



# ZIMBABWE NEWSPAPERS (1980) LIMITED

Market leader in Publishing, Broadcasting, Printing and Packaging

## REVIEWED CONDENSED RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020



### CHAIRMAN'S STATEMENT



Mr. T. A. G. Sithole  
Board Chairman

#### 1. Overview

It is my honour and privilege to present the reviewed interim financial results for Zimbabwe Newspapers (1980) Limited (Zimpapers) for the six months ended 30 June 2020.

#### 2. Operations review

##### 2.1 Operating environment

The period under review was characterised by unstable macroeconomic factors that included hyperinflation, liquidity challenges and uncertain operating conditions arising from the Covid-19 pandemic. As hyperinflation continues, year on year inflation accelerated to 737% by June 2020.

The Covid-19 induced lockdown started from March 2020 to the detriment of business across the divide. To mitigate the negative impact of the pandemic, the Government of Zimbabwe approved the use of the United States dollar in conjunction with the Zimbabwe dollar in March 2020 to make it easier for the transacting public with access to free funds.

Foreign currency availability remained scarce during the period under review. In an effort to mitigate the foreign exchange shortages, the Government introduced the foreign currency auction system in June 2020 that resulted in some marginal improvements in foreign currency availability.

##### 2.2 Media environment

The media environment was not spared by the outbreak

of the Covid-19 pandemic both globally and locally. The pandemic affected media consumption from an audience and advertiser perspective, causing distribution and delivery hurdles as the whole value chain workflows were disrupted. Newspaper street sales were negatively affected during the first lockdown period in March as most traditional readers were working from home.

Zimpapers responded to these new challenges by migrating some of its publications namely Kwayedza, Umthunya, Business Weekly and B Metro to the digital platform to conserve imported newsprint in the face of uncertainty in the movement of this critical raw material across the borders. These publications are now digital products and continue to attract high numbers of audiences, giving value to advertisers.

Our mainstream newspapers (The Herald, The Sunday Mail, Chronicle, Sunday News, Manica Post and H-Metro) continued to be delivered into homes in print format, PDFs on emails and WhatsApp and were also sold in retail outlets and streets. By May, appetite for printed newspapers had improved as industries gradually reopened and readers understood better how the coronavirus was transmitted. There was a marked increase in readership as most people sought reliable and quality information from credible sources as opposed to social media.

Listenership and viewership on our radio stations and television platforms also shot-up during the period under review as most people were operating from home. Our broadcasting platforms proved to be an attraction for most advertisers to reach these huge captive audiences.

Zimpapers platforms took the lead in informing the public on the Covid-19 pandemic both as part of its public service journalism mandate and corporate social responsibility. We launched a Covid-19 newsletter to offer audiences extended coverage of the pandemic.

In this period there was also a high activity of information dissemination on social media and online platforms, most of which was not credible. This highlighted the continued relevance of mainstream media as professional certifiers of truth and the preferred platforms for information. Readers are increasingly trooping back to trusted news sources for information.

Zimpapers' digital platforms led the national narrative on the pandemic primarily through all the 10 websites while debate on issues covered was live across its social media platforms.

The new normal has put digital platforms at the centre and Zimpapers is forging ahead with its digital first strategy, that has seen remarkable growth in audiences online and social media platforms.

#### 3.0 Financial Performance

##### 3.1 Overview

In hyperinflation terms, the Company recorded a 6.8% revenue decline to ZWL\$256.6 million compared to ZWL\$275.4 million for the comparable period in 2019

due to low demand arising from the Covid-19 lockdowns. In historical terms, the Company recorded 378.9% revenue growth when compared to the same period last year, which unfortunately was below the inflation rate of 737% as the Company suffered volume and pricing deficits owing to the operating environment challenges. The Company's gross profit margin declined to 58.9% from 66.9% (inflation adjusted) and 60.0% from 66.9% (Historical) when compared to same period last year in hyperinflation and historical terms respectively, owing to high cost of sales driven by hyperinflation at a time when volumes were constrained by the pandemic during the period under review. In hyperinflation terms, operating costs stood at 59.7% of the Company's revenue compared to 51.8% recorded for same period last year. Following a monetary loss adjustment, the Company recorded an operating loss before tax of ZWL\$32.7 million compared to a profit of ZWL\$47.5 million for the comparative period.

