www.artcorp.co.zw

Notice To Shareholders

ART
AMALGAMATED REGIONAL TRADING

CHLORIDE EXIDE ENERGY SOFTEX KPM NWC EVERSHARP

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS OF THE COMPANY THAT, the Twentieth Annual General Meeting ("AGM") of the shareholders of Amalgamated Regional Trading (ART) Holdings Limited (the "Company") will be held virtually by electronic means, at https://escrowagm.com/eagmZim/Login.aspx on Thursday, 10 March 2022, at 14:30 hours for the purposes of transacting and, if deemed fit, passing with or without amendments, the following resolutions:

Ordinary Business

1. Statutory Financial Statements
To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 September 2021 together with the Report of the Directors and Auditors thereon.

2. Directorate

2.1 To note the retirement of Dr Oliver Mtasa from the Board on the 11th of March 2022

2.2 In terms of the Articles of Association of the Company, Dr T U Wushe and Mr A M Chingwecha retire by rotation at the Annual General Meeting and being eligible, they offer themselves for re-election. The election of Directors will be by individual motions.

3. Directors Fees
To approve Directors' fees for the year ended 30 September 2021.

4. Independent Auditors
To appoint Grant Thornton as auditors for the ensuing year and to authorize the Directors to fix their remuneration

By order of the Board

Registered Office:
Palm Grove House
P O Box 3186
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

Regional Office:
202 Seke Road
P O Box 2777
Graniteside
Harare
Zimbabwe

A M CHINGWECHA
GROUP COMPANY SECRETARY

Dated: 10 February 2022

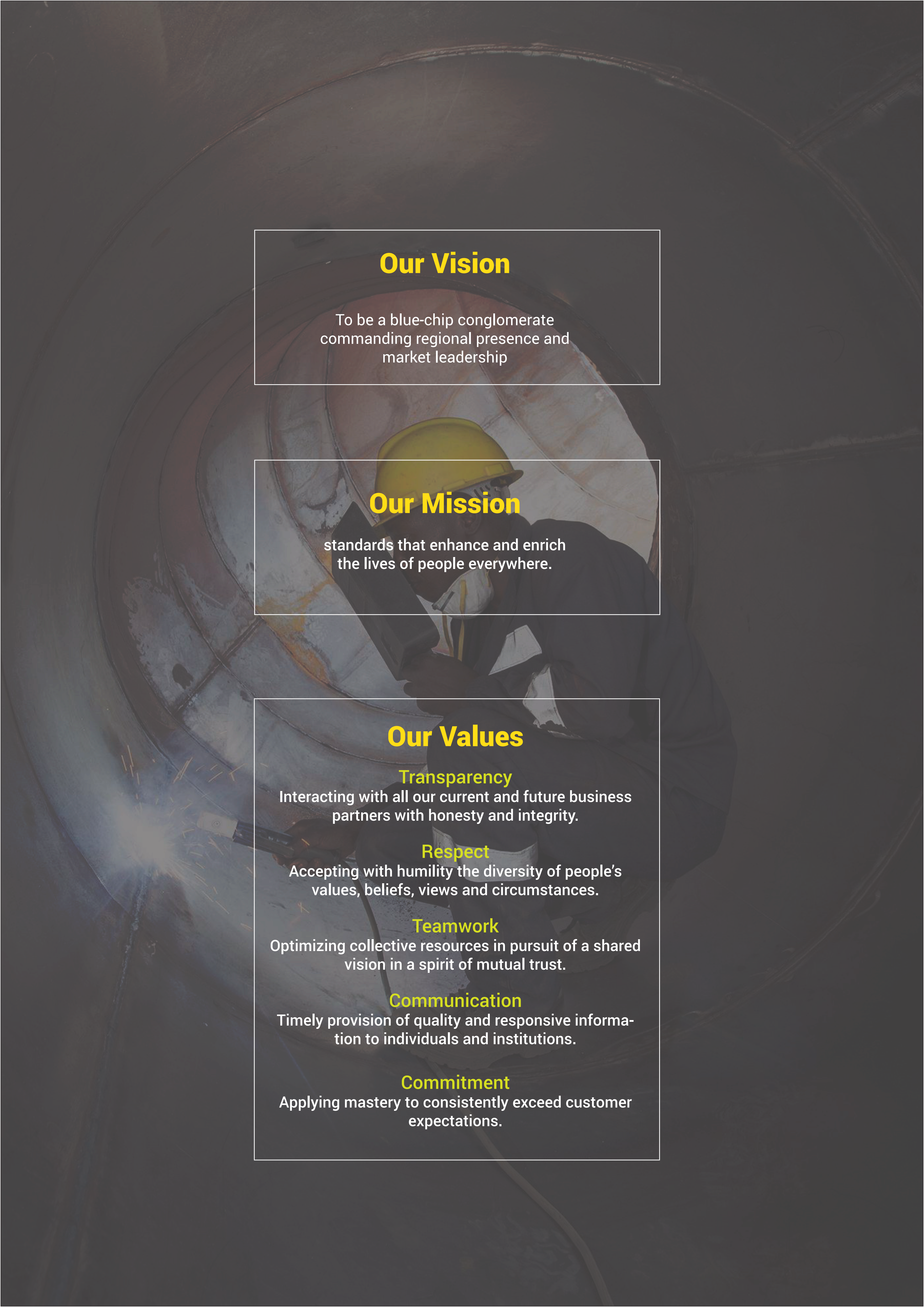
Note: A member entitled to attend and vote at the above meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him (see Form of Proxy). The proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting at the meeting. In order to be effective, completed proxy forms must reach the Company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting. Every person present and entitled to vote at a general meeting shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

