
Auditors	Ernst & Young Chartered Accountants (Zimbabwe)
Attorneys	Wintertons Legal Practitioners
Bankers	Stanbic Bank Limited FBC Bank Limited CBZ Bank Limited BancABC Limited Agribank Limited Barclays Bank Limited
Currency of Financial Statements	United States Dollars (US$)
Offices	Regional Office 202 Seke Road P O Box 2777 Graniteside Harare Zimbabwe Registered Office: Palm Grove House P O Box 3186 Wickhams Cay 1 Road Town Tortola British Virgin Island

EVERSHARP BRAND

Style and class are an eccentric part of a quality writing experience for the high-end market.

OVERVIEW

Last year, I reported that the Group traded in a considerably difficult operating environment characterised by tight liquidity conditions and poor market demand. This situation deteriorated further in the current year. The Group incurred a loss for the year of $1,1 million compared to last year's profit of $399,000. In line with the Group strategy, the operations had to manage working capital tightly to generate cash to finance operations.

FINANCIAL

The Group recorded revenue of $28.7 million down on last year by 5% and achieved a softer margin of 33% compared to the 2013 margin of 35%.

Overall capacity utilization declined to 59% (2013: 65%) and sales revenues were lower across most of the business units with an average volume decline of 11% in batteries and 17% in tissue operations while Eversharp volumes grew by 5%.

Although the Group incurred a loss of $1.1 million it ended the year better with the second half posting earnings of $91 000 compared to a first half loss of $1.2 million.

Cash of $3.1 million was generated from operations down on last year by 5%. This was utilised to reduce debt and finance interest burden amounting to $2.3million. Consequently interest expense declined by $296 000 from last year.

OPERATIONS

Production was constrained across all divisions in line with depressed demand. However, our brands namely; Exide (battery), Softex (tissue) and Eversharp (pen) remained dominant in the local market as well as in Zambia despite the reduced activity in their markets.

Eversharp performed well; with capacity utilisation up by 4% to 82%, revenue up 10% to $4. 6 million and net earnings before tax up 3000% from $7 000 in 2013 to $217 000. The division is expected to increase its contribution to group earnings on a sustainable basis with the commissioning of the Ball Pen Auto Assembly Machine in January 2015. The commissioning of the new machine will see a significant reduction in cost of production which should improve margins and profitability further in the coming year.

The batteries division posted a profit of $578 000. Volumes traded lower than last year by 11% due to reduced market activity. The lower volume performance resulted in under recovery of both factory and operating costs. The new Automotive Battery manufacturing equipment was shipped and is expected in Zimbabwe in December 2014. The commissioning of the equipment will introduce new product lines, improve efficiency through automation and lower cost of production.

This investment is expected to improve the performance of the batteries division in the coming year.

The consolidated paper division posted a loss of $1.1 million. The quality issues that have affected the division in recent years should be overcome by the new equipment which has already been received in the country and is expected to be commissioned in December 2014. This should enable the mill to increase production capacity at the acceptable quality level and help regain the market share lost to imports.

Plantations incurred a loss of $109 000 as a result of reduced volumes and softer margins caused by stiff competition from larger timber plantations which off loaded their export sales in the local market.

Included in this loss is a once off expenditure of $128 000 being cost of gold exploration on the mining claims registered on the plantations. The exploration results received up to report date have not been conclusive on the prospects of minable gold deposits.

STRATEGIC FOCUS

The future of the Group is in its people and its brands. The Group has made its strategic intent to invest in the Eversharp, Exide/Chloride, Softex and Paper brands so that these brands remain the No.1 choice to our consumers in the region. To that end, our Strategic Business Units have been consolidated and repositioned according to these brands.

In February 2014, I announced that the Board had approved facilities offered by Taesung Chemical Company Limited of up to $3 million to finance raw material purchases and up to $15 million to finance capital expenditure over a period of 5 years. I am pleased to advise that having fulfilled the terms of the facility; the Group has now commenced drawing down on these facilities. The new equipment of which some has already been received in the country is scheduled to be commissioned on or before 31 January 2015 at Eversharp, Chloride and Kadoma Paper Mill.

HUMAN RESOURCES

At the heart of our business lie our people. Our future success lies entirely with them and the brands that they drive. I believe ART has a highly skilled and experienced team which is proud and ambitious of its future. This team is focused on delivering its commitments to all its stakeholders.

DIRECTORATE

I would like to thank my fellow directors for their great support and hard work in the past year and also express my gratitude to Mrs. Nomusa Dube and Mr. Andrew Nyakonda who retired from the Board during the year.

I am delighted to welcome Messrs Elisha Moyo, Thankful Musukutwa and Moses Chundu onto the Board as non-executive directors and look forward to their contribution to the Board.

DIVIDEND

The Group is not in a position to declare a dividend as it is necessary to retain cash in the business in order to stabilize the operations.

OUTLOOK

Your Board anticipates the current difficult macro-economic environment to show further signs of fragility as we enter the year 2015. The expected prospects for economic turnaround will therefore remain low for the financial year to 30 September 2015.

In considering the overall Group performance, the current constrained economic environment will provide us an opportunity to reorganise our business models, commission our new plants and strengthen the brands' competitiveness so as to use it as a springboard to regain lost market share. Given the initiatives outlined in this report which the Group is pursuing, the Board remains optimistic that in the medium term, there are prospects of a turnaround and restoration of profitability.

This is my last report to you as your Chairman as I will be stepping down from the ART Board on 31 December 2014. It has been a privilege to be chairman of ART Holdings Limited for the last 12 years. I would like to thank you my shareholders, fellow board members past and present, the team at ART and all other stakeholders for their support and contribution to the Group and to me personally as Chairman of ART.

P M Matupire (PhD)
CHAIRMAN

25 November 2014

"The future of the Group is in its people and its brands. The Group has made its strategic intent to invest in the Eversharp, Exide/ Chloride, Softex and Paper brands so that these brands remain the No.1 choice to our consumers in the region."

THE SOFTEX BRAND

The period under review saw the rolling out of new product characteristics for the consumer categories.

Group financial highlights	2014 US$ 000	2013 US$ 000
Revenue	28 681	30 217
Operating profit before impairments and fair values adjustments	204	2 085
(Loss)/profit before tax	(723)	288
(Loss)/profit for the year	(1 100)	399
Cash generated from operations	3 092	3 266
Net assets	10 145	11 230
Number of employees	816	899
Capacity utilisation	59%	65%

HIGHLIGHTS

- Revenue decreased by 5%
- Operating profit decreased by 90%
- Capacity utilisation decreased by 6%
- Margins decreased by 2%
- Finance costs decreased by 15%

BATTERY MANUFACTURING AND DISTRIBUTION

Financial highlights	2014 US$ 000	2013 US$ 000
Revenue	18 878	20 375
Operating profit before impairments and fair value adjustments	967	1 685
Profit before tax	578	1 304
Net segment assets	4 928	5 965
Number of employees	303	329
Capacity utilisation	59%	67%

The division posted a profit of $578,000. This represented a decline of 56% on last year. The drop in profitability is attributable to lower trading volumes experienced and under recovery of factory costs due to a decline in capacity utilisation at the back of depressed local demand caused by competition from imported brands.

Capacity utilisation in the Chloride factory decreased from 67% in 2013 to 59% in line with the decline in trading volumes. However, capacity utilisation is expected to improve in 2015 with the commissioning of new equipment in January 2015. The investments in furnace improved efficiencies and productivity resulting in the business increasing lead output for the export market and contributing significantly to profit for the year. The lead pricing on the London Metal Exchange remained stable at $2,100 per tonne and favourable for the business at this price.

Battery Express volumes declined by 6% on 2013 levels as a result of depressed local demand and imports competition. As a result of the decline in volumes, the unit recorded lower earnings when compared to 2013.

The Battery Express distribution model was reviewed during the year in order to streamline operations and ensure efficient distribution of our Exide brand into the market.

Battery volumes in the Zambian market grew by 2% as a result of opening of new branch outlets. Margins were affected in the first half of the year due to exchange rate fluctuations. The division therefore recorded lower earnings compared to 2013.

PAPER

Financial highlights	2014 US$ 000	2013 US$ 000
Revenue	4 230	4 307
Operating loss before impairments and fair value adjustments	(1 019)	(395)
Loss before tax	(1 053)	(436)
Net segment assets	3 997	4 421
Number of employees	153	172
Capacity utilisation	56%	67%

The overall paper division's performance comprising of Kadoma Paper Mills (KPM) and National Waste Collectors (NWC) deteriorated posting a loss of $1,1million compared to a loss of $436,000 in 2013.

Kadoma Paper Mills contributed the majority of the loss, posting a loss of $860,000 compared to a loss of $353,000 in 2013. This was after retrenchment costs of $150,000. The business faced stiff competition in both local and export markets due to loss of competitiveness on both quality and pricing. The continued devaluation of the South African Rand resulted in imports from South Africa securing a pricing advantage on locally produced tissue.

The mill is focusing on improving product quality by January 2015 following commissioning of the stock preparation equipment in December 2014.

National Waste volumes declined by 10% in line with reduced activity in the printing industry. The closure of the Pomona dumpsite in Harare in the first quarter impacted negatively on the waste paper volumes. However the last quarter of the year saw significant increase in waste paper volumes as new waste paper agent run depots were opened across major cities and towns.

In the last quarter of the year, the operations of KPM and NWC were consolidated into one division. The operating efficiencies coupled with the commissioning of the new plant should result in the combined paper division regaining its lost customer base and achieving breakeven position in 2015 and profitability in 2016.

SOFTEX

Financial highlights	2014 US$ 000	2013 US$ 000
Revenue	6 600	6 989
Operating loss before impairments and fair value adjustments	(44)	(458)
Loss before tax	(62)	(485)
Net segment assets	1 034	1 096
Number of employees	93	122
Capacity Utilisation	41%	49%

Softex tissue posted a loss of $62,000 compared to 2013 loss of $485,000. Tissue volumes were static; an indication of liquidity conditions and continued supply bottlenecks. The improved performance was a result of efficient procurement and cost cutting measures which were implemented during the course of the year. Gross margins improved to 22% compared to 18% in 2013. However, the Softex business lost opportunities to sale more volumes due to persistent shortages in Ferm-care and Tissue lines.

Factory throughput suffered from raw material quality challenges from Kadoma Paper Mills. The future of the business lies in its ability to leverage on its brands as well as ability to adequately stock in line with market requirements.

EVERSHARP

Financial highlights	2014 US$ 000	2013 US$ 000
Revenue	4 598	4 173
Operating profit before impairments and fair value adjustments	422	238
Profit before tax	217	7
Net segment liabilities	400	883
Number of employees	139	148
Capacity utilisation	82%	78%

The Eversharp business recorded a profit of $217,000 compared to a breakeven position in 2013. Sales and production volumes grew by 10% and 5% respectively, while margins improved from 31% to 34%. The increased capacity utilisation of 82% resulted in improved product availability for the local market during the peak season. Interest expense reduced by 25% as the division managed to reduce its debt.

Eversharp continues to dominate the local market and expects to increase its export volumes following the automation of the assembly line expected in January 2015. Opportunities to reduce costs through bulk procurement will be fully exploited when the working capital facility becomes fully operational.

PLANTATIONS

Financial highlights	2014 US$ 000	2013 US$ 000
Revenue	975	1 361
Operating (loss)/profit before impairments and fair value adjustments	(114)	376
Fair value adjustment	152	441
(Loss)/profit before tax	(109)	790
Net segment assets	5 312	5 633
Number of employees	84	84

Timber sales volumes were 70% of prior year due to a decline in timber demand which further caused prices to decrease by 5% in tandem with the deflationary pressures in the economy. The division also incurred once of costs for gold exploration amounting to and as a result, the Forestry Division posted a loss of $109,000 against a prior year profit of $790,000.

R K Zirobwa
CHIEF EXECUTIVE OFFICER

25 November 2014

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2014 US$ 000	2013 US$ 000
Revenue	28 681	30 217
Gross profit %	33%	35%
Operating expenses %	34%	32%
Operating profit	204	2 085
Operating profit %	1%	7%
Income tax (expense)/ credit	(377)	111
(Loss)/profit for the year	(1 100)	399

- The Group posted revenue of $28,7 million for the year, registering a reduction on last year of 5%. Competition from imports and in some cases illegal imitations; in a depressed, and erratic market, forced volumes down and prices traded softer to yield a margin of 33% compared to 35% in the previous year.
- Operating costs were 5% above last year. The increase emanated from exchange losses incurred from the depreciation of the Zambia kwacha against the US$, as well as reorganization costs incurred in the paper division and selling costs in the batteries and Eversharp divisions.
- The change in use of the Mutare property to rentable investment property yielded positive gains in the current year with a fair value adjustment of$621,000 and rental revenue of $278,000 being added to the Group income for the year.
- Tax of $377,000 was incurred in Zambia.
- Overall, the Group posted a loss for the year after tax of $1,1 million compared to a profit of $399,000 in 2013.