##### 3.2 Newspaper Division

In hyperinflation terms, the Newspaper Division recorded a 17.9% revenue decline to ZWL\$148.2 million from ZWL\$180.6 million recorded for the same period last year due to a challenging operating environment. The Division incurred a significant exchange loss of ZWL\$17 million that led to an operating loss of ZWL\$10.7 million.

##### 3.3 Commercial Printing Division

The Commercial Printing Division recorded a 15.6% revenue growth to ZWL\$68.1 million in hyperinflation terms as a result of an increase in demand for the Division's products following its designation as an essential service provider during the lockdown period. However, operating profit decreased by 17.4% to ZWL\$13.6 million compared to ZWL\$16.4 million recorded in 2019 owing to high cost of raw materials that was tracking the exchange rate and inflationary trends.

##### 3.4 Broadcasting Division

The Radio Broadcasting Division's revenue improved by 12.3% to ZWL\$40.3 million on the backdrop of market consolidation during the lockdown period as advertisers wanted to reach out to audiences who were staying put in their homes. Consequently, an operating profit of ZWL\$0.9 million was recorded compared to a loss of ZWL\$2.5 million for the comparative period in 2019.

#### 4. Corporate Governance

The Board of Directors and Management remain committed to high standards of good corporate governance. The Board and its established Sub Committees: Audit and Risk, Business Development and Marketing and the Human Resources, Ethics and Remuneration Committees, met twice during the period under review to assess operations and the adequacy of systems and procedures that safeguard the Company's assets. The virtual meetings were fully constituted.

#### 5. Corporate Social Investment

In the first half of the year, the Company launched a Covid-19 educational media campaign across all its platforms that included newspapers, radio, online and television. The aim of the campaign was to educate the public about Covid-19 pandemic. To that end, various Covid-19 messages including statistics, tips and recommendations from health authorities

were carried on our platforms on a daily basis.

The Company also spent considerable resources on employee safety and wellness through the provision of Personal Protective Equipment (PPE) to frontline staff, Covid-19 testing for all staff, decongestion of the work spaces, availing tools for teams to work from home as well as routine disinfection of offices and rolling out of temperature checks at all entry points.

Work began on the construction of a classroom block for 100 learners at Chikukwa Primary School in Chimanimani, which was adopted by the Company following the devastation and damage caused by Cyclone Idai. It also donated a printer to help with the school's administration. The Company also adopted some learners at the school and through its educational support programme, the Company is paying school fees and providing uniforms to the children in dire need.

Support was also given to the Pitbulls, a female rugby team and an organization of people living with disability.

#### 6. Dividend

Due to the challenging operating environment and the associated uncertainties, the Board of Directors has resolved not to declare an interim dividend for the period under review.

#### 7. Outlook

The Board and Management will remain focused on strategies that ensure the survival of the Company through disruptive innovations and initiatives that improve its product portfolio in the wake of the Covid-19. The Company expects to be licenced for national television broadcasting following its application for a licence and has been shortlisted for public enquiries by the Broadcasting Authority of Zimbabwe. The Company's ongoing digitalisation strategy is expected to gain momentum in line with the growing demand for digital products in the country and the world over.

#### 8. Directorate

Subsequent to the half year end, Ms P. Kurasha resigned from the Board on the 3rd of August 2020. The Board extends its gratitude to her for invaluable contribution and wish her well in her future endeavours

#### 9. Appreciation

On behalf of the Board, I extend my heartfelt appreciation to our shareholders, customers, readers, listeners, viewers and all stakeholders for their support during this very difficult time. I also want to recognise the effort and commitment by the management team and staff as they remain resolute in preserving the Company's well-being during such a challenging period.

Mr T. A. G. Sithole  
Board Chairman

24 September 2020

### DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and Other Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's abridged financial statements fairly present the state of affairs of the Company as at the end of the period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

### AUDITOR'S STATEMENT

This abridged interim financial information for the six months ended 30 June 2020 have been reviewed by Messrs Baker Tilly 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 regarding application of inappropriate exchange rates on comparative financial information as the Company decided to comply with SI/33 of 2019. An emphasis of matter paragraph has been included regarding uncertainties in relation to further possible effects and impacts of the COVID 19 pandemic to the Zimpapers operations in future. The review conclusion has been made available to management and directors of Zimpapers Group. The Independent Review Report on the abridged interim financial information is available for inspection at the company's registered office.