ART

AMALGAMATED REGIONAL TRADING

Annual Report 2021

www.artcorp.co.zw



Our Vision

To be a blue-chip conglomerate commanding regional presence and market leadership

Our Mission

standards that enhance and enrich the lives of people everywhere.

Our Values

Transparency

Interacting with all our current and future business partners with honesty and integrity.

Respect

Accepting with humility the diversity of people's values, beliefs, views and circumstances.

Teamwork

Optimizing collective resources in pursuit of a shared vision in a spirit of mutual trust.

Communication

Timely provision of quality and responsive information to individuals and institutions.

Commitment

Applying mastery to consistently exceed customer expectations.

About this Report

ART Holdings Limited, a public company listed on the Zimbabwe Stock Exchange (ZSE) presents the annual report for the year ended 30 September 2021. This report integrates both financial, operational and sustainability information from all our subsidiaries to enable our stakeholders to make an informed assessment of our performance and impacts.

REPORTING SCOPE AND BOUNDARY

The report contains information for the Company's operations in Zimbabwe and Zambia. In this report, unless otherwise noted references to "our", "we", "us", "the Group", "ART" refers to ART Holdings Limited.

REPORTING FRAMEWORKS

The report was prepared with due consideration of the following:

- The Companies and Other Business Entities Act [Chapter 24:31] Zimbabwe.
- Statutory Instrument (SI) 134 of 2019: Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules.
- International Financial Reporting Standards (IFRS).
- Global Reporting Initiative (GRI) Standards.

SUSTAINABILITY DATA

This report was compiled using qualitative and quantitative data extracted from Company policy documents, records and personnel responsible for material issues presented in the report. In some cases, estimations were made and confirmed for consistency with business activities.

ASSURANCE

We relied on both internal and external systems to give reasonable assurance on data and information used in the preparation of this report. The financial statements were audited by Grant Thornton Zimbabwe in accordance with the International Standards of Auditing (ISA). The independent auditor's report is found on page 85 to 92. Sustainability information was verified for compliance with GRI Standards by the Institute for Sustainability Africa (INŚAF) as subject matter experts. A GRI Content Index is contained on pages168 to 170. The sustainability data provided in this report has not been externally assured.

REINSTATEMENT

The Group did not make any reinstatement of data and information previously published except for the translation of financial statements as guided by the International Accounting Standards (IAS) 29 – Financial Reporting in Hyperinflationary Economies.

REPORT DECLARATION

The Directors take responsibility to confirm that the Sustainability report was prepared in accordance with applicable GRI Standards – 'Core' option.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements. These statements involve risk and uncertainties as they relate to events which depend on circumstances that may occur in the future. Forward-looking statements can contain the terms "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" or "anticipates", or words of similar meaning. Future statements are not guarantees of future developments and results outlined therein. Readers are cautioned not to put undue reliance on forward-looking statements.

FEEDBACK

We welcome your comments, questions and suggestions on our report and any other matters regarding our business. To do so, please contact Abisai Chingwecha at achingwecha@artcorp.co.zw.

ONLINE COPY

A copy of this report can be accessed on http://www.artcorp.co.zw/?page_id=173.

