



REVIEWED ABRIDGED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020



ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS FOR THE SIX MONTHS ENDED 31 MARCH 2020

	INFLATION ADJUSTED		HISTORICAL*	
	6 Months 31 March 2020 ZWL\$ 000 Reviewed	6 Months 31 March 2019 ZWL\$ 000 Unaudited	6 Months 31 March 2020 ZWL\$ 000 Unaudited	6 Months 31 March 2019 ZWL\$ 000 Unaudited
Revenue	913 013	624 550	624 074	69 411
Trading income	262 554	121 166	208 094	15 789
Abnormal income / (expenses)	536 517	(360 190)	646 797	(46 325)
Net monetary gain on hyperinflation	1 219 114	260 073	-	-
Operating profit / (loss)	2 018 185	21 049	854 891	(30 536)
Net finance income / (costs)	39 534	(20 907)	58 012	(2 390)
Share of net profit / (loss) from joint venture	(2 657)	5 185	4 363	274
Profit / (loss) before tax	2 055 062	5 327	917 266	(32 652)
Tax (expense) / credit	(268 140)	(1 449)	(263 474)	8 296
Profit / (loss) for the period	1 786 922	3 878	653 792	(24 356)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1 786 922	3 878	653 792	(24 356)
Earnings / (loss) per ordinary share (cents)	236.48	0.51	86.52	(3.22)
Headline earnings / (loss) per ordinary share (cents)	70.05	10.35	22.08	1.33
Ordinary shares in issue at half year	755 648 101	755 648 101	755 648 101	755 648 101

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	INFLATION ADJUSTED		HISTORICAL*	
	As at 31 March 2020 ZWL\$ 000 Reviewed	As at 30 Sep 2019 ZWL\$ 000 Audited	As at 31 March 2020 ZWL\$ 000 Unaudited	As at 30 Sep 2019 ZWL\$ 000 Unaudited
ASSETS				
Non-current assets	574 080	1 544 054	64 017	371 663
Property, plant and equipment	522 059	536 857	48 127	44 859
Intangible assets	30 936	31 028	2 447	2 453
Biological assets	2 724	2 724	976	976
Investments and non-current receivables	18 361	380 196	12 467	135 929
Deferred tax asset	-	593 249	-	187 446
Current assets	675 247	828 431	544 558	251 265
Inventories	345 636	326 709	228 937	76 646
Trade and other receivables	236 131	341 415	222 141	117 182
Cash and cash equivalents	93 480	160 307	93 480	57 437
Total assets	1 249 327	2 372 485	608 575	622 928
EQUITY AND LIABILITIES				
Capital and reserves	591 374	(1 352 349)	100 141	(710 452)
Share capital and share premium	313 859	313 859	24 810	24 810
Non-distributable reserves	46 431	46 431	22 307	22 307
Retained earnings / (loss)	231 084	(1 712 639)	53 024	(757 569)
Non-current liabilities	152 385	2 844 459	17 012	1 019 154
Long term borrowings	-	419 931	-	150 459
Long term trade payables	-	2 424 528	-	868 695
Deferred tax liabilities	152 385	-	17 012	-
Current liabilities	505 568	880 375	491 422	314 226
Trade payables	222 645	404 768	156 934	144 712
Other payables	236 829	460 110	288 394	163 962
Income tax payable	46 094	15 497	46 094	5 552
Total equity and liabilities	1 249 327	2 372 485	608 575	622 928

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2020

	INFLATION ADJUSTED			
	Share Capital and Share Premium ZWL\$ 000	Non-Distributable Reserves ZWL\$ 000	Retained Earnings / (loss) ZWL\$ 000	Total ZWL\$ 000
Balance as at 30 September 2018 (Unaudited)	313 859	46 431	598 971	959 261
Total comprehensive income for the period	-	-	3 878	3 878
Balance as at 31 March 2019 (Unaudited)	313 859	46 431	602 849	963 139
Effects of IAS 29 on joint venture	-	-	(13 450)	(13 450)
Total comprehensive loss for the period	-	-	(2 302 038)	(2 302 038)
Balance as at 30 September 2019 (Audited)	313 859	46 431	(1 712 639)	(1 352 349)
Gain on set off of NIL liability and receivable	-	-	156 801	156 801
Total comprehensive income for the period	-	-	1 786 922	1 786 922
Balance as at 31 March 2020 (Reviewed)	313 859	46 431	231 084	591 374

