ART
AMALGAMATED REGIONAL TRADING

Art Holdings Limited
Group Annual Report 2016

CHLORIDE ZIMBABWE | CHLORIDE ZAMBIA | EXIDE EXPRESS Wider Range Faster Service Better Value | EVERSHARP | KPM KADOMA PAPER MILLS Makers Of Fine Quality Paper | NWC NATIONAL WASTE COLLECTION | SOFTEX | MUTARE ESTATES

At ART Holdings we believe in growth. The recent commissioning of new equipment at our Chloride Zimbabwe manufacturing plant will strategically place us in a better position to facilitate for more growth, customer satisfaction, brand recognition and stakeholder confidence.

As a testimony of this growth commitment ART Holdings Limited were proud recipients of the ***Company of the Year 2015*** in the prestigious ***Central African Stock Exchanges (CASE) Awards*** which measures performance of companies listed on the Botswana, Malawi, Zambia and Zimbabwe stock exchanges.

In 2015 the top 3 were ZSE`s ART Holdings, Malawi stock exchange`s Sunbird and ZSE`s Truworths in third position.

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ART at a glance

BATTERY MANUFACTURE AND RETAIL

CHLORIDE ZIMBABWE

CHLORIDE ZAMBIA

EXIDE EXPRESS
Wider Range
Faster Service
Better Value

PAPER

KPM KADOMA PAPER MILLS
Makers Of Fine Quality Paper

NWC NATIONAL WASTE COLLECTION

SOFTEX TISSUE PRODUCTS

PLANTATIONS

MUTARE ESTATES

EVERSHARP

EVERSHARP
A DIVISION OF ART CORPORATION LTD
TOTAL WRITING SOLUTIONS

Financial highlights

	Note	2016 US$ 000	2015 US$ 000
Revenue		29761	29834
Operating profit		3678	1908
Profit before taxation		2269	150
Profit/(loss) for the year		1921	(590)
Basic earnings/(loss) per share (cents)		0.41	(0.13)
Cash generated from operations		5478	5377
Capital expenditure (net)		2732	3 411
Debt servicing (interest and capital)		3441	1997
Number of employees		644	711
ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION			
Non-current assets		22725	21302
Net current liabilities		(6853)	(7671)
		15872	13631
Long term accounts payables		(1013)	-
Long term borrowings		(2113)	(2929)
Deferred tax liabilities		(1820)	(1802)
Employment of capital		10926	8900
Share capital		47	47
Share premium		4378	4378
Reserves		6501	4475
Capital employed		10926	8900

New modern equipment at the Chloride factory now allows us to make a wider range of products including providing full solar backup for the entire household.

Leadership through technology

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
MBCA Bank Limited

CURRENCY OF FINANCIAL STATEMENTS

United States Dollar

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
A DIVISION OF ART CORPORATION LTD
TOTAL WRITING SOLUTIONS

Having undergone a successful retooling exercise the Eversharp brand is now in a better position to offer wider array of exciting products for both export and domestic market like the new Tungsten fine tip pen and the shutterproof ruler

Chairman's Statement

OVERVIEW

The Group's recovery continued in the year under review and I am pleased to report an improved performance by the Group despite the general economic decline. A profit before tax of $2.3m was recorded in the year compared to $150,000 achieved in 2015 as a result of improved operational efficiencies in the divisions and increased battery volumes at Chloride Zimbabwe.

T. UTETE WUSHE - Chairman

FINANCIAL

Revenue at $29.8m was at similar levels with prior year whilst margins improved to 37% compared to 2015 margins of 35%. This was a result of reduced manufacturing costs arising from factory automation and purchasing efficiencies.

Operating expenses were 13% lower than last year due to benefits of the restructuring and cost containment strategies initiated during the prior year.

Operating profit increased by 93% to $3.7m. The interest expense of $1.2m still remains a significant strain on the business. Overall the Group achieved a profit after tax of $1.9m, a significant improvement compared to a loss of $590,000 in 2015.

Cash of $5.5m was generated from operations and this was mainly applied to the recapitalisation of the factories and repayment of expensive short term debt. Consequently the debt has come down to $5.9m compared to $7m in prior year.

OPERATIONS

The Batteries Division continues to perform well and is now contributing 68% of the Group's revenues. In Zimbabwe, battery sales volumes went up by 9% from 2015 levels. Chloride Zambia's performance was however, affected by reduced economic activity in the run up to the elections and as a result, volumes in Zambia dropped by 32% compared to prior year. Overall, the Batteries Division recorded an operating profit of $2.9m up from $1.2m in 2015 representing an increase of 142%.

Eversharp performed well during the year, posting an operating profit of $763,000 up from $340,000 last year representing an increase of 124%. Volumes were at the same level and the increased profitability was as a result of reduced cost of production following the commissioning of new equipment and staff rationalisation in the prior year.

Chairman's Statement

CHLORIDE BATTERY MANUFACTURING OPERATIONS AT CHLORIDE ZIMBABWE

The consolidated Paper Division recorded an operating loss of $227,000 against a loss of $387 000 in 2015. Kadoma Paper Mills volumes were up by 6%. Softex Tissue volumes were 9% lower than prior year but margins were firmer due to more efficient raw material procurement.

Timber volumes in Mutare were 11% higher than prior year while revenues increased by 21%. Profitability, however, was affected by fires that damaged a total of 402 ha resulting in a fire loss of $452,000 during the year .

DIVIDEND

The Group is not in a position to declare a dividend.

DIRECTORATE

I was appointed the Chairman of the Group in February 2016. I would like to express my gratitude to Mr Moses Chundu, the outgoing Chairman who still remains on the Board. I would also like to thank Mr Thankfull Musukutwa who resigned from the Board during the year for his valuable contribution to the Group.

OUTLOOK

Demand for the Group's products is expected to remain strong despite subdued economic conditions.

The second phase of the recapitalisation of the Battery Factory at Chloride was completed with the successful commissioning of a $3m new battery line. This has positioned the battery business to increase product range, reduce cost and offer an improved product which will be able to compete in the region.

Additional investment in firefighting equipment will be done to mitigate against the fire risk in Mutare.

Your Board's focus in the medium term will be to recapitalise Kadoma Paper Mills in order to bring the Paper Division to sustainable profitability.

ART will continue to exploit growth opportunities in Zimbabwe and the regional markets and the Board is confident that the Group's positive trajectory will continue in 2017.

APPRECIATION

I would like to thank our customers, shareholders, fellow directors, management, the entire team at ART and all other stakeholders for their continued support and contribution to ART.

Dr T Utete Wushe
CHAIRMAN
30 November 2016

Softex, the country's number one selling tissue has been a leader over the years. In the period under review the brand continued to consolidate its position in the market. The division will continue to be on the look out for growth opportunities through its WISH, Nurse and Snip brands.

Review of Operations

GROUP FINANCIAL HIGHLIGHTS

	2016 US$ 000	2015 US$000
Revenue	29 761	29 834
Operating profit before impairments and fair value adjustments	3 678	1 908
Profit before tax	2 269	150
Profit/(Loss) after tax	1 921	(590)
Cash generated from operations	5 478	5 377
Net assets	10 926	8 900
Number of employees	644	711
Capacity utilisation	71%	69%

T. M. AMEER - Chief Executive Officer

Highlights

Revenue flat at $29,8m

Operating profit increased by 93%

Operating expenses decreased by 13%

Capacity utilisation increased by 2 percentage points

Margins increased by 2 percentage points

Finance costs decreased by 10%

Review of Operations (cont'd)

EVERSHARP PEN MANUFACTURING OPERATIONS IN MOTION AT EVERSHARP

BATTERY MANUFACTURING AND DISTRIBUTION

Financial highlights

	2016 US$ 000	2015 US$ 000
Revenue	19 790	19 329
Operating profit before impairments and fair value adjustments	2 898	1 237
Profit before tax	2 887	873
Net segment assets	6 018	4 778
Number of employees	305	290
Capacity utilisation	74%	64%

Revenue recorded by the division went up by 2% due to increased volumes at the Chloride factory (up 9% on prior year) and improved sales at Battery Express Zimbabwe which were 15% higher than 2015. Operating profit went up 134% to $2.9m due to reduced cost of production at the factory.

Capacity utilisation at Chloride improved to 74% and increased factory efficiencies resulted in the cost of production per battery dropping by 4%. Gross margins were therefore firmer at the factory at 29% (2015:26%). The factory also benefited from S I20 which regulated the imports of batteries into the country. Cashflows at the factory were boosted by the export of excess lead from the furnace, though the reduced commodity prices in the international markets adversely affected the margins on lead exports.

Battery Express performed better than last year and operating expenses at the retail end were well managed and were 13% below 2015 levels. A total of 4 franchise shops were opened during the year bringing the total number of franchise shops to 8 and this has increased market reach. The Battery Express outlets are being rebranded to Exide Express shops and the exercise should be completed in the coming year.

Chloride Zambia, the distribution business in Zambia was affected by the low copper market prices and general slowdown in that country since the run up to the elections. Consequently volumes were 32% down compared to prior year. The business however achieved a profit of $370,000.

