



BUILDING RESILIENCE

NEW OPPORTUNITIES

Abridged Reviewed Financial Results for the half year ended 31 March 2021

Performance Highlights

Revenue	▲	Increased by 14%
Gross profit%	▼	Decreased by 11%
Operating profit	▼	Decreased by 8%
VOLUMES		
Overall	▲	Increased by 15%
Export	▲	Increased by 13%
Batteries	▲	Increased by 22%
Paper	▲	Increased by 14%
Timber	▲	Increased by 1%
Softex	▼	Decreased by 14%

Chairman's Statement

It is my pleasure to present the abridged reviewed financial statements for ART Holdings Limited for the half year ended 31 March 2021.

OVERVIEW

There was relative improvement in trading conditions following the easing of the COVID-19 restrictions in the first quarter of the year. The continued stability of the local currency and the decline in inflation enabled the Group to register moderate volume growth over the comparative period. The resurgence of the second COVID-19 wave and the subsequent lockdown measures instituted in January 2021 affected demand and raw material availability. Despite the impact of the pandemic and reduced earnings, the company's financial position remained strong as working capital management was tightened to preserve cash and ensure the solvency of the Group.

FINANCIAL PERFORMANCE

The Group posted revenues of ZWL\$1.764 billion in inflation adjusted terms an increase of 14% compared to the same period last year. Overall volumes for the half year to 31 March 2021 increased by 15%. The battery business registered a strong performance with volumes increasing by 22% due to consistent product availability and improved efficiencies following the commissioning of additional plastic injection machinery.

Export competitiveness faces risks associated with policy inconsistencies, volatile exchange rates and supply interruptions. The Group remained adaptable and managed to increase export volumes by 13% compared to the same period last year.

Gross margins declined from 50% to 39% as prices could not be aligned to input cost increases in the short-term. Operational expenditure increased by 67% compared to the prior year. The Group's operating profit decreased by 8% to ZWL\$219 million in inflation adjusted terms compared to last year.

The paper business faced significant under recoveries as activity declined especially during the COVID-19 induced lockdowns. Notwithstanding management's cost containment initiatives, the paper divisions struggled to contain the rising input costs and recorded losses of ZWL\$52 million in inflation adjusted terms.

Softex tissue volumes declined by 14% compared to the prior year as demand weakened and competition from imports increased. Detergents volumes continued to grow in both the domestic and industrial market sectors on the back of consistent product availability and increased uptake by the market.

Eversharp was able to remain profitable as retailers started to stock up in preparation for the back-to-school period. Cost containment initiatives were maintained.

Mutare Estates performed well as timber demand remained firm.

The Group continues to exercise caution with respect to its foreign currency exposure and whilst sufficient short-term facilities were established the interest rates remain punitive. The deliberate stocking of raw materials to cushion logistical delays was sustained during the period. Cashflows remained strained and limiting capital expenditure to essential spend remained a priority.