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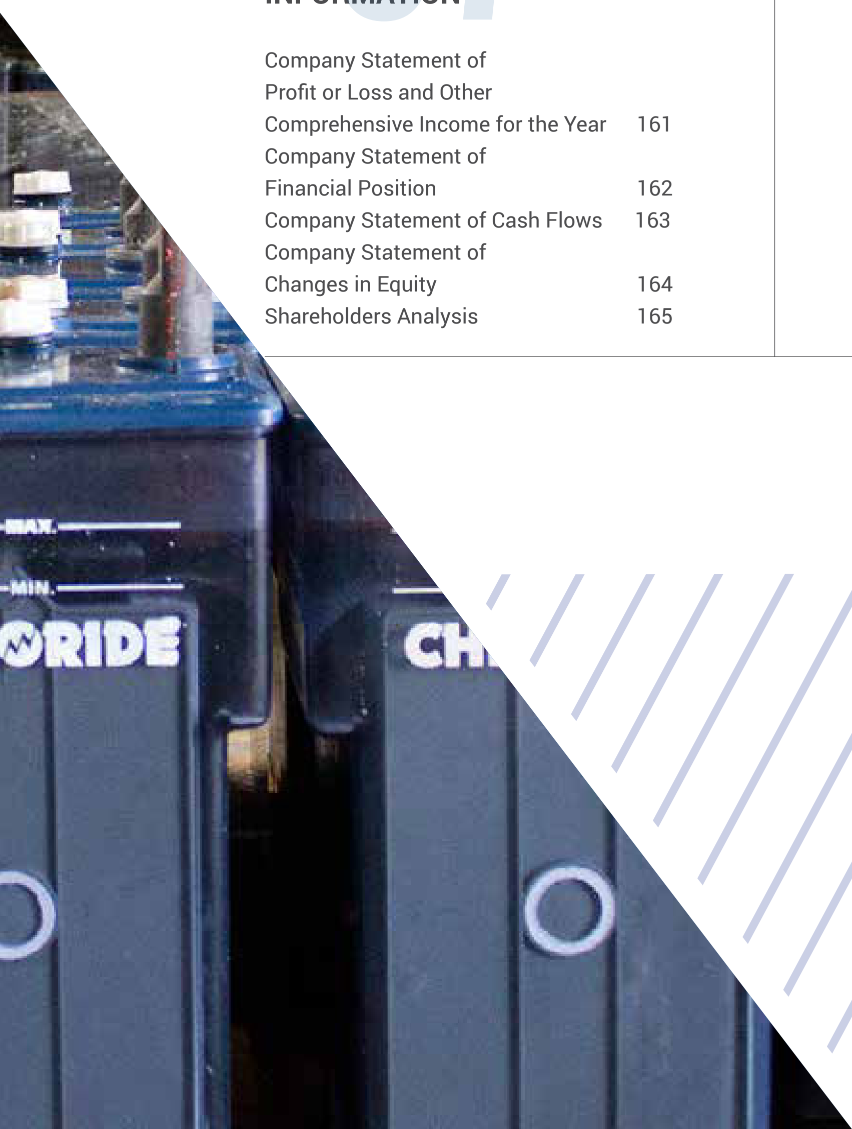


Overview

ART AT A GLANCE

Amalgamated Regional Trading (ART) is a Zimbabwe Stock Exchange listed industrial Group whose reputation has been built on diversity, operational excellence and quality brand custodianship. Formerly known as Beachmont Trading Limited, the Group changed its name to Amalgamated Regional Trading Holdings Limited in 2001 and was listed on the Zimbabwe Stock Exchange in 2002.

ART is involved in the manufacturing and retailing of lead-acid batteries, ball point pens, stationery, tissues, hygiene products and forestry resource management. These products are manufactured and distributed through the Group's entities domiciled in Zimbabwe and Zambia. The Group's business units include Chloride Zimbabwe, Chloride Zambia, Exide Express, Eversharp, Kadoma Paper Mills, National Waste Collections, Softex Tissue Products and Mutare Estates.

Overview

SEGMENT PROFILES

Our business is split into divisions following areas of specialization:

Division	Subsidiary	Area of specialization
Battery	Chloride Zimbabwe Chloride Zambia Exide Express	• Battery manufacture, supply and servicing (motive, standby batteries, solar batteries, industrial and automotive batteries). • Power back-up systems. • Solar distribution and installation. • Battery recycling.
Paper	Kadoma Paper Mills (KPM) National Waste Collections (NWC) Softex Tissue Products	• Manufacturing of recycled tissue reels. • Waste paper collection and recovery (newsprint, kraft, old stationery, archive records, computer paper and chipboard.). • Conversion and distribution of tissue and hygiene products. • Tissue products (tissues, serviettes, facial tissues, paper towels and kitchen towels). • Femcare products (cotton wool, sanitary wear and diapers). • Hygiene products (soap dispensers, soap refills, aerosol dispensers and refills, sanitary bins, waste bins.
Stationery	Eversharp	Manufacturing of: • Writing instruments (ball point pens, rulers and markers). • Stationery (exercise books, counter books, commercial stationery and book covers).
Forestry Resources	Mutare Board and Paper Mills (MBPM)	• Forestry management. • Timber production.

Recognition and Awards

GROUP AWARD	DIVISIONAL AWARDS
Second runner-up for the Best Performance Award: Zimbabwe Quoted Companies survey 2021	**Eversharp** **SuperBrands** - (Marketers Association of Zimbabwe) **Top 100 Suppliers –** (Confederation of Zimbabwe Retailers)

Business Associations and Standards

MEMBERSHIPS AND ASSOCIATIONS

Group
Confederation of Zimbabwe Industries (CZI).
Employers Council of Zimbabwe (EMCOZ).
Association of Chartered Certified Accountants (ACCA): Approved Employer Programme.

Chloride Zimbabwe and Exide Express
Confederation of Zimbabwe Retailers (CZR).
Battery Manufacturing Association (BMA).
Marketers Association of Zimbabwe (MAZ).
Business Council for Sustainable Development Zimbabwe (BCSDZ).
Buy Zimbabwe.