Review of Operations (cont'd)

PAPER

Financial highlights

	2016 US$ 000	2015 US$ 000
Revenue	4 565	4 573
Operating loss before impairments and fair value adjustments	(227)	(387)
Loss before tax	(288)	(469)
Net segment assets	3 778	3 569
Number of employees	147	158
Capacity utilisation	76%	70%

The Paper Division comprising of National Waste Collections and Kadoma Paper Mills recorded a loss of $288,000 compared to a loss of $469,000 in 2015.

The weakening of the South African Rand during the year resulted in reduced selling prices of tissue in the market in order to remain competitive and this contributed to the loss in Kadoma Paper Mills, despite a volume increase of 9%. The Mill has since benefited from S I64 with increased volumes being sold in the second half of the year. Investment in a new Tissue Mill in the medium term will bring the Mill back to sustainable profitability.

National Waste Collections recorded a profit before tax of $33,000 from a loss position of $145,000 in the prior year. Operating expenses were 36% down on last year as a result of restructuring and streamlining of the business. Collection volumes dropped by 6% compared to last year.

SOFTEX

Financial highlights

	2016 US$ 000	2015 US$ 000
Revenue	6 053	6 778
Operating profit before impairments and fair value adjustments	284	93
Profit/(Loss) before tax	234	(153)
Net segment assets	1 081	1 034
Number of employees	73	73
Capacity Utilisation	39%	51%

Softex recorded a much improved performance for the year, with a profit before tax of $234,000 from a loss of $153,000 in 2015. This was achieved through higher gross margins of 29% (2015:23%) as a result of better purchasing of raw materials and a strategy to increase the proportion of higher value white virgin tissue in the sales mix.

The tissue market is now very competitive with imports from South Africa and the investment in Kadoma should result in availability of better quality tissue that can compete with the imports.

Review of Operations (cont'd)

EVERSHARP

Financial highlights

	2016 US$ 000	2015 US$ 000
Revenue	4 551	5 226
Operating profit before impairments and fair value adjustments	763	340
Profit before tax	743	72
Net segment assets /(liabilities)	245	(163)
Number of employees	86	84
Capacity utilisation	63%	88%

Revenue dropped by 13% as a result of lower exports. The new equipment installed at Eversharp in the prior year has resulted in significant reduction of the cost of production per pen. Improved operational and procurement efficiencies contributed to the higher gross margins of 46% (2015:33%). Consequently Eversharp recorded a profit before tax of $743,000 up from $72,000 last year, an increase of 932% from prior year.

The new ruler production line and the "specialised pen print" line also contributed to the improved performance. Capacity utilisation reflects, the new installed capacity which increased pen production capacity from 4million to 6million pens per month. Consequently the opportunities in the regional export markets will be further exploited this coming year.

PLANTATIONS

Financial highlights

	2016 US$ 000	2015 US$ 000
Revenue	855	706
Operating (loss)/ profit before impairments and fair value adjustments	(3)	116
Fire Loss	(452)	-
Fair value adjustment	99	261
(Loss)Profit before tax	(357)	297
Net segment assets	4 690	5 038
Number of employees	92	93

The plantations were affected by two fires in October 2015 and September 2016 resulting in a loss of $452 000 worth of timber, over 402 ha. The fires originated from neighbouring estates and a plan is in place to replant the bulk of the lost area this coming year. Further investment in firefighting equipment and strategies to reduce the risk have been put in place.

Timber sales volumes were 11% higher than last year and revenue increase by 21%. The forestry conversion strategy to sawlog cycle is on course.

T.M Ameer
GROUP CHIEF EXECUTIVE
30 November 2016

Financial Review

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
	US$ 000	US$ 000
Revenue	29 761	29 834
Gross profit %	37%	35%
Operating expenses %	26%	30%
Operating profit	3 678	1 908
Operating profit %	12%	6%
Income tax expense	(348)	(740)
Profit/(loss) for the year	1 921	(590)

- The Group posted revenue of $29,8 million for the year which was at the same levels as in the prior year. Margins of 37% were realised compared to 35% in the previous year.
- Operating costs were 13% below last year as the Group began to enjoy the benefits of the rigorous cost cutting drive initiated in the prior year. However, the results were weighed down by two fires during the year which resulted timber to the value of $452,000 being destroyed.
- The combined effect of improved margins and lower operating costs yielded an operating profit of $3,7 million for the year compared to $1,9 million in 2015.
- Rentals of $228,000 were realised from the Mutare Investment property compared to $298,000 in the previous year.
- Tax of $155,000 was incurred in Zambia
- Overall, the Group posted a profit for the year after tax of $1,921,000 compared to a loss of $590,000 in 2015.

STATEMENT OF CASHFLOWS

	2016	2015
	US$ 000	US$ 000
Cash generated from operations		
before working capital changes	4 537	1 400
Net cash generated from		
management of working capital	941	3 977
Cash generated from operations	5 478	5 377
Interest costs	(1 171)	(1 295)
Net repayment of borrowings	(1 140)	(702)
Net payments for borrowings	(2 311)	(1 997)
Income tax paid	(127)	(63)
Net cash utilized in investing activities	(2 655)	(3 366)
Increase/ (decrease) in cash and cash equivalents	385	(49)

Financial Review (cont'd)

- The Group generated cash from operations of $5,5 million compared to $5,4 million in 2015. The majority of the cash, $4,5 million, was generated from trading and working capital management.
- Of the cash available, $2,3 million was used to service debt (capital repayment and finance charges) and a further $2,3 million was applied towards the purchase of new equipment in the Chloride division.

CAPITAL EXPENDITURE

Capital expenditure of US$2,7 million was incurred by the Group. Of this amount, Chloride purchased equipment worth $2,3 million through the Taesung Chemical capital expenditure facility on repayment terms of 36 months. The equipment was commissioned in September 2016 and began to fully operate in October 2016.

TREASURY AND BORROWINGS

Total institutional debt as at year end was $5,9 million compared to US$7 million in 2015. This debt which stems from discontinued operations, has been a burden to the current business as it is both short-term in nature and expensive. During the year, interest rates on some facilities were successfully renegotiated to give an average of 15% for the Group down from 16% in 2015. This contributed to decrease of 10% on interest cost in 2016.

A.M Chingwecha
GROUP CHIEF FINANCE OFFICER

Directorate

THOMAS UTETE WUSHE

TAPIWA M. AMEER

ABISAI M. CHINGWECHA

CHAIRMAN

Dr Wushe is currently with Deloitte Advisory Services Private Limited as the Director responsible for Public Sector Consultancy. He was the Country Director for Crown Agents prior to joining Deloitte. Dr Wushe served in the Zimbabwe Defence Forces (ZDF) for 17 years and rose to the rank of Major before leaving in 1997 to join Mobil Oil Limited as Procurement Manager. He holds a Doctorate in Business Administration, Masters of Business Administration and a Bachelor of Business studies.

CHIEF EXECUTIVE OFFICER

Mr Tapiwa Murad Ameer is the Group Chief Executive Officer of ART Holdings Limited. Mr Ameer was previously the Group Chief Operating Officer (COO) and Managing Director of the Batteries Division. He has been with the Group for 20 years in various senior capacities in the paper division culminating in his appointment to COO and an Executive Director in 2004. Prior to joining ART Holdings Limited, Mr Ameer worked for Unilever and Anglo American Corporation. He holds a BSc (Hon) degree in Electrical Engineering from the University of Zimbabwe.

CHIEF FINANCIAL OFFICER

Mr Abisai Chingwecha is the Chief Finance Officer. He is a qualified and certified public accountant by profession. He holds a Bachelor of Accounting Science Degree and is a Fellow of the Association of Certified Chartered Accountants. He is also a Registered Public Accountant in Zimbabwe. He has extensive experience in the retail and manufacturing sectors having worked for several companies in the clothing, chemicals and detergents, steel fabrication, printing and plastic industries. Mr Chingwecha is currently studying towards his MBA degree.

Directorate (cont'd)

OLIVER MTASA | **ELISHA K. MOYO** | **MICHAEL OAKLEY** | **MOSES CHUNDU**

OLIVER MTASA
NON-EXECUTIVE DIRECTOR

Mr Oliver Mtasa is a Chartered Accountant and holds a Bachelor of Accounting (Honours) and an MBA majoring in Management and Finance. He is the Chairman of First Mutual Life and is a director of several companies in Zimbabwe, Zambia and South Africa.

ELISHA K. MOYO
NON-EXECUTIVE DIRECTOR

Mr Elisha Moyo holds a Bachelor of Law (Honours) Degree, LLB and MBA from the University of Zimbabwe. He has extensive experience as a corporate Lawyer and business executive spanning over 23 years. He has held several senior executive positions including Group General Counsel for TA Holdings Limited and Managing Director of Zimnat Lion Insurance Company Limited. Presently, he is the Board Chairman for Pearl Properties (2006) Limited and an Independent No-Executive Director of First Mutual Holdings Limited. He also sits on the boards of other unlisted entities. Mr Moyo currently practises law at Moyo and Partners which he founded in 2011.

MICHAEL OAKLEY
NON-EXECUTIVE DIRECTOR

Mr Oakley is a Fellow of the Chartered Institute of Secretaries and has vast experience in the retail industry having held several positions in the Meikles Group where he retired in 2009 as Managing Director for TM supermarkets and became a Non Executive Director. He was later appointed Chairman of TM Supermarkets for the period 2012-2013. He also served as a Non Executive Director of Kingdom Bank Limited between 1997 and 2012.