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued) FOR THE SIX MONTHS ENDED 31 MARCH 2020

	HISTORICAL*			
	Share Capital and Share Premium ZWL\$ 000 Unaudited	Non-Distributable Reserves ZWL\$ 000 Unaudited	Retained Earnings / (loss) ZWL\$ 000 Unaudited	Total ZWL\$ 000 Unaudited
Balance as at 30 September 2018	24 810	19 460	31 557	75 827
Total comprehensive income for the period	-	-	10 040	10 040
Balance as at 31 March 2019	24 810	19 460	41 597	85 867
Loss for the period	-	-	(799 115)	(799 115)
Total comprehensive income for the period	-	2 847	-	2 847
Adoption of IFRS 9 effects for the joint venture	-	-	(51)	(51)
Balance as at 30 September 2019	24 810	22 307	(757 569)	(710 452)
Gain on set off of NIL liability and receivable	-	-	156 801	156 801
Total comprehensive income for the period	-	-	653 792	653 792
Balance as at 31 March 2020	24 810	22 307	53 024	100 141

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 MARCH 2020

	INFLATION ADJUSTED		HISTORICAL*	
	6 Months 31 March 2020 ZWL\$ 000 Reviewed	6 Months 31 March 2019 ZWL\$ 000 Unaudited	6 Months 31 March 2020 ZWL\$ 000 Unaudited	6 Months 31 March 2019 ZWL\$ 000 Unaudited
Cash generated from / (utilised in) operating activities before working capital	2 726 755	(918 813)	1 018 875	(27 587)
Working capital changes	(319 048)	132 743	(120 596)	45 009
Cash generated from / (utilised in) operations after working capital changes	2 407 707	(786 070)	898 279	17 422
Net finance income / (costs)	39 534	(20 907)	58 012	(2 390)
Tax paid	(23 407)	(14 497)	(18 475)	(1 674)
Net cash generated from / (utilised in) operations	2 423 834	(821 474)	937 816	13 358
Cash utilised in investing activities	353 798	(37 669)	117 381	(1 674)
Purchase of plant and equipment and intangible assets	(8 114)	(14 908)	(6 124)	(1 370)
Proceeds on disposal of property, plant and equipment and assets held for sale	77	294	43	35
Decrease in investments and non current receivables	361 835	(23 055)	123 462	(339)
Net cash generated / (utilised in) before financing activities	2 777 632	(859 143)	1 055 197	11 684
Financing activities	(2 844 459)	(49 871)	(1 019 154)	(256)
(Decrease) / increase in long term borrowings	(419 931)	(26 463)	(150 459)	359
Decrease in short term borrowings	-	(23 408)	-	(615)
Decrease in long term trade payables	(2 424 528)	-	(868 695)	-
Net (decrease) / increase in cash and cash equivalents	(66 827)	(909 014)	36 043	11 428
Cash and cash equivalents at the beginning of the period	160 307	1 069 321	57 437	84 527
Cash and cash equivalents at the end of the period	93 480	160 307	93 480	95 955
REPRESENTED BY:				
Bank balances, cash and short term deposits	93 480	160 307	93 480	95 955

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2020

1. BASIS OF PREPARATION

The abridged consolidated financial statements of Nampak Zimbabwe Limited have been prepared in accordance with International Financial Reporting Standards "IFRS" except for non-compliance with IAS 21 "Effects of Changes in Foreign Exchange Rates", and in a manner required by the new Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange Listing Requirements. The Group complied with Statutory Instrument 33 of 2019 (SI 33/2019) for the period 1 October 2018 to 22 February 2019 and maintained the exchange rate of 1:1 between its functional currency USD and ZWL\$ and thereafter adopted the interbank exchange rates. Compliance with SI 33/2019 made it impossible to comply with IAS 21 - "Effects of Changes In Foreign Exchange Rates".