Baker Tilly Chartered Accountants  
Zimbabwe

### STATEMENT OF COMPLIANCE

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies and Other Business Entities Act (Chapter 24:31). The Company's financial statements are based on the statutory records maintained under the historical cost convention as restated in line with IAS29 principles.

IAS29 requires that prior year comparatives and current year's transactions be restated to take account of the effects of the changes in the general purchasing power of the local currency. To that effect, the indices and conversion factors used were as follows:

Month	CPI	Factor
Dec-18	88.80	16.27
Jun-19	172.61	8.37
Dec-19	551.63	2.62
Jun-20	1,445.20	1.00

### Reviewed Condensed Statement of Profit or Loss and Other Comprehensive Income for the half year ended 30 June 2020

	Inflation Adjusted		Historical Cost	
	Reviewed 2020 ZWL\$	Reviewed 2019 ZWL\$	Reviewed 2020 ZWL\$	Reviewed 2019 ZWL\$
Revenue	256,569,311	275,352,906	157,505,501	32,887,734
<b>Gross profit</b>	<b>151,178,896</b>	<b>184,161,755</b>	<b>94,556,082</b>	<b>21,996,001</b>
Other operating income	5,926,727	3,822,177	3,883,644	456,515
<b>Operating expenses</b>	<b>(153,183,597)</b>	<b>(142,706,926)</b>	<b>(94,146,226)</b>	<b>(17,044,699)</b>
Selling & distribution expenses	(20,691,848)	(26,576,250)	(12,727,990)	(3,174,227)
Administration expenses	(132,491,749)	(116,130,676)	(81,418,236)	(13,870,472)
<b>Profit from operations before financing cost</b>	<b>3,922,026</b>	<b>45,277,006</b>	<b>4,293,500</b>	<b>5,407,817</b>
Net financing cost	(832,996)	(1,246,240)	(560,878)	(148,849)
Exchange (loss)/ gain	(8,162,338)	3,506,893	(7,356,069)	418,858
Monetary loss	(27,624,259)	-	-	-
Profit before tax	(32,697,567)	47,537,659	(3,623,447)	5,677,826
Tax credit/(expense)	54,524,577	(14,260,320)	1,438,600	(1,703,231)
<b>Profit after tax</b>	<b>21,827,010</b>	<b>33,277,339</b>	<b>(2,184,847)</b>	<b>3,974,595</b>
<b>Other Comprehensive income</b>				
Gain on property revaluation net of tax	-	-	-	-
<b>Total Other Comprehensive income</b>				
<b>Total comprehensive income for the year</b>	<b>21,827,010</b>	<b>33,277,339</b>	<b>(2,184,847)</b>	<b>3,974,595</b>
Number of shares in issue(000s)	576,000	576,000	576,000	576,000
Basic earnings / (loss) per share (cents)	3.79	5.78	(0.38)	0.69
Diluted earnings / (loss) per share (cents)	3.79	5.78	(0.38)	0.69
Headline earnings / (loss) per share (cents)	3.92	5.58	(0.68)	0.67