MOSES CHUNDU
NON-EXECUTIVE DIRECTOR

Mr Chundu has been a non executive director of ART Holdings Limited since January 2014. He is a renowned economist whose experience spans the academic, corporate banking, central banking, public service, development work, and corporate strategy fields in executive and advisory capacities. He is currently advising a number of corporates locally and internationally in his personal capacity. Moses holds an MSc Economics and BSc Economics (Hon) degrees, both from the University of Zimbabwe. He is currently studying towards his PhD in Economics.

ART Key Management

DIVISION

BATTERIES
MILTON MACHEKA

KADOMA PAPER MILLS
MACKSON MATURURA

CHLORIDE ZAMBIA
SHEPHERD SIAMALAMBO

NWC & SOFTEX
PROSPER CHIJOKWE

EVERSHARP
DAVID MUSEKWA

FORESTS
FARAI SITHOLE

GROUP

SIMBARASHE MAMBANDA – Group Finance Manager
GAMUCHIRAI MTITI – Group Internal Audit Manager

Director’s Report

The directors approved the Directors Report and the Financial Statements for the year ended 30 September 2016 on 30 November 2016.

PRINCIPAL ACTIVITIES

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

SHARE CAPITAL

At September 2016, 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 26 February 2016.The names of the directors appear on page 16 and 17.

DIRECTORS’ INTERESTS IN THE SHARE CAPITAL

The directors’ beneficial interests in the shares of the Company at 30 September 2016 are detailed below.

NAME	2016	2015
T. M. Ameer	3 273 854	3 273 854
A. M. Chingwecha	-	-
T. M. Musukutwa	-	-
T. Utete Wushe	-	-
E. K. Moyo	-	-
O. Mtasa	-	-
M. Chundu	-	-
M. Oakley	-	-

All shares held by T. M Ameer are in his personal capacity. There has been no change in the directors’ interests subsequent to 30 September 2016 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 met six times during the 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 two 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 16 and 17. 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 met four times in 2016. The Chief Executive Officer, Chief Financial Officer, members of the executive committee, internal audit and the external auditors attend these meetings by invitation. The Committee is responsible for reviewing and making independent recommendations on the accounting and reporting policies of the Group and 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. 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.

The Committee reviews and recommends to the Board capital expenditure proposals submitted by the executive management and

Director's Report (cont'd)

also performs post project reviews and return on investment analyses.

In addition the Committee evaluates the treasury functions of the Group and assesses the borrowing levels of the Group to ensure that these are within acceptable levels in terms of the business risks and are within the limits approved by the shareholders.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Moses Chundu 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. Note 32 discloses the remuneration of directors and key employees.

The Committee from time to time evaluates the adequacy of the Group manpower structures to ensure that these are aligned to Group strategy. It also approves the development programmes of senior executives and recommends to the Board Group policies governing the welfare and conduct of all employees in the Group.

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.

INTERNAL AUDIT

The Group has an independent internal audit function. The function has the responsibility to appraise and report on the Group's systems of internal control, integrity of financial and operating information, risk management and resource allocation. Internal Audit reports to the Audit Committee. The internal auditors audited each business unit at least twice during the 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, ART 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 Group 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 forms an integral part of the Group'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.

Social Responsibility

Divisions are still supporting communities as part of their corporate 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. ART assists schools in various projects with the aim of producing excellence in learning.

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.

CHLORIDE MARKETING DIRECTOR MRS X. PFENDE AWARDS HON. MINISTER OF INDUSTRY AND COMMERCE MR MIKE BIMHA AT THE NEW EQUIPMENT COMMISSIONING CEREMONY AT CHLORIDE.

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, 24 February 2017. The Notice of the Meeting and proxy card are enclosed.

By order of the Board

A.M.Chingwecha
GROUP SECRETARY
30 November 2016

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).

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 profit after tax of $1,921 million (2015 – loss of $590,000).

The Group carried short term borrowings of $3,8 million, reduced from last year's level of $4,1 million. While interest charged against operating profit remained significant, operating profit increased by 93% to $3,678,000 (2015; $1,908,000).

As fully explained in note 36, the directors have taken action to restore the Group to full 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 restructuring of the short term loans and continued funding and support for the Group, it is appropriate to adopt the going concern basis in preparing these financial statements.

The financial statements for the year ended 30 September 2016 which appear on pages 20 to 81 have been approved by the directors.

T. UTETE WUSHE	T. M. AMEER
CHAIRMAN	GROUP CHIEF EXECUTIVE
30 November 2016	30 November 2016

The Exide Express Brand

Wider Range
Faster Service
Better Value

New modern equipment at the Chloride factory now allows the brand to meet a wider array of products including providing full solar backup for the entire household including television, refridgerator and other essential appliances

Building a better
working world

Ernst & Young
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AMALGAMATED REGIONAL TRADING HOLDINGS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2016

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Amalgamated Regional Trading Holdings Limited as set out on pages 25 to 71, which comprise the Group statement of financial position at 30 September 2016, the Group statement of profit and loss and 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 notes.

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 group financial statements present fairly, in all material respects, the financial position of Amalgamated Regional Trading Holdings Limited as at 30 September 2016, 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 36, which indicates that the Group has short term borrowings amounting to $3,791,000 as at 30 September 2016 (2015: $4,091,000) which resulted in the Group's current liabilities exceeding current assets by $6,853,000 ($7,671,000:2015) . These conditions along with other matters as set forth in note 36 indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Report on other legal and regulatory requirements
In our opinion, the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare

13 December 2016

Group statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 US$ 000	2015 US$ 000
Revenue	8	29 761	29 834
Cost of sales		(18 654)	(19 478)
Gross profit		11 107	10 356
Other income		450	565
Operating expenses		(7 879)	(9 013)
Operating profit before fair value adjustments and impairments	10	3 678	1 908
Share of Joint Venture and associate profit/(loss)	33	90	(50)
Impairment of assets	16	-	(75)
Reorganization costs	10	-	(634)
Fair value adjustments on investment property	18	25	-
Fire loss	15	(452)	-
Fair value adjustments on biological assets	15	99	296
Operating profit before interest and tax		3 440	1 445
Finance costs	12	(1 171)	(1 295)
Profit before tax		2 269	150
Income tax expense	11	(348)	(740)
Profit/(loss) for the year		1 921	(590)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property plant and equipment (net of tax)	11	53	-
Items that may be reclassified subsequently to profit or loss			
Translation of foreign subsidiaries		45	(644)
Fair value adjustment on available for sale investments(net of tax)	11	7	(11)
Other comprehensive income/(loss) for the year net of tax		105	(655)
Total comprehensive profit/(loss) for the year		2 026	(1 245)
Earnings per share (cents)			
Basic earnings per share	13	0.41	(0.13)
Diluted earnings per share	13	0.41	(0.13)

Group Statement of Financial Position

AS AT 30 SEPTEMBER 2016

	Note	2016 US$ 000	2015 US$ 000
ASSETS			
Non-current assets			
Property plant and equipment	14	13 961	12 132
Investment property	18	3 200	3 175
Biological assets	15	4 543	4 887
Investments	17	14	37
Deferred tax assets	26	424	600
Investment in joint venture and associate	33	583	471
		22 725	21 302
Current assets			
Inventories	20	4 323	4 704
Trade and other receivables	21	3 148	3315
Cash and short term deposits	22	647	312
		8 118	8 331
Total assets		30 843	29 633
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	47	47
Share premium	23	4 378	4 378
Accumulated loss		(3 326)	(5 247)
Non-distributable reserves	24	9 827	9 722
Total equity		10 926	8 900
Non-current liabilities			
Accounts payables	27	1 013	-
Interest bearing loans and borrowings	19	2 113	2 929
Deferred tax liabilities	26	1 820	1 802
		4 946	4 731
Current liabilities			
Trade and other payables	27	10 117	10 737
Provisions	27.1	485	647
Income tax payable	11	578	527
Interest bearing loans and borrowings	19	3 728	4 024
Bank overdrafts	19.1	63	67
		14 971	16 002
Total liabilities		19 917	20 733
TOTAL EQUITY AND LIABILITIES		30 843	29 633

T. UTETE WUSHE
CHAIRMAN

7 December 2016

T. M. AMEER
GROUP CHIEF EXECUTIVE

7 December 2016

Group Statement of Changes In Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share Capital US$ 000	Share Premium US$ 000	Non-Distributable Reserves US$ 000	Accumulated Loss US$ 000	Total US$ 000
At 1 October 2014	47	4 378	12 477	(6 757)	10 145
Loss for the period	-	-	-	(590)	(590)
Other comprehensive loss	-	-	(655)	-	(655)
Transfer of foreign currency conversion reserve	-	-	(2 100)	2 100	-
At 30 September 2015	47	4 378	9 722	(5 247)	8 900
Profit for the period	-	-	-	1 921	1 921
Other comprehensive income	-	-	105	-	105
Total comprehensive income	-	-	105	1 921	2 026
At 30 September 2016	47	4 378	9 827	(3 326)	10 926

Group Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 US$ 000	2015 US$ 000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations	30	5 478	5 377
Finance income		-	-
Finance costs		(1 171)	(1 295)
Income tax paid		(127)	(63)
Cash generated from operating activities		4 180	4 019
INVESTING ACTIVITIES			
Purchase of property plant and equipment	14	(2 732)	(3 441)
(Increase)/decrease in biological assets		(9)	36
Proceeds from sale of property plant and equipment		86	39
Cash utilised in investing activities		(2 655)	(3 366)
FINANCING ACTIVITIES:			
Proceeds from borrowings		885	1 151
Repayment of borrowings		(2 025)	(1 853)
Cash utilised in financing activities		(1 140)	(702)
Increase/ (decrease) in cash and cash equivalents		385	(49)
Net foreign exchange differences		(46)	(44)
Cash and cash equivalents at beginning of the year		245	338
Cash and cash equivalents at the end of the year		584	245
Comprising:			
Cash and short term deposits	22	647	312
Overdrafts	19	(63)	(67)
Cash and cash equivalents at 30 September		584	245

Notes to the Financial Statements

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 2016 were authorised for issue by the Board on 30 November 2016.