STATEMENT OF CASHFLOWS

	2014 US$ 000	2013 US$ 000
Cash generated from operations before working capital changes	**758**	**3 032**
Net cash generated from management of working capital	2 334	234
Cash generated in operations	**3 092**	**3 266**
Net interest costs	(1 638)	(1 927)
Net repayment of borrowings	(662)	(1 276)
Net payments for borrowings	2 300	3 203
Income tax paid	(402)	(139)
Net cash (utilised)/ raised in investing activities	(565)	118
(Decrease)/increase in cash and cash equivalents	**(175)**	**42**

- The Group generated cash from operations of $3,1 million which was down on last year by 5%. The majority of the cash was generated from the management of creditors and stock.
- Of the cash available, $2,3 million was used to service debt costs (capital repayment and finance charges) and $681,000 was applied towards the purchase of new equipment.
- The Taesung working capital facility which started rolling with the first orders having been placed post year end in November 2014, should improve throughput and efficiencies in the factories in 2015. This will present the Group with opportunities to take advantage of the erratic demand pattern and regain volumes previously lost to competition and return to profitability.

CAPITAL EXPENDITURE

Minimal capital expenditure of US$681,000 was incurred (batteries $400,000 and Eversharp $158,000) in line with the limited cash resources as most of the capital expenditure was deferred to 2015.

TREASURY AND BORROWINGS

Total institutional debt as at year end was $7,722million compared to US$8,048million in 2013. This debt which stems from legacy issues on discontinued operations, has been a major burden to the current business as it is both short-term in nature and expensive.

1 Chairman
Passmore M. Matupire

2 Chief Executive Officer
Richard K. Zirobwa

3 Ex-Chief Financial Officer
Nomusa Dube*

4 Chief Operating Officer
Tapiwa Murad Ameer

5 Chief Financial Officer
Abisai Chingwecha

*Resigned during the course of the year

6 Non-Executive Director
Oliver Mtasa

7 Non-Executive Director
Elisha K Moyo

8 Non-Executive Director
Moses Chundu

9 Group Secretary
Franklin D. Mukarakate

TAPIWA MURAD AMEER (46)
BSc Eng.

Batteries and Forestry

CHRISPEN T. GWATIDZO (49)
BSc MBA.

Paper

GODFREY CHILESHE (57)
MAAT

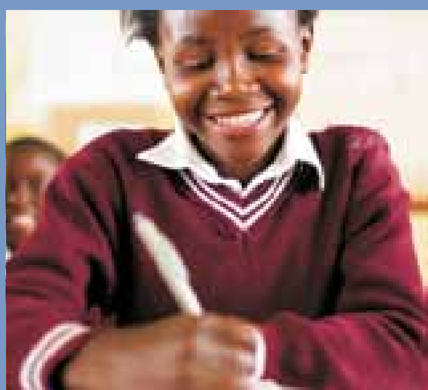
Chloride Zambia

SIMON TARANHIKE (50)
BAcc CA (Z) MBL

Eversharp

ART is Group operating primarily in the batteries, stationery, personal hygiene and forestry management segments in Southern Africa.

ART has nurtured some of the most famous brands coming out of Southern Africa. Brands such as Exide, Eversharp and Softex have over decades attracted the trust and loyalty of many consumers, and now hold leadership positions in the categories in which they compete.



The directors approved the Directors Report and the Financial Statements for the year ended 30 September 2014 on 25 November 2014.

PRINCIPAL ACTIVITIES

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

SHARE CAPITAL

At 30 September 2014, the authorised and issued share capital of the Company remained unchanged at 800,000,000 ordinary shares and 467,302,874 ordinary shares respectively.

DIRECTORATE

All directors eligible for re-election were re-elected at the Company's last Annual General Meeting held on 28 February 2014. The names of the directors appear on page 14 and 15.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL

The directors' beneficial interests in the shares of the Company at 30 September 2014 are detailed below.

Name		2014	2013
T. M. Ameer		3 273 854	3 273 854
A. M. Chingwecha		-	-
N. Dube (Mrs)	(2)	3 276 767	3 276 767
P.M. Matupire	(3)	12 428 390	12 428 390
E.K. Moyo		-	-
O. Mtasa		-	-
M. Chundu		-	-
R.K. Zirobwa	(4)*	43 704 680	44 904 740

(1) All shares held by T. M Ameer are in personal capacity.

(2) The shares held by N. Dube are through one investment vehicle, namely Raterence Enterprises (Private) Limited, holding 3,000,000 shares, while the balance of 276,767 are held in personal capacity. Mrs Dube resigned from the board on 30 September 2014

(3) The shares held by P.M. Matupire are through two investment vehicles as follows:

Vehicle	Shares held
Kairos Investments (Private) Limited	10 676 756
Pagla Investments (Private) Limited	1 751 634
Total	**12 428 390**

(4) The shares held by R Zirobwa are through one investment vehicle namely Basrum Investments (Private) Limited holding 43,704,680 shares.

(*) Top ten share holder.

There has been no change in the directors' interests subsequent to 30 September 2014 to the date of this report.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of Corporate Governance as set out in the King Report. During the year matters relating to Corporate Governance were dealt with as set out below.

Board of Directors

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 four executive and five non-executive directors. The positions of the Chairman and the Chief Executive 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 14 and 15. 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.

Audit Committee

The Audit Committee is chaired by Oliver Mtasa, a chartered accountant, and comprises solely non-executive directors. It meets at least four times annually. The Chief Executive Officer, Chief Operating 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 on defining and monitoring internal controls and risk management policies. Accordingly, it reviews the effectiveness of the internal audit function, its programmes and reports, and also reviews all reports from the external auditors on accounting and internal control matters, and monitors action taken where necessary. It also reviews the interim and annual financial statements before the Board considers them. The Committee also recommends the appointment and reviews fees of external auditors.

For the purpose of determining the effectiveness of management systems and internal controls during the course of the year, the committee reviewed the internal and external audit scope, plans and the resultant findings to determine the effectiveness of management systems and internal controls. Assurance was received from management, internal and external audit and, based on this combined assurance, the committee is satisfied that the internal controls of the group are adequate and that there was no material breakdown in internal controls.

Remuneration Committee

The Remuneration Committee is chaired by Passmore Matupire and comprises solely 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 entire individual remuneration terms and packages for the executive and non-executive directors, and other senior executives. In doing so, the Committee is required to give the executives every encouragement to enhance the Company's performance and to ensure that they are fairly, but responsibly, rewarded for their individual contributions. The objective of ART's remuneration policy 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. In Note 33 discloses the remuneration of directors and key employees.

Ad hoc 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 set four times during the current year.

Internal Audit

The Group has an independent internal audit function outsourced to Deloitte &Touche Chartered Accountants. 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 his business interests to the Board 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.

Employment Policy

The Group is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels, regardless of their background, race or gender.

The Group's employment policy emphasises 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, as further detailed under the sustainability report.

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. The Group is a subscriber to an independently managed fraud hot-line system.

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. Compliance form an integral part of the company's risk management process.

SAFETY, HEALTH AND ENVIRONMENT POLICY

The Group strives to create wealth and to contribute to sustainable development by operating its businesses with due regard for economic, social, cultural and environmental issues. Safety and health issues are of special concern.

Health – HIV/AIDS

The Group has partnered with other companies in Zimbabwe that have taken the welfare of their employees to heart. ART is a member of the Zimbabwe Business Council on AIDS (ZBCA), a grouping of Zimbabwean companies taking the initiative to reduce the impact of HIV/AIDS in the workplace.

Art works with various service providers in the fight against HIV/AIDS, including training of Peer Educators and general dissemination of information on HIV/AIDS issues. In commemorating World Aids Day on 1 December, ART gives donations to various charitable organizations every year.

Social Responsibility

ART recognizes its position as a responsible corporate citizen and does, from time to time, give the necessary support to the underprivileged in the community. The donations have been both material and financial.

ART has realized that social investment programmes which are strategic for the future should be supported through the provision of resources today. Education is one such area that ART sees as strategic. ARTReach is a programme that was developed to assist schools in various projects with the aim of producing excellence in learning. Donations by ART so far have included stationery, text books, tissues and cash.

Environmental matters

The Group is committed to addressing and impacting, in a systematic, comprehensive and business-like way, on environmental risks through developing effective management systems and employing the critical principles of forward planning, efficiency and wise resource utilisation.

At ART we endeavour to attain a deeper understanding of our impact on the environment. Addressing sustainability issues and incorporating solutions through all the levels of our business is a critical component of our work ethic. ART adheres to very high standards of environmental management in all of its operations via both prudent and certified management systems as well as extensive recycling operations which have become an important part of the business. Through National Waste Collections, we ensure not only reclamation of paper waste, but we also take steps to clean up the environment.

The battery business has set up an extensive collection network for the purpose of recycling lead at the furnace located at Chloride, and for re-use in the production of new batteries.

Safety

All operations subscribe to the Group's Safety, Health and Environmental Policy Document. The Group operates a Safety Audit program conducted by professional independent third parties.

Auditors

Members will be asked to re-appoint Ernst & Young as auditors and to authorise the directors to determine the auditors' remuneration at the forthcoming Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held at 202 Seke Road, Graniteside, Harare, Zimbabwe at 14:00 hours on Friday, 27 February 2015. The Notice of the Meeting and proxy card are enclosed.

By order of the Board

F D Mukarakate
GROUP SECRETARY

25 November 2014

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) except for the adoption of IFRS 11 - Joint Arrangements as disclosed on the notes to the financial statements.

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 Group reported a loss after tax of US$1,100,000 (2013 – profit of US$399,000).

The Group carried short term borrowings of $4,8 million, reduced from last year's level of $6.0 million. While interest charged against operating profit remained significant, operating profit remained marginally positive at US$204,000 (2013; US$2,085 million).

As fully explained in note 37, the directors have taken action to restore the Company to profitability and are targeting to restructure and reduce the debt level.

The directors, having reviewed the financial position of the Group and the budgets, are satisfied that subject to a restructuring of the short term loans and continued funding and support for the Company, it is appropriate to adopt the going concern basis in preparing these financial statements.

The financial statements for the year ended 30 September 2014 which appear on pages 25 to 81 have been approved by the directors.

P M Matupire
CHAIRMAN

25 November 2014

R K Zirobwa
CHIEF EXECUTIVE OFFICER

25 November2014

EXIDE AUTOMOTIVE BATTERIES

The Exide automotive battery has stood the test of time both in performance and durability. Exide has continued to be the reliably trusted battery that consumers have come to trust.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMALGAMATED REGIONAL TRADING (ART) HOLDINGS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2014

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Amalgamated Regional Trading (ART) Holdings Limited as set out on pages 25 to 81, which comprise the Group statement of financial position at 30 September 2014, the Group statement of comprehensive income, the Group statement of changes in equity and the Group statement of cash flows for the year then ended, the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Amalgamated Regional Trading Holdings Limited as at 30 September 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Going concern assumption

Without qualifying our opinion, we draw your attention to note 37, which indicates that the Group has short term borrowings amounting to $4,753,000 as at 30 September 2014 (2013: $5,998,000) which resulted in the Group's current liabilities exceeding current assets by $4,111,000 (2013: $1,079,000). These conditions along with other matters as set forth in note 37 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare
10 December 2014

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2014 US$ 000	Restated 2013 US$ 000
Revenue	8	**28 681**	**30 217**
Cost of sales		(19 310)	(19 718)
Gross profit		**9 371**	**10 499**
Other income		633	1 111
Operating expenses		(9 800)	(9 525)
Operating profit before fair value adjustments and impairments	10	**204**	**2 085**
	34	(31)	(185)
Impairment of assets	17	(31)	(126)
Fair value adjustments on investment property	19	621	-
Fair value adjustments on biological assets	16	152	441
Operating profit before interest and tax		**915**	**2 215**
Finance income	13	-	7
Finance costs	13	(1 638)	(1934)
(Loss)/profit before tax		**(723)**	**288**
Income tax (expense)/ credit	11	(377)	111
(Loss)/profit for the year		**(1 100)**	**399**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of property plant and equipment (net of tax)	11	96	263
Items that may be reclassified subsequently to profit or loss			
Translation of foreign subsidiaries		(99)	(141)
Fair value adjustment on available for sale investments(net of tax)	11	18	(1)
Other comprehensive income for the year net of tax		**15**	**121**
Total comprehensive(loss)/ income for the year		**(1 085)**	**520**
(Loss)/earnings per share (cents)			
Basic (loss)/earnings per share	14	**(0.24)**	**0.09**
Diluted (loss)/ earnings per share	14	**(0.24)**	**0.09**

