ART

AMALGAMATED REGIONAL TRADING

Annual Report

2017

CONTENTS

Overview and Corporate Governance

ART at a Glance	2
Financial Highlights	4
Corporate Information	5
Directorate	16
Art Key Management	18

Performance Review

Chairman's Statement	7
Review of Operations	10
Financial Review	14
Directors' Report	19
Directors' Responsibility for Financial Reporting	22

Financial Performance

Independent Auditors Report	24
Group Statement of Profit or Loss and Other Comprehensive Income	30
Company Statement of Profit or Loss and Other Comprehensive Income	78
Group Statement of Financial Position	31
Company Statement of Financial Position	78
Group Statement of Changes in Equity	32
Company Statement of Changes in Equity	79
Group Statement of Cash Flows	33
Notes to the Financial Statements	34

Shareholder Information

Shareholders' Analysis	80
Notice to Members	81
Detachable Form of Proxy	83

CZI Confederation of Zimbabwe Industries

LISTED COMPANY OF THE YEAR AWARD 2017

Art Holdings were the proud recipients of the 2017 CZI Company Of The Year Award

ART at a Glance

Amalgamated Regional Trading (ART) is a Zimbabwe Stock Exchange listed industrial group whose reputation has been built on diversity, operational excellence and quality brand custodianship.

ART is involved in the manufacturing and retailing of Lead-acid batteries, Pens, Stationery, Tissues, Hygiene products and Forestry Resource Management. These products are manufactured and distributed through our world class manufacturing and distribution operations in Zimbabwe and Zambia.

The Group's units include Chloride Zimbabwe, Chloride Zambia, Exide Express, Eversharp, Kadoma Paper Mills, National Waste Collection, Softex Zimbabwe and Mutare Estates. ART products are also distributed in Malawi, Mozambique, South Africa, Zambia as well as other African countries.

PLANTATIONS

MUTARE ESTATES

PAPER

KPM KADOMA PAPER MILLS Makers Of Fine Quality Paper

NWC NATIONAL WASTE COLLECTION

SOFTEX TISSUE PRODUCTS

EVERSHARP

EVERSHARP
A DIVISION OF ART CORPORATION LTD
TOTAL WRITING SOLUTIONS

BATTERY MANUFACTURE AND RETAIL

CHLORIDE ZIMBABWE
CHLORIDE ZAMBIA
EXIDE EXPRESS

Financial Highlights

	2017 US$ 000	2016 US$ 000
Revenue	33 489	29 761
Operating profit	4 992	3 678
Profit before taxation	3 992	2 269
Profit for the year	**2 749**	**1 921**
Basic earnings per share (cents)	0.58	0.41
Cash generated from operations	**3 371**	**5 478**
Capital expenditure	2 758	2 752
Debt servicing (interest and capital)	2 732	3 441
Number of employees	**651**	**644**
ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION		
Non-current assets	23 552	22 725
Net current liabilities	(4 817)	(6 853)
	18 735	15 872
Long term accounts payables	(341)	(1 013)
Long term borrowings	(2 700)	(2 113)
Deferred tax liabilities	(2 185)	(1 820)
Employment of capital	**13 509**	**10 926**
Share capital	47	47
Share premium	4 378	4 378
Reserves	9 084	6 501
Capital employed	**13 509**	**10 926**

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 BancABC Limited CBZ Bank Limited Barclays Bank Limited Agribank Limited FBC 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

New injection moulding machinery for Battery Cases at Chloride Zimbabwe factory.

Chairman's Statement

Despite foreign currency challenges, improved production efficiencies and increased sales volumes enabled the Group to deliver pleasing results.

T. UTETE WUSHE - Chairman

OVERVIEW

The Group performed well in a difficult operating environment which was characterised by foreign currency shortages. Despite these challenges, improved production efficiencies and increased sales volumes enabled the Group to deliver pleasing results. The Group managed to post a profit before tax of $4 million compared to $2,3 million last year, a 76% increase in profitability from prior year.

FINANCIAL

Revenue increased by 13% to $33,5m as a result of strong local demand and improved product availability. Gross margins improved to 42% (2016:37%).

An operating profit of $5m was achieved for the year compared to $3,7m posted in 2016 representing an increase of 33%. Operating expenses increased by 23% due to increased marketing and distribution spend. Overall, the Group achieved a Profit after tax of $2,7 million compared to $1,9 million in the prior year

The Balance sheet grew by 25% due to increased profitability. New import substitution machinery amounting to $2,1 million was bought and commissioned in the Chloride division contribution to the efforts made to reduce the working capital gap. Consequently, the gap reduced by 30% to $4,8 million.

Cash generated from operations decreased by 38% to $3,4 million as significant cash generated was used to pay creditor obligations and to align stocking levels in the divisions.

OPERATIONS

The Batteries Division achieved an operating profit of $3,8 million due to a 25% increase in factory sales volumes and 41% increase in sales volumes at Exide Express as the units realised the benefits of the new plant commissioned in September 2016. The division also benefited from the impact of Statutory Instrument 20 and the foreign currency challenges which limited battery imports. The Zambia business recorded an operating loss of $67,000 due to increased competition.

The Paper Division's performance improved significantly recording a consolidated operating profit of $229,000 compared to a loss of $227,000 in 2016, which was a result of improved factory efficiencies and increased sales volumes.

Eversharp continued to perform well, recording an operating profit of $916,000 compared to $763,000 due to a growth in export volumes.

The Forestry business recorded an operating profit of $138,000 against a loss of $3,000 in prior year. This was driven by a 23% increase in timber sales volume as demand for timber firmed.

Chairman's Statement (cont'd)

DIVIDEND

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

DIRECTORATE

Mr Moses Chundu, Mr Elisha Moyo and Mr Tapiwa Murad Ameer resigned from the Board during the period. I would like to thank them for their contributions to the Board. Mr Young Chul Baik was appointed alternate director to Mr Michael Oakley whilst Mr Milton Macheka was appointed the Chief Executive Officer of the Group.

OUTLOOK

The foreign currency shortages are expected to continue. Management will focus on growing export revenues to enable the importation of raw materials and settlement of foreign obligations. The import substitution initiatives implemented in the Battery business during the year will be extended to other divisions to reduce the Group's foreign currency exposure.

I would like thank my shareholders, fellow directors, management, the entire team at ART and all other stakeholders for their support and contribution to the Group during the year.

Dr T Utete Wushe
CHAIRMAN

18 December 2017


Life Just Got More Colourful
Eversharp introduces the blue ink pen with a splash of colour to brighten up your day
EVERSHARP
NEW LOOK TO OUR PENS
CELLO PACKED PENS
EXPRESS YOUR MOOD WITH COLOUR
EVERSHARP
The Write Pen
15M

Review of Operations

New equipment resulted in increased factory efficiencies and output. Consequently gross margins improved from 29% to 35%.

M. MACHEKA - Chief Executive Officer

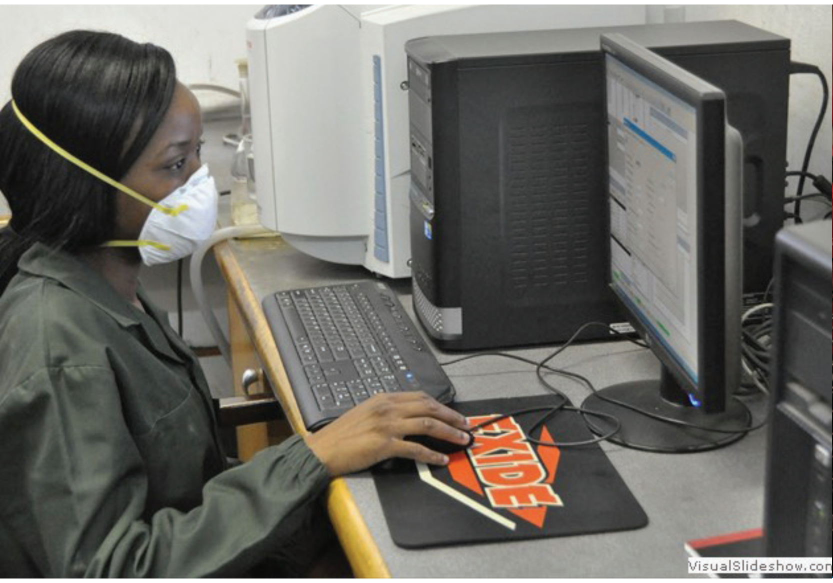
GROUP FINANCIAL HIGHLIGHTS

	2017	2016	
	US$ 000	US$000	Change
Revenue	33,489	29,761	13%
Operating profit before impairments and fair value adjustments	4,992	3,678	36%
Profit before tax	3,992	2,269	76%
Profit after tax	2,749	1,921	43%
Cash generated from operations	3,371	5,478	(38%)
Net assets	13,509	10,926	24%
OTHER			
Number of employees	651	644	
Capacity utilisation	80%	76%	
Gross profit percentage	42%	37%	

Salient Features

- Revenue increased by 13%
- Operating profit increased by 36%
- Profit before tax increased by 76%
- Capacity utilisation increased by 4 percentage points
- Margins increased by 5 percentage points

Review of Operations (cont'd)



BATTERY MANUFACTURING AND DISTRIBUTION

Financial highlights

	2017 US$ 000	2016 US$ 000
Revenue	22,564	19,790
Operating profit before impairments and fair value adjustments	3,751	2,898
Profit before tax	3,635	2,887
Net segment assets	8,188	6,018
Number of employees	305	276
Capacity utilisation	80%	74%

Revenue was up by 14% due to increased volumes at the Chloride factory (up 25% on prior year) and improved sales volumes at Exide Express Zimbabwe which were 41% higher than 2016. 3 Exide Express shops were opened during the year in Chiredzi, Kadoma and Chitungwiza as the Group increased its market reach in the country. Operating profit went up 29% to $3.8m. This was due to improved product availability, import restrictions from Statutory Instrument 20 as well as the currency challenges in the economy which limited battery imports.

