ART
AMALGAMATED REGIONAL TRADING

www.artcorp.co.zw

Reviewed Abridged Half -Year Financial Results

for the six months ended 31 March 2020

CHAIRMAN'S STATEMENT

OVERVIEW

The Group delivered positive results despite the power shortages, a rapidly depreciating local currency and continued foreign currency shortages. The measures taken by the fiscal and monetary authorities in response to the deteriorating economic conditions did not have much impact on containing inflation and the prevailing multiple exchange rates in the market. The Group's financial results were achieved under hyper-inflationary conditions and the Board advises caution in the interpretation of these financial statements.

FINANCIAL PERFORMANCE

Group revenues for the half year increased by 97% (inflation adjusted) and 921% (historical) on the back of volume increases and replacement pricing. Export revenue for the half year increased by 23% in US Dollar terms compared to the same period last year. The Group's overall volumes for the half year grew by 10% compared to prior year with growth being driven by automotive and industrial batteries.

The improved power supply in the second quarter enabled the Group to sustain the momentum in the batteries business. The improved efficiencies following the furnace upgrade have increased capacity and created a strong platform to pursue untapped value opportunities in the industrial and solar sectors.

Pen sales volumes increased by 11% for the period compared to prior year. Volumes were driven by aggressive selling effort during the back to school period. Capacity utilization increased by 3 percentage points to 69% from prior year.

Timber half year sales volumes increased by 27% compared to the same period last year. Trading partnerships improved product availability and range. Gross profit margins increased by 2 percentage points from the prior year to 56% due to improved sawn timber volumes.

The Paper business segment was affected by power shortages and the erratic supply of raw materials. Volumes for the half year decreased by 33% compared to the same period last year. The Group increased waste paper from Botswana and South Africa during the period in order to sustain tissue production as local waste paper volumes continued to decline.

Softex tissue volumes decreased by 27% compared to the same period last year. The increased focus on the manufacturing of hygiene products yielded positive results as sales volumes increased by 490%. Tissue sales were affected by the inconsistent supply of raw material and the adverse impact of price escalations on the supply chain.

The Group's financial position improved during the period following the significant reduction of the Group's foreign currency obligations. The remaining legacy debt of US$ 459 000 was transferred to the Reserve Bank of Zimbabwe and has been recognised at the prevailing interbank market rate. Net borrowings were contained at ZWL$38 million. The Group's net current asset position improved to ZWL$53,7million from a net current liability position of ZWL$57,7million at the end of September 2019. Our efforts to preserve value by timeously adapting to the changes in the operating environment are reflected in the increased monetary gain of ZWL$69,5million during the period.

Capital expenditure for the period amounted to ZWL$24 million and was primarily focused on addressing back-up power and furnace efficiencies.

DIVIDEND

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

DIRECTORATE

There were no changes to the Board during the period.

OUTLOOK

The global spread of COVID-19 will have a significant impact on the Group and the operating environment as measures being taken to mitigate transmissions will constrain trading, disrupt the raw material supply chain and increase operating costs.

The full impact of the pandemic cannot be predicted with a high degree of certainty at this stage. The Board remains hopeful that the improved financial position of the Group and the measures put in place to drive exports, contain costs and preserve cash will ensure that the business continues on its recovery trajectory.

APPRECIATION

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

T U Wushe
CHAIRMAN
21 May 2020

AUDITOR'S STATEMENT

These abridged interim consolidated financial statements for the six months ended 31 March 2020 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion issued thereon. This review conclusion is adverse with respect to non-compliance with International Accounting Standard (IAS 21), The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS 29) – Financial Reporting in Hyperinflationary Economies and the fair value determination of assets, transactions and liabilities. There is an emphasis of matter paragraph regarding the possible impact of the uncertainties relating to COVID-19 pandemic to the Group. The review conclusion has been made available to management and those charged with the governance of the Group. The Independent Review Report on the consolidated interim financial statements is available for inspection at the company's registered office.