Group Statement Of Profit Or Loss And Other Comprehensive Income

For the half year ended	HYPER-INFLATED		HISTORICAL	
	31 Mar 2021 ZWL\$ 000	31 Mar 2020 ZWL\$ 000	31 Mar 2021 ZWL\$ 000	31 Mar 2020 ZWL\$ 000
Revenue from contracts with customers	1,764,633	1,542,867	1,478,988	302,107
Cost of sales	(1,070,359)	(770,829)	(831,972)	(117,065)
Gross profit	694,274	772,038	647,016	185,042
Other income	10,513	1,666	9,678	135
Selling and distribution expenses	(101,272)	(57,085)	(78,275)	(13,290)
Administration expenses	(384,313)	(479,364)	(375,330)	(66,900)
Total operating expenses	(485,585)	(536,449)	(453,605)	(80,190)
Operating profit before fair value adjustments and impairments	219,202	237,255	203,089	104,987
Share of (loss)/ profit - joint venture and associate	(10,530)	18,944	(85)	4,695
Fair value adjustments on biological assets	-	9,469	-	2,185
Loss on disposal of properties	(584)	(4,762)	(216)	(92)
Exchange loss	(35,280)	(86,032)	(33,091)	(33,358)
Net Monetary (loss)/gain	(143,924)	241,424	-	-
Profit before interest and tax	28,884	416,298	169,697	78,417
Finance income	49	136	45	12
Finance costs	(34,792)	(9,612)	(33,277)	(2,187)
Profit before tax	(5,859)	406,822	136,465	76,242
Income tax expense	(48,794)	(102,943)	(48,794)	(21,659)
Provision for deferred tax	(398,870)	115,498	99,425	(4,435)
(Loss)/profit after tax	(453,523)	419,377	187,096	50,148
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Translation of foreign subsidiaries	11,014	21,775	(8,063)	6,363
Total comprehensive income/(loss) for the year, net of tax	11,014	21,775	(8,063)	6,363
Attributable (loss)/earnings	(442,509)	441,152	179,033	56,511
Earnings per share (cents)				
Basic	(95.92)	88.70	39.57	10.61
Diluted	(95.92)	88.70	39.57	10.61
Headline	(95.80)	87.70	39.62	10.16

UPDATE ON ACQUISITION OF SOFTEX

The Group is pleased to advise that the offer to acquire Nampak's shareholding in Softex, a jointly owned business, was accepted and the acquisition was completed in May 2021. The consideration of US\$800,000 will be paid in six equal monthly instalments. The transaction will enable the consolidation and capitalisation of the paper business going forward.

CAPITAL EXPENDITURE

The Group successfully commissioned additional injection moulding machinery at its Chloride factory in February which improved efficiencies and significantly reduced imports. Energy storage markets are evolving rapidly and are highly competitive necessitating continued upgrades in technology. The progressive improvement of the manufacturing equipment will enable the battery business to respond, participate and gain from market developments and the attendant opportunities.

SUSTAINABILITY REPORTING

Sustainability practices are firmly embedded into the Corporate Strategy across the Group as they are a significant driver in managing operational risk. During this challenging Covid-19 pandemic period, we have taken the opportunity to identify areas of further development and growth in order to enhance the sustainability of our operations.

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 Group will continue to seek opportunities to balance growth and broader representation in terms of products, markets and energy storage technologies. The Government's thrust to contain inflation and reduce currency volatility has enhanced recovery prospects across all the business segments. The business remains confident that it has significantly improved its ability to anticipate and respond to challenges and opportunities. Employee morale and engagement are key focus areas of our Covid-19 response strategy and will be maintained as part of the initiatives to safeguard the health and safety of our workforce. The Group has adequate resources to sustain the business as a going concern in the foreseeable future.

APPRECIATION

I would like to express my appreciation to the management, staff and the entire team at ART for their efforts during the period. I also wish to thank my fellow directors, the Group's customers, suppliers and other stakeholders for their continued support and loyalty.

