

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2019

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 MARCH 2019

Not	te	6 months ended 31 March 2019 RTGS\$ \$ 000 (unaudited)	6 months ended 31 March 2018 RTGS\$ \$ 000 (unaudited)	12 months ended 30 Sept 2018 RTGS\$ \$ 000 (audited)
Revenue		69 411	52 906	116 796
Trading income Abnormal (expenses) / income	7	15 789 (46 325)	5 074 (29)	14 451 14
Operating (loss) / profit Net finance costs Share of profit from joint venture		(30 536) (2 390) 274	5 045 (356) 166	14 465 (1 789) 232
(Loss) / profit before tax Tax credit / (charge)		(32 652) 8 296	4 855 (1 438)	12 908 (3 708)
(Loss) / profit for the period		(24 356)	3 417	9 200
Total comprehensive (loss) / income attributable to members		(24 356)	3 417	9 200
Basic (loss) /earnings per ordinary share (cents)		(3.22)	0.45	1.22
Diluted (loss) /earnings per ordinary share (cents)		(3.22)	0.45	1.22
Ordinary shares in issue at half year		755 648 101	755 648 101	755 648 101

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	6 months 31 March 2019 RTGS\$ \$ 000	6 months 31 March 2018 RTGS\$ \$ 000	12 month 30 Sep 2018 RTGS \$ 000
	(unaudited)	(unaudited)	(audited
ASSETS			
Non-current assets	48 667	45 646	49 66
Property, plant and equipment	44 618	41 973	45 87
Intangible assets	2 466	2 482	2 48
Biological assets	325	272	32
Investments and non-current receivables	1 258	919	98
Deferred tax asset	3 577	-	
Current assets	159 118	101 280	122 45
Inventories	22 285	15 932	12 05
Trade and other receivables	40 878	16 488	25 87
Cash and cash equivalents	95 955	68 860	84 52
Total assets	211 362	146 926	172 11
EQUITY AND LIABILITIES			
Capital and reserves	51 471	70 044	75 82
Share capital and share premium	24 810	24 810	24 81
Non-distributable reserves	19 460	19 460	19 46
Retained earnings	7 201	25 774	31 55
Non-current liabilities	8 251	7 105	15 75
Long term borrowings	8 251	_	7 89
Deferred tax liabilities	-	7 105	7 86
Current liabilities	151 640	69 777	80 53
Short term borrowings	1 292	9 339	1 90
Trade payables	112 633	49 377	65 50
Other payables	35 884	10 702	12 76
Current tax liabilities	1 831	359	35
Total equity and liabilities	211 362	146 926	172 11

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQ FOR THE HALF YEAR ENDED 31 MARCH 2019

6 months 6 months 12 months 31 March 31 March 30 Sept 2019 2018 2018 RTGS\$ RTGS\$ RTGS\$

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2019

1. BASIS OF PREPARATION

The abridged consolidated financial statements of Nampak Zimbabwe Limited have been prepared in accordance with Statutory Instrument 33 of 2019 which directed that all assets and liabilities that were in United States Dollars (US\$), immediately before 20 February 2019, be deemed to have been in RTGS\$ at a rate of 1:1 to the US\$. The guidance issued by the Public Accountants and Auditors Board (PAAB) noted that this is contrary to IAS 21 on foreign currency translation. The Company has reported the Consolidated Statement of Profit or Loss and Other Comprehensive Income on the basis of the 1:1 in compliance with IAS 21 using the interbank rate. On the Consolidated Statement of Financial Position, the Directors have decided not to restate Non-Current Assets in the interim reporting period and maintained the hedged legacy debt of USD57 million at 1:1 (see note 6). The net translation losses have been classified as abnormal expenses in the profit and loss statement. The results have been prepared on a historical cost basis except for biological assets that have been measured at fair value.

Notwithstanding the fact that the financial results for the half year ended 31 March 2019 do not comply with International Financial Reporting Standards ("IFRS"), the results as consolidated by Nampak Limited, the holding company listed on the Johannesburg Stock Exchange, are in full compliance with IFRS. It should also be noted that the comparative results for the half year ended 31 March 2018 and the full year ended 30 September 2018 compled in all respects with IFRS.