Chloride Zambia
Zambia Federation of Employers. (ZFE).
The Engineering Institution of Zambia (EIZ).
Zambia Public Procurement Authority (ZPRA).
Kitwe Chamber of Commerce (KCC).

National Waste Collections
Association of Zimbabwe Recyclers (AZR).

Kadoma Paper Mills
Pulp and Paper Employers Association (PPEA).

Eversharp
Marketers Association of Zimbabwe (MAZ).
Buy Zimbabwe.
Confederation of Zimbabwe Retailers (CZR).

Softex
Marketers Association of Zimbabwe (MAZ).
Buy Zimbabwe.

Mutare Board and Paper Mill
Timber Manufacturers Association (TPM).
Timber Producers Federation.

STANDARDS AND CERTIFICATIONS

Chloride Zimbabwe
ISO 9001 of 2015 (Quality Management System) (SAZ).
ISO 14001 of 2015 (Environmental Management System) (SAZ).

Chloride Zambia
Product Conformity Certification (Zambia Bureau of Standards (ZABs)).

Eversharp
Product Mark Certificate – writing instruments (SAZ).

Our Products, Brands and Services

Batteries 1

Exide Automotive Batteries

Exide Solar Batteries

Chloride Industrial Motive Batteries

Paper 2

Bulk Tissue Paper

Kraft Paper

Waste Collection

Tissue

Femcare

Hygiene

Stationery 3

Eversharp 15M Pens

Eversharp Tungsten Pens

Mighty Mark

Super Permanent Markers

Eversharp Rulers

Exercise Books

Forestry 4

Sawn Timber

Pulpwood Logs

Gum Poles

Performance Highlights

SALIENT FEATURES

Revenue	▲ **Increased by 27%**
Gross profit%	▼ **Decreased by 13%**
Operating profit	▼ **Decreased by 53%**

VOLUMES

Overall	▲ **Increased by 30%**
Export	▲ **Increased by 12%**
Batteries	▲ **Increased by 39%**
Paper	▲ **Increased by 2%**
Timber	▼ **Decreased by 2%**

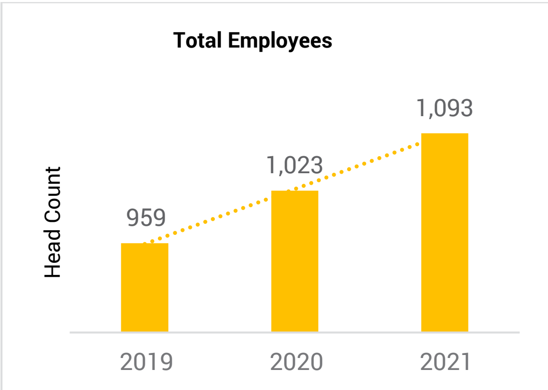
FINANCIAL HIGHLIGHTS

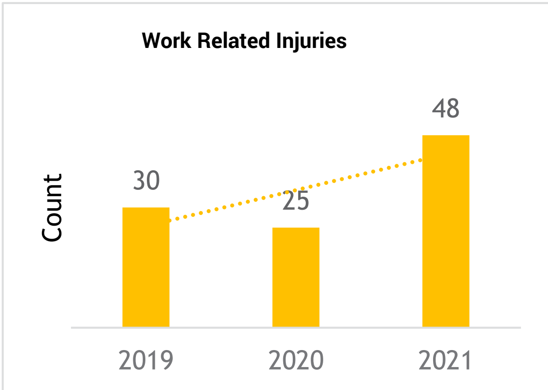
	Inflation-Adjusted		**Historical**	
	2021 ZWL$000	**2020 ZWL$000**	**2021 ZWL$000**	**2020 ZWL$000**
Revenue from contracts with customers	4,999,163	3,944,488	3,885,531	1,159,814
Operating profit before impairments and adjustments	589,905	1,253,587	497,369	356,738
(Loss)/profit before tax	(112,434)	(91,120)	718,209	1,030,129
(Loss)/profit after tax	(660,500)	821,416	773,420	682,421
Cash generated from operating activities	353,325	421,043	374,080	14,185
Total assets	4,990,302	4,934,918	4,809,139	2,925,738
		-		-
Capitalisation		-		-
Liabilities	1,933,014	1,253,612	1,901,140	1,244,119
Equity	3,057,288	3,681,306	2,907,999	1,681,619
Total	4,990,302	4,889,438	4,809,139	2,925,738
		-		-
Share performance (cents)		-		-
Basic earnings per share	(139.7)	173.7	163.58	144.3
Headline earnings per share	2.3	67.9	119.55	(7.9)

Performance Highlights

SUSTAINABILITY PERFORMANCE - SOCIAL

	2021	2020	2019
% of women employees	13%	12%	15%
Total employees	1,093	1,023	959
Number of recordable work-related injuries	48	25	30