The new equipment installed at the end of last year resulted in increased capacity and better efficiencies at the factory. Consequently, factory gross margins were firmer at 35% (2016: 29%).

Chloride Zambia was affected by the increased market fragmentation following the opening up of the economy to many players. Consequently volumes were 32% down compared to prior year resulting in the business recording a loss before tax of $100,000.

Review of Operations (cont'd)

PAPER

Financial highlights

	2017 US$ 000	2016 US$ 000
Revenue	5,592	4,565
Operating profit/(loss) before impairments and fair value adjustments	229	(227)
Profit/(loss) before tax	210	(288)
Net segment assets	3,604	3,778
Number of employees	155	147
Capacity utilisation	85%	76%

The Paper Division comprising of National Waste Collections and Kadoma Paper Mills achieved a profit before tax of $210,000 compared to a loss of $288,000 in the prior year.

Kadoma Paper Mills benefited from the foreign currency challenges in the economy as local volumes increased by 18%. Better margins of 20% were realized during the year against prior year margins of 12% due to procurement efficiencies and increased capacity utilisation.

National Waste Collections recorded a profit before tax of $62,000 against $32,000 in the prior year. Collection volumes dropped by 7% compared to last year due to increased competition.

SOFTEX

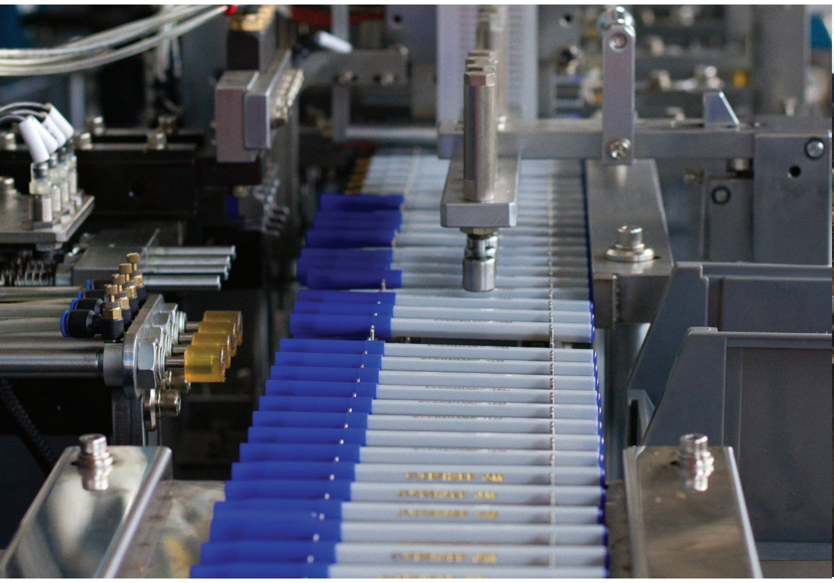
Financial highlights

	2017 US$ 000	2016 US$ 000
Revenue	7,114	6,053
Operating profit before impairments and fair value adjustments	335	284
Profit before tax	334	234
Net segment assets	1,387	1,081
Number of employees	76	73
Capacity Utilisation	59%	39%

Softex recorded a much improved performance for the year, with a profit before tax of $334,000 up from $234,000 in 2016. Revenue increased by 18% as a result of stronger demand for tissues.

The division going forward will focus on growing the hygiene and fermcare products as it seeks to improve revenues.

Review of Operations (cont'd)



EVERSHARP

Financial highlights

	2017 US$ 000	2016 US$ 000
Revenue	4,889	4,551
Operating profit before impairments and fair value adjustments	916	763
Profit before tax	732	743
Net segment assets	800	245
Number of employees	88	86
Capacity utilisation	78%	72%

Revenue increased by 7% as a result of increased exports. Improved operational and procurement efficiencies contributed to the higher gross margins of 48% (2016:46%). Consequently Eversharp recorded an operating profit of $916,000 compared to $763,000 in the prior year. Profit before tax of $732,000 was achieved against $743,000 last year after incurring once off reorganisation costs of $174,000.

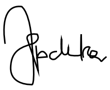
PLANTATIONS

Financial highlights

	2017 US$ 000	2016 US$ 000
Revenue	1,351	855
Operating profit/(loss) before impairments and fair value adjustments	138	(3)
Fire Loss	-	(452)
Fair value adjustment	576	99
Profit/(loss) before tax	697	(357)
Net segment assets	5,216	4,690
Number of employees	121	92

The plantations posted a better performance for the year as timber demand was strong. Planted area achieved was 437 hectares as the division sought to recover from the fire damages in 2015 and 2016 respectively.

Timber sales volumes were 23% higher than last year and revenue increase by 58%. The forestry conversion strategy to sawlog cycle is on course.



M Macheka

CHIEF EXECUTIVE OFFICER

18 December 2017

Financial Review

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2017 US$ 000	2016 US$ 000
Revenue	33,489	29,761
Gross profit %	42%	37%
Operating expenses %	29%	26%
Operating profit	4,992	3,678
Operating profit %	15%	12%
Income tax expense	(1,243)	(348)
Profit for the year	2,749	1,921

Salient Features

- The Group posted revenue of $33,5 million for the year which was 13% above prior year. Margins of 42% were realised compared to 37% in the previous year.
- Operating costs were 23% above last year due to the opening of new Exide Express shops and increased marketing and distribution costs.
- Operating profit was up 36% against prior year
- Rentals of $265,000 were realised from the Mutare Investment property compared to $228,000 in the previous year.
- Overall, the Group posted a profit after tax for the year of $2,749,000 compared to $1,921,000 in 2016.

STATEMENT OF CASHFLOWS

	2017 US$ 000	2016 US$ 000
Cash generated from operations before working capital changes	**5,871**	**4,537**
Net cash generated from management of working capital	(2,500)	941
Cash generated in operations	**3,371**	**5,478**
Interest costs	(1,150)	(1,171)
Net Increase/(repayment) of borrowings	331	(1,140)
Net payments for borrowings	(819)	(2,311)
Income tax paid	(167)	(127)
Net cash utilized in investing activities	(2,513)	(2,655)
(Decrease) /increase in cash and cash equivalents	**(128)**	**385**

Salient Features

- The Group generated cash from operations of $3,4million compared to $5,5million in 2016. Cash generated was applied to working capital and to purchase new machinery at the Chloride Factory.

Financial Review (cont'd)

CAPITAL EXPENDITURE

Capital expenditure of US$2,8 million was incurred by the Group. Of this amount, $2.1 million related to Chloride equipment purchased on a 36 months bank facility.

TREASURY AND BORROWINGS

Total institutional debt as at year end was $6,1 million compared to US$5,9 million in 2016. During the year, interest rates on some facilities were successfully renegotiated to an average of 12% down from 15% in 2016. The improved performance and the continued support from the banks and shareholder facilities has enabled the Group to significantly reduce the burden from the debt related to the 2011 discontinued operations.

A.M.Chingwecha

GROUP CHIEF FINANCE OFFICER

18 December 2017

Directorate

THOMAS UTETE WUSHE
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 degree.

MILTON MACHEKA
Group Chief Executive Officer

Mr Milton Macheka is the Chief Executive Officer. He has extensive manufacturing and marketing experience drawn from over 20 years in the chemicals, glass and plastic industries both within Zimbabwe and the Southern Africa Region.

He is a holder of a Bachelor of Science Degree in Chemistry from the University of Zimbabwe and a Master of Business Leadership degree from the University of South Africa.

ABISAI CHINGWECHA
Chief Financial Officer

Mr Abisai Chingwecha is the Chief Finance Officer. He is a qualified and Certified Public Accountant and a Fellow of the Association of Certified Chartered Accountants. He has extensive experience in the retail and manufacturing sectors.

Abisai holds a BCompt degree from The University of South Africa (UNISA) and an MBA from the University of Roehampton UK.

Directorate (cont'd)

OLIVER MTASA

Non-Executive Director

Mr Oliver Mtasa is a Chartered Accountant. He is the Chairman of First Mutual Holdings Limited and is a director of several companies.

Mr Mtasa holds a Bachelor of Accounting (Honours) and an MBA majoring in Management and Finance.

MICHAEL OAKLEY

Non-Executive Director

Mr Oakley 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 served as the Chairman of the TM Board for the period 2012- 2013.

Mr Oakley is a Fellow of the Chartered Institute of Secretaries.