Dr T U Wushe

CHAIRMAN

31 May 2021

Group Statement Of Financial Position

As at	HYPER-INFLATED		HISTORICAL	
	31 Mar 2021 ZWL\$ 000	30 Sept 2020 ZWL\$ 000	31 Mar 2021 ZWL\$ 000	30 Sept 2020 ZWL\$ 000
ASSETS				
Non-current assets				
Property, plant and equipment	1,627,667	1,614,122	1,287,475	1,256,216
Investment Property	562,689	563,251	447,789	449,861
Biological assets	574,496	566,757	446,197	452,681
Investment in joint venture and associate	220,836	231,366	24,617	24,702
Lease right of use	80,346	107,128	35,490	47,320
Total non-current assets	3,066,034	3,082,624	2,241,568	2,230,780
Current assets				
Inventories	590,828	557,367	581,273	384,175
Trade and other receivables	320,527	369,717	319,128	258,202
Cash and cash equivalence	52,116	65,831	52,116	52,581
Total Current Assets	963,471	992,915	952,517	694,958
TOTAL ASSETS	4,029,505	4,075,539	3,194,085	2,925,738
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	2,026	2,026	47	47
Share premium	188,695	188,695	4,378	4,378
Reserves	2,407,004	2,849,513	1,856,227	1,677,194
Shareholders' equity	2,597,725	3,040,234	1,860,652	1,681,619
Non-current liabilities				
Deferred tax liabilities	536,422	135,928	485,132	607,497
Interest bearing loans and borrowings	6,545	11,383	6,545	9,092
Lease liability	21,671	47,094	15,146	37,615
Total non-current liabilities	564,638	194,405	506,823	654,204
Current liabilities				
Trade and other payables	415,221	396,564	433,220	307,355
Provisions	53,856	78,078	8,376	29,924
Income tax payable	212,416	215,164	212,416	131,954
Interest bearing loans and borrowings	78,704	62,193	78,704	49,675
Lease liability	43,343	39,592	30,292	31,623
Bank overdrafts	63,602	49,309	63,602	39,384
Total current liabilities	867,142	840,900	826,610	589,915
Total liabilities	1,431,780	1,035,305	1,333,433	1,244,119
TOTAL EQUITY AND LIABILITIES	4,029,505	4,075,539	3,194,085	2,925,738



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

Group Statement Of Changes In Equity

For the half year ended 31 March 2021

	Share Capital ZWL\$000	Share Premium ZWL\$000	Non-distributable Reserves ZWL\$000	Retained Earnings ZWL\$000	Total ZWL\$000
INFLATION ADJUSTED					
At 30 September 2019	2,026	188,695	1,565,247	1,588,270	3,344,238
Profit for the year	-	-	-	678,372	678,372
Other comprehensive income/(Loss)	-	-	(982,376)	-	(982,376)
Transfer between reserves	-	-	-	-	-
At 30 September 2020	2,026	188,695	582,871	2,266,642	3,040,234
Profit for the year	-	-	-	(453,523)	(453,523)
Other comprehensive income	-	-	11,014	-	11,014
Transfer between reserves	-	-	-	-	-
At 31 March 2021	2,026	188,695	593,885	1,813,119	2,597,725
HISTORICAL					
At 30 September 2019	47	4,378	189,609	65,745	259,779
Profit for the year	-	-	-	682,421	682,421
Other comprehensive income/(Loss)	-	-	739,419	-	739,419
Transfer between reserves	-	-	-	-	-
At 30 September 2020	47	4,378	929,028	748,166	1,681,619
Profit for the year	-	-	-	187,096	187,096
Other comprehensive income	-	-	(8,063)	-	(8,063)
Transfer between reserves	-	-	-	-	-
At 31 March 2021	47	4,378	920,965	935,262	1,860,652

Group Statement Of Cash Flows

For the half year ended	HYPER-INFLATED		HISTORICAL	
	31 Mar 2021 ZWL\$ 000	31 Mar 2020 ZWL\$ 000	31 Mar 2021 ZWL\$ 000	31 Mar 2020 ZWL\$ 000
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated from operations	125,173	78,026	120,467	20,723
Finance income	49	136	45	12
Finance costs	(26,494)	(9,612)	(26,417)	(2,187)
Tax paid	(9,776)	(16,080)	(8,939)	(4,721)
Cash generated from operating activities	88,952	52,470	85,157	13,827
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(115,814)	(80,961)	(108,415)	(21,346)
Costs capitalized to biological assets	(30,596)	(1,580)	(28,202)	(1,528)
Proceeds on disposal of property, plant and equipment	111	17	107	1
Dividends received	207	324	188	95
Cash utilized in investing activities	(146,092)	(82,200)	(136,322)	(22,778)
FINANCING ACTIVITIES				
Proceeds from borrowings	107,801	94,969	98,001	27,888
Repayment of borrowings	(78,670)	(72,064)	(71,518)	(20,941)
Cash generated from financing activities	29,131	22,905	26,482	6,947
Decrease in cash and cash equivalents	(28,009)	(6,825)	(24,683)	(2,004)
Net foreign exchange differences	-	-	-	-
Cash and cash equivalents at the beginning of the period	16,523	1,451	13,197	426
Cash and cash equivalents at the end of the period	(11,486)	(5,374)	(11,486)	(1,578)
Comprising:				
Cash resources	52,116	32,493	52,116	9,540
Overdrafts	(63,602)	(37,867)	(63,602)	(11,118)
Cash and cash equivalents at the end of the period	(11,486)	(5,374)	(11,486)	(1,578)