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 2016. 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.

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 POLICY AND DISCLOSURE

The accounting policies adopted are consistent with those of the previous financial year. There were no new standards and amendments to standards that became effective for the Group with effect from 1 October 2015.

Notes to the Financial Statements (Cont'd)

5. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (Continued)

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.

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant

IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

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 , joint ventures 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 IAS 39
  Or
- Using the equity method

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

5. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (Continued)

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 the Group will consider the amendments when they become effective .

IAS 1 Disclosure Initiative – Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income.

The amendments are effective for annual periods beginning on or after 1 January 2016 and early application is encouraged.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The effective date was postponed indefinitely. The Group will consider the amendments where applicable when they become effective.

Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are not expected to affect the Group as no Companies within the Group meet the definition of an investment entity.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments are intended to provide information to help investors better understand changes in a company's debt. The amendment is effective for annual periods beginning on or after 1 January 2017 and early application is permitted. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted.

The amendment will affect the Group as it has liabilities arising from financing activities

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019. The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way

Notes to the Financial Statements (Cont'd)

5. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (Continued)

to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The standard is effective for year ends beginning 1 January 2019 and early application is permitted, but not before an entity applies IFRS 15.

The Group is still assessing the impact of IFRS 16.

IFRS 2 Share based payment (amendment)

The amendments are intended to eliminate diversity in practise in three main areas

- The effects of vesting conditions on the measurement of a cash settled share based payment transactions
- The classification of a share based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of the share based payments transactions changes its classification from cash settled to equity settled

The amendments to IFRS 2 are effective for accounting periods beginning on or after 1 January 2018 but earlier application is permitted provided it is disclosed. The Group will consider the amendment when it becomes effective to the extend applicable.

Improvements to International Financial Reporting Standards

In December 2014, the IASB issued two cycles of Annual Improvements to IFRSs that contain changes to 9 standards. The changes are effective from 1 July 2015 either prospectively or retrospectively. A summary of each amendment is described below:

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;

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 changes in

5. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (Continued)

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 amendments 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.

The Group will consider the amendment, when it becomes effective, when preparing its interim financial report.

IAS 19 – Discount rate Regional market rates

IAS 19 requires an entity to recognise a post-employment benefit obligation for its defined benefit plans. This obligation must be discounted using market rates on high quality corporate bonds or using government bond rates if a deep market for high quality corporate bonds does not exist. Some entities thought that the assessment of a deep market was based at a country level (e.g., Greece) while others thought it was based at a currency level (e.g., the euro). The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The amendment must be applied for annual periods beginning on or after 1 January 2016, with earlier application permitted. The amendment will not affect the Group as the Group does not have defined benefit pension schemes.

IFRS 5 – Changes in methods of disposal

Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

The Group will consider the amendment, if applicable, when they become effective.

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

Notes to the Financial Statements (Cont'd)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the 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.

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 States 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. 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.

Notes to the Financial Statements (Cont'd)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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 IFRS 15 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.

Notes to the Financial Statements (Cont'd)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 amortized 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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

De-recognition of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 15 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 land and buildings 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:

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.

Notes to the Financial Statements (Cont'd)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Costs incurred subsequent to initial recognition are capitalised in the year in which they are incurred. Changes in fair value of biological assets are recorded in profit or loss.

Fair value is determined with reference to the age of the trees and prevailing market prices of timber.

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.

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

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

those expense categories consistent with the function of the impaired asset except for property previously revalued with the revaluation taken to other comprehensive income(OCI). For such properties, the impairment is recognised in OCI up to the amounts of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously 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 unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

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.

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 14 for the carrying amount of property, plant and equipment and accounting policy on property, plant and equipment for the depreciation rates applied by the Group.

Notes to the Financial Statements (Cont'd)

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 2015. Fair value is determined by reference to open market value refer to note 14 for the carrying amount of land and buildings and the assumptions applied to determine fair value.

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 27.1 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 15.

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$424,000 (2015; US$600,000).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. 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 cashflow projections for the next 5 years. Refer note 26 for more information on the deferred tax asset .

7. GENERAL DISCLOSURES

Exchange rates

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

1 United States dollar (USD 1):	Statement of financial position	Statement of Profit and Loss and other comprehensive income
2016		
Great British Pound	0.77	0.71
South African Rand	13.70	14.84
Botswana Pula	10.45	9.2
Zambian Kwacha	10.05	10.78
2015		
Great British Pound	0.65	0.61
South African Rand	14.02	12.05
Botswana Pula	10.59	9.76
Zambian Kwacha	10.60	7.39

Notes to the Financial Statements (Cont'd)

8. REVENUE

	2016 US$ 000	2015 US$ 000
An analysis of the Group's revenue by destination is as follows:		
Zimbabwe	32 401	30 240
Zambia	5 935	7 616
Malawi	76	17
South Africa	679	765
Other African countries	343	243
Less intra-Group sales	(9 673)	(9 047)
	29 761	29 834

9. BUSINESS SEGMENTS

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

- Paper– manufacture and distribution of paper for the manufacture of tissue
- Batteries – manufacture and distribution of lead-acid batteries
- Stationery - manufacture and distribution of pens and other scholastic products
- Plantations – timber plantations

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

Sep-16	Paper US$ 000	Batteries US$ 000	Plantations US$ 000	Stationery US$ 000	Central Administration US$ 000	Adjustments & eliminations US$ 000	Group US$ 000
Revenue							
External customer	4 565	19 790	855	4 551	-	-	29 761
Operating (loss)/profit before impairments and fair value adjustments	(227)	2 898	(3)	763	247	-	3 678
Finance cost	(47)	(256)	(3)	(25)	(840)	-	(1 171)
Segment assets	6 037	11 115	5 246	1 852	3 306	3 287	30 843
Segment liabilities	2 259	5 097	556	1 607	6 784	3 614	19 917
Capital expenditure	49	2 618	17	35	13	-	2 732
Depreciation	336	313	100	110	66	-	925

Notes to the Financial Statements (Cont'd)

Sep-15	Paper US$ 000	Batteries US$ 000	Plantations US$ 000	Stationery US$ 000	Central Administration US$ 000	Adjustments & eliminations US$ 000	Group US$ 000
Revenue							
External customer	4 573	19 329	706	5 226	-	-	29 834
Operating (loss)/profit before impairments and fair value adjustments	(387)	1 237	116	340	803	(201)	1 908
Finance cost	(27)	(290)	(16)	(85)	(877)	-	(1 295)
Segment assets	6 162	9 991	5 646	2 353	3 687	1 794	29 633
Segment liabilities	2 593	5 213	608	2 516	8 008	1 795	20 733
Capital expenditure	871	1 399	22	883	266	-	3 441
Depreciation	210	397	57	100	62	-	826

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

Adjustments and eliminations:

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

	Zimbabwe		Zambia		Adjustments			
	2016 US$ 000	2015 US$ 000	2016 US$ 000	2015 US$ 000	2016 US$ 000	2015 US$ 000	2016 US$ 000	2015 US$ 000
Revenue	33 379	30 565	6 055	8 316	(9 673)	(9 047)	29 761	29 834
Non-current assets	22 343	20 914	382	388	-	-	22 725	21 302

10. OPERATING PROFIT

Operating profit has been arrived at after the following items of expenditure (income):	2016 US$ 000	2015 US$ 000
Current year audit fees	111	105
Depreciation	925	826
Directors' emoluments		
- as directors	101	92
- managerial remuneration	363	705
	464	797
Staff costs	6 464	7 015
Exchange gains		
- realised	(235)	(46)
- unrealised	(51)	(624)
	(286)	(670)
Profit on sale of property plant and equipment	(15)	(1)
Reorganization costs	-	634

Compensation to key management personnel is disclosed in Note 32.
Reorganization costs relates to amount provided for paying retrenched staff.

11. TAXATION

	2016 US$ 000	2015 US$ 000
Current income tax	155	263
Deferred tax	193	477
Total current tax charge	348	740

Zimbabwe income tax is calculated at 25.75% (2015: 25.75%) of the estimated taxable profit for the year. Zambia income tax is calculated at 35% (2015: 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.