1.1 Hyperinflation

The Group adopted IAS 29 "Financial Reporting in Hyper-Inflationary Economies" as announced by the Public Accountants and Auditors Board (PAAB) through pronouncement 1/2019 and applied this with effect from 1 October 2018. The pronouncement requires that companies that prepare and present financial statements for financial periods on or after 1 July 2019 are to apply requirements of IAS 29. These results have been prepared under the current cost basis in line with provisions of IAS 29. The Directors have applied the guidance provided by the PAAB and the accounting bodies and made various assumptions to produce the inflation adjusted financials.

The conversion factors have been computed from the consumer price index (CPI) data prepared by the Zimbabwe National Statistics Agency as reported on the Reserve Bank of Zimbabwe website. The conversion factors used to restate the financial results are as follows:

	Index	Conversion factor
CPI as at 31 March 2020	810.40	1.000
CPI as at 30 September 2019	290.36	2.791
CPI as at 31 March 2019	104.40	7.762

1.2 Currency of Reporting

The Group's financial statements are presented in Zimbabwe dollars (ZWL), which became the functional currency of the Company from 22 February 2019. All values are rounded to the nearest thousand except where otherwise stated.

In February 2019, the Government issued Statutory Instrument 33 of 2019 (SI33/19), which directed that all assets and liabilities that were in United States Dollars (US\$) before 22 February 2019 be deemed to have become RTGS dollars (and subsequently ZWL as of 24 June 2019) at a rate of 1:1 to the US\$. The financial reporting and auditing guidance on currency considerations under the environment prevailing issued by the Public Accountants and Auditors Board (PAAB) on 21 March 2019 urged preparers of the financial statements to comply with the laws and regulations of the country although this would result in an inability to comply with IAS 21. The Company has reported transactions for the period 1 October 2018 to 22 February 2019 in the Statement of Profit or Loss and Other Comprehensive Income on a 1:1 basis in compliance with SI33 of 2019. All transactions post this date are translated to ZWL in accordance with IAS21 at the official interbank rate prevailing at the time of transacting.

NAMPAK ZIMBABWE LIMITED

REVIEWED ABRIDGED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2020 (continued)

2. STATEMENT OF ACCOUNTING POLICY

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

3. NAMPAK INTERNATIONAL LIMITED LOAN AND TRADE PAYABLES LIABILITIES

The debt owed to Nampak International Limited (NIL) was de-recognised from the books of Nampak Zimbabwe Limited through the recognition of the transactions as being settled as a consequence of the agreement between the Reserve Bank of Zimbabwe and the relevant Nampak Group entities. This has resulted in the Reserve Bank of Zimbabwe being the effective debtor to Nampak International Limited.

4. ABNORMAL INCOME / (EXPENSES)

	INFLATION ADJUSTED		HISTORICAL*	
	6 Months 31 March 2020 ZWL\$ 000 Reviewed	6 Months 31 March 2019 ZWL\$ 000 Unaudited	6 Months 31 March 2020 ZWL\$ 000 Unaudited	6 Months 31 March 2019 ZWL\$ 000 Unaudited
Retrenchment, termination and restructuring costs	(399)	-	(198)	-
Impairment reversal of plant and machinery	75	-	75	-
Net exchange gain / (loss) on foreign currency	(138 419)	(360 190)	(28 340)	(46 325)
ECL on Reserve Bank of Zimbabwe non-current receivable	(57 967)	-	(57 967)	-
Prior year reversal of ECL on Reserve Bank of Zimbabwe non-current receivable	733 227	-	733 227	-
Total	536 517	(360 190)	646 797	(46 325)

5. REVIEW CONCLUSION

These abridged consolidated interim financial results for the six months ended 31 March 2020 have been reviewed by Deloitte & Touche and a modified review conclusion issued thereon. The review report carries a qualified conclusion with respect to non-compliance to International Accounting Standard 21 (IAS 21) - The Effects of Financial Exchange Rates in accounting for the change in functional currency.