ART Key Management

DIVISION	DIVISIONAL HEAD
BATTERIES	Kudzai Pasipanodya
KADOMA PAPER MILLS	Mackson Maturura
CHLORIDE ZAMBIA	Shepherd Siamalambo
NWC & SOFTEX	Prosper Chijokwe
EVERSHARP	Thomas Nyahasha
FORESTS	Farai Sithole

GROUP	GROUP HEAD
GROUP FINANCE MANAGER	Simbarashe Mambanda

Directors' Report

The directors approved the Financial Statements for the year ended 30 September 2017 on 29 November 2017.

PRINCIPAL ACTIVITIES

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

SHARE CAPITAL

At 30 September 2017, the authorised share capital of the Company remained unchanged at 800,000,000 ordinary shares while issued share capital increased by 5,500,000 shares to 472,802,874 ordinary shares.

DIRECTORATE

All directors eligible for re-election were re-elected at the Company's last Annual General Meeting held on 24 February 2017.The names of the directors appear on page 16 to 17 of the annual report.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL

The directors' beneficial interests in the shares of the Company at 30 September 2017 are detailed below.

NAME	2017	2016
T. Utete Wushe	-	-
M. Macheka	-	-
A. M. Chingwecha	-	-
O. Mtasa	-	-
M. Oakley	-	-

There has been no change in the directors' interests subsequent to 30 September 2017 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 IV Report and the Zimbabwe Code of National Governance. During the year matters relating to Corporate Governance were dealt with as set out below.

Board of Directors

The Board meets at least four times a year to deliberate on matters pertaining to strategic direction, business development and overall resource allocation. The approval of the Group's strategic plan and annual budgets, the monitoring and appraisal of the Group's financial performance are all matters included in the Board's responsibilities as set out in the Board Charter.

The Board currently comprises two executive, three non-executive directors and one alternate director. 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 & 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 of non-executive directors. It meets at least four times annually. The Chief Executive Officer, Chief Financial Officer, members of the executive committee, internal audit and the external auditors attend these meetings by invitation. The Committee is responsible for reviewing and making independent recommendations on the accounting and reporting policies of the

Director's Report (cont'd)

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.

Remuneration Committee

The Remuneration Committee is chaired by Dr Thomas Utete Wushe 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 Group'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.

Ad hoc Committees

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

Internal Audit

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

Directors' Interests

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

Employment Policy

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

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

CODE OF CORPORATE PRACTICES CONDUCT AND COMPLIANCE WITH REGULATIONS

The Group is committed to promoting the highest standards of ethical behaviour amongst all its employees. All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner, which in all reasonable circumstances, is above reproach. Furthermore, all employees are required to observe the Group's Code of Ethics. The Group will be a subscriber to an independently managed fraud hot-line system with effect from 1 January 2018.

In line with the Zimbabwe Stock Exchange Listing Requirements, the Company operates a "closed period" prior to the publication of its interim and year-end financial results during which period directors and senior officers of the Company may not deal in the shares of the Company. Where appropriate, this is also extended to include other "sensitive" periods.

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

Director's Report (cont'd)

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. Such issues as donations of pens and tissues to schools, to junior parliament and different charitable organisations.

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. Donations include stationery, text books, tissues and cash.

Environmental matters

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

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

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

Safety

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

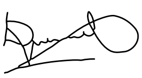
AUDITORS

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 202 Seke Road, Graniteside, and Harare, Zimbabwe at 14:00 hours on Friday, 23 February 2018. The Notice of the Meeting and proxy card are enclosed.

By order of the Board



A.M.Chingwecha
GROUP SECRETARY
18 December 2017

Directors` Responsibility for Financial Reporting

TThe 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 $2,749million (2016:$1,921 million).

The Group carried short term borrowings of $3,5 million, reduced from last year's level of $3,7 million. While interest charged against operating profit remained significant, operating profit increased by 49% to $5,1million (2016; $3,4million).

As fully explained in note 36, the directors have taken action to resolve the balance sheet challenges, through improved trading, restructuring of business to align costs to business activity and the reduction of short term borrowings.

The directors, having reviewed the financial position of the Group and the budgets, are satisfied that subject to restructuring of the short term loans, 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 2017 which appear on pages 30 to 79 have been approved by the directors.

T. Utete Wushe	M. Macheka
CHAIRMAN	CHIEF EXECUTIVE OFFICER
18 December 2017	18 December 2017


Wish
LUXURY TISSUE YOU CAN AFFORD!
SOFTEX
1Ply
50 Pack
350 Sheets per Roll

Building a better working world

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

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

Independent Auditor's Report

To the Members of AMALGAMATED REGIONAL TRADING HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Amalgamated Regional Trading Holdings Limited and its subsidiaries (the group) set out on pages 30 to 77, which comprise the consolidated statement of financial position as at 30 September 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 30 September 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Revaluation of land and buildings and investment properties The group has land and buildings which are disclosed as either Property, Plant and Equipment in Note 14 or Investment Property in Note 18. Given the significance of the balances to the group's financial statements there is a risk that the values of these properties might not be appropriately determined. Management engaged an external valuer to determine the fair values of the land and buildings. Assumptions applied in this process have been disclosed in Notes 14 and 18 of the financial statements. Included below are some of the significant assumptions applied: • Rentals per square metre for the buildings • A capitalisation rate for residential properties and comparison to transacted property prices. • Discount rate • Long term vacancy rate • Rental growth rate per annum The determination of fair values of properties is a highly subjective and complex process given that the property market is not very liquid. Accordingly the valuation of assets was considered to be a key audit matter due to the impact of the assumptions and the related complexity of the process which resulted in significant audit effort in this area.	Our procedures included; ‣ Assessing the key assumptions and methodologies used in the valuation models by the experts in determining the fair values of these properties for reasonableness; ‣ Involving our team of valuation experts to assist us with the review of assumptions and methodologies based on available market information; ‣ Assessment of the independence, skills and expertise of the expert that management engaged to perform the valuation process; ‣ Reviewing the appropriateness of the disclosures for fair value measurement in the financial statements.

Valuation of Biological assets/ plantations The group has timber plantations classified as biological assets at year end and recorded at fair value. These assets have a significant amount in the statement of financial position of $4 955 000. Fair value is determined with reference to the age of the trees and prevailing market prices of timber. The valuation of biological assets is a complex and subjective process which represents an area of significant estimate. The fair values are based on the following key assumptions: ‣ Estimated timber prices less cost of delivery, ‣ discount rates, and ‣ volume and growth estimations The assumptions noted above involve significant estimation. The process of ascribing fair values for the biological assets is highly subjective and complex thus the valuation was considered to be a key audit matter. The details relating to the fair valuation of biological assets are disclosed in Note 15 of the financial statements.	Our audit procedures included: ‣ Obtaining an understanding of the fair value methodology for the biological assets and assessing if the model is in line with IAS 41 *Agriculture* and IFRS 13 *Fair Value Measurement*. ‣ Assessing the key assumptions and methodologies used in the valuation model by management in determining the fair values of the biological assets for reasonableness. ‣ Assessing the consistency of application of the valuation model on a year on year basis. ‣ Independently calculating the fair value and comparing the valuation model inputs to internal data and the external data ‣ Performing a sensitivity analysis of the Mean Annual Increment (MAI) (relating to the growth of the trees) and price of timber ‣ Comparing the Mean Annual Increment to industry publications. ‣ Assessing the skills and expertise of management's expert. ‣ Reviewing the appropriateness of the disclosures for fair value measurement in the financial statements.
Existence and valuation of inventory At 30 September 2017, the Group's inventory was valued at $6 245 000. The nature of most of the Group's inventories is such that they are susceptible to pilferage/ theft. The divisions and subsidiaries in the group are manufacturing entities therefore, inventory may be incorrectly valued as a result of: ‣ The incorrect determination of the standard costs used in stock evaluation as this method involves a high degree of estimation Incorrect cost build up and inadequate provisioning for obsolete stocks, ‣ Increased competition and increased costs of doing business may lead to selling prices being lower than cost price. As a result of the issues noted above, we have identified existence and valuation of inventory as a key audit matter as it is an area which required significant auditor attention. We refer to Note 20 of the financial statements for relevant disclosures.	Our procedures included the following: ‣ Attending the year-end inventory counts at the various divisions and subsidiaries and observing the counting procedures, including management's internal control processes for accounting for all categories of inventories. ‣ Performing test counts and verifying clearance of variances between physical count and theoretical quantities. Obtaining an understanding of the variances noted on the inventory compilation including how they were adjusted for. ‣ Reviewing the inventory valuations in accordance with Group policy and International Accounting Standard 2 "Inventories". ‣ Assessing reasonableness of management's provision for slow moving and damaged inventories and their process for identifying inventories that are considered for possible write-offs. ‣ Performing tests at year-end to confirm if inventory is carried at the lower of cost and net realisable value as required by International Accounting Standard 2.