Notes to the Financial Statements (Cont'd)

11. TAXATION (Continued)

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

	2016 US$ 000	%	2015 US$ 000	%
Profit before tax	2 269		150	
Tax at the Zimbabwean income tax rate	584	25.75%	39	25.75%
Adjusted for:				
Disallowed expenditure	423	18.64 %	(86)	(57.33) %
Income not subject to tax	(33)	(1.45)%	(33)	(22.00)%
Export deduction	(4)	(0.18)%	(6)	(4.00)%
Tax Losses not recognised	-	-	743	495.33%
Utilisation of tax loss	(690)	(30.41)%	-	-
Other differences	31	1.37%	38	25.33%
Effect of different tax rates of subsidiaries operating in other jurisdictions	37	1.63%	45	30.00%
Tax expense and effective tax rate for the year	348	15.35%	740	493.08%

Tax payable reconciliation	2016 US$ 000	2015 US$ 000
Opening balance	527	468
Exchange movements	23	(142)
Current income tax and withholding taxes	155	264
Amount paid during the year	(127)	(63)
Closing balance	578	527

Tax (charge)/credit in other comprehensive income

	Gross US$ 000	Tax US$ 000	Net US$ 000
2016			
Surplus on revaluation of property, plant and equipment	82	(29)	53
Fair value adjustment on available for sale investments	8	(1)	7
2015			
Surplus on revaluation of property, plant and equipment	-	-	-
Fair value adjustment on available for sale investments	(14)	3	(11)

12. FINANCE COSTS

	2016 US$ 000	2015 US$ 000
Interest charged by banks on overdrafts and loans	1 171	1 295

13. 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.

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

	2016	2015
Profit/(loss) for the year $'000	1 921	(590)
Weighted average number of ordinary shares	467 302 874	467 302 874
Basic earnings/ (loss) per share (cents)	0.41	(0.13)
The calculation of the diluted earnings per share is as shown below:		
Profit/(loss) for the year $'000	1 921	(590)
Weighted average number of shares for basic earnings per share	467 302 874	467 302 874
Effect of dilution:		
Share options	4 871 428	-
Number of shares in issue	472 174 302	467 302 874
Diluted earnings/(loss) per share (cents)	0.41	(0.13)

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

Reconciliation of basic earnings to diluted earnings

	2016 Gross US$000	2016 Net US$000	2015 Gross US$000	2015 Net US$000
Profit/(loss) for the year used in the calculation of basic earnings		1 921		(590)
Profit on disposal of property plant and equipment (note 10)	(15)	(15)	(1)	(1)
Fair value adjustment on biological assets	(99)	(99)		
Fire loss	452	452		
Fair value on investment property	(25)	(25)	-	-
Headline earnings/(loss)		2 234		(591)
Weighted average number of shares for basic earnings		467 302 874		467 302 874
Weighted average number of shares for diluted earnings		472 174 302		467 302 874
Basic headline earnings/(loss) per share		0.48		(0.13)
Diluted headline earnings/(loss) per share		0.47		(0.13)

Notes to the Financial Statements (Cont'd)

14. 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 2014	8 105	2 978	2 228	13 311
Exchange differences	(243)	(18)	(169)	(430)
Additions	-	2 897	544	3441
Disposals	-	(55)	(221)	(276)
At 30 September 2015	7 862	5 802	2 382	16 046
Exchange differences	126	138	(19)	245
Additions	-	2 470	262	2 732
Disposals	-	(8)	(379)	(387)
Revaluation	82	-	-	82
At 30 September 2016	8 070	8 402	2 246	18 718
Accumulated depreciation				
At 1 October 2014	900	1 181	1 436	3 517
Exchange differences	(3)	(17)	(170)	(190)
Charge for the year	124	384	318	826
Disposals	(44)	(21)	(173)	(238)
At 30 September 2015	977	1 527	1 411	3 915
Exchange differences	21	120	94	235
Charge for the year	117	515	293	925
Disposals	-	(6)	(312)	(318)
At 30 September 2016	1 115	2 156	1 486	4 757
Carrying amount				
At 30 September 2016	6 955	6 246	760	13 961
At 30 September 2015	6 885	4 276	971	12 132

Revaluation of property plant and equipment

The Group engaged an accredited independent professional valuer, to determine the fair value of its land and buildings in Zambia. Fair value is determined by reference to market value which is the price at which similar properties cost in the market. The last date of revaluation was 30 September 2016.

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.

Significant unobservable valuation input: Range

Price per square metre $20 – $25 (2015: $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 2016, the Group held the following properties measured at fair value

	2016 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Freehold premises	6 955	-	-	6 955

	2015 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Freehold premises	6 885	-	-	6 885

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 2016 was US$1.348million (2015: US$1.417million). Leased assets are pledged as security for the related finance lease.

Impairment of property, plant and equipment

No impairment loss was recorded in 2016 (2015: nil).

Security

Certain property, plant and equipment are encumbered. The net book value of property, plant and equipment pledged as security for borrowings (see note 19) as at 30 September 2016 is US$5.28million (2015; US$5.94million).

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

	Freehold premises US$ 000	Total US$ 000
At 30 September 2016	215	215
At 30 September 2015	219	219

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

	2016 US$ 000	2015 US$ 000
Opening carrying amount at 1 October	12 132	9 796
Movement for the year:		
Additions	2 732	3 441
Net carrying amount of disposals	(69)	(38)
Depreciation charge for the year	(925)	(826)
Revaluation of land and buildings	82	-
Exchange movements	9	(241)
Carrying amount at 30 September	13 961	12 132
Cost plus revaluation	18 720	16 048
Accumulated depreciation	(4 759)	(3 916)

Notes to the Financial Statements (Cont'd)

15. BIOLOGICAL ASSETS

The Group's biological assets comprise timber plantations

	2016 US$ 000	2015 US$ 000
Opening balance	4 887	4 625
Sales	(515)	(545)
Fire loss	(452)	-
Capitalised costs	524	511
Fair value adjustments	99	296
At 30 September	4 543	4 887

Biological assets totalling US$4 million have been pledged as security for borrowings (see note 19).

	2016 Hectares	2016 Valuation	2015 Hectares	2015 Valuation
1 - 6 years	811	245	1 029	244
7 - 12 years	569	1 076	839	1 325
13 - 18 years	519	2 820	597	3 140
19-40 years	97	402	64	178
	1 996	4 543	2 529	4 887

Timber that is 15 years and above is considered mature, hence harvestable. 22,011 cubic meters were harvested during the year (2015: 24,583 cubic meters).

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)	
		2016	2015
DCF Method	Estimated future timber market prices per tonne	$22.61-$26.97 ($24.65)	$22.58-$23.64 ($23.02)
	Estimated yields per hectare (m^3)	15.3	15.3
	Estimated harvest costs per tonne	$9.60	$10.53
	Discount rate	15%	16%

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 analysis on biological assets

	% Change	Effect on profit before tax US$ 000	
		2016	2015
Change in mean annual increment/trees per hectare	+5%	227	240
	-5%	(227)	(240)
Change in price	+5%	219	274
	-5%	(219)	(274)

15. BIOLOGICAL ASSETS (Continued)

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

Fair value hierarchy

	2016 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Biological assets	4 543	-	-	4 543

Fair value hierarchy

Biological Assets	4 887	-	-	4 887

16. IMPAIRMENT OF ASSETS

Impairment against profit or loss

	2016 US$ 000	2015 US$ 000
Inventory	-	75

There was no impairment on plant and equipment in 2016: (2015 nil.)
The impairment of inventories relates mainly to write down of obsolete inventories.

17. INVESTMENTS

Available-for-sale investments

Group	2016 US$ 000	2015 US$ 000
Opening balance	37	51
Additions	-	-
Transfer to Investment in Associate	(31)	-
Fair value gain/(loss)	8	(14)
	14	37

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

Notes to the Financial Statements (Cont'd)

17. INVESTMENTS (Continued)

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 2016, the Group held the following financial instruments measured at fair value

	2016 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Financial assets				
Available-for-sale	14	14	-	-
	2015 US$000	**Level 1 US$000**	**Level 2 US$000**	**Level 3 US$000**
Available-for-sale	37	5	-	32

Details of the Company's direct subsidiaries at 30 September 2016 are as follows:

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

Ultimate Parent

The ultimate parent is Taesung Chemical Company Limited

18. INVESTMENT PROPERTY

Group	2016 US$ 000	2015 US$ 000
Opening balance	3,175	3,175
Fair value adjustment	25	-
Closing balance	3,200	3,175

The Group's investment property consists of a commercial property in Mutare. At 30 September 2016, 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.