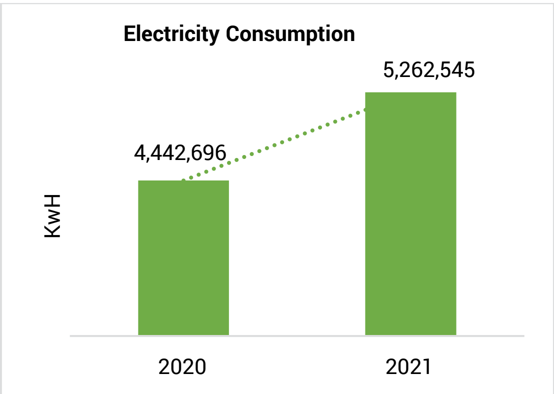




Performance Highlights

SUSTAINABILITY PERFORMANCE - ENVIRONMENT

	2021	2020
Electricity consumption (KwH)	5,262,545	4,442,696
Trees planted (Number)	165,539	145,541
Waste collected by National Waste Collections (Tons)	8,651	7,656



PERFORMANCE REVIEW 02

Chairman's Statement

Dear Stakeholders,

It is a great pleasure to present the financial and operational performance of Art Holdings Limited (ART) for the year ended 30 September 2021.

Chairman's Statement (Con't)

OVERVIEW

The COVID-19 pandemic continued to disrupt businesses across the globe and materially impacted the Group's performance during the reporting period. The improvements in Zimbabwe's economic environment at the beginning of the year characterised by stable exchange rates and slowing inflation were negated by the impact of policy interventions taken to regulate foreign currency transactions through Statutory Instrument 127 of 2021. The delays in the disbursement of foreign currency allocated on the auction market affected market confidence resulting in the widening of the gap between the auction market exchange rate and the alternative market. There was an upturn in inflation in the second half of the year. In Zambia, the Kwacha appreciated, and inflation slowed down after the general elections. The Directors would like to advise users to continue to exercise caution in their use of the Group Abridged Financial Results due to the distortions brought about by the continued existence of multiple exchange rates.

FINANCIAL PERFORMANCE

The Group's financial performance was impacted by COVID-19 induced restrictions and the economic after effects. The batteries segment remained resilient and helped to offset the under whelming performance of the paper divisions.

Sales volumes recovered across all the divisions with an overall increase of 30% compared to the prior year. Revenue increased by 27% in inflation adjusted terms as demand recovered. The sharp inflation-induced input costs increases could not be aligned to pricing, resulting in a significant decrease of gross margins to 39% from 52% in the prior year.

Operating expenses increased by 66% due to general inflationary increases in costs and the initiatives taken to stimulate demand and cushion employees. Significant fair value losses on biological assets and investment properties amounting to ZWL$191m and ZWL54m respectively were recorded.

The Group took significant strides in the restructuring of the Paper business with the acquisition of Nampak's 50% shareholding in Softex and the purchase of a Toscotec Tissue Machine from Twinsaver Group (South Africa) during the year.

The Group took significant strides in the restructuring of the Paper business with the acquisition of Nampak's 50% shareholding in Softex and the purchase of a Toscotec Tissue Machine from Twinsaver (South Africa) Group during the year. These investments are a result of the difficult trade off decisions taken to mitigate the long term consequences of delaying critical capital expenditure and mark a pivotal moment in ART's Paper business restoration initiatives. The installation of the Tissue machine in Kadoma is progressing well and is expected to be completed in the second half of the financial year. The Group's financiers supported and enabled these key strategic projects which will enhance competitiveness and create holistic value across the paper chain.

Chairman's Statement (Con't)

DIVISIONAL PERFORMANCES

Batteries

The strategic investments to increase capacity and expand the distribution network in the batteries business were vindicated as the automotive battery demand remained strong. The performance was ahead of recovery expectations, as volumes increased by 39% despite supply chain disruptions. Export volumes were driven by the recovery in Zambia. Capital expenditure was limited to essential spend as the efforts to preserve liquidity continued.

Paper

Sales volumes for Kadoma Paper Mills and National Waste Collections increased by 27% and 13% respectively albeit from a low base. Softex volumes reduced by 9%.

The performance of the Paper divisions was affected by the intermittent supply of raw materials and spares. The resultant commercial downtime adversely impacted fixed cost absorption, operating efficiencies and profitability.

Eversharp

Eversharp volumes increased by 35% as restrictions were eased and school calendar disruptions reduced. The momentum of the division in the second half of the year has been remarkable despite the increased presence of competing imported products. Productivity and quality was not significantly affected by the delays in obtaining spares and raw material during the period.

Mutare Estates

The Mutare business remained unaffected by the pandemic and capitalised on the firm timber market demand. Saw milling capacity was increased during the year and has enabled the division to increase its milling partnerships.

The strategic investments to increase capacity and expand the distribution network in the batteries business were vindicated as the automotive battery demand remained strong.