Related party transactions and disclosures	Our audit procedures included:
The group had numerous and significant related party transactions during the year with various related party entities who were major suppliers of raw materials, capital equipment and funding to the group. At 30 September 2017 the related party balances amounted to: Payables (short and long term) - $4 million Receivables- $377,000 The related party transactions were: Sales - $3.8 million Purchases - $6 million As a result of the significance of the related party balances and transactions, and the arm's length testing of transactions required, we have identified the related party transactions and disclosures as a key audit matter as it is an area which required significant auditor attention. The related party transactions are disclosed in Note 31 of the financial statements.	• Identifying all the related parties through audit team discussion of known related parties, inquiry from management, review of the board and audit committee minutes and identification and understanding of unusual transactions noted during the audit. • Reviewing related party transactions documentation for proper authorisation of the transactions. • Reviewing signed agreements with the related parties. • Reviewing board minutes and audit committee minutes for significant related party transactions therein and tracing these to the ledger and appropriate disclosures in the annual report. • Obtaining confirmations at year end. • Evaluating whether the transactions were conducted at arm's length by comparing prices for similar commodities that are offered by other suppliers. • Reviewing the annual report for appropriate disclosures of the related party balances and transactions.

Other information

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditors report thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Constance Chakona (PAAB Practising Number 0431).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

18 December 2017

Group statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 US$ 000	2016 US$ 000
Revenue	8	33,489	29,761
Cost of sales		(19,328)	(18,654)
Gross profit		14,161	11,107
Other income	8.1	451	450
Operating expenses		(9,620)	(7,879)
Operating profit before fair value adjustments and impairments	10	4,992	3,678
Share of Joint Venture and associate profit	33	213	90
Reorganization costs	10	(639)	-
Fair value adjustments on investment property	18	-	25
Fire loss	15	-	(452)
Fair value adjustments on biological assets	15	576	99
Operating profit before interest and tax		5,142	3,440
Finance costs	12	(1,150)	(1,171)
Profit before tax		3,992	2,269
Income tax expense	11	(1,243)	(348)
Profit for the year		2,749	1,921
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
(Loss)/surplus on revaluation of property, plant and equipment (net of tax)	11	(718)	53
Items that may be reclassified subsequently to profit or loss			
Translation of foreign subsidiaries		498	45
Fair value adjustment on available for sale investments(net of tax)	11	54	7
Other comprehensive (loss)/income for the year net of tax		(166)	105
Total comprehensive profit for the year		2,583	2,026
Earnings per share (cents)			
Basic earnings per share	13	0.58	0.41
Diluted earnings per share	13	0.58	0.41

Group Statement of Financial Position

AS AT 30 SEPTEMBER 2017

	Note	2017 US$ 000	2016 US$ 000
ASSETS			
Non-current assets			
Property, plant and equipment	14	14,520	13,961
Investment property	18	3,200	3,200
Biological assets	15	4,955	4,543
Investments	17	81	14
Deferred tax assets	26	-	424
Investment in joint venture and associate	33	796	583
		23,552	22,725
Current assets			
Inventories	20	6,245	4,323
Trade and other receivables	21	3,429	3,148
Cash and short term deposits	22	776	647
		10,450	8,118
Total assets		34,002	30,843
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	47	47
Share premium	23	4,378	4,378
Accumulated loss		(577)	(3,326)
Non-distributable reserves	24	9,661	9,827
Total equity		13,509	10,926
Non-current liabilities			
Accounts payable	27	341	1,013
Interest bearing loans and borrowings	19	2,700	2,113
Deferred tax liabilities	26	2,185	1,820
		5,226	4,946
Current liabilities			
Trade and other payables	27	10,250	10,117
Provisions	27.1	727	485
Income tax payable	11	509	578
Interest bearing loans and borrowings	19	3,472	3,728
Bank overdrafts	19.1	309	63
		15,267	14,971
Total liabilities		20,493	19,917
TOTAL EQUITY AND LIABILITIES		34,002	30,843

T Utete Wushe
Chairman

18 December 2017

M Macheka
Group Chief Executive Officer
18 December 2017

Group Statement of Changes In Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share Capital US$ 000	Share Premium US$ 000	Non-Distributable Reserves US$ 000	Accumulated Loss US$ 000	Total US$ 000
At 1 October 2015	47	4,378	9,722	(5,247)	8,900
Profit for the year	-	-	-	1,921	1,921
Other comprehensive income	-	-	105	-	105
At 30 September 2016	47	4,378	9,827	(3,326)	10,926
Profit for the year	-	-	-	2,749	2,749
Other comprehensive income	-	-	(166)	-	(166)
Total comprehensive income	-	-	(166)	2,749	2,583
At 30 September 2017	47	4,378	9,661	(577)	13,509

Group Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 US$ 000	2016 US$ 000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operations	30	3,371	5,478
Finance costs		(1,150)	(1,171)
Income tax paid		(167)	(127)
Cash generated from operating activities		2,054	4,180
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(2,758)	(2,732)
Decrease / (Increase) in biological assets		223	(9)
Proceeds from sale of property, plant and equipment		22	86
Cash utilised in investing activities		(2,513)	(2,655)
FINANCING ACTIVITIES:			
Proceeds from borrowings		1,933	885
Repayment of borrowings		(1,602)	(2,025)
Cash generated from/(utilised in) financing activities		331	(1,140)
(Decrease)/increase in cash and cash equivalents		(128)	385
Net foreign exchange differences		11	(46)
Cash and cash equivalents at beginning of the year		584	245
Cash and cash equivalents at the end of the year		467	584
Comprising:			
Cash and short term deposits	22	776	647
Overdrafts	19.1	(309)	(63)
Cash and cash equivalents at 30 September		467	584

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 2017 were authorised for issue by the Board on 29 November 2017.

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 2017. 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. In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Board that are mandatorily effective for any accounting periods that

Notes to the Financial Statements (Cont'd)

begin on or after 1 January 2016. There were no specific amendments to IFRS which had a material impact to the Group.

Standards issued but not yet effective

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

IFRS 9 Financial Instruments.

Classification and measurement of financial assets

Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, and contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables under IAS 17 Leases or IFRS 16 Leases.

Entities are generally required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative.

A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable.

The time value of an option, any forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument designation and can be accounted for as costs of hedging.

This standard is effective for annual periods beginning on or after 1 January 2018. Management is still in the process of assessing the impact of the standard to the group.

IFRS 15 Revenue from Contracts with Customers

Key requirements

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17 (or IFRS 16 Leases, once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the

Notes to the Financial Statements (Cont'd)

consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

Clarifications to IFRS 15

In April 2016, the IASB issued amendments to IFRS 15 to address several implementation issues discussed by the Joint Transition Resource Group for Revenue Recognition. As such, the amendments: ▪ Clarify when a promised good or service is distinct within the context of the contract ▪ Clarify how to apply the principal versus agent application guidance, including the unit of account for the assessment, how to apply the control principle in service transactions and reframe the indicators ▪ Clarify when an entity's activities significantly affect the intellectual property (IP) to which the customer has rights, which is a factor in determining whether the entity recognises revenue for licences over time or at a point in time ▪ Clarify the scope of the exception for sales-based and usage-based royalties related to licences of IP (the royalty constraint) when there are other promised goods or services in the contract ▪ Add two practical expedients to the transition requirements of IFRS 15 for: (a) completed contracts under the full retrospective transition approach; and (b) contract modifications at transition.

The amendments have an effective date of 1 January 2018, which is the effective date of IFRS 15.

The directors have made a preliminary assessment of the impact of IFRS 15 on adoption and envision that application of the standard might have a significant impact on the amounts recognised in the Group's consolidated financial statements. Some contracts with customers provide a right of return, trade discounts or volume rebates. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at the inception of the contract. The Group provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers. As such, the Group expects that such warranties will be assurance-type warranties which will continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its current practice. The directors are currently assessing the potential impact. It is not practicable to provide a reasonable estimate until the directors complete the review.

IFRS 16 Leases Effective for annual periods beginning on or after 1 January 2019.

Key requirements

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

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

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

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

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

Notes to the Financial Statements (Cont'd)

A preliminary assessment indicates that there are arrangements that will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify for low value or short-term leases upon application of IFRS 16. The new requirement to recognise a right-of-use asset and related lease liability is envisioned to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing the potential impact. It is not practicable to provide a reasonable estimate until the directors complete the review.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Scope

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

Key requirements

The interpretation specifically addresses the following:

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

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

IFRS 2 Classification and Measurement of Share based Payment Transactions – Amendments to IFRS 2 Effective for annual periods beginning on or after 1 January 2018.

Key requirements

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

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share based payments also applies to cash-settled share-based payments.

- The classification of a share-based payment transaction with net settlement features for withholding tax obligations. This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature.

- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled. The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss.

The changes are effective for annual periods beginning 1 January 2018 This amendment does not have an impact on the Group.

Notes to the Financial Statements (Cont'd)

Transfers of Investment Property – Amendments to IAS 40

Key requirements

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

Transition

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

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

The amendments are effective from 1 January 2018 and the Group does not anticipate a material impact on its financial statements

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 January 2017 either prospectively or retrospectively. A summary of each amendment is described below:

2014 – 2016 Annual improvement cycle (issued December 2016)

In December 2016, 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 2017. Below is a list of those amendments;

IAS 28 Investments in Associates and Joint Ventures

Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice

The amendments clarify that: An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. This does not have a material impact on the Group financial statements.

IFRS 12 Disclosure of Interests in Other Entities

Clarification of the scope of the disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively. This does not have an impact to the Group.