	2016 US$ 000	2015 US$ 000
Reconciliation of fair value		
Rental income derived from investment property	228	321
Direct operating expenses generating rental income	(232)	(199)
Direct operating expenses that did not generate rental income	(1)	(19)
(Loss)/profit arising from investment property carried at fair value	(5)	103

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

	2016 US$ 000	2015 US$ 000
As at 1 October	-	-
Remeasurement recognised in profit and loss	25	-
Purchases	-	-
At 30 September	25	-

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)	
		2016	2015
DCF Method	Estimated rental value per sqm	$2-$5.50	$2-$5.00
	Rental growth per annum	1%-5%	1%-5%
	Long term vacancy rate	25%-40%	25%-40%

Notes to the Financial Statements (Cont'd)

18. INVESTMENT PROPERTY (Continued)

Sensitivity

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

Fair value hierarchy

	2016 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Financial assets				
Investment property	3 200	-	-	3 200

Fair value hierarchy

	2015 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Financial assets				
Investment property	3 175	-	-	3 175

19. INTEREST BEARING LOANS AND BORROWINGS.

	Interest rate %	Maturity	2016 US$ 000
CURRENT INTEREST-BEARING LOANS AND BORROWINGS			
Unsecured bank loan	23%	On demand	23
Unsecured bank loan	15%	31-Jul-17	64
Unsecured loan	13%	30-Nov-18*	183
Secured bank loan	16%	30-June-18*	350
Secured bank loan	13%	26-Sept-17	1 894
Secured bank loan	15%	30-June-17	89
Unsecured bank loan	14%	30-Nov-16	22
Secured bank loan	16%	31-Jul-17	534
Secured bank loan	10%	30-Nov-18*	97
Obligations under finance lease (short term portion) (note 28)	20%	30-Sep-18*	230
Art Pension fund	10%	31-Dec-18*	242
Total current interest-bearing loans and borrowings			3 728

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

19. INTEREST BEARING LOANS AND BORROWINGS (Continued)

	Interest rate %	Maturity	2015 US$ 000
CURRENT INTEREST-BEARING LOANS AND BORROWINGS			
Unsecured bank loan	23%	On demand	18
Unsecured bank loan	15%	31-Jul-16	72
Unsecured loan	13%	30-Nov-15	376
Secured bank loan	16%	30-Nov-16*	536
Secured bank loan	13%	30-Nov-15	1 900
Secured bank loan	17%	30-Dec-15	117
Unsecured bank loan	14%	30-Nov-16*	96
Secured bank loan	16%	31-Aug-17*	502
Secured bank loan	10%	30-Nov-18*	101
Secured bank loan	18%	10-Apr-17*	53
Obligations under finance lease (short term portion) (note 28)	20%	30-Sep-18*	140
Art Pension fund	10%	31-Dec-18*	113
Total current interest-bearing loans and borrowings			4 024

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

LONG-TERM BORROWINGS

	Interest rate %	Maturity	2016 US$ 000
Secured bank loan	10%	30-Nov-18	194
Secured bank loan	16%	30-Nov-18	246
Secured bank loan	15%	30-Jun-18	191
Obligations under finance lease (note 28)	17-20%	30-Apr-19	1 178
Secured loan	18%	30-Apr-19	65
Art Pension fund	10%	31-Dec-18	239
Total long term interest-bearing loans and borrowings			2 113

LONG-TERM BORROWINGS

	Interest rate %	Maturity	2015 US$ 000
Secured bank loan	10%	30-Nov-18	291
Secured bank loan	16%	30-Nov-16	180
Secured bank loan	16%	31-Aug-17	477
Unsecured bank loan	14%	30-Nov-16	15
Secured bank loan	18%	10-Apr-17	42
Obligations under finance lease (note 28)	17-20%	30-Apr-19	1 436
Art Pension fund	10%	31-Dec-18	488
Total long term interest-bearing loans and borrowings			2 929

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

The Group has long term funding with both local banks and from Zambia. The loans have tenures ranging from 2 years to 4 years with interest ranging from 10% to 20% (2015; 10% to 20%).

Notes to the Financial Statements (Cont'd)

19.1 OVERDRAFTS

	2016 US$ 000	2015 US$ 000
Bank overdrafts	63	67
	63	67

Interest of 18% (2015; 18%) is charged on the bank overdraft.

19.2 FINANCIAL RISK MANAGEMENT

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

Foreign currency risk management

The Group strategy is to take a non-speculative approach to the risk of moving exchange rates and whenever possible to maintain a hedged position between assets and liabilities denominated in foreign currencies.
The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows;

	2016 US$ 000	2015 US$ 000
Cash balances	60	170
Accounts receivable	494	562
Loans	(62)	(95)
Bank overdrafts	(63)	(67)
Accounts payable	(764)	(646)

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	
	2016 US$ 000	2015 US$ 000
US$ weakens by 10%		
South African Rand	(33)	6
Zambian Kwacha	68	167
Botswana Pula	(5)	1
Great Britain Pound	8	-
	38	174
US$ strengthens by 10%		
South African Rand	33	(5)
Zambian Kwacha	(68)	(56)
Botswana Pula	5	-
Great Britain Pound	(8)	-
	(38)	61

Positive figures represent an increase in profit. There is no impact on equity

19.2 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 30 September 2016.

	Within 3 months US$ 000	Between 3 nd 12 months US$ 000	Between 12 and 24 months US$ 000	More than 24 months US$ 000	Total US$ 000
2016 LIABILITIES					
Borrowings	(22)	(4 122)	(1 107)	(1 638)	(6 889)
Bank overdrafts	(63)	-	-	-	(63)
Accounts payable	(9 446)	(672)	(672)	(341)	(11 131)
	(9 531)	(4 794)	(1 779)	(1 979)	(18 083)

	Within 3 Months US$ 000	Between 4 & 12 months US$ 000	More than 12 months US$ 000	Total US$ 000
2015 LIABILITIES				
Borrowings	(467)	(4 004)	(3 869)	(8 340)
Bank overdrafts	(67)	-	-	(67)
Accounts payable	(6 324)	-	-	(6 324)
	(6 858)	(4 004)	(3 869)	(14 731)

Interest rate risk

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

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

Interest rate sensitivity analysis

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

The analysis has been prepared using the following assumptions:

The amount of liability outstanding at the reporting date is assumed to have been outstanding for the whole year.

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.

Notes to the Financial Statements (Cont'd)

19.2 FINANCIAL RISK MANAGEMENT (Continued)

	2016 US$ 000	2015 US$ 000
Interest rate increase by 5%	292	430
Interest rate decrease by 5%	(292)	(430)

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. 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.

Insurance

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

20. INVENTORIES

Group	2016 US$ 000	2015 US$ 000
Raw materials	1 018	1 300
Work in progress	1 671	1 334
Manufactured goods	858	1 324
Consumables and spares	629	699
Goods-in-transit	147	47
	4 323	4 704

No inventory was written off in 2016; (2015: $75,000). The provision for obsolete stock was $361,000 (2015: $260,000). The cost of inventories recognised in cost of sales is US$14.92million (2014; US$14.76million).There are no inventories pledged as security for borrowings

21. TRADE AND OTHER RECEIVABLES

Group	2016 US$ 000	2015 US$ 000
Trade	2 461	2 501
Prepayments	324	289
Other	363	525
	3 148	3 315

An allowance has been made for estimated irrecoverable amounts from the sale of goods of US$627,000 (2015: US$ 621,000).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. Amounts due from Group companies are unsecured, interest free and repayable on demand.

21. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables ageing

	Total	Neither impaired past due nor	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
Trade Receivables						
2016	2 461	1 483	428	166	92	292
2015	2 501	1 167	945	117	118	154

Movement in the allowances for credit loses

	2016 US$ 000	2015 US$ 000
Balance at beginning of the year	621	761
Provisions utilised	(99)	(224)
Provisions raised	105	84
Balance at end of the year	627	621

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

22. CASH AND SHORT TERM DEPOSITS

	2016 US$ 000	2015 US$ 000
Bank and cash	647	312
	647	312

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.

23. SHARE CAPITAL

The share capital of the Company comprises:

	2016 US$ 000	2015 US$ 000
Authorised:		
800,000,000 Ordinary Shares of US$ 0.0001 each. (2015: 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. (2015: 467,302,874 Ordinary Shares of US$ 0.0001 cent each)	47	47
Treasury shares:		
638,408 Ordinary Shares of US$ 0.0001 each. (2015: 638,408 Ordinary Shares of US$ 0.0001 cent each).	-	-

Notes to the Financial Statements (Cont'd)

23. SHARE CAPITAL (Continued)

Movement in the number of shares	Issued and fully paid 2016	2015	Treasury shares 2016	2015
	000's	000's	000's	000's
Opening balance	467 302	467 302	638	638
Issue of shares	-	-	-	-
Purchase of treasury shares	-	-	-	-
Employees' share option scheme	-	-	-	-
Closing Balance	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

	2016 US$ 000	2015 US$ 000
Opening balance	4 378	4 378
Issue of shares	-	-
At 30 September	4 378	4 378

24. NON-DISTRIBUTABLE RESERVE

	2016 US$ 000	2015 US$ 000
Group		
Share options reserve	36	36
Available for sale reserve	30	23
Foreign currency translation reserve	122	77
Revaluation reserve	9 639	9 586
At 30 September	9 827	9 722
Comprising:		
Opening balance	9 722	12 477
Changes in non-distributable reserves	105	(2 775)
Translation of foreign subsidiaries	45	(644)
Surplus on revaluation of property plant and equipment	53	-
Transfer to distributable reserve	-	(2 100)
Fair value adjustment on available for sale investments	7	(11)
Closing balance	9 827	9 722

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 25).