### Condensed Statement of Financial Position as at 30 June 2020

Notes	Reviewed Jun-20 ZWL\$	Audited Dec 2019 ZWL\$	Reviewed Jun-20 ZWL\$	Audited Dec 2019 ZWL\$
	<b>ASSETS</b>			
<b>Non-current assets</b>				
Property, plant and equipment	1,015,520,510	1,043,812,425	392,779,738	398,417,622
Intangible asset	158,745	1,078,980	60,592	66,303
Long term investment	3,231,772	8,466,901	3,231,772	3,231,771
	<b>1,018,911,026</b>	<b>1,053,358,306</b>	<b>396,072,102</b>	<b>401,715,696</b>
<b>Current assets</b>				
Inventories	28,332,228	23,278,848	10,814,256	7,623,394
Trade and other receivables	56,328,925	81,544,517	56,328,925	27,993,397
Financial assets at fair value through profit and loss	2,321,177	1,580,376	2,321,177	603,221
Bank and cash	24,592,809	18,792,197	24,592,809	7,172,881
	<b>111,575,139</b>	<b>125,195,938</b>	<b>94,057,167</b>	<b>43,392,893</b>
<b>Total assets</b>	<b>1,130,486,165</b>	<b>1,178,554,244</b>	<b>490,129,269</b>	<b>445,108,589</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity and reserves</b>				
Share capital	937,352	937,352	57,600	57,600
Retained profit	414,208,825	392,381,815	22,278,300	24,463,147
Revaluation reserve	401,680,046	401,680,046	286,920,461	286,920,461
	<b>816,826,222</b>	<b>794,999,213</b>	<b>309,256,361</b>	<b>311,441,208</b>
<b>Non-current liabilities</b>				
Long term borrowings	273,732	2,744,246	273,732	1,047,464
Long term liabilities	605,967	8,478,741	605,967	3,236,290
Deferred tax	221,024,520	275,921,580	88,237,486	94,235,267
	<b>221,904,219</b>	<b>287,144,567</b>	<b>89,117,185</b>	<b>98,519,021</b>
<b>Current liabilities</b>				
Trade and other payables	88,857,448	92,969,107	88,857,448	33,834,812
Short term borrowings	2,898,276	2,848,659	2,898,276	1,087,318
Bank overdraft	-	592,699	-	226,230
	<b>91,755,724</b>	<b>96,410,464</b>	<b>91,755,724</b>	<b>35,148,360</b>
<b>Total liabilities</b>	<b>313,659,943</b>	<b>383,555,031</b>	<b>180,872,909</b>	<b>133,667,381</b>
<b>Total equity and liabilities</b>	<b>1,130,486,165</b>	<b>1,178,554,244</b>	<b>490,129,269</b>	<b>445,108,589</b>



# ZIMBABWE NEWSPAPERS (1980) LIMITED

Market leader in Publishing, Broadcasting, Printing and Packaging

## REVIEWED CONDENSED RESULTS

FOR THE HALF YEAR ENDED 30 JUNE 2020



### Abridged Statement of Cash flows for the half year ended 30 June 2020

	Reviewed Jun-20 ZWL\$	Reviewed Jun-19 ZWL\$	Reviewed Jun-20 ZWL\$	Reviewed Jun-19 ZWL\$
Net cash inflows from operations	21,809,019	56,115,121	28,085,125	6,702,305
Net cash outflows from investing activities	(4,289,041)	(17,118,787)	(8,284,991)	(2,044,642)
Net cash outflows from financing activities	(11,126,667)	(20,518,119)	(2,153,976)	(2,450,653)
Net increase in cash and cash equivalents	6,393,311	18,478,215	17,646,158	2,207,010
Cash and cash equivalents at the beginning of the year	18,199,498	6,259,691	6,946,651	747,648
Cash and cash equivalents at end of the period	24,592,809	24,737,906	24,592,809	2,954,658

### Condensed Statement of Changes in Equity for the half year ended 30 June 2020

	Revaluation Share capital ZWL\$	distributable reserve ZWL\$	Non Retained reserve ZWL\$	(loss)/ profit ZWL\$	Total ZWL\$
Balance at 31 December, 2018	57,600	6,305,830	10,963,423	(3,426,409)	13,900,444
Total comprehensive income for the period	-	-	-	3,974,594	3,974,594
Dividend Paid	-	-	-	(754,560)	(754,560)
Balance at 30 June, 2019	57,600	6,305,830	10,963,423	(206,375)	17,120,478
Balance at 31 December, 2019	57,600	286,920,461	-	24,463,147	311,441,208
Total comprehensive income for the period	-	-	-	(2,184,847)	(2,184,847)
Balance at 30 June, 2020	57,600	286,920,461	-	22,278,300	309,256,361

### Business segment report

The commercial printing segment is involved in the printing of books, labels, security documents, diaries, calendars and offering of origination services. The newspaper segment is involved in newspaper and magazine printing and publishing. The broadcasting segment is a commercial free-to-air radio station. The corporate segment comprises Head Office administrative operations.

### Historical Cost

	Commercial Printing June 2020 ZWL\$	Newspapers June 2020 ZWL\$	Broadcasting June 2020 ZWL\$	Corporate June 2020 ZWL\$	Consolidated June 2020 ZWL\$
External revenue	41,334,908	90,158,909	26,011,684	-	157,505,501
Results	7,684,197	(4,975,140)	1,514,206	70,238	4,293,501
Segment profit/ (loss)					(560,879)
Net finance expenses					(7,356,069)
Exchange loss					1,438,600
Income tax credit					(2,184,847)
Loss for the period					