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

Notes to the Financial Statements (Cont'd)

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

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Joint ventures and Associates

The Group's investments in its joint venture and associates is accounted for using the equity method. Under the equity method, the investment in a joint venture and associate 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 and associate since the acquisition date. Goodwill relating to the associate or joint venture and associate 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 and the associate. Any change in other comprehensive income (OCI) of the joint venture and associate 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 and associate, the Group recognises it share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture and associate 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 and associate 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. The financial statements of the joint venture and associate 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 and associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture and associate 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 or associate 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 associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

Notes to the Financial Statements (Cont'd)

currencies are retranslated at the functional currency spot rates of exchange ruling at the reporting date.

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

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

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

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

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

Revenue and other income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. 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.

Export Incentive

Export incentive is recognised when the Group's right to receive the export incentive has been established. The export incentive is recognised as income on receipt of export proceeds in the company's bank account.

Notes to the Financial Statements (Cont'd)

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.

Notes to the Financial Statements (Cont'd)

- 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. The Group's pension schemes are defined contribution schemes and the cost of retirement benefits is determined by the level of contributions made in terms of the rules. Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

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

Termination benefits

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

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 Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period

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

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where none-vesting conditions within the control of either the entity or counter party are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Treasury shares

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

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale

Notes to the Financial Statements (Cont'd)

financial assets. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and cash equivalents, trade and other receivables and investments.

Subsequent measurement

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

Loans and receivables

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

Available-for-sale financial assets

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

Trade and other receivables

Trade and other receivables are subsequently measured at 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.

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

Notes to the Financial Statements (Cont'd)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Receivables, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial assets

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

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

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

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

De-recognition of financial assets

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

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

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

- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

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

Notes to the Financial Statements (Cont'd)

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.

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.

Notes to the Financial Statements (Cont'd)

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 in 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 assets 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.

Notes to the Financial Statements (Cont'd)

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.

Investment properties

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

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

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

Inventories

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

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

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 repor

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

Notes to the Financial Statements (Cont'd)

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

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 2017. 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 and estimated future returns which is judgemental. Refer note 27.1 for the carrying amount of warranty provisions.

Biological Assets

Plantations are stated at fair value less estimated cost to sell at the harvesting stage. In arriving at plantation fair values, the key assumptions are estimated prices less cost of delivery, discount rates, and volume and growth estimations. All changes in fair value are recognised in the period in which they arise.

The impact that changes in estimated prices, discount rates, volume and growth assumptions may have on the calculated fair value and other key financial information on plantations is disclosed in note 15.

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

Deferred tax asset

The Group has recognised a deferred tax asset of US$nil (2016; US$424,000).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
2017		
Great British Pound	0.74	0.81
South African Rand	13.50	13.87
Botswana Pula	10.30	10.48
Zambian Kwacha	9.68	9.81
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

Notes to the Financial Statements (Cont'd)

8. REVENUE

	2017 US$ 000	2016 US$ 000
An analysis of the Group's revenue by destination is as follows:		
Zimbabwe	37,601	32,401
Zambia	6,392	5,935
Malawi	34	76
South Africa	701	679
Other African countries	517	343
Less intra-Group sales	(11,756)	(9,673)
	33,489	29,761

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

8.1 EXPORT INCENTIVE

Included in other income is an export incentive earned from exports. Export incentive relates to the Government grant for 2017; being 5% of export sales for the year awarded in the form of bond notes.

	2017 US$ 000	2016 US$ 000
Export Incentive	133	-

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, DC Powerpax and Chloride Central Africa as well as Art Head Office.

Sep-17	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	4,686	22,564	1,350	4,889	-	-	33,489
Operating profit before impairments and fair value adjustments	118	3,751	138	916	69	-	4,992
Finance cost	(19)	(292)	(1)	(181)	(657)	-	(1,150)
Segment assets	5,604	14,942	5,646	2,209	1,748	3,853	34,002
Segment liabilities	2,000	6,886	430	1,409	6,523	3,245	20,493
Capital expenditure	107	2,390	60	19	182	-	2,758
Depreciation	198	702	57	148	72	-	1,177

Notes to the Financial Statements (Cont'd)

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

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

Adjustments and eliminations:

1. Segment liabilities and assets do not include deferred tax, which have been shown as an adjustment on the segment assets and segment liabilities line items in the tables above.

Geographic information

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

	Zimbabwe		Zambia		Adjustments		US$ 000	US$ 000
	2017	2016	2017	2016	2017	2016	2017	2016
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Revenue	39,864	33,379	5,381	6,055	(11,756)	(9,673)	33,489	29,761
Non-current assets	23,000	22,343	552	382	-	-	23,552	22,725

Notes to the Financial Statements (Cont'd)

10. OPERATING PROFIT

Operating profit has been arrived at after the following items of expenditure (income):	2017 US$ 000	2016 US$ 000
Current year audit fees	108	111
Depreciation	1,177	925
Directors' emoluments		
- as directors	107	101
- managerial remuneration	384	363
	491	464
Staff costs	7,431	6,464
Exchange gains		
- realised	98	(235)
- unrealised	(354)	(51)
	(256)	(286)
Profit on sale of property, plant and equipment	13	15
Reorganization costs	(639)	-

11. TAXATION

	2017 US$ 000	2016 US$ 000
Current income tax	99	155
Deferred tax	1,144	193
Total current tax charge	**1,243**	**348**

Zimbabwe income tax is calculated at 25.75% (2016: 25.75%) of the estimated taxable profit for the year. Zambia income tax is calculated at 35% (2016: 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:

	2017 US$ 000	2017 %	2016 US$ 000	2016 %
Profit before tax	3 392		2 269	
Tax at the Zimbabwean income tax rate	1,028	25.75%	584	25.75%
Adjusted for:				
Disallowed expenditure	185	4.63%	423	18.64 %
Income not subject to tax	(32)	(0.8)%	(33)	(1.45)%
Export deduction	(6)	(0.15)%	(4)	(0.18)%
Utilisation of tax loss	-	-	(690)	(30.41)%
Other differences	68	1.70%	31	1.37%
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-	37	1.63%
Tax expense and effective tax rate for the year	1,243	31.13%	348	15.35%

Tax payable reconciliation	2017 US$ 000	2016 US$ 000
Opening balance	578	527
Exchange movements	(1)	23
Current income tax and withholding taxes	99	155
Amount paid during the year	(167)	(127)
Closing balance	509	578

Tax charge in other comprehensive income

	Gross US$ 000	Tax US$ 000	Net US$ 000
2017			
Surplus on revaluation of property, plant and equipment	(1,002)	284	(718)
Fair value adjustment on available for sale investments	67	(13)	54
2016			
Surplus on revaluation of property, plant and equipment	82	(29)	53
Fair value adjustment on available for sale investments	8	(1)	7

12. FINANCE COSTS

	2017 US$ 000	2016 US$ 000
Interest paid on bank overdrafts and loans	1,150	1,171

Interest on finance lease was $192,000 (2016:192,000)

Notes to the Financial Statements (Cont'd)

13. EARNINGS PER SHARE

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

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

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:

	2017	2016
Profit for the year $'000	2,749	1,921
Weighted average number of ordinary shares	472,802,874	467,302,874
Basic earnings per share (cents)	**0.58**	**0.41**

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

	2017	2016
Profit for the year $'000	2,749	1,921
Weighted average number of shares for basic earnings per share	472,802,874	467,302,874
Effect of dilution:		
Share options	-	4,871,428
Number of shares in issue	472,802,874	472,174,303
Diluted earnings per share (cents)	**0.58**	**0.41**

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

Reconciliation of basic earnings to diluted earnings

	2017 Gross US$000	2017 Net US$000	2016 Gross US$000	2016 Net US$000
Profit for the year used in the calculation of basic earnings		2,749		1,921
Loss/(profit) on disposal of property, plant and equipment (note 10)	13	13	(15)	(15)
Fair value adjustment on plantations	(576)	(576)	(99)	(99)
Fire loss	-	-	452	452
Fair value on investment property	-	-	(25)	(25)
Headline earnings		**2,186**		**2,234**
Weighted average number of shares for basic earnings		472,802,874		467,302,874
Weighted average number of shares for diluted earnings		472,802,874		468,572,546
Basic headline earnings per share (cents)		0.46		0.48
Diluted headline earnings per share (cents)		0.46		0.48

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 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
Exchange differences	(103)	26	(56)	(133)
Additions	155	2,274	329	2,758
Disposals	-	(35)	(268)	(303)
Revaluation	(1,002)	-	-	(1,002)
At 30 September 2017	7,120	10,667	2,251	20,038
Accumulated depreciation				
At 1 October 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
Exchange differences	-	(125)	3	(122)
Charge for the year	126	760	291	1,177
Disposals	-	-	(294)	(294)
At 30 September 2017	1,241	2,791	1,487	5,518
Carrying amount				
At 30 September 2017	5,879	7,876	765	14,520
At 30 September 2016	6,955	6,246	760	13,961

Revaluation of property plant and equipment

The Group engaged an accredited independent professional valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market value which is the price at which similar properties cost in the market. The date of revaluation was 30 September 2017.

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 (2016: $20 – $25)

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value. The price per square metre has not been changing significantly over the past years due to the location of the land and buildings of the Group therefore no sensitivity has been presented.