Available for sale reserve

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

24. NON-DISTRIBUTABLE RESERVE (Continued)

Foreign currency translation reserve

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

Revaluation of property, plant and equipment reserve

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

Foreign currency conversion reserve

The reserve related 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. The Board authorised the transfer of the whole amount to distributable reserve in the prior year.

25. 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.

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 2016.

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:

		2016		2015
	Number of options	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)
Outstanding at start of the year	6 800 000	0.25	14 300 000	0.25
Granted	-	-	-	-
Forfeited	(1 300 000)	-	(7 500 000)	-
Exercised	-	-	-	-
Outstanding at end of the year	5 500 000	0.25	6 800 000	0.25
Exercisable at end of year	5 500 000	0.25	6 800 000	0.25

The options outstanding at 30 September 2016 had an exercise price of US0.25cents, and a weighted average remaining contractual life of 1.75 years (2015: 0.25 cents and 2.75 years).

Notes to the Financial Statements (Cont'd)

26. DEFERRED TAX

	2016 US$ 000	2015 US$ 000
Opening balance	1 202	795
Exchange differences	(29)	(67)
Charged through other comprehensive income;		
Revaluation of property plant and equipment	29	-
Fair value loss on available-for-sale investments	1	(3)
Charge to profit or loss	193	477
Closing Balance	1 396	1 202
The following are the major deferred tax liabilities and assets recognised by the Group:		
Deferred tax liabilities		
Property plant and equipment	2 034	2 638
Biological assets	1 170	1 258
Prepayments	83	6
Other	2	5
	3 289	3 907
Deferred tax assets		
Estimated tax losses	1 830	2 520
Other	63	185
	1 893	2 705
Net deferred tax liability	1 396	1 202
Disclosed As:		
Deferred tax liabilities	1 820	1 802
Deferred tax assets	(424)	(600)
Net deferred tax liability	1 396	1 202

In recognising the deferred tax assets, management considered the cashflows and financial performance of the company for a period of 5 years as well as the expiry of the assessed losses. The directors are confident that the deferred tax asset is recoverable in the foreseeable future. Assessed losses of $7,1 million have been carried forward to the next financial year. These losses expire between 2017 and 2020 (2015: $11,3 million)

27. TRADE AND OTHER PAYABLES

Group	2016 US$ 000	2015 US$ 000
Trade payables – short term	5 897	6 324
Accruals and other	4 220	4 413
Trade and other payables – short term	10 117	10 737
Trade payables - long term	1 013	-
Total Trade and other payables	11 130	10 737

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

27.1 PROVISIONS

Provisions reconciliation	Leave Pay US$ 000	Warranties US$ 000	Total US$ 000
At 1 October 2014	267	274	541
Additional provision	252	221	473
Amount utilised	(62)	(305)	(367)
At 30 September 2015	457	190	647
Additional provision	9	288	297
Amount utilised	(89)	(370)	(459)
At 30 September 2016	377	108	485

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

28. LEASE ARRANGEMENTS

Operating lease commitments-The Group as lessee

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

	Payable within 1 year US$ 000	Payable between 1 year and five years US$ 000
2016	486	270
2015	585	310

The lease payments for the year are $489,000 (2015: $493,000)

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 2016 are as follows:

	Payable within 1 year US$ 000	Payable between 1 year and five years US$ 000
2016	276	119
2015	306	187

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 an option to purchase the land and buildings at the end of the lease term. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 17% to 20% per annum. The lease agreement for the land and buildings expires on 30 April 2019.

Notes to the Financial Statements (Cont'd)

28. LEASE ARRANGEMENTS (Continued)

	2016 Minimum payments US$000	2016 Present value of payments US$000	2015 Minimum payments US$000	2015 Present value of payments US$000
Within one year	269	230	364	140
After one year but not later than five years	1 679	1 178	2 028	1 436
More than five years	-	-	-	-
Total minimum lease payments	1 948	1 408	2 392	1 576
Less amounts representing finance charges	(540)	-	(816)	-
Present value of minimum lease payments	1 408	1 408	1 576	1 576

Included in the consolidated financial statements as:

	2016 US$ 000	2015 US$ 000
Current borrowings (note 19)	230	140
Long term borrowings (note 19)	1 178	1 436
	1 408	1 576

29. 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:

	2016 US$ 000	2015 US$ 000
Zimbabwe pension schemes	43	112
Zimbabwe National Social Security Authority	158	187
Non-Zimbabwe pension schemes	54	73
	255	372

30. GROUP CASH FLOW INFORMATION

	2016 US$ 000	2015 US$ 000
Cash generated from operations		
Operating profit	3 440	1 445
Depreciation	925	826
Profit on disposal of property plant and equipment	(15)	(1)
Unrealised exchange gains	(25)	-
Fair value gain on investment property	(51)	(624)
Fire Loss	452	-
Other non-cash items	(90)	50
Fair value adjustment on biological assets	(99)	(296)
Cash generated before working capital changes	4 537	1 400
Movement in working capital:		
Decrease in inventories	381	114
Decrease in trade and other receivables	167	396
Increase in trade and other payables	393	3 467
Net cash generated from working capital	941	3 977
Cash generated from operations	5 478	5 377

31. RELATED PARTY TRANSACTIONS

SoftexTissue(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.

	2016 US$'000 Softex	2015 US$'000 Softex
Amounts receivable from Softex	23	234
Sales to		
Kadoma Paper Mills	-	-
Purchases from		
Kadoma Paper Mills	1 594	1 923

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

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

Transactions and balances with Victor Onions :

	2016 US$ 000	2015 US$ 000
Sales		
Sales to related party	1 731	1 230
Amounts owed by Related party	199	238

Notes to the Financial Statements (Cont'd)

31. RELATED PARTY TRANSACTIONS (Continued)

Transactions in the normal course of business:

Art Corporation also has a trading relationship with Taesung Chemical Company Limited the ultimate parent, who supply raw materials, batteries and factory machinery to the Batteries, Paper and Stationery Divisions.

Transactions in the normal course of business with Taesung:

	2016 US$ 000	2015 US$ 000
Purchases		
Purchases from related party- (Inventory)	1 219	2 510
Amounts owed to related party	627	1 264

No amounts relating to related party balances were written off.

Capital Expenditure Transactions with Taesung:

	2016 US$ 000	2015 US$ 000
Purchases		
Purchases from related party – Equipment	1 830	2 336
Amounts owed to related party	2 699	1 404

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

Art Corporation Pension Fund

The Group was granted a loan by the pension fund which bears interest at 10%. The loan has been disclosed under borrowings in note 19.

	2016 US$ 000	2015 US$ 000
Loan balance	485	602
Interest charged to profit and loss	54	64

32. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2016 US$ 000	2015 US$ 000
Short-term employee benefits	560	865
Retrenchment cost	-	209
Total compensation paid to key management personnel	560	1,074

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

33. JOINT VENTURE AND ASSOCIATE

The Group has 50% interest in Softex Tissue Products(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 2016 and 2015.

STATEMENT OF PROFIT OR LOSS	2016 US$ 000	2015 US$ 000
Revenue	6 053	6 778
Cost of sales	(4 283)	(5 215)
Gross profit	1 770	1 563
Other income	-	37
Operating expenses	(1 487)	(1 739)
Operating profit/(loss) before interest and tax	283	(139)
Finance income	-	-
Finance costs	(45)	(14)
Profit/(loss) before tax	238	(153)
Income tax (charge)/credit	(83)	53
Profit/(Loss) for the year	155	(100)
Group's share of profit/(loss) for the year	78	(50)

Depreciation of $102,000 was charged during the year (2015: $97,000).

Notes to the Financial Statements (Cont'd)

33. JOINT VENTURE AND ASSOCIATE (Continued)

STATEMENT OF FINANCIAL POSITION	2016 US$ 000	2015 US$ 000
ASSETS		
Non-current assets		
Property plant and equipment	420	524
Deferred tax asset	-	44
	420	568
Current assets		
Inventories	462	627
Trade and other receivables	883	1 080
Cash and short term deposits	38	27
	1 383	1 734
Total assets	1 803	2 302
LIABILITIES		
Current liabilities		
Trade and other payables	683	1 341
Short-term borrowings	-	18
	683	1 359
Long term liabilities		
Deferred tax	39	-
Total Liabilities	722	1 359
NET ASSETS	1 081	943
Capital and reserves		
Shareholders' equity	1 081	943
Group's Carrying amount of the Investment	541	472

The joint venture had no contingent liabilities or capital commitments as at 30 September 2016 and 2015. Softex Tissue Products (Private) Limited cannot distribute its profits without the consent from the two venture partners.

The Group also has a 40% interest in Victor Onions (Private) Limited a company incorporated and domiciled in Zimbabwe which sell automotive batteries. The Group uses equity accounting to account for its investment in Victor Onions. During the year, Victor Onions made a profit of $30,000 and the Group's share was therefore accounted as $12,000 (2015: $nill).