Group Statement of Financial Position

AS AT 30 SEPTEMBER	Notes	2014 US$ 000	Restated 2013 US$ 000	Restated 1 October 2012 US$ 000
ASSETS				
Non-current assets				
Property plant and equipment	15	9 796	10 041	10 139
Investment property	19	3 175	-	-
Biological assets	16	4 625	4 649	3 906
Investments	18	51	26	62
Deferred tax assets	27	1 020	1 020	732
Investment in joint venture	34	521	553	737
		19 188	**16 289**	**15 576**
Current assets				
Inventories	21	4 818	5 730	5 630
Trade and other receivables	22	3 711	3 418	3 303
Cash and short term deposits	23	486	610	547
		9 015	**9 758**	**9 480**
Assets of disposal group classified as held for sale	12	**-**	**2 629**	**3 569**
Total assets		**28 203**	**28 676**	**28 625**
Capital and reserves				
Share capital	24	47	47	47
Share premium	24	4 378	4 378	4 378
Accumulated loss		(6 757)	(5 657)	(6 853)
Non-distributable reserves	25	12 477	12 462	13 102
Total equity		**10 145**	**11 230**	**10 674**
Non-current liabilities				
Interest bearing loans and borrowings	20	3 117	2 123	2 587
Deferred tax liabilities	27	1 815	1 857	1 906
		4 932	**3 980**	**4 493**
Current liabilities				
Trade and other payables	28	7 364	5 621	4 896
Provisions	28.1	541	569	604
Income tax payable	11	468	533	416
Interest bearing loans and borrowings	20	4 605	5 925	6 440
Bank overdrafts	20.1	148	73	89
		13 126	**12 721**	**12 445**
Liabilities directly associated with assets held for sale		**-**	**745**	**1 013**
Total liabilities		**18 058**	**17 446**	**17 951**
TOTAL EQUITY AND LIABILITIES		**28 203**	**28 676**	**28 625**

P M Matupire
CHAIRMAN
25 November 2014

R K Zirobwa
GROUP CHIEF EXECUTIVE OFFICER
25 November 2014

FOR THE YEAR ENDED 30 SEPTEMBER	Share Capital US$ 000	Share Premium US$ 000	Non-Distributable Reserves US$ 000	Accumulated Loss US$ 000	Total
At 1 October 2012	**47**	**4 378**	**13 102**	**(6 853)**	**10 674**
Profit for the period	-	-	-	399	399
Other comprehensive income	-	-	121	-	121
Total comprehensive income	**-**	**-**	**121**	**399**	**520**
Share Option expense	-	-	36	-	**36**
Realisation of revaluation reserve	-	-	(797)	797	-
At 30 September 2013	**47**	**4 378**	**12 462**	**(5 657)**	**11 230**
Loss for the period	-	-	-	(1 100)	**(1 100)**
Other comprehensive income	-	-	15	-	**15**
Total comprehensive income/ (loss)	**-**	**-**	**15**	**(1 100)**	**(1 085)**
At 30 September 2014	**47**	**4 378**	**12 477**	**(6 757)**	**10 145**

Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER	Notes	2014 US$ 000	Restated* 2013 US$ 000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations	**31**	**3 092**	**3 266**
Finance income		-	7
Finance costs		(1 638)	(1 934)
Income tax paid		(402)	(139)
Cash raised from operating activities		**1 052**	**1 200**
INVESTING ACTIVITIES			
Purchase of property plant and equipment	**15**	(681)	(541)
Decrease/(increase) in biological assets		24	(302)
Acquisition of a subsidiary		-	(55)
Proceeds from sale of property plant and equipment		92	1 016
Cash (utilised in)/ raised from investing activities		**(565)**	**118**
FINANCING ACTIVITIES:			
Proceeds from borrowings		1 008	1 615
Repayment of borrowings		(1 670)	(2 891)
Cash utilised in financing activities		**(662)**	**(1 276)**
(Decrease)/increase in cash and cash equivalents		**(175)**	**42**
Net foreign exchange differences relating to cash and short term deposits		(24)	26
Cash and cash equivalents at beginning of the year		537	469
Cash and cash equivalents at the end of the year		**338**	**537**
Comprising:			
Cash and short term deposits	**23**	486	610
Overdrafts	**20.1**	(148)	(73)
Cash and cash equivalents at 30 September		**338**	**537**

* Certain amounts shown do not correspond to the 2013 financial statements and reflect adjustments made: refer Note 5 and Note 12.

1. CORPORATE INFORMATION

Amalgamated Regional Trading (ART) Holdings Limited is registered in the British Virgin Islands. The main activities of the Group throughout the year were the manufacture and distribution of paper products, stationery and lead acid batteries.

The consolidated financial statements of the Group for the year ended 30 September 2014 were authorised for issue by the Board on 25 November 2014.

Borrowing powers

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.

2. BASIS OF PREPARATION

The consolidated and Company financial statements have been prepared on a historical cost basis, except for investment property, land and buildings, investments and biological assets that have been measured at fair value. The consolidated and Company financial statements are presented in United States Dollars (US$) and all values are rounded to the nearest thousand (US$ 000) except where otherwise stated.

3. STATEMENT OF COMPLIANCE

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), promulgated by the International Accounting Standards Board (IASB). The financial statements are also in conformity with the Zimbabwe Stock Exchange Listing Rules and the British Virgin Islands Companies Act for International Business Companies (Chapter 291).

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group, its subsidiaries and joint ventures as at 30 September 2014. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. 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. 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 result 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 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 The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent 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.

4 BASIS OF CONSOLIDATION (CONTINUED)

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 assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

5. CHANGES IN ACCOUNTING POLICIES

5.1 STANDARDS EFFECTIVE IN THE CURRENT YEAR

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations which are applicable to the Group effective 1 October 2013:

IFRS 10 Consolidated Financial Statements
IAS 1 Clarification of the requirement for comparative information (Amendment)
IFRS 11 Joint arrangements
IFRS 12 Disclosure of interests in other entities
IFRS 13 Fair value measurement
IAS 19 Employee benefits- amendments to IAS 19
IFRS 13 Fair value measurement – short term receivables and payables
The adoption of the standards or interpretations is described below:

IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes IAS 27(2008) Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities, and introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby control exists when all of the following conditions are present:

- Power over investee
- Exposure, or rights, to variable returns from investee
- Ability to use power over investee to affect the entity's returns from investee.

Other changes introduced by IFRS 10 include:

- The introduction of the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders .
- Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are exercisable when decisions about the investees activities that affect the investors return will or can be made
- Specific guidance for the concept of 'silos', where groups of assets (and liabilities) within one entity are ring-fenced, and each group is considered separately for consolidation.

The adoption of IFRS 10 had no effect on the Group's financial position or performance and all investees that were consolidated will continue to be consolidated and no new investees will require to be consolidated.

IAS 1 Clarification of the requirement for comparative information (Amendment)
These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period.

5 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

5.1 Standards effective in the current year (continued)

The amendments clarify that the opening statement of financial position (as at 1 October 2013 in the case of the Group), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 October 2013. The amendments affect presentation only and have no impact on the Group's financial position or performance.

IFRS 11 Joint Arrangements
IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities Non-monetary Contributions by Venturers, and requires joint arrangements to be classified as either:

Joint operations - where parties with joint control have rights to assets and obligations for liabilities, or

Joint ventures - where parties with joint control have rights to the net assets of the investee.

Joint arrangements that are structured through a separate vehicle will generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets.

Joint ventures are accounted for using the equity method (proportionate consolidation is not permitted by IFRS 11).

Parties to a joint operation account for their share of assets, liabilities, revenues and expenses in accordance with their contractual rights and obligations.

The application of IFRS 11 impacted the Group's accounting for its interest in a joint venture, Softex (Private) Limited (See note 34). The Group has a 50% interest in Softex (Private) Limited, a manufacture of tissues products based in Zimbabwe. Prior to the transition to IFRS 11, Softex (Private) Limited was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest in Softex (Private) Limited to be classified as a joint venture under IFRS 11 and it is required to be accounted for using the equity method.

The transition was applied retrospectively as required by IFRS 11 and the comparative information for the immediately preceding period (2013) is restated. The effect of applying IFRS 11 on the Group's financial statements is as detailed below.

Impact on equity (increase/(decrease) in net equity)	2013 $'000	2012 $'000
Property, plant and equipment	(283)	(263)
Investments in a joint venture	553	737
Other non current assets	(58)	-
Total Non-current assets	212	474
Inventories	(574)	(438)
Trade and other receivables	(474)	(644)
Cash and short term deposits	(17)	(7)
Total current assets	(1,065)	(1,089)
Total assets	**(853)**	**(615)**
Deferred tax liability	53	54
Trade and other payables	745	501
Interest bearing loans and borrowings	55	60
Total Liabilities	**853**	**615**
Net impact on equity	-	-

	2013 $'000
IMPACT ON STATEMENT OF PROFIT OR LOSS (INCREASE/(DECREASE) IN PROFIT	
Revenue	(3 495)
Cost of sales	2 854
Gross profit	**(641)**
Administration expenses	870
Operating profit	**229**
Share of Joint venture loss	(185)
Net finance costs	14
Profit before tax	**58**
Income tax	(58)
Net impact on profit for the year	-
Impact on cash flow statement(increase/(decrease) in cash flows	
Operating	(74)
Investing	58
Financing	-
Net increase in cash and cash equivalents	**(16)**

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the disclosure requirements relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the reporting entity's relationship with other entities.

As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. IFRS 12 disclosures, where applicable have been provided, in the notes to the financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 sets out the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other IFRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other IFRSs have now been relocated to IFRS 13.

While there has been some rewording of the previous guidance, there are few changes to the previous fair value measurement requirements. Instead, IFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

IFRS 13 did not materially affect any fair value measurements of the Group's assets or liabilities, with changes being limited to presentation and disclosure. Additional disclosures where required have been provided in the individual notes relating to the assets and liabilities whose fair values were determined. IFRS 13 is to be applied prospectively and therefore comparative disclosures have not been presented.

IAS 19 Employee Benefits (Revised 2011)

The main changes, applicable to the Group, as a consequence of the revision of IAS 19 include:
Amendments to the timing of recognition for liabilities for termination benefits
Employee benefits expected to be settled (as opposed to 'due to be settled') wholly within 12 months after the end of the reporting period are short-term benefits, and are not discounted.

5 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IAS 19 Employee Benefits (Revised 2011) (continued)
The Group considered the above changes when accounting for termination benefits and short term and long term employee benefits and there was no significant impact on its financial statements.

IFRS 13 Fair Value Measurement- short term receivables and payables
The IASB clarified in the Basis for Conclusions that short term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The Company has evaluated that the effect of discounting on its short term receivables and payables is not material.

5.2 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 9 Financial Instruments – classification and measurement -
On 24 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9-Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The classification and measurement requirements address specific application issues arising in IFRS 9 (2009) that were raised by preparers, mainly from the financial services industry. The expected credit loss model addresses concerns expressed following the financial crisis that entities recorded losses too late under IAS 39.

IFRS 9 stipulates that financial assets are measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics.

Apart from the 'own credit risk' requirements, classification and measurement of financial liabilities is unchanged from existing requirements. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018, but early adoption is permitted. The Group is currently assessing the impact of IFRS 9.

Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
These amendments are effective for annual periods beginning on or after 1 January 2014, and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRIC 21 Levies
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Group does not expect that IFRIC 21 will have material financial impact in future financial statements as no significant levies are paid.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting- Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has no novated derivatives and does not apply hedge accounting; hence the amendment will not have an impact on the Group's financial statements.

5 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

5.2 Standards issued but not yet effective (continued)

IAS 36- Disclosure requirements for the recoverable amount of impaired assets
The IASB has issued amendments to IAS 36 - Impairment of Assets, to clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The amendments clarify the IASB's original intention: that the scope of these disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. These amendments are effective for year ends beginning on or after 1 January 2014 and the Group will consider the impact, if any, of the amendments when they become effective.

IFRS 15- Revenue from Contracts with Customers
The IASB and FASB have issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers, which replaces all existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

The standard is effective for annual periods beginning on or after 1 January 2017, but early adoption is permitted under IFRS. The Group is still assessing the impact of the standard on its contracts with customers.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively. The amendment becomes effective for annual periods beginning on or after1 January 2016 and will not have any impact on the Group as depreciation is not based on revenue methods.