The review report has been made available to management and those charged with governance of Nampak Zimbabwe Limited, and the report is available for inspection at their registered office. The review engagement partner is Tapiwa Chizana.

6. GROUP OPERATING SEGMENT REPORT

Segment reporting for the period ended 31 March 2020

	INFLATION ADJUSTED			
	Printing & Converting ZWL\$ 000 Reviewed	Plastics & Metals ZWL\$ 000 Reviewed	Services & Eliminations ZWL\$ 000 Reviewed	Total ZWL\$ 000 Reviewed
Sales to local customers	372 337	476 905	-	849 242
Sales to export customers	42 725	19 768	-	62 493
Other sales	1 278	-	-	1 278
Intersegmental sales	9 040	-	(9 040)	-
Total Sales	425 380	496 673	(9 040)	913 013
Result				
Trading income / (loss)	112 606	150 567	(619)	262 554
Operating profit / (loss)	406 141	1 616 307	(4 263)	2 018 185
Net finance income	5 723	33 727	84	39 534
Net loss from joint venture	-	-	(2 657)	(2 657)
Taxation (charge) / credit	7 416	(274 915)	(641)	(268 140)
Profit / (loss) for the period	419 280	1 375 119	(7 477)	1 786 922
Other information				
Segment assets	589 877	602 065	57 385	1 249 327
Segment liabilities	349 785	319 232	(11 065)	657 952
Capital expenditure	1 333	6 450	331	8 114
Depreciation and amortisation	7 727	18 520	322	26 569
Abnormal income	78 801	457 648	68	536 517
Monetary (gain) / loss on hyperinflation	(116 838)	(1 103 552)	1 276	(1 219 114)

Segment reporting for the period ended 31 March 2019

	INFLATION ADJUSTED			
	Printing & Converting ZWL\$ 000 Unaudited	Plastics & Metals ZWL\$ 000 Unaudited	Services & Eliminations ZWL\$ 000 Unaudited	Total ZWL\$ 000 Unaudited
Sales to local customers	208 861	337 106	-	545 967
Sales to export customers	59 354	18 764	-	78 118
Other sales	465	-	-	465
Intersegmental sales	6 215	-	(6 215)	-
Total Sales	274 895	355 870	(6 215)	624 550
Result				
Trading income	52 798	74 767	(6 399)	121 166
Operating (loss) / profit	(72 840)	124 826	(30 937)	21 049
Net finance income / (costs)	(563)	(20 767)	423	(20 907)
Net profit from joint venture	-	-	5 185	5 185
Taxation (charge) / credit	(7 803)	6 516	(162)	(1 449)
Profit for the period	(81 206)	110 576	(25 492)	3 878
Other information				
Segment assets	887 383	905 492	10 793	1 803 668
Segment liabilities	593 295	744 510	(74 558)	1 263 247
Capital expenditure	4 346	10 410	152	14 908
Depreciation and amortisation	8 996	19 063	359	28 418
Abnormal (expenses)	(161 348)	(198 842)	-	(360 190)

Segment reporting for the period ended 31 March 2020

	HISTORICAL*			
	Printing & Converting ZWL\$ 000 Unaudited	Plastics & Metals ZWL\$ 000 Unaudited	Services & Eliminations ZWL\$ 000 Unaudited	Total ZWL\$ 000 Unaudited
Sales to local customers	244 473	331 812	-	576 285
Sales to export customers	29 752	17 144	-	46 896
Other sales	893	-	-	893
Intersegmental sales	6 097	-	(6 097)	-
Total Sales	281 215	348 956	(6 097)	624 074
Result				
Trading income	88 787	119 256	51	208 094
Operating profit	184 303	670 481	107	854 891
Net finance income	9 086	48 874	52	58 012
Net profit from joint venture	-	-	4 363	4 363
Taxation charge	(56 398)	(206 827)	(249)	(263 474)
Profit for the period	136 991	512 528	4 273	653 792
Other information				
Segment assets	305 338	287 881	15 356	608 575
Segment liabilities	254 624	252 839	971	508 434
Capital expenditure	1 226	4 676	222	6 124
Depreciation and amortisation	782	2 000	47	2 829
Abnormal income	95 516	551 225	56	646 797