Chairman's Statement (Con't)

SUSTAINABILITY REPORTING

ART Holdings is conscious of its role in managing economic, environmental, social and governance to deliver positive impacts while creating enterprise value. We continue to strengthen how we manage our sustainability impacts by setting goals, targets, and policies across the whole group. During the period, managing the negative impacts of the COVID-19 pandemic and climate change proved critical. ART Holdings remains committed to shared values with stakeholders in creating sustainable value and long-term success for the business.

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 underlying demand for our core products remains robust and our focus on the changing consumer preferences and emerging technologies will be key in sustaining the Group's strong performance in the market.

The successful completion and settlement of Nampak's shareholding in Softex as well as the completion of key factory upgrades in Chloride will create much needed liquidity headroom to enable the Group to complete the capitalisation of the Paper business.

The Group will continue to ensure employee safety and maintain the proactive adjustments made to business priorities to support customers during the pandemic.

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern assumption in the preparation of the financial statements.

APPRECIATION

We are eternally grateful for the support and willingness of our employees, community, suppliers, customers, funders, and shareholders to collectively seek solutions during this difficult COVID-19 pandemic. The impact could have been more severe on the Group without the collective effort.

I would like to express my sincere gratitude to all stakeholders, my fellow directors, management, and the entire team at ART for the continued support and contribution during the reporting period.

Dr T U WUSHE
CHAIRMAN
7 December 2021

Group Chief Executive Officer's Review of Operations

Dear Stakeholders,

I am pleased to present an operational review of Art Holdings Limited for the year.

Group Chief Executive Officer's Review of Operations

GROUP FINANCIAL HIGHLIGHTS

	2021 ZWL$000	2020 ZWL$000	Change
Revenue from contracts with customers, before other income	4,999,163	3,944,488	27%
Operating profit before impairments and fair value adjustments	589,905	1,253,587	-53%
Loss before tax	(112,434)	(91,120)	23%
(Loss)/profit after tax	(660,500)	821,416	-180%
Cash generated from operating activites	353,325	421,043	-1%
Net assets	3,057,288	3,681,306	-17%
Number of employees	1,093	1023	7%
Capacity utilisation	78%	61%	17%
Gross profit percentage	39%	52%	-13%

The Group's revenue increased by 27% from prior year on the back of a 30% recovery of volumes across the divisions. Profitability was negatively impacted by the sharp increases in input costs which could not be aligned to pricing as multiple exchange rates continued to characterise the Zimbabwean economy. Operating costs increased by 67% as deliberate initiatives were taken to stimulate demand and cushion employees.

The Group recorded fair value losses of ZWL$191m and ZWL$55m on biological assets and investment property respectively.

Group Chief Executive Officer's Review of Operations

BATTERY MANUFACTURING AND DISTRIBUTION

Financial Highlights

	2021 ZWL$000	2020 ZWL$000
Revenue	4,547,570	4,067,272
Operating profit before impairments and fair value adjustments	673,660	1,155,371
Profit before tax	199,417	596,423
Net segment assets	1,280,588	1,601,149
Number of employees	449	319
Capacity utilisation	91%	71%

The Batteries segment benefited from improved product availability, stable power supply and the established wider distribution network. The investments in capacity and quality enabled the Exide brand to increase its market share in the automotive market within the region. Further work in the lead and acid handling processes will improve performance and support environmental sustainability initiatives. Industrial and Solar battery volumes continued to increase steadily with the partnering of additional distributors and installers. Trading was affected by the policy inconsistencies on the use of foreign currency in the local market. The agility of the division in ensuring consistent product supply and competitive pricing enabled it to take advantage of the strong demand in the market.

Group Chief Executive Officer's Review of Operations

PAPER

Financial Highlights

	2021 ZWL$000	2020 ZWL$ 000
Revenue	1,166,942	442,208
Operating (loss)/ profit before impairments and fair value adjustments	(176,029)	27,161
(Loss)/profit before tax	(183,003)	25,339
Net segment assets	466,875	494,457
Number of employees	320	250
Capacity utilisation	43%	46%

Paper was the segment most affected by the Covid-19 pandemic and related restrictions as reduced economic activity affected both demand and raw material availability. The Mill had to rely on imported waste paper from South Africa and Botswana. The situation was compounded by foreign currency shortages and instability of the local currency. Opportunities for the more profitable kraft paper were affected by the changes of the school calendar.

Softex sales volumes fell by 9% due to reduced demand and increased pressure from imported tissue products. The detergents volume increase was constrained by raw material supply challenges. Softex and National Waste Collections were divisionalised after year end as part of the restructuring of the Paper business.

2021 was a year of trade-offs with difficult decisions taken to invest at a time when economic fundamentals were moving against the Group, resulting in sub-optimal short-term performance in the paper segment. Decisions taken to acquire Nampak's 50% shareholding in Softex and to acquire Twinsaver's Riverview Paper Mill will provide scope for the Group to focus resources and drive the scalable core business segments, Paper and Batteries. The business is focused on balancing capital investment, liquidity and short-term benefits whilst mitigating the long-term risks of delaying critical capital projects.