PERFORMANCE HIGHLIGHTS

VOLUMES

Overall	Increased by 10%
Export	Increased by 23%
Batteries	Increased by 31%
Pen	Increased by 11%
Paper	Decreased by 33%

	HYPER-INFLATED	HISTORICAL
REVENUE	Increased by 97% to ZWL 452,986,000	Increased by 921% to ZWL 302,107,000
OPERATING PROFIT	Increased by 51% to ZWL 69,659,000	Increased by 1 667% to ZWL 104,986,000
EBITDA	Increased by 10% to ZWL 85,438,000	Increased by 555% to ZWL 65,684,000

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended	HYPER-INFLATED 31 March 2020 Reviewed ZWL$ 000	HYPER-INFLATED 31 March 2019 Unaudited ZWL$ 000	HISTORICAL 31 March 2020 Reviewed ZWL$ 000	HISTORICAL 31 March 2019 Unaudited ZWL$ 000
Revenue from contracts with customers	452,986	229,838	302,107	29,603
Cost of sales	(226,315)	(127,112)	(117,065)	(16,372)
Gross profit	226,671	102,726	185,042	13,231
Other income	489	2,708	135	349
Selling and distribution expenses	(16,760)	(18,500)	(13,291)	(2,383)
Administration expenses	(140,741)	(40,801)	(66,900)	(5,255)
Total operating expenses	**(157,501)**	**(59,301)**	**(80,191)**	**(7,638)**
Operating profit before fair value adjustments and impairments	**69,659**	**46,133**	**104,986**	**5,942**
Share of profit- Joint venture and associate	5,562	2,228	4,695	287
Fair value adjustments on biological assets	2,780	1,430	2,185	184
Fair value adjustment on investment property	-	23	-	3
Exchange (loss)/gain	(25,259)	(8,937)	(33,449)	4,450
Net monetary gain	69,484	43,486	-	-
Operating profit before interest and tax	**122,226**	**84,363**	**78,417**	**10,866**
Finance income	40	27	12	3
Finance costs	(2,822)	(10,543)	(2,187)	(1,358)
Profit before tax	**119,444**	**73,847**	**76,242**	**9,511**
Income tax expense	(30,224)	(8,823)	(21,659)	(1,136)
Provision for deferred tax	33,910	2,377	(4,435)	306
Profit after tax	**123,130**	**67,401**	**50,148**	**8,681**
OTHER COMPREHENSIVE INCOME				
Items that may not be reclassified subsequently to profit or loss:				
Surplus on revaluation of property, plant and equipment	-	179,581	-	23,130
Items that may be reclassified subsequently to profit or loss:				
Translation of foreign subsidiaries	6,363	20,194	6,363	2,601
Fair value adjustments on available for sale investments	-	1,623	-	209
Total comprehensive income for the year, net of tax	**6,363**	**201,398**	**6,363**	**25,940**
Attributable earnings	**129,493**	**268,799**	**56,511**	**34,621**
Earnings per share (cents)				
Basic	26.04	14.42	10.61	1.86
Diluted	26.04	14.42	10.61	1.86
Headline	25.75	14.11	10.16	1.82