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 2017, the Group held the following properties measured at fair value

Notes to the Financial Statements (Cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2017 US$000	Level 1	Level 2	Level 3
Freehold premises	5,879	-	-	5,879
	2016 US$000	**Level 1**	**Level 2**	**Level 3**
Freehold premises	6,955	-	-	6,955

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 2017 was US$1.450million (2016: US$1.348million). Leased assets are pledged as security for the related finance lease.

Impairment of property, plant and equipment

No impairment was recorded in 2017 (2016: nil).

Security

Certain property, plant and equipment are encumbered. The net book value of properties pledged as security for borrowings (see note 19) as at 30 September 2017 is US$4.65million (2016; US$5.28million).

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

	Freehold premises US$ 000
At 30 September 2017	204
At 30 September 2016	215

Reconciliation of opening and closing carrying amounts of property, plant and equipment:	2017 US$ 000	2016 US$ 000
Opening carrying amount at 1 October	13,961	12,132
Movement for the year:		
Additions	2,758	2,732
Net carrying amount of disposals	(10)	(69)
Depreciation charge for the year	(1,177)	(925)
Revaluation of land and buildings	(1,002)	82
Exchange movements	(10)	9
Carrying amount at 30 September	14,520	13,961
Cost plus revaluation	20,038	18,718
Accumulated depreciation	(5,518)	(4,757)

Notes to the Financial Statements (Cont'd)

15. BIOLOGICAL ASSETS

The Group's biological assets comprise timber plantations

	2017 US$ 000	2016 US$ 000
Opening balance	4,543	4,887
Sales	(800)	(515)
Stock loss/fire damage	-	(452)
Capitalised costs	636	524
Fair value adjustments	576	99
At 30 September	4,955	4,543

Biological assets totalling US$2 million have been pledged as security for borrowings (see note 19) ; (2016 US$2 million).

	2017 Hectares	2017 Valuation	2016 Hectares	2016 Valuation
1 - 6 years	1,093	456	811	245
7 - 12 years	631	1,599	569	1,076
13 - 18 years	387	2,484	519	2,820
19-40 years	88	416	97	402
	2,199	4,955	1,996	4,543

Timber that is 15years and above is considered mature, hence harvestable. 22,011 cubic meters were harvested during the year (2016: 24,583 cubic meters)

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)	
		2017	2016
DCF Method	Estimated future timber market prices per tonne	$25.60-$30.07 ($28.07)	$22.61-$26.97 ($24.65)
	Estimated yields per hectare (m^3)	15.3	15.3
	Estimated harvest costs per tonne	$11.73	$9.60
	Discount rate	12%	15%

Biological assets risk management policies

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

Sensitivity on biological assets

	% Change	Effect on profit before tax US$ 000	
		2017	2016
Change in mean annual increment/trees per hectare	+5%	248	222
	-5%	(248)	(227)
Change in price	+5%	232	219
	-5%	(232)	(219)

Notes to the Financial Statements (Cont'd)

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)

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

Fair value hierarchy

	2017 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Biological assets	4,955	-	-	4,955

Fair value hierarchy

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

16. IMPAIRMENT OF ASSETS

Impairment against profit or loss

	2017 US$ 000	2016 US$ 000
Inventory	-	-
Plant	-	-

There was no impairment on plant and equipment in 2017: (2016 nil.)

17. INVESTMENTS

Available-for-sale investments

Group	2017 US$ 000	2016 US$ 000
Opening balance	14	51
Additions	-	-
Transfer to Investment in Associate	-	(31)
Fair value gain	67	8
	81	14

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 2017, the Group held the following financial instruments measured at fair value

	2017 US$000	Level 1 US$000	Level 2 US$000	Level 3 US$000
Financial assets				
Available-for-sale	81	81	-	-
	2016 US$000			
Available-for-sale	14	14	-	-

Details of the Company's direct subsidiaries at 30 September 2017 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	2017 US$ 000	2016 US$ 000
Opening balance	3,200	3,175
Fair value adjustment	-	25
Closing balance	3,200	3,200

The Group's investment property consists of a commercial property in Mutare. At 30 September 2017, 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.

Notes to the Financial Statements (Cont'd)

18. INVESTMENT PROPERTY (continued)

	2017 US$ 000	2016 US$ 000
*Rental income derived from investment property	265	228
Direct operating expenses generating rental income	(197)	(232)
Direct operating expenses that did not generate rental income	(76)	(1)
Loss arising from investment property carried at fair value	(8)	(5)

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

Reconciliation of fair value

	2017 US$ 000	2016 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)	
		2017	2016
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%
	Discount	13%	13%

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

	2017 US\$000	Level 1	Level 2	Level 3
Investment property	3,200	-	-	3,200

Fair value hierarchy

	2016 US\$000	Level 1	Level 2	Level 3
Investment property	3,200	-	-	3,200

Notes to the Financial Statements (Cont'd)

19. INTEREST BEARING LOANS AND BORROWINGS.

	Interest rate %	Maturity	2017 US$ 000
CURRENT INTEREST-BEARING LOANS AND BORROWINGS			
Unsecured bank loan	23%	On demand	30
Unsecured bank loan	12%	31-Dec-17	54
Unsecured loan	12%	30-Nov-18*	97
Secured bank loan	12%	30-June-18	318
Secured bank loan	13%	26-Dec-17	1,805
Secured bank loan	12%	30-Mar-18	334
Unsecured bank loan	14%	30-July-17	267
Secured bank loan	12%	31-Sept-18	193
Secured bank loan	10%	On Demand	109
Obligations under finance lease (short term portion) (note 28)	20%	30-Sep-18	194
Secured bank loan	12%	31-Apri-20*	71
Total current interest-bearing loans and borrowings			3,472

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

	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 group has long term loan facilities with banks in Zimbabwe and Zambia.

Notes to the Financial Statements (Cont'd)

LONG-TERM BORROWINGS

	Interest rate %	Maturity	2017 US$ 000
Secured bank loan	10%	30-Nov-18	97
Secured bank loan	12%	30-April-20	649
Obligations under finance lease (note 28)	17-20%	30-Apr-19	1,155
Secured loan	12%	30-Feb -19	369
Art Pension fund	10%	31-Dec-18	430
Total long term interest-bearing loans and borrowings			2,700

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

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% (2016; 10% to 20%).

19.1 OVERDRAFTS

	2017 US$ 000	2016 US$ 000
Bank overdrafts	309	63
	309	63

Interest of 18% (2016; 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.

Notes to the Financial Statements (Cont'd)

19.2 FINANCIAL RISK MANAGEMENT (Continued)

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:

	2017 US$ 000	2016 US$ 000
Cash balances	40	60
Accounts receivable	522	494
Loans	-	(62)
Bank overdrafts	(272)	(63)
Accounts payable	(283)	(764)

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	
	2017 US$ 000	2016 US$ 000
US$ weakens by 10%		
South African Rand	(42)	(33)
Zambian Kwacha	55	68
Botswana Pula	(3)	(5)
Great Britain Pound	-	8
	10	38
US$ strengthens by 10%		
South African Rand	42	33
Zambian Kwacha	(55)	(68)
Botswana Pula	3	5
Great Britain Pound	-	(8)
	(10)	(38)

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

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.

Notes to the Financial Statements (Cont'd)

19.2 FINANCIAL RISK MANAGEMENT (Continued)

	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
2017 LIABILITIES					
Borrowings	(78)	(3,808)	(1,383)	(2,156)	(7,425)
Bank overdrafts	(309)	-	-	-	(309)
Accounts payable	(9,578)	(672)	(341)	-	(10,591)
	(9,965)	(4,480)	(1,724)	(2,156)	(18,325)

		Within 3 Months US$ 000	Between 4 & 12 months US$ 000	More than 12 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)

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.

	2017 US$ 000	2016 US$ 000
Interest rates increase by 5%	(309)	(292)
Interest rates decrease by 5%	309	292

Notes to the Financial Statements (Cont'd)

19.2 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

The Group's financial assets are bank balances, investments and trade and other receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to credit risk is equal to the carrying amount of cash and bank, investments and trade and other receivable balances reported in the statement of financial position. The Group does not hold any collateral for trade receivables. 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	2017 US$ 000	2016 US$ 000
Raw materials	1,279	1,018
Work in progress	1,729	1,671
Manufactured goods	2,037	858
Consumables and spares	576	629
Goods-in-transit	624	147
	6,245	4,323

No inventory was written off in 2017 (2016: nil). The provision for obsolete stock was $116,000 (2016: $260,000). The cost of inventories recognised in cost of sales is US$16.24million (2016; US$14.92million).There are no inventories pledged as security for borrowings.

21. TRADE AND OTHER RECEIVABLES

Group	2017 US$ 000	2016 US$ 000
Trade	2,956	2,461
Prepayments	278	324
Other	195	363
	3,429	3,148

An allowance has been made for estimated irrecoverable amounts of US$323,000 (2016: US$627,000).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.