The installation of the new Kadoma Paper Mill machine is progressing well and suitable converting machinery has been identified. It is envisaged that once finalised the purchase and subsequent commissioning of the new converting line will be accelerated so that the completion is aligned to that of the Paper Mill.

Group Chief Executive Officer's Review of Operations

EVERSHARP

Financial Highlights

	2021 ZWL$ 000	2020 ZWL$ 000
Revenue	435,651	325,488
Operating profit before impairments and fair value adjustments	78,063	35,144
Profit before tax	26,181	(33,338)
Net segment assets	133,643	100,017
Number of employees	101	91
Capacity utilisation	53%	44%

Eversharp volumes increased by 35% as restrictions were eased and school calendar disruptions reduced. The momentum of the division in the second half of the year has been remarkable despite the increased presence of competing imported products. Quality performance was not affected by delays in obtaining spares and raw material during the period.

PLANTATIONS

Financial Highlights

	2021 ZWL$ 000	2020 ZWL$ 000
Revenue	187,296	171,919
Operating (loss)/profit before impairments and fair value adjustments	(803)	55,349
Fire Loss	(41)	(173)
Biological assets fair value adjustment	(190,860)	(330,571)
Loss before tax	(177,884)	(494,651)
Net segment assets	1,098,019	1,394,705
Number of employees	95	145

The Mutare business remained largely unaffected by the pandemic and capitalised on the firm timber market demand. Sawmilling capacity was increased during the year and the improved yield and quality has enabled the division to increase its milling partnerships.

M MACHEKA
GROUP CHIEF EXECUTIVE OFFICER
7 December 2021

The Mutare business remained largely unaffected by the pandemic and capitalised on the firm timber market demand.

Group Chief Finance Officer's Review

Dear Stakeholders,

I am pleased to present a Financial Review of Art Holdings Limited for the year ended 30 September 2021.

Group Chief Finance Officer's Review (cont'd)

HIGHLIGHTS

- The Group posted revenue of ZWL$5 billion which was 27% above prior year.
- Operating costs increased by 67% of turnover due to inflationary pressures
- Operating profit decreased by 53%
- Overall the Group posted a loss after tax of ZWL$661 million.
- Fair value loss on biological assets and investment property of ZWL$191 million and ZWL$54 million, respectively, as market prices continued to decline.

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2021 ZWL$ 000	2020 ZWL$ 000
Revenue	4,999,163	3,944,488
Gross profit %	39%	52%
Operating expenses %	27%	21%
Operating profit	589,905	1,253,587
Operating profit %	12%	32%
Profit/(Loss) after tax	(660,500)	821,416

The Group posted revenues of ZWL $5 billion, an increase of 27% from the prior year on the back of increased volumes.

Gross Profit Margins fell to 39% from 52% as raw material costs increased and the paper divisions struggled to fully recover costs due to supply chain disruptions.

Operating costs increased by 67% due to the significant inflation upturn in the second half of the year.

Overall, the Group posted an operating profit of ZWL$590 million and an inflation-adjusted loss after tax of $661 million. Significant fair value losses were recorded on biological assets (ZWL$191 million), Softex re-measurement (ZWL$135million) and investment property (ZWL$55 million).

Group Chief Finance Officer's Review (cont'd)

STATEMENT OF CASH FLOWS

	2021 ZWL$ 000	2020 ZWL$ 000
Cash generated from operations before working capital changes	433,470	137,768
Net cash generated/utilised in management of working capital	57,123	334,123
Cash generated from operations	490,193	471,891
Net interest costs	(60,433)	(19,239)
Net Increase/(repayment) of borrowings	256,063	90,825
Net Increase/(repayment) in borrowings	195,630	71,586
Income tax paid	(76,435)	(31,609)
Net cash utilised in investing activities	(587,959)	(496,765)
Increase in cash and cash equivalents	21,429	15,103

The Group generated cash from operations of ZWL$552 million compared to ZWL$472 million in the prior year. Preservation of liquidity was priority as some divisions required bridging working capital facilities during the period.

The Group continues to focus on managing its leverage and foreign currency exposure.