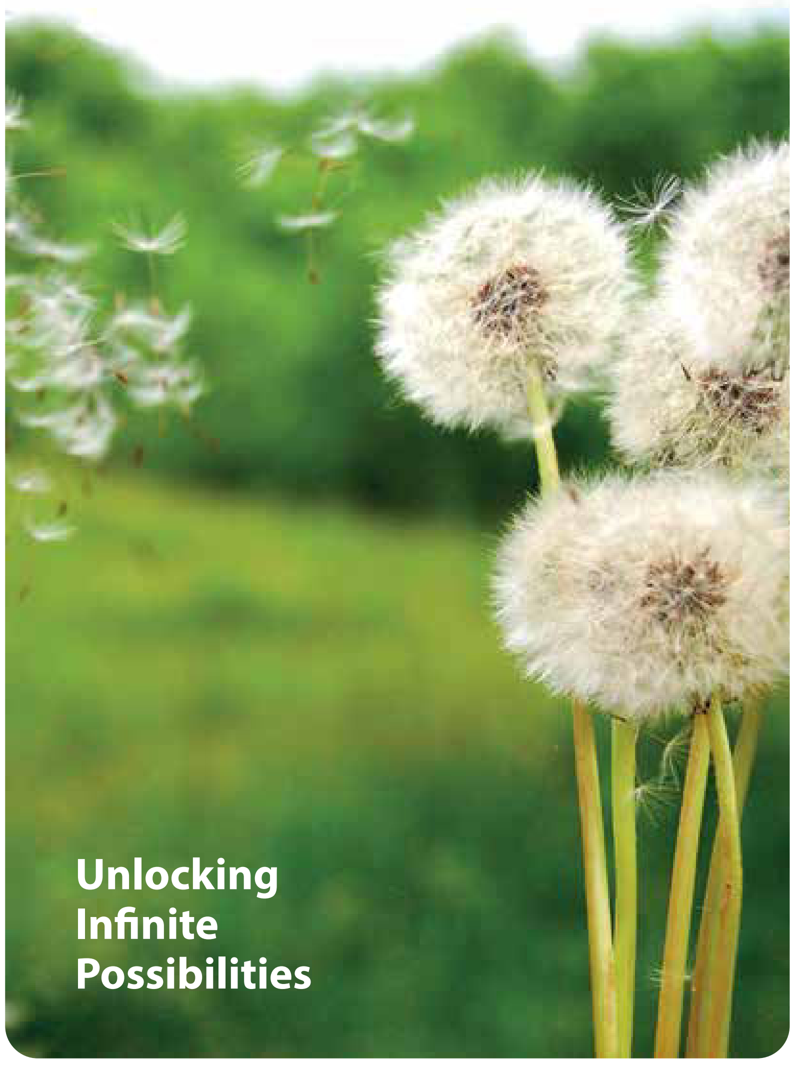
GROUP STATEMENT OF FINANCIAL POSITION

As at	HYPER-INFLATED 31 March 2020 Reviewed ZWL$ 000	HYPER-INFLATED 30 September 2019 Unaudited ZWL$ 000	HISTORICAL 31 March 2020 Reviewed ZWL$ 000	HISTORICAL 30 September 2019 Unaudited ZWL$ 000
ASSETS				
Non-current assets				
Property, plant and equipment	658,213	723,603	267,911	259,263
Investment property	228,994	229,021	82,048	82,057
Biological assets	239,737	236,554	87,342	84,756
Investment in joint venture and associate	10,337	14,547	9,470	5,212
Lease right of use	7,787	-	3,679	-
Total non-current assets	**1,145,068**	**1,203,725**	**450,450**	**431,288**
Current assets				
Inventories	175,036	137,423	117,078	49,238
Trade and other receivables	65,927	73,289	63,835	26,259
Cash and cash equivalents	9,540	18,675	9,540	6,691
Total current assets	**250,503**	**229,387**	**190,453**	**82,188**
TOTAL ASSETS	**1,395,571**	**1,433,112**	**640,903**	**513,476**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	595	595	47	47
Share premium	55,386	55,386	4,378	4,378
Reserves	798,555	669,062	311,865	255,354
Shareholders' equity	**854,536**	**725,043**	**316,290**	**259,779**
Non-current liabilities				
Deferred tax liabilities	332,440	418,773	154,682	150,044
Interest bearing loans and borrowings	6,245	2,152	6,245	771
Lease liability	5,586	-	2,779	-
Total non-current liabilities	**344,271**	**420,925**	**163,706**	**150,815**
Current liabilities				
Trade and other payables	101,148	160,873	94,427	57,640
Provisions	9,398	3,967	2,956	1,421
Income tax payable	60,378	58,284	38,245	20,883
Interest bearing loans and borrowings	13,605	46,534	13,605	16,673
Lease liability	1,117	-	556	-
Bank overdrafts	11,118	17,486	11,118	6,265
Total current liabilities	**196,764**	**287,144**	**160,907**	**102,882**
Total liabilities	**541,035**	**708,069**	**324,613**	**253,697**
TOTAL EQUITY AND LIABILITIES	**1,395,571**	**1,433,112**	**640,903**	**513,476**

Directors: Dr T. U. Wushe (Chairman) M. Macheka (Chief Executive Officer)*, Y.C Baik, A. M. Chingwecha*, O. Mtasa, M. Oakley ** Executive*