IAS 16 and IAS 41 Accounting for bearer plants
IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. This is based on the principle that the biological transformation that these assets undergo during their lifespan is best reflected by fair value measurement. However, there is a subset of biological assets, known as bearer plants, which are used solely to grow produce over several periods. At the end of their productive lives they are usually scrapped. Once a bearer plant is mature, apart from bearing produce, its biological transformation is no longer significant in generating future economic benefits. The only significant future economic benefits it generates come from the agricultural produce that it creates.

The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16 Property, Plant and Equipment, because their operation is similar to that of manufacturing.

Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendment becomes effective for annual periods beginning on or after1 January 2016 and though the Group's has biological assets in the form of plantations, the amendment will not affect the Group as its biological assets are not bearer plants as defined.

IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit.

5 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

5.2 Standards issued but not yet effective (continued)

The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. Examples of such contributions include those that are a fixed percentage of the employee's salary, a fixed amount of contributions throughout the service period, or contributions that depend on the employee's age. These changes provide a practical expedient for simplifying the accounting for contributions from employees or third parties in certain situations.

The amendments must be applied retrospectively and is effective for annual periods beginning on or after 1 July 2014. Early application is permitted and must be disclosed. The amendment is not expected to impact the Group as it currently does not have defined benefit plans.

IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27

When IAS 27 and IAS 28 were revised in 2003, the equity method was removed as an option to account for investments in subsidiaries and associates in an entity's separate financial statements. In some jurisdictions, local regulations require an entity to use the equity method for this purpose, therefore creating a difference between separate financial statements prepared in accordance with local GAAP and those prepared in accordance with IFRS. The objective of these amendments is to restore the option to use the equity method. Therefore, an entity must account for these investments either:

- At cost
- In accordance with IFRS 9 (or IAS 39)

Or

- Using the equity method

The entity must apply the same accounting for each category of investments.

A consequential amendment was also made to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 allows a first-time adopter accounting for investments in the separate financial statements using the equity method, to apply the IFRS 1 exemption for past business combinations to the acquisition of the investment. The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The amendment is effective for year ends beginning 1 January 2016 and will not affect the separate financial statements as investments in subsidiaries have always been accounted for at fair value and the Group does not have investments in associates.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11

The amendments require an entity acquiring an interest in a joint operation in which the activity of the joint operation constitutes a business to apply, to the extent of its share, all of the principles on business combination accounting in IFRS 3 Business Combinations, and other IFRSs, that do not conflict with the requirements of IFRS 11. Furthermore, entities are required to disclose the information required in those IFRSs in relation to business combinations.

The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by the entity to the joint operation on its formation.

The amendments also clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business; previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2016. Early application is permitted and must be disclosed. The amendments will be considered in the future if the Group enters into such transactions.

IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

2010 - 2012 Annual Improvements

In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs that contain changes to 9 standards. The changes are effective from 1 July 2014 either prospectively or retrospectively. A summary of each amendment is described below:

5 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

5.2 Standards issued but not yet effective (continued)

2010 - 2012 Annual Improvements (continued)

Performance conditions and service conditions are defined in order to clarify various issues. The issues relate to performance conditions which must contain a service condition and a performance target which must be met while the counterparty renders service. The amendment also clarifies that a performance target may relate to the operations of an entity or to those of an entity in the same group. The amendment is not expected to have a material impact on the Group financial statements as the current share based payments scheme has no vesting conditions.

IFRS 3 Business Combinations - Scope for joint ventures
The amendment clarifies that joint arrangements are outside the scope of IFRS 3, not just joint ventures, and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. Amendment will be considered by the Group when it becomes effective to the extent applicable.

IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination
Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment will not affect the Group as it does not have any contingent considerations.

IFRS 8 Operating Segments - Aggregation of operating segments and reconciliation of the total of the reportable segment assets to the entity's total assets
Operating segments may be combined/ aggregated if they are consistent with the core principle of the standard, if the segments have similar economic characteristics and if they are similar in other qualitative respects. If they are combined, the entity must disclose the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The amendment will not have a material impact on the Group financial statements as no segments are combined.

Reconciliation of the total of the reportable segment assets to the entity's total assets
The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment will not have a material impact on the Group financial statements as no reconciliation is provided to the Chief Decision maker and no reconciliation is currently being disclosed.

IFRS 13 Fair value measurement - Portfolio exception
The amendment clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is not expected to affect the Group does not have financial assets, financial liabilities and other contracts that meet this criteria.

IAS 16 Property, plant and equipment and IAS 38 Impairment - Revaluation method-proportionate restatement of accumulated depreciation
The amendment clarifies that revaluation can be performed by adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value The amendment also clarified that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount of the asset (i.e., gross carrying amount –accumulated depreciation/amortisation = carrying amount).

The amendment to IAS 16.35(b) and IAS 38.80(b) clarifies that the accumulated depreciation/amortisation is eliminated so that the gross carrying amount and carrying amount equal the market value. The Group revalue its land and buildings and will consider the amendment when it becomes effective.

IAS 24 Related party disclosures - Key management personnel
The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. Amendment will not affect the Group as it has no management entity providing key management services to the Group.

5 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

5.2 Standards issued but not yet effective (continued)

IAS 40 Investment property - Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying investment property or owner occupied property - Amendment to IAS 40

The description of ancillary services in IAS 40 differentiates between investment property and owner occupied property. IFRS 3 is used to determine if the transaction is the purchase of an asset or a business combination. The amendment is not expected to affect the Group as no ancillary services are provided by the Group on its investment properties.

2012 – 2014 Annual improvement cycle (issued September 2014)

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016. Below is a list of those amendments that are applicable to the Group.

IFRS 7 – Servicing Contracts

Paragraphs 42A - H of IFRS 7 require an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The Board was asked whether servicing contracts constitute continuing involvement for the purposes of applying these disclosure requirements. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

The Group will consider the amendment, where applicable, when it becomes effective.

IFRS 7 – Applicability of the offsetting disclosures to condensed interim financial statements.

In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment, paragraph 44R of IFRS 7 states that "[A]n entity shall apply those amendments for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods.

The interim disclosure standard, IAS 34, does not reflect this requirement, however, and it is not clear whether those disclosures are required in the condensed interim financial report.

The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose ' an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

The Group will consider the amendment in preparing its interim financial statements when they become effective.

IAS 34 Disclosure of information elsewhere in the interim financial report

IAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. However, it is unclear what the Board means by 'elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, is recognised in accordance with IAS 39 Financial Instruments: Recognition and Measurement either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference 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 forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Joint ventures

The Group's investments in its joint venture is accounted for using the equity method. Under the equity method, the investment in 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 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 neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of the joint venture is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises it 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 joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the 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 joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the joint control, 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. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

Foreign currency translation

The Group's consolidated financial statements are presented in United States dollars, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency spot rates of exchange ruling at the date the transaction first qualifies for recognition.

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

Exchange differences are taken to profit or loss with the exception of:

- Exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are recognised in other comprehensive income until the disposal of the net investment, at which time the cumulative amount is reclassified to profit or loss.

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of the historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the dates 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 gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss respectively).

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.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into United State dollars using the rate of exchange ruling at the reporting date. The statement of profit or loss and other comprehensive income is translated at the average exchange rates for the year. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of the foreign entity, the cumulative amount recognised in equity is recycled to profit or loss.

Revenue and other income recognition

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 being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

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.

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, and is included in revenue due to its operating nature.

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.

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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets are recognised for all deductible temporary differences, 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.

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 adjustments 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

Revenues, 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.

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.

Share-based payments

Employees (including senior executives) of the Group 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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award('the vesting date'). The cumulative expense recognised for equity-transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where none-vesting conditions within the control of either the entity or counter party are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Treasury shares

The cost of the Company'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.

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, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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 time frame 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:

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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for-sale or are not classified in any of the three preceding categories. 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 indicate 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.

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

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 de-recognised 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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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.

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.

Fair value measurement

The Group measures financial instruments, and non-financial assets such as investment properties and property, plant and equipment and biological assets, at fair value at each reporting 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 to by the Group.

The 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 are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed on the financial statements are categorized 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:

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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 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.

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. 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.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses if any. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred if the recognition criteria are met.

On initial recognition, land and buildings are stated at cost. Subsequent to initial recognition, land and buildings are carried at fair value less accumulated depreciation on buildings 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 various rates of depreciation are listed below:

Buildings	–	2%
Plant and machinery	–	2.5% to 10%
Office furniture and fittings	–	5% to 10%
Office equipment	–	10% to 33%
Motor vehicles - passenger	–	14.3% to 20%
- commercial	–	6.7% to 14%

The carrying values of plant and equipment are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable. When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 reflect 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 expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognized 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. 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.

Inventories

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

- Raw materials - weighted average cost or standard cost, which approximates actual landed cost
- Consumable stores and spares – weighted average cost or actual landed cost
- Manufactured goods and work in progress – direct material cost at standard cost and an appropriate portion of labour and production expenses

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.

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.

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

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 they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key management

Key management include executive directors and divisional management as outlined on pages 13 and14 of the annual report.

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.

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 note 15 for the carrying amount of property, plant and equipment.

Revaluation of land and buildings

The Group engaged an accredited independent professional valuer to determine the fair value of its land and buildings as at 30 September 2014. Fair value is determined by reference to open market value. Refer to note 15

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. Refer note 28.1 for the carrying amount of warranty provisions.

Biological assets fair value determination

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 16.

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

Deferred tax asset

The Group has recognised a deferred tax asset of US$1,020,000 (2013; US$1,020,000).Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. No deferred tax asset has been recognised on the current year assessed loss. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Management and the Board have made due assessment and believe that the Group will be able to generate enough taxable income to utilise the deferred tax asset before it expires. In making the assessment, management considered future cash flow projections for the next 5 years.

7. GENERAL DISCLOSURES

Exchange rates

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

2014

1 United States dollar (USD 1):	Statement of financial position	Statement of Profit or Loss and other comprehensive income
Great British Pound	0.61	0.60
South African Rand	11.19	10.60
Botswana Pula	9.22	8.82
Zambian Kwacha	6.23	5.98

2013

1 United States dollar (USD 1):	Statement of financial position	Statement of Profit or loss and other comprehensive income
Great British Pound	0.62	0.64
South African Rand	9.96	9.33
Botswana Pula	8.52	8.24
Zambian Kwacha	5.31	5.33

8. REVENUE

An analysis of the Group's revenue by destination is as follows:	2014 US$ 000	2013 US$ 000
Zimbabwe	25 018	26 945
Zambia	10 257	10 961
Malawi	163	195
South Africa	555	640
Other African countries	319	426
Less intra-Group sales	(7 631)	(8 950)
	28 681	**30 217**

9. OPERATING 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– manufacture and distribution of tissue paper
- Batteries – manufacture and distribution of lead-acid batteries
- Eversharp - manufacture and distribution of pens
- Plantations – timber plantations

9. OPERATING SEGMENTS (CONTINUED)

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

Sep-14	Paper US$ 000	Batteries US$ 000	Plantations US$ 000	Eversharp US$ 000	Central Adminis-tration US$ 000	Adjust-ments & elimina-tions US$ 000	Group US$ 000
Revenue							
External customer	4 230	18 878	975	4 598	-	-	**28 681**
Intra-segment	500	7 131	-	-	-	(7 631)	**-**
	4 730	**26 009**	**975**	**4 598**	**-**	**(7 631)**	**28 681**
Operating profit before impairments and fair value adjustments	(1 019)	967	(114)	422	(52)	-	**204**
Finance income	-	-	-	-	-	-	**-**
Finance cost	(28)	(230)	(8)	(174)	(1 198)	-	**(1 638)**
Segment assets	5 826	8 637	5 571	1 017	4 272	2 880	**28 203**
Segment liabilities	1 829	3 709	259	1 417	8 443	2 401	**18 058**
Capital expenditure	51	402	43	158	27	-	**681**
Depreciation	336	313	100	55	66	-	**870**

Sep-13	Paper US$ 000	Batteries US$ 000	Plantations US$ 000	Eversharp US$ 000	Central Adminis-tration US$ 000	Adjust-ments & elimina-tions US$ 000	Group US$ 000
Revenue							
External customer	4 307	20 375	1 361	4 173	1	-	**30 217**
Intra-segment	647	6 886	-	-	-	(7 533)	**-**
	4 954	**27 261**	**1 361**	**4 173**	**1**	**(7 533)**	**30 217**
Operating profit before impairments and fair value adjustments	(395)	1 685	376	238	206	-	**2 110**
Finance income	-	4	-	1	18	(17)	**6**
Finance cost	(48)	(273)	(7)	(232)	(1 391)	17	**(1 934)**
Segment assets	6 123	10 264	5 676	1 080	2 944	2 589	**28 676**
Segment liabilities	1 702	4 299	43	1 963	7 859	1 580	**17 446**
Capital expenditure	42	393	43	1	62	-	**541**
Depreciation	331	313	92	48	41	-	**825**

9. OPERATING SEGMENTS (CONTINUED)

- 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

Adjustments and eliminations:

1. Inter segment revenues are eliminated on consolidation [2014:US$7,631,000 (2013:US$7,533,000)]
2. Profit/(loss) for each segment does not include profit from inter-segment sales [2014:US$36,000 (2013:43,000)]
3. Segment liabilities and assets do not include deferred tax, which have been shown as an adjustment on the segment assets and segment liabilities line items in the tables above.