Notes to the Financial Statements (Cont'd)

21. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables ageing

	Total	Neither impaired	Past due but not impaired			
		Nor past due	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	2,956	2,113	429	192	101	121
2017	2,956	2,113	429	192	101	121
Trade Receivables	2,461	1,483	428	166	92	292
2016	2,461	1,483	428	166	92	292

Movement in the allowances for credit loses

	2017 US$ 000	2016 US$ 000
Balance at beginning of the year	627	621
Provisions utilised	(389)	(99)
Provisions raised	85	105
Balance at end of the year	323	627

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

	2017 US$ 000	2016 US$ 000
Bank and cash	776	647
	776	647

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:

	2017 US$ 000	2016 US$ 000
Authorised:		
800,000,000 Ordinary Shares of US$ 0.0001 each. (2016: 800,000,000 Ordinary Shares of US$ 0.0001 each.)	80	80
Issued and fully paid:		
472,802,874 Ordinary Shares of US$ 0.0001 each. (2016: 467,302,874 Ordinary Shares of US$ 0.0001 each)	47	47
Treasury shares:		
638,408 Ordinary Shares of US$ 0.0001 each. (2016: 638,408 Ordinary Shares of US$ 0.0001 each).	-	-

Notes to the Financial Statements (Cont'd)

23. SHARE CAPITAL (Continued)

Movement in the number of shares	Issued and fully paid 2017	2016	Treasury shares 2017	2016
	000's	000's	000's	000's
Opening balance	467,303	467,303	638	638
Issue of shares	-	-	-	-
Purchase of treasury shares	-	-	-	-
Employees' share option scheme	5,500	-	-	-
At 30 September	472,803	467,303	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

	2017 US$ 000	2016 US$ 000
Opening balance	4,378	4,378
Issue of shares	-	-
At 30 September	4,378	4,378

24. NON-DISTRIBUTABLE RESERVE

Group		
Share options reserve	36	36
Available for sale reserve	83	30
Foreign currency translation reserve	621	122
Revaluation reserve	8,921	9,639
At 30 September	9,661	9,827

Comprising:		
Opening balance	9,827	9,722
Changes in non-distributable reserves	(166)	105
Translation of foreign subsidiaries	498	45
Surplus on revaluation of property, plant and equipment	(718)	53
Fair value adjustment on available for sale investments	54	7
Closing balance	9,661	9,827

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.

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.

Notes to the Financial Statements (Cont'd)

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 maximum period of five years at a minimum price of the middle market price ruling on the Zimbabwe Stock Exchange on the last business day preceding the date of grant of the option. The maximum value of the options that can be granted to an employee is twice the employee's annual salary, including bonuses.

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	3 years
Vesting conditions	None

The share options were exercised on 1 October 2016 and no further options were granted in the year ended 30 September 2017.

The estimated fair value of each share option granted in the above share option plan is US0.25 cents. 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 US0.40 cents, strike price of US0.40 cents, expected risk free rate of 5.7%, no expected dividends and a contractual life of 3 years. The estimated Exponential Weighted Moving Average volatility was 86%, which places 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:

Further details of the share option plans are as follows:

	2017 Number of options	2017 Weighted average exercise price (cents)	2016 Number of options	2016 Weighted average exercise price (cents)
Outstanding at start of the year	5,500,000	0.40	6,800,000	0.25
Granted	-	-	-	-
Forfeited	-	-	(1,300,000)	-
Exercised	(5,500,000)	0.40	-	-
Outstanding at end of the year	-	-	5,500,000	0.25
Exercisable at end of year	-	-	5,500,000	0.25

Notes to the Financial Statements (Cont'd)

26. DEFERRED TAX

	2017 US$ 000	2016 US$ 000
Opening balance	1,396	1,202
Exchange differences	(84)	(29)
Charged through other comprehensive income;		
Revaluation of property, plant and equipment	(284)	29
Fair value loss on available-for-sale investments	13	1
Charge to profit or loss	1,144	193
At 30 September	2,185	1,396
Deferred tax liabilities		
Property, plant and equipment	1,742	2,034
Biological assets	1,276	1,170
Prepayments	72	83
Other	4	2
	3,094	3,289
Deferred tax assets		
Estimated tax losses	847	1,830
Other	62	63
	909	1,893
Net deferred tax liability	2,185	1,396
Disclosed As:		
Deferred tax liabilities		
Deferred tax liabilities	2,185	1,820
Deferred tax assets	-	(424)
Net deferred tax liability	2,185	1,396

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 $3,2 million (2016: $7,1 million) have been carried forward to the next financial year. These losses expire between 2018 and 2020

27. TRADE AND OTHER PAYABLES

	2017 US$ 000	2016 US$ 000
Trade payables – short term	7,113	5,897
Accruals and other	3,137	4,220
Trade and other payables – short term	10,250	10,117
Trade payables - long term	341	1,013
Total Trade and other payables	10,591	11,130

Trade payables, accruals and other obligations are non-interest bearing and are normally settled within 30 days. The Long term payables are settled over a period of 18 months and are non-interest bearing. The fair value of the long term payable is $288,000.

Notes to the Financial Statements (Cont'd)

27.1 PROVISIONS

Provisions reconciliation		Tax penalty US$ 000	Leave pay US$ 000	Warranties US$ 000	Total US$ 000
At 1 October 2015		-	457	190	647
Additional provision		-	9	288	473
Amount utilised		-	(89)	(370)	(459)
At 30 September 2016		-	377	108	485
Additional provision	Note 34	547	47	301	895
Amount utilised		-	(323)	(330)	(653)
At 30 September 2017		547	101	79	727

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
2017	483	241
2016	486	270

The lease payments for the year are $675,000 (2016: $489,000)

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 2017 are as follows:

	Payable within 1 year US$ 000	Payable between 1 year and five years US$ 000
2017	264	115
2016	276	119

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)

	2017 Minimum payments US$000	2017 Present value of payments US$000	2016 Minimum payments US$000	2016 Present value of payments US$000
Within one year	232	194	269	230
After one year but not later than five years	1,464	1,155	1,679	1,178
More than five years	-	-	-	-
Total minimum lease payments	1,696	1,349	1,948	1,408
Less amounts representing finance charges	(347)	-	(540)	-
Present value of minimum lease payments	1,349	1,349	1,408	1,408

Included in the consolidated financial statements as:

	2017 US$ 000	2016 US$ 000
Current borrowings (note 19)	194	230
Long term borrowings (note 19)	1,155	1,178
	1,349	1,408

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 that country.

The Zimbabwe companies also contribute to a Group Life Assurance Policy administered by an independent insurance company.

Contribution to pension schemes during the year:

	2017 US$ 000	2016 US$ 000
Zimbabwe pension schemes	38	43
Zimbabwe National Social Security Authority	153	158
Non-Zimbabwe pension schemes	57	54
	248	255

Notes to the Financial Statements (Cont'd)

30. GROUP CASH FLOW INFORMATION

	2017 US$ 000	2016 US$ 000
Cash generated from operations		
Operating profit	5,142	3,440
Depreciation	1,177	925
Profit on disposal of property, plant and equipment	(13)	(15)
Unrealised exchange gains	354	(51)
Fair value gain on investment property	-	(25)
Fire Loss	-	452
Share of JV and associate profit	(213)	(90)
Fair value adjustment on biological assets	(576)	(99)
Cash generated before working capital changes	5,871	4,537
Movement in working capital:		
(Increase)/decrease in inventories	(1,922)	381
(Increase)/decrease in trade and other receivables	(281)	167
(Decrease)/increase in trade and other payables	(297)	393
Net cash (utilised in)/generated from working capital	(2,500)	941
Cash generated from operations	3,371	5,478

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.

	2017 US$'000 Softex	2016 US$'000 Softex
Amounts receivable from Softex	143	23
Sales to		
Kadoma Paper Mills	-	-
Purchases from		
Kadoma Paper Mills	1,799	1,594

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 :

	2017 US$ 000	2016 US$ 000
Sales		
Sales to related party	2,031	1,731
Amounts owed by Related party	234	199

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, which supplies raw materials, batteries and machinery to the Batteries, Paper and Stationery Divisions.

Transactions in the normal course of business with Taesung:	2017 US$ 000	2016 US$ 000
Purchases		
Purchases from related party- (Inventory)	3,667	1,219
Amounts owed to related party	1,815	627

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

Transactions in the normal course of business:

	2017 US$ 000	2016 US$ 000
Purchases		
Purchases from related party – Equipment	2,138	1,830
Amounts owed to related party	1,677	2,699

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 day 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.

	2017 US$ 000	2016 US$ 000
Loan balance	430	485
Interest charged to profit and loss	48	54

Notes to the Financial Statements (Cont'd)

32. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2017 US$ 000	2016 US$ 000
Short-term employee benefits	844	560
Retrenchment cost	639	-
Total compensation paid to key management personnel	1,483	560

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 2017 and 2016.

STATEMENT OF PROFIT OR LOSS

	2017 US$ 000	2016 US$ 000
Revenue	7,114	6,053
Cost of sales	(5,311)	(4,283)
Gross profit	1,803	1,770
Other income	3	-
Operating expenses	(1,471)	(1,487)
Operating profit before interest and tax	335	283
Finance costs	-	(45)
Profit before tax	335	238
Income tax charge	(83)	(83)
Profit for the year	252	155
Group's share of profit for the year	126	78

Depreciation of $95,000 was charged during the year (2016: $102,000)

Notes to the Financial Statements (Cont'd)

33. JOINT VENTURE AND ASSOCIATE (Continued)

	2017 US$ 000	2016 US$ 000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Non-current assets		
Property, plant and equipment	379	420
	379	420
Current assets		
Inventories	470	462
Trade and other receivables	956	883
Cash and short term deposits	94	38
	1,520	1,383
Total assets	1,899	1,803
LIABILITIES		
Current liabilities		
Trade and other payables	443	683
	443	683
Long term liabilities		
Deferred tax	68	39
Total Liabilities	511	722
NET ASSETS	1,388	1,081
Capital and reserves		
Shareholders' equity	1,388	1,081
Group's Carrying amount of the Investment	694	541

The joint venture had no contingent liabilities or capital commitments as at 30 September 2017 and 2016. 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 $218,000 and the Group's share was therefore accounted as $87,000 (2016: $12,000).