Reviewed Abridged Half-year Financial Results

for the six months ended 31 March 2020



GROUP STATEMENT OF CASH FLOWS

For the half year ended	HYPER-INFLATED 31 March 2020 Reviewed ZWL$ 000	HYPER-INFLATED 31 March 2019 Unaudited ZWL$ 000	HISTORICAL 31 March 2020 Reviewed ZWL$ 000	HISTORICAL 31 March 2019 Unaudited ZWL$ 000
Cash generated from operations	**23,209**	**(1,735)**	**20,723**	**(244)**
Finance income	40	27	12	3
Finance costs	(2,822)	(10,543)	(2,187)	(1,358)
Tax paid	(4,721)	(4,179)	(4,721)	(538)
Cash generated from operating activities	**15,706**	**(16,430)**	**13,827**	**(2,137)**
Cash flow from investing activities:				
Purchase of property, plant and equipment	(23,770)	(5,260)	(21,346)	(677)
Costs capitalized to biological assets	(1,528)	(5,644)	(1,528)	(727)
Proceeds on disposal of property, plant and equipment	5	1	1	-
Dividends received	95	-	95	-
Cash utilized in investing activities	**(25,198)**	**(10,903)**	**(22,778)**	**(1,404)**
Cash generated from financing activities:				
Proceeds from borrowings	27,883	25,453	27,888	3,278
Repayment of borrowings	(21,158)	(9,157)	(20,941)	(1,179)
Cash generated from financing activities	**6,725**	**16,296**	**6,947**	**2,099**
Decrease in cash and cash equivalents	**(2,767)**	**(11,037)**	**(2,004)**	**(1,442)**
Net foreign exchange differences	-	-	-	-
Cash and cash equivalents at the beginning of the period	**1,189**	**11,014**	**426**	**1,419**
Cash and cash equivalents at the end of the period	**(1,578)**	**(23)**	**(1,578)**	**(23)**
Comprising:				
Cash resources	9,540	1,467	9,540	1,467
Overdrafts	(11,118)	(1,490)	(11,118)	(1,490)
Cash and cash equivalents at the end of the period	**(1,578)**	**(23)**	**(1.578)**	**(23)**

GROUP STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 March 2020

	Share Capital ZWL$000	Share Premium ZWL$000	Available for Sale ZWL$000	Revaluation ZWL$000	Foreign Share Share Option ZWL$000	Currency Translation ZWL$000	Retained Earnings ZWL$000	Total ZWL$000
INFLATION ADJUSTED								
At 30 September 2018	**595**	**55,386**	**898**	**2,745**	**455**	**6,591**	**75,260**	**141,930**
Profit for the year	-	-	-	-			56,027	56,027
Other comprehensive income	-	-	-	512,779	-	14,307	-	527,086
Transfer between reserves	-	-	(898)	(512,483)	-	-	513,381	-
At 30 September 2019	**595**	**55,386**	**-**	**3,041**	**455**	**20,898**	**644,668**	**725,043**
Profit for the period	-	-	-	-	-	-	123,130	123,130
Other comprehensive income	-	-	-	-	-	6,363	-	6,363
At 31 March 2020	**595**	**55,386**	**-**	**3,041**	**455**	**27,261**	**767,798**	**854,536**
HISTORICAL								
At 30 September 2018	**47**	**4,378**	**71**	**9,293**	**36**	**521**	**5,949**	**20,295**
Profit for the year	-	-	-	-	-	-	59,725	59,725
Other comprehensive income	-	-	-	174,633	-	5,126	-	179,759
Transfer between reserves	-	-	(71)	-	-	-	71	-
At 30 September 2019	**47**	**4,378**	**-**	**183,926**	**36**	**5,647**	**65,745**	**259,779**
Profit for the period	-	-	-	-	-	-	50,148	50,148
Other comprehensive income	-	-	-	-	-	6,363	-	6,363
At 31 March 2020	**47**	**4,378**	**-**	**183,926**	**36**	**12,010**	**115,893**	**316,290**

GROUP SEGMENT RESULTS

INFLATION ADJUSTED	Paper ZWL$ 000	Batteries ZWL$ 000	Forests ZWL$ 000	Eversharp ZWL$ 000	Central Administration ZWL$ 000	Group ZWL$ 000
March 2020						
Revenue - External customer	54,418	319,260	22,221	57,087	-	452,986
Operating profit	5,079	61,932	2,133	8,051	(7,536)	69,659
Finance cost	(4)	(90)	-	-	(2,728)	(2,822)
Net Segment assets	163,368	377,816	405,458	34,444	(126,550)	854,536
Capital expenditure	(3,047)	(16,312)	(79)	(1,494)	(2,838)	(23,770)
Depreciation	(2,940)	(24,117)	(4,163)	(4,172)	(1,406)	(36,798)
March 2019						
Revenue - External customer	51,716	126,227	10,388	41,507	-	229,838
Operating profit	11,917	21,452	2,624	948	9,192	46,133
Finance cost	(8)	(1,584)	-	(16)	(8,935)	(10,543)
Segment assets	78,579	234,559	141,716	13,152	(41,638)	426,368
Capital expenditure	(722)	(3,183)	(54)	(280)	(1,017)	(5,256)
Depreciation	(683)	(3,820)	(256)	(1,334)	(398)	(6,491)