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2020 (continued)

6. GROUP OPERATING SEGMENT REPORT (continued)

Segment reporting for the period ended 31 March 2019

	HISTORICAL*			
	Printing & Converting ZWL\$ 000 Unaudited	Plastics & Metals ZWL\$ 000 Unaudited	Services & Eliminations ZWL\$ 000 Unaudited	Total ZWL\$ 000 Unaudited
Sales to local customers	22 572	37 403	-	59 975
Sales to export customers	6 850	2 534	-	9 384
Other sales	52	-	-	52
Intersegmental sales	690	-	(690)	-
Total Sales	30 164	39 937	(690)	69 411
Result				
Trading income	6 663	9 184	(58)	15 789
Operating loss	(14 051)	(16 427)	(58)	(30 536)
Net finance income / (costs)	189	(2 353)	(226)	(2 390)
Net profit from joint venture	-	-	274	274
Taxation credit / (charge)	3 633	4 667	(4)	8 296
Loss for the period	(10 229)	(14 113)	(14)	(24 356)
Other information				
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 and amortisation	830	1 771	34	2 635
Abnormal (expenses)	(20 714)	(25 611)	-	(46 325)

7. GOING CONCERN

The Directors believe that the Group is a going concern and will continue to be for the foreseeable future. The Group continues to explore various avenues to secure sufficient foreign exchange and raw materials to maintain and continue day to day operations. The Group has put in the necessary safeguards to minimise the impact of Covid-19 on its staff and operations.

8. HISTORICAL REPORTING*

The historical financial disclosure is shown as complementary information. The information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29- Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not issued a review conclusion on the historic financial information.

COMMENTARY

ECONOMY

The economic environment continued to suffer from high inflation and the scarcity of foreign exchange. The outbreak of the Coronavirus pandemic (Covid-19) locally in March 2020 only worsened an already deteriorating situation and impacted on the Group's operations, particularly from when the lockdown was introduced. However, Nampak was authorised to remain operational as it provides packaging in support of the tobacco, food and beverage, pharmaceutical and detergent and sanitising industries.

On 25 March 2020 the Reserve Bank of Zimbabwe pegged the value of the Zimbabwe dollar at 25 to 1 United States dollar, although the market rates at which foreign exchange can be obtained, and most transactions are taking place, are much higher. Although trading restrictions in multi-currencies were eased, inflation has continued to rise against the value depreciation of the Zimbabwe dollar. Fuel shortages, which had eased to some extent, have resurfaced. Power supplies, initially very erratic, have shown an improvement possibly due to lower utilisation as a result of business shut-downs during the extended lockdowns.

HYPERINFLATIONARY PERFORMANCE

The Group's paramount concern was, and remains, the difficulty in sourcing sufficient foreign currency to import raw materials for packaging. This applied particularly to paper for conversion into corrugated boxes for the commercial and tobacco sectors, although some exporting customers were able to help in obtaining currency for their raw material requirements.

Revenue for the half year was, in hyper-inflationary terms, 46% ahead of the prior half year as a result of inflation which boosted prices, although gross margins came under pressure in order to remain competitive. While sales volumes were down across all sectors of business, demand remained firm across the product portfolios. Trading income for the six months was ZWL\$263 million (2019: ZWL\$121 million) which is 117% above prior year.

All units continued to trade profitably, whilst treasury and cash flow management remained a key focus area. Net working capital decreased due to the funding of the legacy debts (blocked funds) transferred to the Reserve Bank of Zimbabwe. Foreign trade payables continue to accumulate due to lack of liquidity in the foreign exchange environment.