### As at 30 June 2020 reportable segment assets and liabilities

	Commercial Printing June 2020 ZWL\$	Newspapers June 2020 ZWL\$	Broadcasting June 2020 ZWL\$	Corporate June 2020 ZWL\$	Consolidated June 2020 ZWL\$
Segment assets	101,023,611	335,727,618	44,279,864	9,098,181	490,129,274
Current Assets	25,948,770	42,879,580	21,392,870	3,835,951	94,057,171
Non current Assets	75,074,841	292,848,038	22,886,994	5,262,230	396,072,102
Segment liabilities	11,462,445	54,225,150	12,039,476	14,925,010	92,652,081
Current liabilities	11,006,993	54,225,150	11,615,229	14,925,010	91,772,382
Non current liabilities	455,452	-	424,247	-	879,699

### Deferred tax liability

					88,237,486
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### Inflation adjusted

	Commercial Printing June 2020 ZWL\$	Newspapers June 2020 ZWL\$	Broadcasting June 2020 ZWL\$	Corporate June 2020 ZWL\$	Consolidated June 2020 ZWL\$
External revenue	68,077,183	148,181,926	40,310,202	-	256,569,311
Results	13,555,447	(10,732,780)	920,388	178,971	3,922,026
Segment profit/ (loss)					(832,996)
Net finance expenses					(8,162,338)
Exchange loss					(27,624,259)
Monetary loss					54,524,577
Income tax credit					21,827,010
Profit for the period					

### As at 30 June 2020 reportable segment assets and liabilities

	Commercial Printing June 2020 ZWL\$	Newspapers June 2020 ZWL\$	Broadcasting June 2020 ZWL\$	Corporate June 2020 ZWL\$	Consolidated June 2020 ZWL\$
Segment assets	225,649,463	807,937,289	71,483,807	12,387,308	1,117,457,863
Current Assets	29,056,991	48,242,351	21,392,870	3,835,951	102,528,163
Non current Assets	196,592,472	759,694,937	50,090,933	8,551,357	1,014,929,699
Segment liabilities	11,462,445	54,225,150	12,039,475	14,925,012	92,652,082
Current liabilities	11,006,993	54,225,150	11,615,229	14,925,012	91,772,384
Non current liabilities	455,452	-	424,246	-	879,698

### Deferred tax liability

					221,024,520
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### Historical Cost

	Commercial Printing 30 June 2019 ZWL\$	Newspapers 30 June 2019 ZWL\$	Broadcasting 30 June 2019 ZWL\$	Corporate 30 June 2019 ZWL\$	Consolidated 30 June 2019 ZWL\$
External revenue	7,031,554	21,568,468	4,287,712	-	32,887,734
Results	1,959,337	4,184,946	(300,075)	(436,391)	5,407,817
Segment profit/(loss)					(148,849)
Net finance expenses					418,858
Exchange loss					(1,703,231)
Income tax expense					3,974,595
Profit for the period					

### As at 30 June 2019 reportable segment assets and liabilities

	Commercial Printing 30 June 2019 ZWL\$	Newspapers 30 June 2019 ZWL\$	Broadcasting 30 June 2019 ZWL\$	Corporate 30 June 2019 ZWL\$	Consolidated 30 June 2019 ZWL\$
Segment assets	11,817,462	25,745,455	5,470,356	3,746,251	46,779,524
Current Assets	3,924,068	9,154,058	2,331,572	794,079	16,203,777
Non current Assets	7,893,394	16,591,397	3,138,785	2,952,172	30,575,747
Segment liabilities	2,286,357	13,172,138	1,618,234	7,078,958	24,155,687
Current liabilities	1,707,300	9,026,326	1,147,690	4,168,164	16,049,480
Non current liabilities	579,057	4,145,812	470,544	2,910,794	8,106,207

### Deferred tax liability

					5,503,369
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### Inflation adjusted

	Commercial Printing 30 June 2019 ZWL\$	Newspapers 30 June 2019 ZWL\$	Broadcasting 30 June 2019 ZWL\$	Corporate 30 June 2019 ZWL\$	Consolidated 30 June 2019 ZWL\$
External revenue	58,871,761	180,582,230	35,898,916	-	275,352,906
Results	16,404,570	35,038,505	(2,512,382)	(3,653,687)	45,277,006
Segment profit/(loss)					(1,246,240)
Net finance expenses					3,506,893
Exchange loss					(14,260,320)
Income tax expense					33,277,339
Profit for the period					