Notes to the Financial Statements (Cont'd)

33. JOINT VENTURE AND ASSOCIATE (Continued)

	2017 US$ 000	2016 US$ 000
STATEMENT OF PROFIT OR LOSS		
Share of Joint Venture profit	126	78
Share of associate profit	87	12
Total	213	90
STATEMENT OF FINANCIAL POSITION		
Investment in Joint Venture	694	541
Investment in Associate	102	42
Total	796	583

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.

The Group's Zambia business is currently appealing a potential tax liability of $2.5 million, relating to withholding tax, standard development levy and income tax, following an audit by the Zambian Revenue Authority for the period 2012-2016. The audit was concluded in September 2017. Management has provided for $547,000 of this amount and is of the view that it is not probable that an outflow of resources embodying economic benefits will be required to settle the remaining balance

35. CAPITAL EXPENDITURE COMMITMENTS

USD 000's	2017 US$ 000	2016 US$ 000
Authorised but not yet contracted	3 386	1,939
Authorised and contracted for	-	-

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$2,749million (2016: US$1,921million), after charging interest cost of US$1,150million (2016; US$1,170 million) to operating profit of US$5,142million (2016; US$3,44 million). Total short term borrowings were US$3,472million (2016; US$3,728million), and long term borrowings were US$2,700million (2016; US$2,113million). Total net current liabilities were US$4,817million (2016; US$6,853million).

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 and uncertain environment during the year and the business still carries borrowings at high financing cost.

Notes to the Financial Statements (Cont'd)

36. GOING CONCERN (Continued)

- The Group has been able to reschedule its short term debt when it fell due and has met most of its obligations.
- Despite the economic conditions obtaining in the markets in which the Group operates, the Group posted profits of $2,749million for the year ended 30 September 2017.
- The Group's batteries division began to realize the benefits of the commissioned new equipment in the factory which reduced cost of production, warranties as well as increased capacity utilisation by 10,000 batteries per month. It has also benefited from Statutory Instrument 64 of 2016 which has seen demand for locally produced products surge during the year.

The initiatives that the board is pursuing include the following:

- Growth of export revenues to ensure that the Group is cushioned against the current foreign currency shortages currently obtaining in the economy in order to enable the divisions to settle foreign obligations.

- A major part of the Group's working capital requirements are provided by a short term facility of $3 million from Taesung Chemical and a bank overdraft of $2 million. These amounts though payable on demand have been successfully rolled over and the 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. Bank loans amounting to $300,000 that are secured by property valued at $ 2.6 million, will be fully repaid in the next 9 months. This presents opportunities for the Group to obtain alternative and cheaper secured long term loans. Interest has been negotiated downwards from an average of 15% to 12%

- The company's major creditors include $2 million 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.

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

- Kadoma Paper Mills benefited from Statutory Instrument 64 and posted a loss of $78,000 against a loss of $322,000 in the prior year.

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.

Notes to the Financial Statements (Cont'd)

37. CAPITAL MANAGEMENT (Continued)

	2017 US$ 000	2016 US$ 000
Interest-bearing loans and borrowings (note 19)	6,129	5,904
Trade and other payables (note 27)	10,591	11,131
Less: cash and short term deposits (note 22)	(776)	(647)
Net debt	15,944	16,388
Total capital	13,641	10,926
Borrowings as a percentage of capital and reserves	117%	150%

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2017 and 2016.

The Group is not subject to externally imposed capital requirements.

38. EVENTS AFTER REPORTING DATE

There are no significant events after the reporting date.

Company Financial Statements

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 SEPTEMBER 2017

	2017 US$ 000	2016 US$ 000
Other income	-	-
Profit before tax	-	-
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment on investment in subsidiary	2,715	2,026
Other comprehensive income for the year	2,715	2,026
Total comprehensive income for the year	2,715	2,026

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Notes	2017 US$ 000	2016 US$ 000
ASSETS			
Non-current assets			
Investments	A	9,240	6,525
Current assets			
Trade and other receivables	B	4,385	4,385
Cash and short term deposits		16	16
TOTAL ASSETS		13,641	10,926
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	47	47
Share premium	23	4,378	4,378
Non-distributable reserves		9,237	6,522
Accumulated loss		(21)	(21)
Shareholders' equity		13,641	10,926
TOTAL EQUITY AND LIABILITIES		13,641	10,926

T Utete Wushe
Chairman
18 December 2017

M Macheka
Group Chief Executive Officer
18 December 2017

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.

Investments

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

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

Company
Financial Statements (Cont'd)

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 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
Profit for the period	-	-	-	-	-
Other comprehensive income	-	-	2,715	-	2,715
Total comprehensive income	-	-	2,715	-	2,715
At 30 September 2017	47	4,378	9,237	(21)	13,641

	2017 US$ 000	2016 US$ 000
A. Investments		
Opening balance	6,525	4,499
Fair value adjustment	2,715	2,026
Closing balance	9,240	6,525
B. Accounts receivables		
Amounts due from Group companies	4, 385	4, 385
	4,385	4,385

Shareholders’ Analysis

Size of shareholding	Number of	% of shareholders	Number of%	of shares
	shareholders	shares		in issue
1 – 5,000	2,307	85.54%	1,703,899	0.39%
5,001 – 50,000	276	10.24%	3,958,172	0.9%
50,001 – 500,000	79	2.93%	14,173,421	3.22%
500,001 – 1,000,000	8	0.3%	5,566,494	1.26%
1,000,001 –And over	27	1%	448,040,053	94.63%
	2,697	100%	473,442,039	100%

Shareholders by type				
Nominees	56	2.08%	40,060,211	8.46%
Individuals	2,192	81.27%	30,953,882	6.54%
Other companies	242	8.97%	323,253,155	68.28%
Pension funds	19	0.7%	74,513,063	15.74%
Insurance companies	4	0.15%	152,891	0.03%
Investments and trusts	97	3.6%	1,183,299	0.25%
Other organisations	50	1.86%	2,689,319	0.57%
	2,697	100%	473,442,039	100%

Top ten shareholders

Rank	Shareholder	Total shares	%
1	CRANBAL INVESTMENTS (PVT) LTD	174,381,720	36.83%
2	SILVERMINE INVESTMENTS (PVT) LTD	68,400,000	14.45%
3	ZADMAB (PVT) LTD	55,401,501	11.70%
4	MINING INDUSTRY PENSION FUND	24,801,045	5.24%
5	STANBIC NOMINEES	21,984,087	4.64%
6	NATIONAL RAILWAYS OF ZIMBABWE PENSION FUND	21,545,304	4.55%
7	J.P.MORGAN CHASE BANK	17,064,042	3.60%
8	BOBER AND COMPANY	13,644,826	2.88%
9	KAIROS INVESTMENTS	12,250,366	2,59%
10	LOCAL AUTHORITIES PENSION FUND	5,009,262	1,06%

Notice to members

NOTICE IS HEREBY GIVEN that the sixteenth Annual General Meeting ("AGM") of Amalgamated Regional Trading (ART) Holdings Limited (the "Company") will be held at 202 Seke Road, Graniteside, Harare, Zimbabwe, on Tuesday, 27 February, 2018, 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 2017.

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, 2017.

4. In terms of the Articles of Association Mr M Macheka having been appointed to the Board during the year, retires at the Annual General Meeting and being eligible offers himself for election.

5. In terms of the Articles of Association, of the Company Mr O. Mtasa and Mr M Oakley retire at the Annual General Meeting. All being eligible, offer themselves for re-election.

By order of the Board

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

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

A M Chingwecha
Group Secretary

Dated: 18 December, 2017

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

Form Of Proxy

For use at the Annual General Meeting ("AGM") of ART Holdings Limited ("the Company") to be held on Tuesday, 27 February, 2018 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 the Directors' Report and the Accounts for the year ended 30 September 2017.			
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, 2017.			
4. Re-election of Directors. M. Macheka O. Mtasa M. Oakley			

Full Name____

Signature____

Dated this_______________

Notes to Proxy

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

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

2. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:

   (a) under a power of attorney
   (b) on behalf of a company

   unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries not less than 48 hours before the meeting.

3. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.

4. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

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

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

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

Transfer Secretaries
(Shares)

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

Transfer Secretaries
(ZDR's)

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

ART
AMALGAMATED REGIONAL TRADING

CHLORIDE ZIMBABWE | CHLORIDE ZAMBIA | EXIDE EXPRESS | EVERSHARP | KADOMA PAPER MILLS | NWC | SOFTEX | MUTARE ESTATES

www.artcorp.co.zw

REGISTERED OFFICE: PALM GROVE HOUSE, P.O. BOX 3186 WICKHAMS CAY 1, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS. COMPANY NUMBER: I B C 243845