2. CURRENCY OF REPORTING

The current period financial results are presented in RTGS Dollars (RTGS \$) which has became the functional currency of the Group from 22 February 2019 after the release of the Monetary Policy Statement of 20 February 2019. The comparative information is presented as RTGS dollars which is converted from the prior year USD functional currency at a rate of 1:1.

3. ACCOUNTING POLICIES

The accounting policies are consistent with those used in the prior year.

4. SHORT TERM BORROWINGS

The short term borrowings relate to unsecured shareholders' loans from the parent Company, Nampak International Limited, and bear interest at a rate of 5,7% per annum.

5. FOREIGN LIABILITIES AND LEGACY DEBTS

The Monetary Policy Statement issued on 20 February 2019 advised that foreign liabilities and legacy debts were to be treated separately after registering such transactions with Exchange Control for the purposes of providing the Bank with sufficient information that will allow it to determine the roadmap for orderly expunging of the legacy debt. Exchange Control Directive RU 28 of 2019 issued on 22 February 2019 further advised that these shall continue to be settled in foreign currency in line with agreed terms at a ratio of 1:1 to the United States Dollar. The appropriate documentation for registration of these foreign liabilities and legacy debts with the Reserve Bank of Zimbabwe Exchange Control division have been submitted through our bankers.

6. LEGACY DEBT DUE TO NAMPAK INTERNATIONAL LIMITED

During the period under review, an agreement was reached between Nampak Zimbabwe Limited, Nampak International Limited and the Reserve Bank of Zimbabwe, whereby, the Reserve Bank of Zimbabwe undertook to repay legacy foreign currency debt amounting to USD57 million in quarterly payments over a three-year period commencing 30 June 2019. Subsequent to the half year, a Non Transitory Foreign Currency Account was opened to facilitate the settlement of the USD57 million and the account has been fully funded by Nampak Zimbabwe Limited.

7. ABNORMAL (EXPENSES) / INCOME

	6 months 31 March 2019 RTGS\$ \$ 000 (unaudited)	6 months 31 March 2018 RTGS\$ \$ 000 (unaudited)	12 months 30 Sept 2018 RTGS\$ \$ 000 (audited)
Translations losses due to change in	(46 325)	-	-
functional currency			
Biological assets - fair value adjustment	-	-	53
Impairment costs	-	-	(58)
Profit on disposal of land	-	-	100
Restructuring and retrenchment costs	-	(29)	(81)
Abnormal (expenses) / income	(46 325)	(29)	14

8. GROUP SEGMENTAL REPORT

Printing and	Plastics	Services and	
Converting	and Metals	Eliminations	Total
RTGS\$	RTGS\$	RTGS\$	RTGS\$
\$ 000	\$ 000	\$ 000	\$ 000
(unaudited)	(unaudited)	(unaudited)	(unaudited)

As at 31 March 2019

9. REPORTING UNDER IFRS

In the event that these financial results had been prepared in terms of IFRS, the table below sets out the salient information.

	6 months ended 31 March 2019 RTGS\$ \$ 000 (unaudited)
IMPACT ON STATEMENT OF PROFIT OR LOSS	
Revenue	127 150
Trading profit	15 789
Abnormal items	(142 480)
Operating loss	(126 691)
IMPACT ON STATEMENT OF FINANCIAL POSITION	
Capital and reserves	(26 951)
Total assets	254 984
Total liabilities	281 935

COMMENTARY

ECONOMY

The Monetary Policy Statement issued on 20 February 2019 changed the operating environment through the introduction of the inter-bank foreign exchange market and the RTGS Dollar. The Company considered the impacts on its reported results in terms of the International Financial Reporting Standards and the statutory requirements under S.I. 33 of 2019 and concluded that the results would not be compliant with IFRS 21 requirements.