Geographic information

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

	Zimbabwe		Zambia		Adjustments		US$ 000	US$ 000
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	28 063	30 296	8 249	8 870	(7 631)	(7 533)	28 681	30 217
Non-current assets	16 962	14 032	634	658	-	-	17 596	14 690

10. OPERATING PROFIT

Operating profit has been arrived at after the following :	2014 US$ 000	2013 US$ 000
Current year audit fee's	133	139
Depreciation	870	825
Directors' emoluments		
- as directors	76	63
- managerial remuneration	649	471
- Share based payment expense	-	10
	725	544
Staff costs	8 128	8 490
Exchange gains/(losses)		
- realised	(76)	(6)
- unrealised	(155)	29
	(231)	(23)
Profit/ (loss) on sale of property, plant and equipment	24	(22)
Restructuring costs	149	-

Compensation to key management personnel is disclosed in Note 33.

11. TAXATION

	2014 US$ 000	2013 US$ 000
Current income tax	373	265
Deferred tax	4	(376)
Total current tax charge/(credit)	**377**	**(111)**

Zimbabwe income tax is calculated at 25.75% (2013: 25.75%) of the estimated taxable profit for the year. Zambia income tax is calculated at 35% (2013: 35%) of the estimated tax profit for the year.

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 /(credit) for the year can be reconciled to the profit per the statement of profit or loss and other comprehensive income as follows:

	2014 US$ 000	%	2013 US$ 000	%
(Loss)/profit before tax	**(723)**		**288**	
Tax at the Zimbabwean income tax rate	**(186)**	**(25.75%)**	**74**	**25.75%**
Adjusted for:				
Disallowed (income)/expenditure	(25)	(3.46) %	40	13.89 %
Tax rate difference on disposed Zambia asset	-	-	(205)	(71.18)%
Income not subject to tax	(33)	(4.56)%	-	-
Export deduction	(6)	(0.83)%	(10)	(3.47)%
Tax loss not recognised	378	52.28%	31	10.76 %
Other differences	91	12.59%	8	2.78 %
Withholding tax on Zambia Dividend	194	26.83%	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	(53)	(7.33)%	(49)	(17.01)%
Tax expense /(credit) and effective tax rate for the year	**377**	**52.14%**	**(111)**	**(38.54)%**

Tax payable reconciliation	2014 US$ 000	2013 US$ 000
Opening balance	533	411
Exchange movements	(36)	(4)
Current income tax and withholding taxes	373	265
Amount paid during the year	(402)	(139)
Closing balance	**468**	**533**

11. TAXATION (CONTINUED)

Tax (charge)/credit in other comprehensive income

	Gross US$ 000	Tax US$ 000	Net US$ 000
2014			
Surplus on revaluation of property, plant and equipment	98	(2)	96
Fair value adjustment on available for sale investments	25	(7)	(18)
2013			
Surplus on revaluation of property, plant and equipment	268	(5)	263
Fair value adjustment on available for sale investments	(1)	-	(1)

12. NON-CURRENT ASSETS HELD FOR SALE

The results of discontinued operations comprised rental income and related expenditure for the Mutare land and buildings. The land and buildings have been reclassified as held for sale since 2010. Due to difficulties in finding a suitable buyer, management started to let out the space. On 1 October 2013, following developments on the Mutare property to transform it into a rental earning property, management reclassified the Mutare Board and land and buildings to investment property. At that date its carrying amount was determined to be the fair value and no revaluation surplus was recorded in the financial statements. If the property had been accounted for under IAS 16 – Property, plant and equipment from the date of transfer to held for sale, its carrying amount would not have been significantly different from its carrying amount at the date of change in use given the revaluation policy for property. As a result no adjustments were recorded on the transfer to property, plant and equipment. The carrying amount of the property was also determined to approximate its fair value and as a result no fair value adjustments were recorded when the property was transferred to investment property.

The results of discontinued operations reported in the prior year have therefore been reclassified to continuing operations in accordance with IFRS 5: 36.

Non-current assets held for sale:	2014 US$ 000	2013 US$ 000
Assets held for sale	-	2,629
	-	**2,629**
Liabilities associated with assets held for sale	-	(745)
	-	**1,884**

Discontinued operations reclassified to continuing operations

	2014 US$ 000	2013 US$ 000
Revenue	**-**	**-**
Cost of sales	-	-
Gross profit	**-**	**-**
Rental income	-	238
Operating expenses	-	(167)
Operating profit before interest and taxation	**-**	**71**
Finance income	-	1
Finance costs	-	(184)
Loss before tax	**-**	**(112)**
Income tax credit	-	29
Loss for the year from discontinued operations	**-**	**(83)**

12. NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

The major classes of assets and liabilities of the operations classified as held for sale as at 30 September are as follows:

	2014 US$ 000	2013 US$ 000
Assets and liabilities of assets held for sale:		
ASSETS		
Property plant and equipment	-	2 554
Deferred tax assets	-	49
Trade and other receivables	-	24
Cash and cash equivalents	-	2
Assets classified as held for sale	**-**	**2 629**
LIABILITIES		
Trade and other payables	-	(469)
Short-term borrowings	-	(276)
Liabilities directly associated with assets classified as held for sale	**-**	**(745)**
Net assets directly associated with disposal group	**-**	**1 884**

13. NET FINANCE COSTS

	2014	2013
Interest received from bank deposits	-	(7)
Interest paid on bank overdrafts and loans	1,638	1,934

14. EARNINGS PER SHARE

Basic earnings/(loss) per share amounts are calculated by dividing the net profit/ (loss) 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/ (loss) per share amounts are calculated by dividing the net profit /(loss) 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.

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for separately identifiable re-measurements, net of related tax (both current and deferred) other than re-measurements specifically included in headline earnings. A re-measurement is an amount recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of an asset or liability that arose after the initial recognition of such asset or liability.

14. EARNINGS PER SHARE

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

	2014 US$ 000	2013 US$ 000
(Loss)/profit for the year ($'000)	(1,100)	399
Weighted average number of ordinary shares	467,302,874	467,302,874
Basic (loss)/earnings per share (cents)	**(0.24)**	**0.09**

The calculation of the diluted earnings per share is as shown below:

	2014 US$ 000	2013 US$ 000
(Loss)/profit for the year ($'000)	(1,100)	399
Weighted average number of shares for basic earnings per share	467,302,874	467,302,874
Effect of dilution:		
Share options	631,264	631,264
Treasury shares	638,408	638,408
Number of shares in issue	468,572,546	468,572,546
Diluted (loss)/earnings per share (cents)	**(0.24)**	**0.09**

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

Reconciliation of basic earnings to diluted earnings

	2014		2013	
	Gross US$000	Net US$000	Gross US$000	Net US$000
(Loss)/profit for the year used in the calculation of basic earnings		**(1,100)**		**399**
(Profit) /Loss on disposal of property, plant and equipment (note 31)	(24)	(18)	22	16
Loss on acquisition of National Waste Collections	-	-	5	4
Impairment of property, plant and equipment (note 17)	-	-	16	12
Headline (loss)/earnings		**(1,118)**		**431**
Weighted average number of shares for basic earnings		467,302,874		467,302,874
Weighted average number of shares for diluted earnings		468,572,546		468,572,546
Basic Headline (loss)/earnings per share		(0.24)		0.09
Diluted Headline (loss)/earnings per share		(0.24)		0.08

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold premises US$ 000	Plant & machinery US$ 000	Vehicles & office equipment US$ 000	Total US$ 000
Cost or valuation				
At 1 October 2012	**7,941**	**2,519**	**2,112**	**12,572**
Exchange differences	(28)	(7)	(68)	(103)
Additions	-	119	422	541
Asset scrapping	-	(20)	(15)	(35)
Disposals	(9)	(9)	(204)	(222)
Acquisition of subsidiary	-	35	30	65
Revaluation	169	(17)	(36)	116
At 30 September 2013	**8,073**	**2,620**	**2,241**	**12,934**
Exchange differences	(64)	(8)	(83)	(155)
Additions	-	381	300	681
Transfer from non-current assets held for sale (note 12)	2,554	-	-	2,554
Transfer to investment property (note 19)	(2,554)	-	-	(2.554)
Disposals	-	(13)	(230)	(243)
Revaluation	96	-	-	96
At 30 September 2014	**8,105**	**2,980**	**2,228**	**13,313**
Accumulated depreciation				
At 1 October 2012	**506**	**658**	**1,147**	**2,311**
Exchange differences	(1)	(2)	(10)	(13)
Charge for the year	249	261	315	825
Asset scrapping	-	(4)	(15)	(19)
Revaluation	(100)	-	-	(100)
Disposals	-	(4)	(107)	(111)
At 30 September 2013	**654**	**909**	**1,330**	**2,893**
Exchange differences	-	(6)	(65)	(71)
Charge for the year	246	278	346	870
Disposals	-	-	(175)	(175)
At 30 September 2014	**900**	**1,181**	**1,436**	**3,517**
Carrying amount				
At 30 September 2014	**7,205**	**1,799**	**792**	**9,796**
At 30 September 2013	**7,419**	**1,711**	**911**	**10,041**

Revaluation of property, plant and equipment

The Group engaged an accredited independent professional valuer, to determine the fair value of its land and buildings. 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 2014.

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.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Significant unobservable valuation input: Range

Price per square metre $20 – $25

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

As at 30 September 2014, the Group held the following properties measured at fair value

	2014 US$000	Level 1	Level 2	Level 3
Financial assets				
Freehold premises	7 205	-	-	7 205
	2013 US$000			
Freehold premises	7 419	-	-	7 419

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 2014 was US$1.417million (2013: US$1.45million). Leased assets are pledged as security for the related finance lease.

Impairment of property, plant and equipment

No impairment loss was recorded in 2014. In 2013, a loss of US$16,000 related to scrapping of Chloride Zimbabwe industrial business unit assets. The recoverable amount was based on fair value less costs of disposal.

Security

Certain property, plant and equipment are encumbered. The net book value of property, plant and equipment pledged as security for borrowings (see note 20) as at 30 September 2014 is US$6.6 million (2013; US$7.2 million).

Carrying values of Property, Plant and Equipment that would have been recognised under the cost model

	Freehold premises US$ 000	Plant & machinery US$ 000	Vehicles & office equipment US$ 000	Total US$ 000
At 30 September 2014	2 104	-	-	**2 104**
At 30 September 2013	2 453	-	-	**2 453**

Reconciliation of opening and closing carrying amounts of property, plant and equipment:

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2014 US$ 000	2013 US$ 000
Opening carrying amount at 1 October	10 041	10 261
Movement for the year:		
Additions	681	541
Acquisition of subsidiary	-	65
Net carrying amount of disposals	(68)	(111)
Depreciation charge for the year	(870)	(825)
Revaluation of land and buildings	96	216
Scrapping of property plant and equipment	-	(16)
Exchange movements	(84)	(90)
Carrying amount at 30 September	9 796	10 041
Cost plus revaluation	13 313	12 934
Accumulated depreciation	(3 517)	(2 893)

16. BIOLOGICAL ASSETS

The Group's biological assets comprise timber plantations

	2014 US$ 000	2013 US$ 000
Opening balance	**4 649**	**3 906**
Sales	(708)	(961)
Stock loss/Fire damage	(153)	(64)
Capitalised costs	685	1 327
Fair value adjustments	152	441
At 30 September	**4 625**	**4 649**

Biological assets totalling US$2 million have been pledged as security for borrowings (see note 20).

A portion of the biological assets totalling US$3million has been pledged as security for the supply of capital equipment by Taesung Chemical Company Limited (see note 32).