SUPPLEMENTARY INFORMATION

1. Corporate Information

The abridged consolidated financial statements of Amalgamated Regional Trading (ART) Holdings Limited and its subsidiaries (collectively, the Group) for the half year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 21 May 2020. ART Holdings Limited is incorporated in the British Virgin Islands and its shares are publicly traded on the Zimbabwe Stock Exchange through its regional subsidiary ART Zimbabwe Limited.

The main activities of the Group throughout are the manufacture and distribution of paper products, stationery, and lead acid batteries. The Group's principal place of business is 202 Seke Road, Graniteside, Harare.

2. Basis of preparation

The abridged consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the British Virgin Islands Companies Act for International Business Companies (Chapter 291), except for non-compliance with International Accounting Standard ("IAS") 21. As a consequence of non- compliance with IAS 21 due to the need to comply with the requirements of S.I. 33 of 2019, the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies, were not fully complied with. This is because the changes in the general pricing power of the functional currency were applied on amounts that were not restated to resolve the matters which resulted in an adverse report in the prior year.

The consolidated financial statements have been prepared under the current cost basis as per the provisions of IAS 29 "Financial Reporting In Hyper-inflationary Economies". The local accounting regulatory board, Public Accountants and Auditors Board (PAAB) proclaimed all financial periods after 1 July 2019 to be reported under the hyper-inflation accounting basis.

The sources of the price indices used were the Zimbabwe Statistical office from 2009 to March 2020.

	Indices	Conversion factor
CPI as at 30 September 2019	290.4	2.791
CPI as at 31 March 2019	104.40	7.764
CPI as at 30 September 2018	64.1	12.651
Average CPI for 6 months to 31 March 2020	573.71	
Average CPI for 6 months to 31 March 2019	91.30	

3. Functional and presentation currency

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

4. Statement of accounting policy

The accounting policies in the preparation of the 2020 half year interim consolidated financial results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2019 except for the changes that will arise due to the adoption of IFRS 16 – Leases.

5. COVID-19

There was a global outbreak of a respiratory disease, Covid-19 in December 2019 which was declared by the World Health Organization as a pandemic in January 2020. Most countries across the globe put in place restrictive measures to curb the spread of the virus. The Zimbabwean government locked down the whole country on the 30th of March 2020, with a few essential service providers being allowed to operate during the first five weeks. The effects of the lockdown on the Group results for the six months ended 31 March 2020 was minimal however, the restrictive measures have a significant negative impact on the operating environment and the Group's operations. Measures to safeguard employees and communities have been implemented. The Group instituted measures to sustain business viability and whilst there remains a high degree of uncertainty regarding the impact of the pandemic on the 2020 financial performance, management is satisfied that the Group will remain a going concern beyond the next twelve months.

6. Leases

The Group has applied IFRS 16 using the modified retrospective approach with effect from 1 October 2019. Comparative information has not been restated and continues to be prepared under IAS 17. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises a right of use asset and lease liability for its leases.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 October 2019. Right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics and
- The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

	HYPER INFLATED	HISTORICAL
As at 1 October 2019	**Right of Use Asset**	**Right of Use Asset**
Initial Recognition	8,877,442	4,414,441
Depreciation Expense	(1,090,735)	(735,740)
As at 31 March 2020	**7,786,707**	**3,678,701**
As at 1 October 2019	**Lease Liability**	**Lease Liability**
Initial Recognition	8,877,442	4,414,441
Accretion of Interest	64,599	44,551
Payments	(2,238,295)	(1,124,400)
As at 31 March 2020	**6,703,746**	**3,334,592**
Non-current	5,586,455	2,778,827
Current	1,117,291	555,765