Group Segment Results

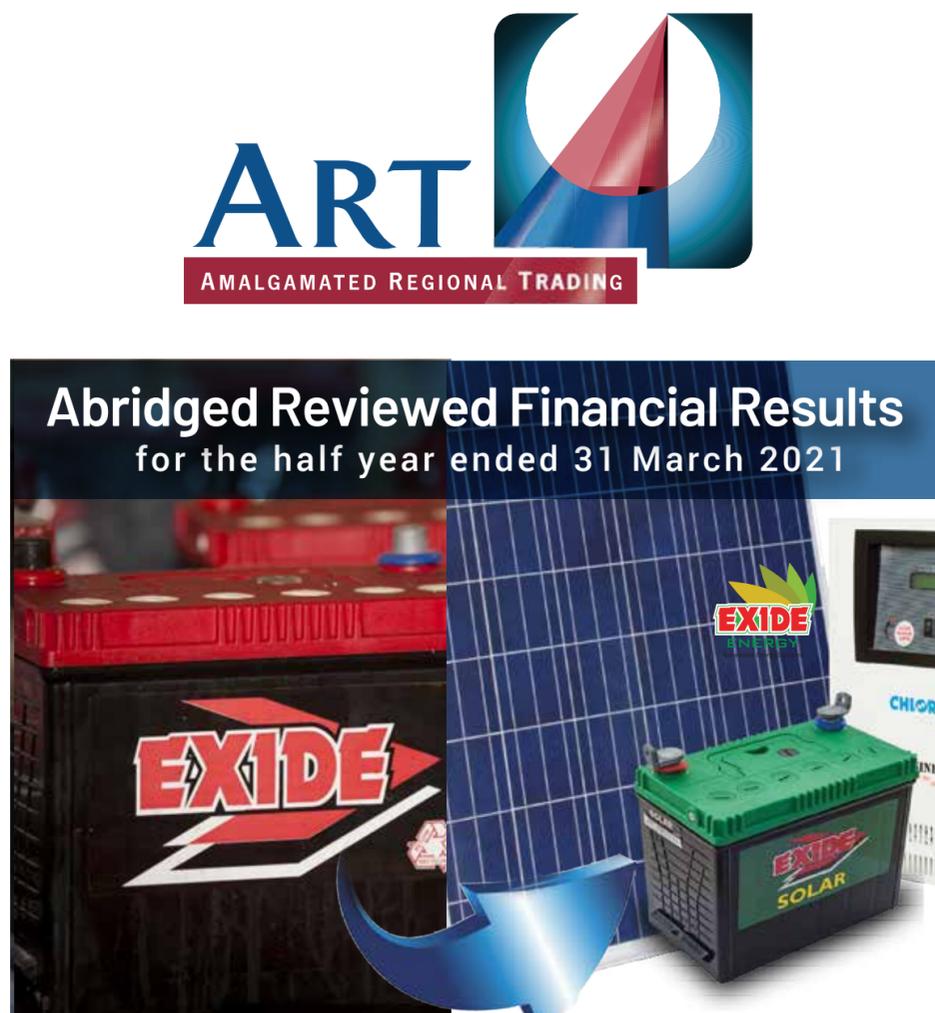
	Batteries ZWL\$ 000	Eversharp ZWL\$ 000	Paper ZWL\$ 000	Forestry ZWL\$ 000	Administration ZWL\$ 000	Central ZWL\$ 000	Group ZWL\$ 000
INFLATION ADJUSTED							
March 2021							
External customer	1,308,613	188,867	185,335	81,818	-	-	1,764,633
Operating profit	252,058	44,618	(45,349)	7,353	(39,478)	-	219,202
Finance cost	(2,311)	(388)	(2,093)	-	(29,990)	-	(34,792)
Net Segment assets	1,087,162	81,693	295,328	1,048,236	85,306	-	2,597,725
Capital expenditure	(109,295)	(293)	(3,853)	(1,116)	(1,257)	-	(115,814)
Depreciation	(75,159)	(6,683)	(14,410)	(6,608)	(8,976)	-	(111,836)
HISTORICAL							
March 2021							
External customer	1,060,171	174,221	169,130	75,468	-	-	1,478,988
Operating profit	243,242	35,506	(38,983)	6,904	(43,580)	-	203,089
Finance cost	(2,311)	(354)	(1,883)	-	(28,729)	-	(33,277)
Net Segment assets	913,343	57,092	212,878	829,212	(151,873)	-	1,860,652
Capital expenditure	(102,282)	(248)	(3,850)	(825)	(1,210)	-	(108,415)
Depreciation	(58,444)	(5,888)	(9,481)	(4,791)	(8,878)	-	(87,482)