### As at 30 June 2019 reportable segment assets and liabilities

	Commercial Printing 30 June 2019 ZWL\$	Newspapers 30 June 2019 ZWL\$	Broadcasting 30 June 2019 ZWL\$	Corporate 30 June 2019 ZWL\$	Consolidated 30 June 2019 ZWL\$
Segment assets	98,941,825	215,554,098	45,800,618	31,365,528	391,662,070
Current Assets	32,854,301	76,642,449	19,521,111	6,648,436	135,666,297
Non current Assets	66,087,524	138,911,649	26,279,507	24,717,092	255,995,772
Segment liabilities	19,142,549	110,283,867	13,548,678	59,268,652	202,243,745
Current liabilities	14,294,386	75,573,010	9,609,047	34,897,998	134,374,440
Non current liabilities	4,848,163	34,710,857	3,939,631	24,370,654	67,869,305

### Deferred tax liability

					275,921,580
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### Notes to the Unaudited Condensed Interim Financial Statements for the half year ended 30 June 2020

#### 1. General information

Zimbabwe Newspapers (1980) Limited and its subsidiaries are incorporated and domiciled in Zimbabwe. The Company's main business is that of newspaper proprietors, printers, publishers and broadcasters. The Company's registration number is 600/B280.

#### 2. Currency

The Company's functional and presentation currency is the Zimbabwean dollar ("ZWL\$")

#### 3. Basis of preparation

The Company's interim financial statements for the half year ended 30 June 2020 have been prepared in accordance with the Zimbabwe Stock Exchange Listing requirements and the Zimbabwe Companies and Other Entities Act

(Chapter 24:31). The inflation adjusted financial statements have been prepared based on statutory records maintained under the historical cost basis as modified by the revaluation of property, plant and equipment and equity investments have been measured at fair value.

#### 4. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are consistent in all material respects with those applied in the previous annual financial statements. In compliance with IFRS reporting requirements, the Company has adopted IAS 29 (Financial Reporting in Hyperinflationary Economies).

#### 4.1 Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement prescribing that the adoption of financial reporting in hyper inflationary economies had become effective for the reporting periods on or after 1 July 2019 in Zimbabwe. These financial statements have been prepared in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) together with International Financial Reporting Interpretations Committee (IFRIC) 7, as if the economy had been hyperinflationary from 1 January 2018. The Company adopted the Zimbabwe Consumer Price Index as the general price index to restate transactions and balances. Assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the Statement of Profit or Loss and Other Comprehensive Income have been restated by applying the change in the general price index from the dates when the transactions were initially recorded in the Company's records. A net monetary adjustment was recognised in the Statement of profit/loss for the year and the comparative period. All items in the Statement of Cashflows are expressed based on the restated financial information for the period.

The Company applied the Zimbabwe Consumer Price Index (CPI) as the general price index and used the monthly indices to inflation adjust the historical cost figures. Below are the factor used in the period under review.

Month	CPI	Factor
Dec-18	88.80	16.275
Jun-19	172.61	8.373
Dec-19	551.63	2.620
Jun-20	1,445.20	1.000

#### Inflation Adjusted

	Historical Cost Jun-20 ZWL\$	Historical Cost Jun-19 ZWL\$	Historical Cost Jun-20 ZWL\$	Historical Cost Jun-19 ZWL\$
5.1 Additions to property, plant and equipment	9,524,172	16,569,534	8,284,991	1,979,040
5.2 Deferred Tax liability	221,024,520	275,921,580	88,237,486	5,503,369
6 Earnings per share				
Profit/(Loss) for the year	21,827,010	33,277,339	(2,184,847)	3,974,595
Number of shares used in calculating earnings per share				
Shares in issue	576,000,000	576,000,000	576,000,000	576,000,000
Weighted average number of shares in issue	576,000,000	576,000,000	576,000,000	576,000,000

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent company by the average number of ordinary shares in issue during the year.