	2014 Hectares	2014 Valuation	2013 Hectares	2013 Valuation
1 - 6 years	1 039	204	993	152
7 - 12 years	829	1 213	844	1 114
13 - 18 years	685	3 184	742	3 257
19-40 years	2	24	10	126
	2 555	4 625	2 589	4 649

31,083 metric tonnes of timber were harvested in 2014 (2013: 27,752 metric tonnes)

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16. BIOLOGICAL ASSETS (CONTINUED)

Timber that is 15 years and above is considered mature, hence harvestable

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)
DCF Method	Estimated future timber market prices per tonne	$22.58-$23.64 ($23.02)
	Estimated yields per hectare	15.3
	Estimated harvest costs	$10.49
	Discount rate	18%

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 harvesting costs were lower/(higher)
- the discount rate were lower/(higher)

Fair value hierarchy

	2014 US$000	Level 1	Level 2	Level 3
Financial assets				
Biological assets	4 625	-	-	4 625

	2013 US$000	Level 1	Level 2	Level 3
Financial assets				
Biological Assets	4 649	-	-	4 649

17. IMPAIRMENT OF ASSETS

Impairment against profit or loss

	2014 US$ 000	2013 US$ 000
Plant and equipment	-	16
Inventory	31	110
At September	**31**	**126**

There was no impairment on plant and equipment in 2014: (2013 US$16,000 worth of property was scrapped in Chloride Zimbabwe.)

The impairment of inventories relates mainly to write down of obsolete inventories.

18. INVESTMENTS

Available-for-sale investments

Group	2014 US$ 000	2013 US$ 000
Opening balance	**26**	**62**
Additions	-	-
Disposals	-	(35)
Fair value gain/(loss)	25	(1)
	51	**26**

Available for sale investments comprise of quoted shares held on the Zimbabwe Stock Exchange and unquoted shares.

Unquoted equities fair value measurement

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)
Price Earnings Multiple	Estimated maintainable earnings	$43,623
	Price earnings	2.2
	Inflation	0%-3%

Significant increases (decreases) in estimated maintainable earnings in isolation would result in a significantly higher(lower) fair value.

Refer to Note 20.2 for fair value hierarchy.

18.1 GROUP INFORMATION

Details of the Company's direct subsidiaries at 30 September 2014 are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	Principal Activity
Art Investments Limited	Mauritius	100%	Owns Art Zimbabwe Limited, Art Corporation Limited and Fleximail Zambia Limited
Chloride CA Limited	British Virgin Islands	100%	Owns battery distribution companies in Zimbabwe and Zambia

The Company's indirect operating investees at 30 September 2014 are as follows:

Name of subsidiary/ division	Country of incorporation	Ownership interest	Principal Activity
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 Collections (Private) Limited	Zimbabwe	100%	Collects waste paper used in the production of tissue paper
Softex (Private) Limited	Zimbabwe	50%	Manufacturer of tissue products

19. INVESTMENT PROPERTY

Group	2014 US$ 000	2013 US$ 000
Opening balance	-	-
Transfer from property plant and equipment (note 15)	2 554	-
Fair value adjustment	621	-
Closing balance	**3 175**	**-**

The Group's investment property consists of a commercial property in Mutare. On 1 October 2013, management reassessed the intention to hold the Mutare property for sale and noted that the conditions for classification as non -current asset held for sale were no longer applicable. It was therefore concluded that the property be reclassified to Investment property as it had been transformed into a rental earning property. The property was first transferred to property, plant and equipment before being transferred to investment property.

At 30 September 2014, 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.

	2014 US$ 000	2013 US$ 000
Rental Income derived from investment property	278	-
Direct operating expenses generating rental income	(241)	-
Direct operating expenses that did not generate rental income	(25)	-
Profit arising from investment property carried at fair value	12	-

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.

Reconciliation of fair value

	2014 US$ 000	2013 US$ 000
As at 1 October	-	-
Remeasurement recognised in profit and loss	621	-
Purchases	-	-
At 30 September	621	-

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)
DCF Method	Estimated rental value per sqm	$2-$5
	Rental growth per annum	1%-5%
	Long term vacancy rate	25%-40%
	Discount Rate	13%

Significant increases (decreases) in estimated rental value per square metre, rental growth per annum and long term vacancy rate in isolation would result in a significantly higher(lower) fair value.

Fair value hierarchy

	2014 US$000	Level 1	Level 2	Level 3
Financial assets				
Investment property	3,175	-	-	3,175

20. INTEREST BEARING LOANS AND BORROWINGS

Current interest-bearing loans and borrowings	Interest rate %	Maturity	2014 US$ 000
Unsecured bank loan	23%	Revolving	14
Unsecured bank loan	15%	Revolving	129
Unsecured loan	13%	31-Dec-14	48
Secured bank loan	16%	31-Jul-16*	637
Secured bank loan	13%	31-Jan-15	2,141
Secured bank loan	20%	30-Sep-15	60
Unsecured bank loan	12%	31-Nov-16*	96
Secured bank loan	20%	31-Dec-16*	536
Secured bank loan	10%	30-Nov-18*	101
Secured bank loan	18%	10-Apr-17*	80
Obligations under finance lease (short term portion) (note 29)	20%	30-Sep-17*	109
Art Pension fund	10%	31-Dec-14	654
Total current interest-bearing loans and borrowings			**4,605**

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

Current interest-bearing loans and borrowings	Interest rate %	Maturity	2013 US$ 000
Unsecured bank loan	23%	Revolving	6
Unsecured bank loan	15%	Revolving	224
Unsecured bank loan	21%	Revolving	171
Secured bank loan	30%	31-Oct-13	110
Secured bank loan	16%	31-Dec-13	1,488
Secured bank loan1	13%	30-Jun-14	2,218
Secured bank loan	20%	31-Jul-14	55
Unsecured bank loan (short term portion)	15%	31-Dec-14	264
Secured bank loan (short term portion)	17%	30-Jun-15	254
Secured bank loan (short term portion)	17%	30-Jun-15	3
Secured bank loan (short term portion)	17%	30-Jun-16	143
Secured bank loan (short term portion)	10%	31-Jul-16	530
Secured bank loan (short term portion)	18%	10-Apr-17	78
Unsecured loan	8%	30-Apr-14	16
Obligations under finance lease (short term portion) (note 29)	20%	31-May-15	17
Art Pension fund	10%	31-Dec-13	624
Total current interest-bearing loans and borrowings			**6,201**

20. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

	2014 US$ 000	2013 US$ 000
Current interest-bearing loans and borrowings	4 605	6 201
Liabilities related to assets held for sale	-	(276)
Total current interest-bearing loans and borrowings	**4 605**	**5 925**

LONG-TERM BORROWINGS	Interest rate %	Maturity	2014 US$ 000
Secured bank loan	10%	30-Nov-18	389
Secured bank loan	16%	31-Jul-16	483
Secured bank loan	20%	31-Dec-16	718
Unsecured bank loan	12%	30-Nov-16	102
Secured bank loan	18%	10-Apr-17	161
Obligations under finance lease (note 29)	17-20%	30-Apr-19	1,264
Total long term interest-bearing loans and borrowings			**3,117**

LONG-TERM BORROWINGS	Interest rate %	Maturity	2013 US$ 000
Secured bank loan	17%	30-Jun-15	500
Secured bank loan	17%	30-Jun-16	250
Secured bank loan	18%	10-Apr-17	301
Unsecured bank loan	15%	31-Dec-14	60
Obligations under finance lease (note 29)	17-20%	30-Apr-19	1,012
Total long term interest-bearing loans and borrowings			**2,123**

	2014 US$ 000	2013 US$ 000
Long term interest-bearing loans and borrowings	3 117	2 123
Total current interest-bearing loans and borrowings	**3 117**	**2 123**

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 15 for value of assets held as security).

The Group has long term funding with both local banks and from Zambia. The loans have tenures ranging from 2 years to 4 years with interest ranging from 12% to 20% (2013; 15% to 20%).

20.1 OVERDRAFTS

	2014 US$ 000	2014 US$ 000
Bank overdrafts	148	73
	148	**73**

Interest of 18% (2013; 18%) is charged on the bank overdraft.

20.2 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.
Fair values of financial instruments
Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments as at 30 September.

	Carrying amount 2014 US$ 000	Fair value 2014 US$ 000	Carrying amount 2013 US$ 000	Fair value 2013 US$ 000
Financial assets				
Cash	486	486	610	610
Trade receivables	3 079	3 079	3 214	3 214
Available for sale investments	51	51	26	26
	3 616	**3 616**	**3 850**	**3 850**
Financial liabilities				
Bank overdraft	148	148	73	73
Interest bearing loans and borrowings	7 722	7 722	8 048	8 048
Trade payables	7 364	7 364	5 621	5 621
	15 234	**15 234**	**13 742**	**13 742**

Market values have been used to determine the fair value of listed available-for-sale financial instruments.

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 2014, the Group held the following financial instruments measured at fair value

	2014 US$000	Level 1	Level 2	Level 3
Financial assets				
Available-for-sale	51	19	-	32

20.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

	2013 US$000	Level 1	Level 2	Level 3
Available-for-sale	26	26	-	-

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

	2014 US$ 000	2013 US$ 000
Cash balances	5	144
Accounts receivable	146	872
Loans	(241)	(379)
Bank overdrafts	(148)	(73)
Accounts payable	(237)	(1,045)

Foreign currency sensitivity analysis

The Group's principal foreign currency exposures are to the US dollar against the Zambian Kwacha (ZMK), Botswana Pula (BWP) and South African Rand (ZAR). 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 and US$/ZAR 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		Impact on equity	
	2014 US$ 000	2013 US$ 000	2014 US$ 000	2013 US$ 000
US$ weakens by 10%				
South African Rand	2	(1)	28	(34)
Zambian Kwacha	46	6	219	366
Botswana Pula	-	-	9	8
Great Britain Pound	(1)	(1)	14	4
	47	**4**	**270**	**344**
US$ strengthens by 10%				
South African Rand	(2)	1	23	28
Zambian Kwacha	(38)	(5)	(224)	(299)
Botswana Pula	-	-	7	(8)
Great Britain Pound	1	1	11	4
	(39)	**(3)**	**(183)**	**(275)**

Positive figures represent an increase in profit or increase in shareholders' equity.

Liquidity and interest rate 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.

20.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 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.

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.

	2014 US$ 000	2013 US$ 000
Interest rates increase by 5%	601	522
Interest rates decrease by 5%	(601)	(522)

The table below summarises the maturity profile of the Group's financial liabilities at 30 September 2014.

	Within 3 months US$ 000	Between 4 and 12 months US$ 000	More than 12 months US$ 000	Total US$ 000
2014				
LIABILITIES				
Borrowings	(1 738)	(3 343)	(2 187)	(7 268)
Finance lease liabilities	(27)	(82)	(1 264)	(1 373)
Bank overdrafts	(148)	-	-	(148)
Accounts payable	(7 364)	-	-	(7 364)
	(9 277)	**(3 425)**	**(3 451)**	**(16 153)**

	Within 3 Months	Between 4 and 12 months	More than 12 months	Total
2013				
LIABILITIES				
Borrowings	(2 678)	(3 578)	(1 123)	(7 379)
Finance lease liabilities	(47)	(141)	(1 806)	(1 994)
Bank overdrafts	(73)	-	-	(73)
Accounts payable	(5 621)	-	-	(5 621)
	(8 419)	**(3 719)**	**(2 929)**	**(15 067)**

20.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

The Group's financial assets are bank balances, investments and trade and other receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to credit risk is equal to the carrying amount of cash and bank, investments and trade and other receivable balances reported in the statement of financial position. The Group does not hold any collateral for 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 quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

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.

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 US$ 000
Change in mean annual increment/trees per hectare	+5%	231
	-5%	(231)
Change in price	+5%	231
	-5%	(231)

21. INVENTORIES

Group	2014 US$ 000	2013 US$ 000
Raw materials	773	1 134
Work in progress	1 261	1 381
Manufactured goods	1 847	2 289
Consumables and spares	737	922
Goods-in-transit	200	4
	4 818	**5 730**

$31,000 was written off in 2014; (2013 $110,000).

The cost of inventories recognised in cost of sales is US$14.225million (2013; US$15.124million).There are no inventories pledged as security for borrowings.