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 2021 were authorised for issue in accordance with a resolution of the directors on 20 May 2021. 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 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.



Supplementary Information (cont'd)

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.

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. Therefore, the primary financial statements of the Group are the inflation adjusted and historical numbers have been provided as supplementary information.

The sources of the price indices used were the Zimbabwe Statistical office from 2009 to March 2021.

	Indices	Conversion factor
CPI as at 31 March 2021	2,759.83	1.000
CPI as at 30 September 2020	2,205.20	1.252
CPI as at 31 March 2020	810.40	3.406

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 2021 half year 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 2020.

5. Borrowings - Inflation Adjusted

ZWL 000's	31 March 2021			30 September 2020		
	Short-term and Overdraft	Long-term	Total	Short-term and Overdraft	Long-term	Total
Group	142,306	6,545	148,851	111,502	11,383	122,885

The Borrowings are secured by non-current assets with a net book value of ZWL\$1.244 billion (2020: ZWL\$1.181 billion).

The average cost of borrowings is 45%

Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this Press Statement is an extract.

These abridged Group financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing requirements and in accordance with International Financial Reporting Standards and the Companies and Other Business Entities Act (Chapter 24:31).

The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the previous annual financial.

The Directors would like to advise users to exercise caution in their use of these half year financial statements due to the impact of the change in functional currency in February 2019, its consequent effect on the financial statements and the adoption of the International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies).

Auditor's Statement

These abridged interim consolidated financial statements for the six months ended 31 March 2021 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Grant Thornton

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To the members of Amalgamated Regional Trading (ART) Holdings Limited

We have reviewed the accompanying consolidated statement of financial position of ART Holdings Limited as at 31 March 2021 and the related consolidated statement of profit or loss and other comprehensive income, 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 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 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 Qualified Conclusion

Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates

During the period, there were residual effects arising from the requirement to comply with SI 33/2019. In order to comply with SI 33/2019, the transactions and balances for the period 1 October 2018 to 22 February 2019 were accounted for on the basis of a rate of 1:1 between USD and RTGS. This was not consistent with the requirements of IAS 21. The residual effects of this non-compliance have resulted in the misstatement of retained earnings in the consolidated interim financial information for the six months ended 31 March 2021.

In addition, the foreign currency denominated transactions and balances for the months from October 2019 to March 2020 of the comparative period were translated into ZWL using the interbank exchange rate(s) which did not meet IAS 21 requirements for a spot rate as the rate(s) were not available for immediate delivery.

Conclusion

Based on our review, except for the issues highlighted in *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects the financial position of ART Holdings Limited as at 31 March 2021, 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

27 May 2021

HARARE