Macro-economic volatility in Zimbabwe presents a major challenge to the Company and has resulted in a scarcity of foreign currency coupled with rising inflation. The trading environment remains difficult and is likely to remain so for the foreseeable future. The Company remains engaged with the appropriate authorities and institutions in an effort to manage these challenges.

PERFORMANCE

This commentary relates to the half year accounts published for Zimbabwean purposes only.

Group revenue was 31% ahead of the prior year with trading income of \$15,8 million (2018:\$5,07 million) increasing by 213% compared to the same period last year as a result of improved margins and stringent cost containment. The operating loss of \$30,5 million (2018: operating profit \$5,05 million) was as a result of the abnormal expenses.

Net working capital decreased due to the increased foreign trade payables which continue to accumulate as a result of the lack of liquidity in the foreign exchange environment. The cash and cash equivalent balances increased in direct response to the aforementioned illiquidity.

PRINTING AND CONVERTING SEGMENT

Hunyani Paper and Packaging

Hunyani revenue increased by 39% in comparison to the prior year with trading income significantly up. Volumes were 10% above prior year. The Corrugated Products Division experienced higher local and export tobacco box orders but suffered from stiff competition in the corrugated commercial sector. The Cartons, Labels and Sacks Division volumes declined due to raw material constraints.

PLASTICS AND METALS SEGMENT

CarnaudMetalbox

CarnaudMetalbox revenue increased by 48% to the prior year with significant increased profitability. Volumes declined by 33% on the prior year as demand was constrained by the illiquidity in the market.

Mega Pak

Mega Pak revenue was up 20% on last year with a significant improvement in trading income. Volumes declined by 22% due to raw material supply challenges and dampened demand from the beverage and cordials sectors.

CAPITAL EXPENDITURE

Capital projects of \$1,4 million, the majority of which were carried forward from the prior financial year, were spent largely on replacement machinery. Capital expenditure programmes continue to be hampered by foreign exchange constraints.

DIVIDEND

The Directors have decided against declaring an interim dividend due to the continuing uncertain economic environment and the need to conserve available cash resources to meet increasing purchase commitments and settle outstanding legacy debts.

DIRECTORATE

Mrs. Emma Fundira resigned from the Board on 11 March 2019. Mr. Quinton Swart was appointed to

	RTGS\$ \$ 000 (unaudited)	RTGS\$ \$ 000 (unaudited)	RTGS\$ \$ 000 (audited)
Share capital	756	756	756
Share premium	24 054	24 054	24 054
Non distributable reserve	19 460	19 460	19 460
Retained earnings			
Opening balance	31 557	22 015	22 015
Total comprehensive (loss) / income for the period Transfer from asset revaluation reserves	(24 356)	3 417 342	9 200 342
	-		
Retained earnings closing balance	7 201	25 774	31 557
Total equity	51 471	70 044	75 827
	6 months 31 March 2019 RTGS\$ \$ 000 (unaudited)	6 months 31 March 2018 RTGS\$ \$ 000 (unaudited)	12 months 30 Sept 2018 RTGS\$ \$ 000 (audited)
Cash (utilised in) / generated from operating	(27 926)	7 494	19 093
activities before working capital changes			
Working capital changes	45 009	16 862	29 696
Cash generated from operations after working capital changes	17 083	24 356	48 789
Net finance costs	(2 390)	(356)	(1 789)
Tax paid	(1 674)	(1 472)	(3 228)
Net cash generated from operations	13 019	22 528	43 772
Cash utilised in investing activities	(1 335)	(2 013)	(8 050)
Purchase of plant and equipment Decrease in investments	(1 370)	(2 134)	(8 289) 1
Proceeds on disposal of property, plant and equipment	35	121	238
Net cash generated before financing activities	11 684	20 515	35 722
Financing activities	(256)	94	554
Increase in long term borrowings (Decrease) / increase in short term borrowings	359 (615)	- 94	7 892 (7 338)
Net increase in cash and cash equivalents	11 428	20 609	36 276
Cash and cash equivalents at the beginning of the period	84 527	48 251	48 251
Cash and cash equivalents at the end of the period	95 955	68 860	84 527
REPRESENTED BY: Bank balances, cash and short term deposits	95 955	68 860	84 527