#### Headline earnings per share

Headline earnings per share is calculated by dividing headline earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

#### Headline earnings is calculated as follows:

	21,827,010	33,277,339	(2,184,847)	3,974,595
Profit/(Loss) for the year attributable to ordinary equity holders				
Loss on disposal of property, plant and equipment	-	76,568	-	9,145
Fair value loss/ (gain) on equities	740,801	(1,228,984)	(1,717,956)	(146,788)
Headline profit	22,567,811	32,124,923	(3,902,803)	3,836,952
6.1 Basic earnings/(loss) per share - cents	3.79	5.78	(0.38)	0.69
6.2 Diluted earnings/(loss) per share - cents	3.79	5.78	(0.38)	0.69
6.3 Headline earnings/(loss) per share - cents	3.92	5.58	(0.68)	0.67

#### 7 Borrowings

	273,732	2,744,246	273,732	1,047,464
FBC Bank Limited:				
Long term portion	273,732	2,744,246	273,732	1,047,464
Short term portion of long term borrowings	2,898,276	2,848,659	2,898,276	1,087,318
	3,172,008	5,592,905	3,172,008	2,134,782

The FBC Bank Limited borrowing was obtained at an interest rate of 48% per annum and is repayable over 3 years. The loan is secured by land and building with a carrying amount of \$4,250,000 and a Notarial General Covering Bond including cession of book debts of \$4 million.

#### 8 Long term liabilities

	9,960,557	23,027,826	9,960,557	8,789,647
Zimbabwe Revenue Authority				
Short term portion	9,354,590	14,549,085	9,354,590	5,553,357
Long term portion	605,967	8,478,741	605,967	3,236,290

The Company agreed on a payment plan with ZIMRA to extinguish the accumulated past debt. The current portion is included in the trade and other payables in Note 9.

#### 9 Trade and other payables

	29,189,551	17,235,808	29,189,551	6,578,874
Trade	29,189,551	17,235,808	29,189,551	6,578,874
Accruals	50,313,307	64,625,571	50,313,307	21,702,581
Tax related payables (refer to Note 8)	9,354,590	14,549,085	9,354,590	5,553,357
	88,857,448	96,410,464	88,857,448	33,834,812

#### 10 Cyclicity of operations



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## **Independent auditor’s report on review of the inflation adjusted consolidated interim financial information to the shareholders of Zimbabwe Newspapers 1980 Limited (“Zimpapers”)**

### **Introduction**

We have reviewed the accompanying inflation adjusted abridged interim statement of financial position of Zimpapers as of 30 June 2020 and the interim inflation adjusted statement of profit or loss and other comprehensive income, interim inflation adjusted statement of changes in equity and interim inflation adjusted statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Directors are responsible for the preparation and fair presentation of these abridged interim financial statements in accordance with International Financial Reporting Standards (“IFRS”). Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with the 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 on these interim financial statements.

### **Basis for Adverse Conclusion**

Impact of use of inappropriate exchange rate: International Accounting Standard (IAS) 21 “The Effects of Changes in Foreign Exchange Rates” (“IAS 21”) on comparative financial information

The basis for qualification is due to misstatements contained in the opening balances for 2019 financial period which were reported as USD end of 2018 financial year and translated to ZWL at the rate of 1:1 at the beginning of 2019 as prescribed by SI33/19. Additionally, transactions between 1 January 2019 and 21 February 2019 were recorded at the rate of 1:1 in compliance with the same Statutory Instrument. Although the evidence in the market suggested that there was no longer parity between the USD and “local currency” up to 21 February 2019, the

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directors maintained an exchange rate of 1:1 in compliance with SI 33/19. This constitutes a departure from the requirements of IAS 21. The financial effects of this departure on the inflation adjusted financial statements have not been determined and we have not been able to obtain sufficient and appropriate audit evidence to determine the impact of this departure.

#### **Emphasis of Matter**

We draw attention to Note 11.2 to the abridged inflation adjusted interim financial information which relates to the impact of COVID 19 pandemic on Zimpapers and measures directors have put in place in response to the pandemic. There are uncertainties in relation to further possible effects and impacts of the COVID 19 pandemic to the Zimpapers operations in future. Our review conclusion is not modified in respect of this matter.

#### **Adverse Conclusion**

Due to the significance of the matter described in the Basis for Adverse Conclusion paragraphs, we conclude that the accompanying interim financial statements do not present fairly, in all material respects, the interim inflation adjusted financial position of Zimpapers as at 30 June 2020, and its interim inflation adjusted financial performance and 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 Phibion Gwatidzo



**Baker Tilly Chartered Accountants**  
**Partner: Phibion Gwatidzo**  
**PAAB Practising Number: 0365**  
**Baker Tilly Chartered Accountants (Zimbabwe)**  
**Harare**

**Date: 23 September 2020**