33. JOINT VENTURE AND ASSOCIATE (Continued)

Disclosed as

	2016 US$ 000	2015 US$ 000
STATEMENT OF PROFIT OR LOSS		
Share of Joint Venture profit/(loss)	78	(50)
Share of associate profit	12	-
Total	90	(50)
STATEMENT OF FINANCIAL POSITION		
Investment in Joint Venture	541	471
Investment in Associate	42	-
Total	583	471

34. CONTINGENCIES

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

35. CAPITAL EXPENDITURE COMMITMENTS

USD 000's	2016 US$ 000	2015 US$ 000
Authorised but not yet contracted	1 939	1 682
Authorised and contracted for	-	3 045

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

36. GOING CONCERN

The Group reported a net profit after tax of US$1,921million (2015;loss of US$590,000), after charging interest cost of US$1.171million (2015; US$1.295 million) to operating profit of US$3.44 million (2015; US$1.445 million).Total short term borrowings were US$3.791million (2015; US$4.091million), and long term borrowings were US$2.113million (2015; US$2.929million). Total net current liabilities were US$6.853million (2015; US$7.671million).

The ability of the Group to continue to operate as a going concern 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. These conditions give rise to a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern thereof and that it may be unable to realise its asset and discharge its liabilities in the normal cause of business.
- Under such difficult environment, the Group has been able to reschedule its short term debt when it fell due and met its debt obligations.
- Despite the economic conditions obtaining in the markets in which the Group operates, significant progress has been made in turning around the fortunes of the Group and profits of $1,921million were recorded for the year ended September 2016. Furthermore, the Group has been able benefit from Statutory Instrument 64 of 2016 which has seen demand for locally produced products surge during the year.

Notes to the Financial Statements (Cont'd)

36. GOING CONCERN (Continued)

- The Group's batteries division commissioned new equipment in the factory which will reduce cost of production, warranties as well as increase capacity utilisation by 10,000 batteries per month.

The initiatives that the board is pursuing include the following:

- Negotiations with creditors to repay balances over longer than one year period. To this end, $1 million was restructured to be paid over 3 years. A further balance of $1 million will be repaid in 18 months and a balance of $600,000 was successfully spread over the 2017 financial year.

- Interest has been negotiated downwards from an average of 16% to 15%

- A major part of the Group's working capital requirements are provided by a short term facility of $3million from Taesung Chemical and a bank overdraft of $2m. These amounts though payable on demand have been successfully rolled over and the Executive Directors have engaged both financiers and are confident that the facilities will be renewed. The Group has also approached other finance providers who have indicated their willingness to refinance some of the loans given the current performance of the business.

- The company's major creditors include $2 million, which was brought forward from the Group's discontinued operations. The balance has reduced from $4 million at the time the companies were closed to $2 million as at year end and will be progressively serviced as the company's performance continues to improve. Although there are no formal agreements, the Group has been able to engage and meet agreed instalments.

- Bank loans amounting to $600,000 that are secured by property valued at $ 2.2 million, will be fully repaid in the next 18 months. This presents opportunities for the Group to obtain alternative and cheaper secured long term loans.

- The company's key cash generating divisions Chloride Zimbabwe and Eversharp have now been recapitalised and planned restraint on new projects will enable the Group to trade out of its position as the Group leverage on the improved cashflows.

- Kadoma Paper Mills is the only division that recorded losses in the period. Post year end, the business embarked on major maintenance work that is expected to reduce costs and increase output in line with increased demand following the gazetting of SI 64.

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.

37. CAPITAL MANAGEMENT

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

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

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

37. CAPITAL MANAGEMENT (Continued)

	2016 US$ 000	2015 US$ 000
Interest-bearing loans and borrowings (note 19)	5 904	7 020
Trade and other payables (note 27)	11 131	10 737
Less: cash and short term deposits (note 22)	(647)	(312)
Net debt	16 388	17 445
Total capital	10 926	8 900
Borrowings as a percentage of capital and reserves	150%	196%

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2016 and 2015.

The Group is not subject to externally imposed capital requirements.

38. EVENTS AFTER REPORTING PERIOD

There are no significant events after the reporting date.

Company Financial Statements

Company Income Statement

	2016 US$ 000	2015 US$ 000
Other income	-	6
Profit before tax	-	6
OTHER COMPREHENSIVE INCOME		
Fair value adjustment on investment in subsidiary	2 026	(1 251)
Other comprehensive income for the year	2 026	(1 251)
Total comprehensive income for the year	2 026	(1 245)

Company Statement of Financial Position

AS AT 30 SEPTEMBER 2016

	Notes	2016 US$ 000	2015 US$ 000
ASSETS			
Non-current assets			
Investments	A	6 525	4 499
Current assets			
Trade and other receivables	B	4 385	4 385
Cash and short term deposits		16	16
TOTAL ASSETS		10 926	8 900
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	47	47
Share premium	23	4 378	4 378
Non-distributable reserves		6 522	4 496
Accumulated loss		(21)	(21)
Shareholders' equity		10 926	8 900
TOTAL EQUITY AND LIABILITIES		10 926	8 900

T Utete Wushe
CHAIRMAN
7 December 2016

T.M. Ameer
GROUP CHIEF EXECUTIVE
7 December 2016

Company Statement Of Cash Flows

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

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 30 september 2016

	Share Capital US$ 000	Share Premium US$ 000	Non-Distributable Reserves US$ 000	Accumulated Loss US$ 000	Total US$ 000
At 1 October 2014	47	4 378	5 735	(15)	10 145
Loss for the period	-	-	-	(6)	(6)
Other comprehensive income	-	-	(1 239)	-	(1 239)
Total comprehensive income	-	-	(1 239)	(6)	(1 245)
At 30 September 2015	47	4 378	4 496	(21)	8 900
Profit for the period	-	-	-	-	-
Other comprehensive income	-	-	2 026	-	2 026
Total comprehensive income	-	-	2 026	-	2 026
At 30 September 2016	47	4 378	6 522	(21)	10 926

Notes to the Company Financial Statements

A. Investments

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

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

	2016 US$ 000	2015 US$ 000
Opening balance	4 499	5 750
Fair value adjustment	2 026	(1 251)
Closing balance	6 525	4 499
B. Accounts receivables		
Amounts due from Group companies	4 385	4 385
	4 385	4 385

Shareholders' Analysis

Size of shareholding	Number of shareholders	% of shareholders shares	Number of%	of shares in issue
1 – 5 000	2 312	85.79%	1 720 630	0.39%
5 001 – 50 000	275	10.21%	3 887 136	0.89%
50 001 – 500 000	71	2.67%	11 678 454	2.63%
500 001 – 1 000 000	14	0.26%	4 846 518	1.11%
1 000 001 –And over	23	1.07%	413 956 217	94.98%
	2695	100%	436 088 955	100%
Shareholders by type				
Nominees	47	1.75%	7 201 638	1.65%
Individuals	2 212	82.08%	31 107 574	7.13%
Other companies	242	8.98%	308 279 819	70.69%
Pension funds	19	0.71%	73 556 384	16.87%
Insurance companies	4	0.15%	152 891	0.04%
Investments and trusts	68	2.52%	13 917 171	3.19%
Other organisations	103	3.81%	1 873 478	0.43%
	2 695	100%	436 088 955	100%

Top ten shareholders

Rank	Shareholder	Total shares	%
1	CRANBAL INVESTMENTS (PVT) LTD	174 381 720	37 27%
2	SILVERMINE INVESTMENTS (PVT) LTD	68 400 000	14.62%
3	ZADMAB (PVT) LTD	55 401 501	11.84%
4	MINING INDUSTRY PENSION FUND	24 801 045	5.30%
5	NATIONAL RAILWAYS OF ZIMBABWE PENSION FUND	21 545 304	4.60%
6	J.P.MORGAN CHASE BANK	17 064 042	3.65%
7	ECONET GROUP PENSION FUND	16 676 500	3.56%
8	BOBER AND COMPANY	13 644 826	2.92%
9	KAIROS INVESTMENTS	8 919 376	1 91%
10	LOCAL AUTHORITIES PENSION FUND	5 009 262	1 07%

Notice to members

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, 24 February, 2017, 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 2016.

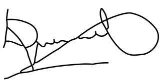
2. To re-appoint Ernst & Young as auditors for the ensuing year and to authorize the Directors to fix their remuneration.

3. To approve Directors fees for the year ended 30 September, 2016.

4. In terms of the Articles of Association of the Company, Messrs. M Chundu and E K Moyo retire at the Annual General meeting. All being eligible offer themselves for re-election.

By order of the Board

Registered Office:	Regional Office
Palm Grove House	202 Seke Road
P O Box 3186	Graniteside
Wickhams Cay 1	P O Box 2777
Road Town, Tortola	Harare
British Virgin Island	Zimbabwe



A M Chingwecha
GROUP SECRETARY

Dated: 7 December, 2016

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

Notes

Form Of Proxy

For use at the Annual General Meeting ("AGM") of ART Holdings Limited ("the Company") to be held on Friday, 24 February, 2017 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...

....

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

ORDINARY RESOLUTIONS	For	Against	Abstain
1. To receive and consider the Directors' Report and the Accounts for the year ended 30 September 2016.			
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, 2016.			
5. Re-election of Directors; Mr. M. Chundu; Mr. E. K. Moyo			

Full Name____

Signature____

Dated this_______________

REGIONAL OFFICE:

202 Seke Road, P O Box 2777
Graniteside, Harare, Zimbabwe