PRINTING AND CONVERTING SEGMENT

Hunyani Paper and Packaging: Sales volumes for the period were down by 28% compared to prior year. The major contributor to this decline at Corrugated Products Division was the tobacco sector which was down 43%, largely the result of increased competition from certain European Union countries in the regional tobacco case market. The sales volumes in the commercial segment were ahead of prior year by 8% on improved demand. The Cartons, Labels & Sacks divisions remained profitable despite increased competition. Efforts continue to regain effective control of the timber plantations which, if properly managed, could significantly contribute to the country's agricultural vision.

PLASTICS AND METALS SEGMENT

MegaPak: Sales volumes declined by 30% against prior year due to consumer demand contraction in the beer beverage sector, although there was some recovery in cordials. Raw material sourcing remained a serious challenge. Regional economies were under stress which impacted negatively on exports.

CarnaudMetalbox: Sales volumes for the half year declined by 31% compared to the prior year period. HDPE sales volumes were affected by the decline in the scud and mahewu container offtake. The shortage of tinplate continued to impact negatively on metals volumes.

CAPITAL EXPENDITURE

Capital expenditure programmes remained curtailed due to the lack of foreign currency required to fund projects.

DIVIDEND

The Directors decided against declaring an interim dividend in view of the need to conserve available cash resources for foreign trade payables and to meet purchasing commitments.

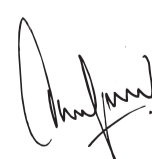
DIRECTORATE

Post reporting period changes have been the resignation of Mr. Robert George Morris and his replacement by Mr. Peter Crause who is Nampak's Finance Director for Paper and Eastern Africa.

OUTLOOK

The full effects on the economy due to the Covid-19 virus remain to be seen. Consumer demand is reducing as incomes cannot keep pace with rising inflation. These factors, added to the already serious macro-economic difficulties facing the country and need for reforms, make it extremely difficult to make any meaningful forecast in the short to medium term.

By Order of the Board



J. P. Van Gend
Group Managing Director

29 July 2020

68 Birmingham Road
Southerton
Harare

Independent Auditor's Report on Review of Inflation Adjusted Interim Financial Information To the Shareholders of Nampak Zimbabwe Limited.

Introduction

We have reviewed the accompanying inflation adjusted abridged consolidated interim results of Nampak Zimbabwe Limited and its subsidiaries ("the Group") as at 31 March 2020 and the related inflation adjusted interim consolidated statement of comprehensive income, inflation adjusted interim consolidated statement changes in equity and inflation adjusted consolidated interim statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes.

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*. 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 of qualified conclusion

Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information

On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- *"The Effects of Changes in Foreign Exchange Rates"*:

- The Group transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.
- In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand).

Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

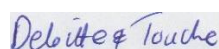
The Directors had not re-assessed the change in functional currency for the year ended 30 September 2019. Because the Group transacted using a combination of United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from 1 October 2018 to 22 February 2019, the decision to change the functional currency only on 22 February 2019 in accordance with SI 33/19 resulted in misstatement to the financial performance and cash flows of the Group, as transactions denominated in USD were not appropriately translated during that period. An adverse opinion was issued on the financial statements for the year ended 30 September 2019.

Had the Group applied the requirements of IAS 21 correctly, many of the elements of the inflation adjusted consolidated financial statements for the comparative period would have been materially impacted and therefore the departure from the requirements of these standard is considered to be pervasive. The financial effects on the inflation adjusted consolidated financial statements of this departure were not determined.

Furthermore, our opinion in the current period's financial results is modified because of the possible effects of the matter on the comparability of the current year's financial results with that of the prior year.

Qualified conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information of Nampak Zimbabwe Limited does not present fairly, in all material respects, the inflation adjusted consolidated financial position of the Group as at 31 March 2020, and of its inflation adjusted consolidated financial performance and its inflation adjusted consolidated cash flows for the six month period then ended in accordance with International Financial Reporting Standards.



Deloitte & Touche

Chartered Accountants (Zimbabwe)

Per. Tapiwa Chizana

Partner

Registered Auditor

PAAB Practice Certificate Number: 0444

Date: 29 July 2020