Revenue				
Sales to external customers Intersegment sales	29 474 690	39 937	(690)	69 411
Total sales	30 164	39 937	(690)	69 411
Operating profit/ (loss)	6 662	9 184	(57)	15 789
Segment assets	97 879	109 672	3 811	211 362
Segment liabilities	63 494	96 076	321	159 891
Capital expenditure	542	828	-	1 370
Depreciation	830	1 771	34	2 635
Abnormal expenses	(20 714)	(25 611)	-	(46 325)
As at 31 March 2018				
Revenue				
Sales to external customers	21 435	31 471	-	52 906
Intersegment sales	248	-	(248)	-
Total sales	21 683	31 471	(248)	52 906
Operating profit / (loss)	1 873	3 206	(34)	5 045
Segment assets	61 258	78 647	7 021	146 926
Segment liabilities	23 327	52 651	904	76 882
Capital expenditure	944	1 190	-	2 134
Depreciation	744	1 679	35	2 458
Abnormal expenses	5	-	24	29
	Printing and	Plactics	Services and	
	Converting		Eliminations	Total
			RTGS\$	RTGS\$
	RIGN	KIU N		
	RTGS\$ \$ 000	RTGS\$ \$ 000	\$ 000	\$ 000
	\$ 000 (audited)	\$ 000 (audited)	\$ 000 (audited)	\$ 000 (audited)
As at 30 September 2018	\$ 000	\$ 000		
	\$ 000	\$ 000		
Revenue	\$ 000	\$ 000		(audited)
Revenue Sales to external customers Intersegment sales	\$ 000 (audited)	\$ 000 (audited)		(audited)
Revenue Sales to external customers Intersegment sales	\$ 000 (audited) 54 632	\$ 000 (audited) 62 164	(audited)	(audited) 116 796
Revenue Sales to external customers Intersegment sales Total sales	\$ 000 (audited) 54 632 490	\$ 000 (audited) 62 164 348	(audited) (838)	(audited) 116 796 116 796
Revenue Sales to external customers Intersegment sales Total sales Operating profit / (loss)	\$ 000 (audited) 54 632 490 55 122	\$ 000 (audited) 62 164 348 62 512	(audited) (838) (838)	(audited) 116 796 116 796 14 465
Revenue Sales to external customers Intersegment sales Total sales Operating profit / (loss) Segment assets	\$ 000 (audited) 54 632 490 55 122 7 192	\$ 000 (audited) 62 164 348 62 512 7 321	(audited) (838) (838) (48)	(audited) 116 796 116 796 14 465 172 118
Revenue Sales to external customers Intersegment sales Total sales Operating profit / (loss) Segment assets Segment liabilities	\$ 000 (audited) 54 632 490 55 122 7 192 98 144	\$ 000 (audited) 62 164 348 62 512 7 321 93 661	(audited) (838) (838) (838) (48) (19 687)	(audited) 116 796 116 796 14 465 172 118 96 291
As at 30 September 2018 Revenue Sales to external customers Intersegment sales Total sales Operating profit / (loss) Segment assets Segment liabilities Capital expenditure Depreciation Abnormal (expenses) / income	\$ 000 (audited) 54 632 490 55 122 7 192 98 144 29 970	\$ 000 (audited) 62 164 348 62 512 7 321 93 661 65 955	(audited) (838) (838) (48) (19 687)	

the board on 13 May 2019.

OUTLOOK

The economy is facing strong headwinds. It is likely that the present scarcity of foreign exchange on the inter-bank market will continue to impact the trading environment. Much will depend on how the Authorities address this constraint.

By Order of the Board

A. K. Nicholson Group Company Secretary 68 Birmingham Road Southerton Harare





K. C. Katsande (Chairman), J. P. Van Gend* (Group Managing Director), F. Dzingirai* (Group Finance Director), P. Gowero (M. Valela, Alt), A. H. Howie, R. G. Morris, Q. Swart * Executive Directors