7. Borrowings - Inflation Adjusted

ZWL 000's	31 March 2020 Short-term and Overdraft	31 March 2020 Long-term	31 March 2020 Total	30 September 2019 Short-term and Overdraft	30 September 2019 Long-term	30 September 2019 Total
Group	25,840	11,831	37,671	64,020	2,152	66,172

The Borrowings are secured by non-current assets with a net book value of ZWL$434 million (2019: ZWL$547 million). The average cost of borrowings is 30%

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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To the members of Amalgamated Regional Trading Holdings Limited

We have reviewed the accompanying inflation adjusted consolidated statement of financial position of Amalgamated Regional Trading Holdings Limited as at 31 March 2020 and the related inflation adjusted consolidated statement of profit or loss and other comprehensive income, inflation adjusted consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant group accounting policies and other explanatory notes.

Responsibilities of Management and Those Charged with Governance for the inflation adjusted consolidated interim financial information

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* and the Group's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of inflation adjusted consolidated interim financial information that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity."* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies

On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which directed banks to separate bank accounts into Real Time Gross Settlement Foreign Currency Accounts (RTGS FCAs) and Nostro FCAs. The economic environment during the year ended 30 September 2019 was characterised by 'multi-tiered' pricing, and the Group transacted predominantly in RTGS FCA (electronic payments), including mobile money, bond notes and coins.

On 20 February 2019, a Monetary Policy Statement was issued, denominating the existing RTGS balances, bond notes and coins in circulation as RTGS dollars in order to establish an exchange rate between the existing monetary balances and foreign currency. The RTGS dollars became part of the multi-currency system in Zimbabwe through the issuance of statutory instrument (S.I.) 33/2019, with an effective date of 22 February 2019. The statutory instrument provided that for accounting and other purposes, all assets and liabilities that were immediately before the effective date, valued and expressed in United States dollars shall on and after the effective date be deemed to be values in RTGS dollars at a rate of 1:1 to the United States dollar. This was not consistent with IAS 21 - *The Effects of Changes in Foreign Exchange Rates* which requires that an assessment be made of the change in functional currency and that financial information be presented at a rate that approximates the market rate. The Group had to be guided by S.I. 41/2019 which states that in the case of any inconsistency between a local pronouncement issued by the Board through a notice in the Government Gazette and any international standard, the local pronouncement shall take precedence to the extent of the inconsistency.

In compliance with SI 33/2019, the Group maintained its functional currency as the USD from 1 October 2018 to 22 February 2019 using an exchange rate of 1:1 between the RTGS FCA and Nostro FCA and changed to Zimbabwe Dollar as presented in the financial statements. This constitutes a departure from the requirements of IAS 21 - *The Effects of Changes in Foreign Exchange Rates.* Had the financial information been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 has been determined as significant. The effects on the financial information of the non-compliance with IAS 21 are considered material and pervasive to the financial information, taken as a whole.

On 11 October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement relating to the application of IAS 29 - *Financial Reporting in Hyperinflationary Economies.* The

PAAB advised that there is broad market consensus within the accounting and auditing professions that the factors and characteristics to apply the Financial Reporting in Hyperinflationary Economies Standard (IAS 29), in Zimbabwe had been met. The Directors have applied the IAS 29 – *Financial Reporting in Hyperinflationary Economies* with effect from 1 October 2019. However, as a result of the need to comply with the requirements of S.I. 33 of 2019, the changes in the general pricing power of the functional currency were applied on amounts that were not restated to resolve the matters which resulted in an adverse report in the prior year. This approach resulted in a consequential departure from the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies.

Had the Group fully applied the requirements of IAS 29 on restated base numbers, many of the elements of the financial information would have been materially impacted and therefore the departure from the requirements of these standards is considered to be pervasive.

Fair value determination of transactions, assets and liabilities

The determination of fair values for transactions, assets and liabilities presented in the financial information is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of fair values.

Emphasis of matter

We draw attention to **note 5** to the inflation adjusted consolidated interim financial information, which describes the uncertainties relating to the possible effects of the COVID-19 pandemic on the Group. The Group is unable to presently determine the impact of the Covid-19 pandemic on its operations in the year 2020. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, the accompanying inflation adjusted consolidated interim financial information do not present fairly, in all material respects the financial position of Amalgamated Regional Trading Holdings Limited as at 31 March 2020, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards.

The engagement partner on the review engagement resulting in this independent review conclusion is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

23 June 2020

HARARE