22. TRADE AND OTHER RECEIVABLES

Group	2014 US$ 000	2013 US$ 000
Trade	2 532	2 321
Prepayments	632	228
Other	547	893
	3 711	**3 442**
Assets held for sale	-	(24)
	3 711	**3 418**

An allowance has been made for estimated irrecoverable amounts from the sale of goods of US$761,000 (2013: US$ 1,008,000).This allowance has been determined by reference to past default experience.
The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Trade receivables ageing

	Total	Neither past due nor impaired	Past due but not impaired 31 – 60 days	61 – 90 days	91 – 120 days	> 120 days
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Continuing operations	2 532	1 158	569	295	170	340
2014	**2 532**	**1 158**	**569**	**295**	**170**	**340**
Continuing operations	2 297	1 267	595	206	158	71
2013	**2 321**	**1 277**	**601**	**207**	**165**	**71**

Movement in the allowances for credit loses

	2014 US$ 000	2013 US$ 000
Balance at beginning of the year	**1 008**	**1 197**
Provisions utilised	(351)	(278)
Provisions raised	104	89
Balance at end of the year	**761**	**1 008**

There were no collectively impaired trade receivables in the current year. Credit terms vary per business unit, but do not exceed 60 days. Interest is charged on overdue accounts at varying rates depending on the business.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually.

23. CASH AND SHORT TERM DEPOSITS

Group	2014 US$ 000	2013 US$ 000
Bank and cash	486	612
Assets held for sale	-	(2)
	486	**610**

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.

24. SHARE CAPITAL

The share capital of the Company comprises:

	2014 US$ 000	2013 US$ 000
Authorised:		
800,000,000 Ordinary Shares of US$ 0.0001 each. (2013: 800,000,000 Ordinary Shares of US$ 0.0001 cents each.)	80	80
Issued and fully paid:		
467,302,874 Ordinary Shares of US$ 0.0001 each. (2013: 467,302,874 Ordinary Shares of US$ 0.0001 cent each)	47	47
Treasury shares:		
638,408 Ordinary Shares of US$ 0.0001 each. (2013: 638,408 Ordinary Shares of US$ 0.0001 cent each).	-	-

Movement in the number of shares	Issued and fully paid		Treasury shares	
	2014 000's	2013 000's	2014 000's	2013 000's
Opening balance	**467 302**	**467 302**	**638**	**638**
Issue of shares	-	-	-	-
Purchase of treasury shares	-	-	-	-
Employees' share option scheme	-	-	-	-
At 30 September	**467 302**	**467 302**	**638**	**638**

Treasury shares are held by a Group company to satisfy options under the Group's share option scheme. The unissued shares are under the control of the Directors.

SHARE PREMIUM

	2014 US$ 000	2013 US$ 000
Opening balance	**4 378**	**4 378**
Issue of shares	-	-
At 30 September	**4 378**	**4 378**

25. NON-DISTRIBUTABLE RESERVE

Group	2014 US$ 000	2013 US$ 000
Share options reserve	36	36
Available for sale reserve	34	16
Foreign currency translation reserve	721	820
Revaluation reserve	9 586	9 490
Foreign currency conversion reserve	2 100	2 100
At 30 September	**12 477**	**12 462**

25. NON-DISTRIBUTABLE RESERVE

	2014 US$ 000	2013 US$ 000
Comprising:		
Opening balance	12 462	13 102
Changes in non-distributable reserves	15	(640)
Translation of foreign subsidiaries	(99)	(141)
Surplus on revaluation of property plant and equipment	96	263
Share options expense	-	36
Transfer from revaluation reserve on asset disposal	-	(797)
Fair value adjustment on available for sale investments	18	(1)
Closing balance	12 477	12 462

Share options reserve
The share options reserve relates to share options granted by the Company to its employees under its employee share option plan (see note 26).

Available for sale reserve
This reserve records fair value changes on available-for-sale financial assets.

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. It is also used to record the effect of hedging net investments in foreign operations.

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.

Foreign currency conversion reserve
The reserve relates to the conversion of the Zimbabwe dollar balances into the new functional currency of the United States dollar on adoption of the United States Dollar as the functional and presentation currency.

26. SHARE BASED PAYMENTS

At the Company'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 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.

At 30 September 2013, the following share-based payment arrangement was granted:

Type of arrangement	Executive and Senior management share option plan
Date of Grant	18 June 2013
Number Granted	14,300,000
Contractual life	5 years
Vesting conditions	None

No further options were granted in the year ended 30 September 2014.

26. SHARE BASED PAYMENTS (CONTINUED)

The estimated fair value of each share option granted in the above share option plan is US0.25cents. This was calculated by applying a modified version of the Black-Scholes- Merton (BSM) model. The model inputs were the share price at grant date of US0.40cents, strike price of US0.40cents, expected risk free rate of 5.7%, no expected dividends and a contractual life of 5 years. The estimated Exponential Weighted Moving Average volatility was 86%, whichplaces higher reliance on more recent observations; the Company expects the volatility of its share price to reduce as it matures.

Further details of the share option plans are as follows:

	2014		2013	
	Number of options	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)
Outstanding at start of the year	14 300 000	0.25	-	-
Granted	-	-	14 300 000	0.25
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at end of the year	14 300 000	0.25	14 300 000	0.25
Exercisable at end of year	14 300 000	0.25	14 300 000	0.25

The options outstanding at 30 September 2014 had an exercise price of USD$0.40cents, and a weighted average remaining contractual life of 3.75 years (2013 4.75 years).

The effect of the above highlighted share based payment transactions on the Groups profit for the period is as follows:

	2014 US'000	2013 US'000
Expense arising from share based payment transaction	-	36

27. DEFERRED TAX

	2014 US$ 000	2013 US$ 000
Opening balance	**788**	**1 201**
Exchange differences	(6)	-
Charged through other comprehensive income; Revaluation of property, plant and equipment	2	5
Fair value loss on available-for-sale investments	7	-
Charge/credit to profit or loss	4	(435)
Deferred tax on acquiring National Waste Collections	-	17
At 30 September	**795**	**788**
Relating to assets held for sale	-	49
	795	**837**

27. DEFERRED TAX (CONTINUED)

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

Deferred tax liabilities	**2014 US$ 000**	**2013 US$ 000**
Property plant and equipment	2 644	2 767
Biological assets	1 191	1 197
Prepayments	91	64
Other	123	63
	4 049	**4 091**
Deferred tax assets		
Estimated tax losses	3 163	3 163
Other	91	91
	3 254	**3 254**
Net deferred tax liability	**795**	**837**

Disclosed As:

Deferred tax liabilities	**2014 US$ 000**	**2013 US$ 000**
Deferred tax liabilities	1 815	1 857
Deferred tax assets	(1 020)	(1 020)
Net deferred tax liability	**795**	**837**

In 2014, assessed losses amounting to $1,362,705 where not recognised as deferred tax assets. These losses expire in 2020.

28. TRADE AND OTHER PAYABLES

Group	**2014 US$ 000**	**2013 US$ 000**
Trade	3 693	3 062
Accruals and other	3 671	3 028
	7 364	**6 090**
Liabilities relating to assets held for sale	-	(469)
	7 364	**5 621**

Trade payables, accruals and other obligations are non interest bearing and are normally settled within 30 days.

28.1 PROVISIONS

Provisions reconciliation	**Leave Pay US$ 000**	**Warranties US$ 000**	**Total US$ 000**
At 1 October 2012	**242**	**362**	**604**
Additional provision	166	27	193
Amount utilised	(108)	(120)	(228)
At 30 September 2013	**300**	**269**	**569**
Additional provision	109	24	133
Amount utilised	(142)	(19)	(161)
At 30 September 2014	**267**	**274**	**541**

28.1 PROVISIONS (CONTINUED)

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.

29. LEASE ARRANGEMENTS

Operating lease commitments-The Group as lessee

Lease payments representing rentals payable by the Group for certain of its properties. Leases are primarily negotiated for an average term of three to thirty six months during which rentals are fixed. Certain leases contain options for the Group to renew at market related rentals.

	Payable within 1 year US$ 000	Payable between 1 year and five years US$ 000
2014	**685**	**351**
2013	**380**	**120**

Operating lease commitments - The Group as lessor

The Group has entered into property leases on its Mutare and Kadoma Properties. 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 2014 are as follows:

	Receivable within 1 year US$ 000	Receivable between 1 year and five years US$ 000
2014	**306**	**481**
2013	**200**	**432**

Finance lease obligations- The Group as lessee
The Group has leased certain of its motor vehicles, land and buildings under finance leases. The lease terms for buildings and motor vehicles are five years and two years respectively. The Group has 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 17% to 20% per annum. The lease agreement for the land and buildings expires on 30 April 2019.

	2014		2013	
	Minimum payments US$000	Present value of payments US$000	Minimum payments US$000	Present value of payments US$000
Within one year	349	109	188	17
After one year but not later than five years	720	109	705	12
More than five years	1,351	1,155	1,101	1,000
Total minimum lease payments	2,420	1,373	1,994	1,029
Less amounts representing finance charges	(1,047)	-	(965)	-
Present value of minimum lease payments	**1,373**	**1,373**	**1,029**	**1,029**

29. LEASE ARRANGEMENTS (CONTINUED)

Included in the consolidated financial statements as:

	2014 US$ 000	2013 US$ 000
Current borrowings (note 20)	109	17
Long term borrowings (note 20)	1 264	1 012
	1 373	**1 029**

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 US$700 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.

Contribution to pension schemes during the year:	2014 US$ 000	2013 US$ 000
Zimbabwe pension schemes	61	56
Zimbabwe National Social Security Authority	130	120
Non-Zimbabwe pension schemes	63	87
	254	**263**

31. GROUP CASH FLOW INFORMATION

Cash generated from operations		
Operating profit	**915**	**2,215**
Depreciation and impairment of assets	870	841
(Profit) /Loss on disposal of property, plant and equipment	(24)	22
Unrealised exchange (gains)/losses	(155)	29
Fair value gain on investment property	(621)	-
Other non-cash items	(49)	366
Fair value adjustment on biological assets	(152)	(441)
Cash generated before working capital changes	**758**	**3 032**
Movement in working capital:		
Decrease(/increase) in inventories	912	(119)
(Increase)/decrease in trade and other receivables	(293)	120
Increase in trade and other payables	1 715	233
Net cash generated from working capital	2 334	234
Cash generated from operations	**3 092**	**3 266**

32. RELATED PARTY TRANSACTIONS

Softex Tissue(Private) Limited (Softex) is a 50% joint venture. Kadoma Paper Mills, a Group entity sales its products to Softex tissue. Below is the detail of the transactions between the Group and Softex.

	2014 US$'000 Softex	2013 US$'000 Softex
Amounts receivable from Softex	-	4
Amounts payables to Softex	261	905
Sales to		
Kadoma Paper Mills	-	-
Purchases from		
Kadoma Paper Mills	1 640	2 883

No amounts relating to related party balances were written off.

Art Corporation owns 40% of Victor Onions (Private) Limited and supplies the company with batteries for resale.

Transactions and balances with Victor Onions :

	2014 US$ 000	2013 US$ 000
Sales		
Sales to related party	1 615	-
Total sales to related party	1 615	-
Amounts owed by Related party	48	-

A director of Lotus Stationery Manufacturers, Rank Wholesalers (Private) Limited and Brexill Enterprises (Private) Limited, Mr. K. Naik, sold his shares and resigned as a non-Executive Director of ART Holdings during the year.

Transactions in the normal course of business:

	2014 US$ 000	2013 US$ 000
Sales to Related Party		
Rank Wholesalers (Private) Limited	-	651
Purchases from Related Party		
Lotus Stationery Manufacturers (Private) Limited	-	12
Rental payments to Related Party		
Brexill Enterprises (Private) Limited	-	127
Amounts owed to Related Party		
Rank Wholesalers (Private) Limited	-	48

32. RELATED PARTY TRANSACTIONS (CONTINUED)

Art Corporation also has a trading relationship with Stenhop Company Limited, a division of Taesung Chemical Company Limited, who supply plastic material to Eversharp. Taesung Chemical Company Limited, through its shareholding in various investment vehicles, increased its shareholding from 33.91% (30 September 2013) to 45,69% effective September 2014.This has prompted the Zimbabwe Stock Exchange to require the major shareholder to make a mandatory offer to minority shareholders within a period of 6 months ending 31 March 2015. Art Corporation had an existing trading relationship with Stenhop Company before the acquisition of the significant shareholding by Taesung Chemical Company Limited. Transactions between Art Corporation's stationery division and Stenhop Company Limited are at arm's length.

Transactions in the normal course of business with Stenhop:

	2014 US$ 000	2013 US$ 000
Purchases		
Purchases from related party	289	306
		-
Total purchases from related party	289	306
Amounts owed to related party	(76)	(107)

No amounts relating to related party balances were written off.

Taesung Chemical Company Limited supplies stationery, batteries and equipment to the Group.

Transactions with Taesung:

	2014 US$ 000	2013 US$ 000
Purchases		
Purchases from related party – raw materials	491	-
Deposits for equipment	280	-
Total purchases from related party	771	-
Amounts owed to related party	462	-

Deposits for equipment are in respect of capital equipment to the value of US$3million to be supplied by Taesung Chemical Company Limited. The draw down of this facility is covered by a mortgage bond of US$3million over part of standing timber included in biological assets (refer note 16).

33. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2014 US$ 000	2013 US$ 000
Short-term employee benefits	924	776
Post employment benefits	1	1
Share based payment	-	16
Total compensation paid to key management personnel	**925**	**793**

The Group considers the executive directors, Group executives and unit leaders as key management personnel. The increase in short term employee benefits for key management is a result of a management reorganization at head office.

34. JOINT VENTURES

The Group has 50% interest in Softex (Private) Limited, a joint venture involved in the manufacture of tissue and related products in Zimbabwe. Detailed below is the summarised financial information of the Group's interest in the joint venture (Softex in 2014 and 2013).

STATEMENT OF PROFIT OR LOSS	2014 US$ 000	2013 US$ 000
Revenue	**6 600**	**6 990**
Cost of sales	(5 137)	(5 708)
Gross profit	**1 463**	**1 282**
Other income	7	4
Operating expenses	(1 514)	(1 744)
Operating loss before impairments	**(44)**	**(458)**
Impairment of assets	**-**	**-**
Operating loss/ before interest and tax	**(44)**	**(458)**
Finance income	-	-
Finance costs	(18)	(28)
Loss before tax	**(62)**	**(486)**
Income tax credit	-	116
Loss for the year	**(62)**	**(370)**
Group's share of loss for the year	**(31)**	**(185)**

Depreciation included in operating expenses is $97,270 (2013: $72,738)

34. JOINT VENTURES (CONTINUED)

STATEMENT OF FINANCIAL POSITION

	2014 US$ 000	2013 US$ 000
ASSETS		
Non-current assets		
Property, plant and equipment	484	566
Deferred tax asset	114	114
Investments	1	2
	599	**682**
Current assets		
Inventories	600	1148
Trade and other receivables	787	948
Cash and short term deposits	26	34
	1 413	**2 130**
Total assets	**2 012**	**2 812**
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	106	106
	106	**106**
Current liabilities		
Trade and other payables	781	1490
Short-term borrowings	83	110
	864	**1600**
Total Liabilities	**970**	**1 706**
NET ASSETS	**1 042**	**1 106**
Capital and reserves		
Shareholders' equity	**1 042**	**1 106**
Group's Carrying amount of the Investment	**521**	**553**

The joint venture had no contingent liabilities or capital commitments as at 30 September 2014 and 2013. Softex Private Limited cannot distribute its profits without the consent from the two venture partners.

35. CONTINGENCIES

Part of the land under timber plantations has been listed for compulsory acquisition. Recent developments on the matter indicate that a 99 year lease may be obtained which will ensure security of the tenure.

The Group is also involved in a number of labour litigation cases. However, management do not anticipate any outflows of cash at the conclusion of the cases.

36. CAPITAL EXPENDITURE COMMITMENTS

	2014 US$ 000	2013 US$ 000
Authorised but not yet contracted	905	2 699
Authorised and contracted for	1 800	-

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

37. GOING CONCERN

The Group reported a net loss after tax of US$1.1million (2013; net profit of US$399,000), after charging interest cost of US$1.638 million (2013; US$1,934 million) to operating profit of US$915,000 (2013; US$2.22million). Total short term borrowings were US$4,753million (2013; US$5,998million), and long term borrowings were US$3,117million (2013; US$2,123million). Total net current liabilities were US$4,111million (2013; US$1,079million).

The Group is operating in an uncertain economic environment and operations have been affected for the unforeseeable future by the adverse effects of the country's unstable economic environment. These conditions give rise to a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue to operate as a going concern in such an environment is subject to continual assessment. The Board of Directors have reviewed the status of the Group and its ability to continue to operate as a going concern, (including solvency) in the context of the current year financial results and mitigating activities. In their assessment, the Board considered the following:

- The Group traded under a difficult environment during the year and the business still carries high borrowings and a high financing cost.
- Under such difficult environment, the Group has been able to reschedule its short term debt when it fell due and met its debt obligations.
- In prior years, the Board had indicated plans to dispose of the Mutare land and buildings valued at $2,5 million but however a sale could not materialise. In 2014, the board changed its intention and decided to hold the land and buildings as a property earning market to above market rentals.

The initiatives that the board is pursuing include the following:

- Further restructuring of short term loans into long term. An amount of US$1 million has been restructured into a three year tenor.
- An offer for working capital and capital expenditure funding of US$18 million was received from a major shareholder (Taesung) in 2013. The facility was divided into $3 million for purchases of raw materials and $15 million for purchases of equipment. The $3 million facility for working capital is expected to ease pressure on working capital as the raw materials from Taesung will be supplied under extended credit terms. More than $1 million of the facility has been approved for drawdown with orders worth $734,434 having been confirmed in Chloride Zimbabwe and Eversharp and are awaiting delivery. The $15 million equipment facility will be utilised to purchase equipment at Kadoma Paper Mills, Chloride and Eversharp over a five year period. The first phase of draw downs have been made with Chloride having ordered $717,000 worth of equipment, Kadoma Paper Mills $700,000 machinery and Eversharp another $395,000. The equipment has already been shipped and is on its way into Zimbabwe. The new equipment is expected to be commissioned by January 2015 and will increase volumes, improve procurement efficiencies and reduce costs.

The financial statements have been prepared on the going concern basis. This basis presumes that the company's plans will be effective and the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

38. 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, excluding discontinued operations.

	2014 US$000	2013 US$000
Interest-bearing loans and borrowings (note 20)	7 722	8 048
Trade and other payables (note 28)	7 364	5 621
Less: cash and short term deposits (note 23)	(486)	(610)
Net debt	**14 600**	**13 059**
Total capital	**10 145**	**11 230**
Borrowings as a percentage of capital and reserves	144%	116%

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2014 and 2013.

The Group is not subject to externally imposed capital requirements.

39. EVENTS AFTER REPORTING DATE

On 21 November 2014, the High Court of Zimbabwe delivered judgement on a court case involving Fleximail, a division of Art Corporation and its former employees. The High Court ruled that Fleximail should pay compensation to its former employees amounting to $340,434 based on the salary levels of the employees in April 2009. Management had accrued $239,000 based on the same salary levels. The matter has been appealed as management believes that the total sum payable will not exceed the accrued amount.

Company Statement of Profit or Loss and Other Comprehensive Income

	2014 US$ 000	2013 US$ 000
Operating expenses	-	(6)
Loss before tax	-	(6)
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment on investment in subsidiary	(1 085)	562
Other comprehensive income for the year	**(1 085)**	**562**
Total comprehensive income for the year	**(1 085)**	**556**

Company Statement of Financial Position

AS AT 30 SEPTEMBER 2014

	Notes	2014 US$ 000	2013 US$ 000
ASSETS			
Non-current assets			
Investments	**A**	5 750	6 835
Current assets			
Trade and other receivables	**B**	4 379	4 379
Cash and short term deposits		16	16
TOTAL ASSETS		**10 145**	**11 230**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**24**	47	47
Share premium	**24**	4 378	4 378
Non-distributable reserves		5 735	6 820
Accumulated loss		(15)	(15)
Shareholders' equity		**10 145**	**11 230**
TOTAL EQUITY AND LIABILITIES		**10 145**	**11 230**

P M Matupire
CHAIRMAN

25 November 2014

R K Zirobwa
CHIEF EXECUTIVE OFFICER

25 November 2014

Company statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Share Capital US$ 000	Share Premium US$ 000	Non-Distributable Reserves US$ 000	Accumulated Loss US$ 000	Total
At 1 October 2012	**47**	**4,378**	**6,258**	**(9)**	**10,674**
Loss for the period	-	-	-	(6)	(6)
Other comprehensive income	-	-	562	-	562
Total comprehensive income	**-**	**-**	**562**	**(6)**	**556**
At 30 September 2013	**47**	**4,378**	**6,820**	**(15)**	**11,230**
Other comprehensive income	-	-	(1,085)	-	(1,085)
Total comprehensive income	**-**	**-**	**(1,085)**	**-**	**(1,085)**
At 30 September 2014	**47**	**4,378**	**5,735**	**(15)**	**10,145**

Notes to the Company Financial Statements

A. Investments

	2014 US$ 000	2013 US$ 000
Opening balance	6,835	6,273
Fair value adjustment	(1,085)	504
Acquisition of subsidiary	-	58
Closing balance	5,750	6,835

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

B. Accounts Receivables

	2014 US$ 000	2013 US$ 000
Amounts due from Group companies	4, 379	4,379
	4,379	**4,379**

Size of shareholding			Number of shareholders	% of share-holders	Number of shares	% of shares in issue
1	–	5,000	2,341	83.70%	1,759,239	0.41%
5,001	–	50,000	309	11.04%	4,455,680	1.02%
50,001	–	500,000	95	3.40%	15,074,914	3.48%
500,001	–	1,000,000	14	0.50%	9,259,964	2.13%
1,000,001	–	And over	38	1.36%	403,193,643	92.96%
			2,797	**100%**	**433,743,440**	**100%**

Shareholders by type				
Nominees	61	2.18%	72,018,250	16.60%
Individuals	2,311	82.59%	29,033,819	6.69%
Other companies	261	9.37%	231,840,597	53.46%
Pension funds	23	0.82%	37,463,032	8.64%
Insurance companies	4	0.14%	21,490,436	4.95%
Investments and trusts	104	3.72%	17,582,708	4.05%
Other organisations	33	1.18%	24,314,598	5.61%
	2,797	**100%**	**433,743,440**	**100%**

TOP TEN SHAREHOLDERS

Rank	Shareholder	Total shares	%
1	CRANBAL INVESTMENTS (Private) Limited	90,019,020	19.24%
2	SILVERMINE INVESTMENTS (Private) Limited	68,400,000	14.62%
3	PIM NOMINEES (Private) Limited	55,401,501	11.84%
4	BASRUM INVESTMENTS (Private) Limited	43,704,680	9.34%
5	MINING INDUSTRY PENSION FUND	24,801,045	5.30%
6	NATIONAL RAILWAYS OF ZIMBABWE PENSION FUND	21,545,304	4.60%
7	OLD MUTUAL LIFE ASSURANCE CO. ZIM LIMITED	21,468,625	4.59%
8	J.P.MORGAN CHASE BANK	17,064,042	3.65%
9	BOBER AND COMPANY	13,644,826	2.92%
10	STANBIC NOMINEES (Private) Limited	12,267,998	2.62%

NOTICE IS HEREBY GIVEN that the tenth Annual General Meeting ("AGM") of Amalgamated Regional Trading (ART) Holdings Limited (the "Company") will be held at 202 Seke Road, Graniteside, Harare, Zimbabwe, on Friday, 27 February, 2015, at 14:00 hours for the purpose of considering and, if thought fit, passing the following resolutions.

Ordinary Business

1. To receive and consider the Directors' Report and the Accounts for the year ended 30 September 2014.

2. To re-appoint Ernst & Young as auditors for the ensuing year and to authorize the Directors to fix their remuneration.

3. To approve Directors fees for the year ended 30 September, 2014.

4. In terms of the Articles of Association of the Company, Messrs. E K Moyo, M Chundu and T Musukutwa having been appointed to the Board during the year, retire at the Annual General Meeting and being eligible offer themselves for re-election.

By order of the Board

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

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

F D Mukarakate
Group Secretary

Dated: 25 November 2014

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.

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.

Notes

For use at the Annual General Meeting ("AGM") of ART Holdings Limited ("the Company") to be held on Friday, Friday, 27 February, 2015 at 14:00 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 ____________________

____

Ordinary Resolutions

Resolution	For	Against	Abstain
1. To receive and consider the Directors' Report and the Accounts for the year ended 30 September 2014.			
2. To re-appoint Ernst & Young as auditors for the ensuring year and to authorize the Directors to fix their remuneration.			
3. To approve Directors fees for the year ended 30 September, 2014.			
4. In terms of the Articles of Association, of the Company, Messrs. E K Moyo, M Chundu and T Musukutwa having been appointed to the Board during the year, retire at the Annual General Meeting and being eligible offer themselves for re-election.			

Full Name ____

Signature ____

Dated this ____

INSTRUCTIONS 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.

7. Whether or not you intend to be present at the AGM, please complete and return the Form of Proxy. The completion of the Form of Proxy will not prevent you from attending and voting at the meeting or any adjournment thereof, in person if you wish to do so.

Transfer Secretaries
(Shares)

Amalgamated Regional Trading (ART) Holdings Limited.
202 Seke Road
Graniteside
P O Box 2777
Harare
Tel. (263 4) 770097/138
Zimbabwe
Fax. (263 4) 770137
Email: fmukarakate@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

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