A. M. CHINGWECHA
GROUP CHIEF FINANCE OFFICER
7 December 2021

GOVERNANCE

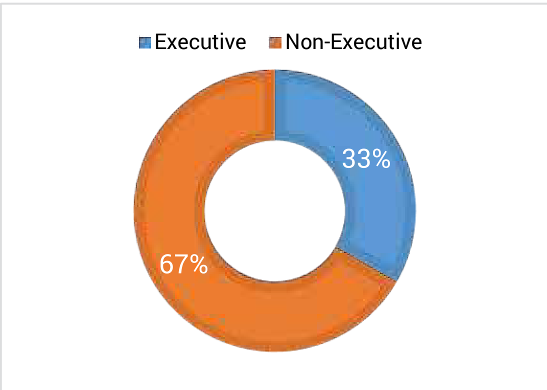
03

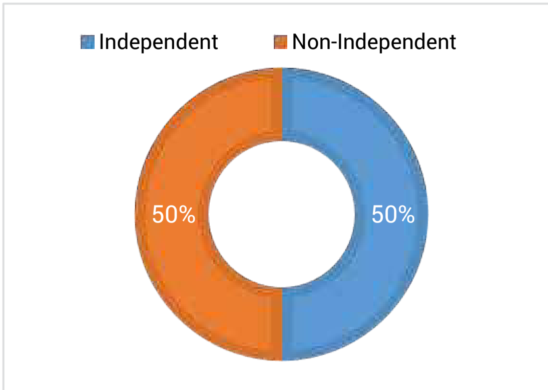
Corporate Governance

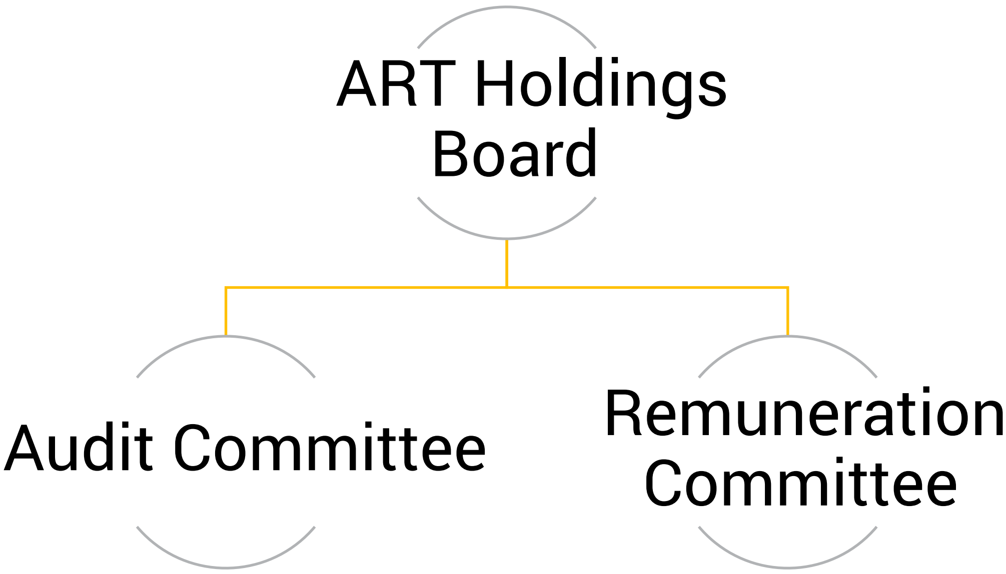
The Group is committed to achieving the highest standards of corporate governance as set out in the King IV Report and the National Code of Corporate Governance in Zimbabwe (ZimCode). The Group continues to make progress in ensuring its governance practices align with the new Companies and Other Business Entities Act (24:31) and SI134 of 2019 Securities and Exchange (Zimbabwe Stock Exchange Listing Requirements) Rules.

BOARD COMPOSITION

The Board is composed of two executives and four non-executive Directors. The positions of the Chairman and Chief Executive Officer are held separately. The Chairman is a non-executive Director. Membership of the Board is for an initial two-year period and thereafter subject to annual reviews. The members of the Board are listed on page 34 to 35. During the reporting period there were no changes in the board Composition.







Corporate Governance Approach (cont'd)

BOARD GOVERNANCE AND RESPONSIBILITIES

The Board meets at least four times a year to deliberate on matters pertaining to strategic direction, business development and overall resource allocation. The approval of the Group's strategic plan and annual budgets, the monitoring and appraisal of the Group's financial performance are all matters included in the Board's responsibilities as set out in the Board Charter. The Board Charter provides that the Board may also appoint other ad hoc committees as it may see fit to carry out specific functions as they arise. The Directors are responsible for maintaining systems of internal control that:

- safeguard the assets of the Group;
- prevent and detect errors and fraud;
- ensure the completeness and accuracy of the Group's records;
- ensure the timeous preparation of reliable and relevant financial statements and reports; and
- ensure compliance with applicable legislation, regulations and Group policies and procedures.

To fulfil their responsibilities, the Directors and management have established such systems and procedures as they consider necessary. These systems and procedures provide reasonable, but not absolute, assurance as to the reliability of the financial statements, adequately safeguard, verify and maintain accountability of assets, and prevent and detect material misstatement and losses.

Corporate Governance Approach (cont'd)

BOARD COMMITTEES

Committee	Members	Responsibilities
Audit Committee	Dr O Mtasa (Chair) Mr M Oakley	The committee comprises solely of non-executive Directors. It meets at least four times annually. The Chief Executive Officer, Chief Financial Officer, members of the executive committee, internal audit and the external auditors attend these meetings by invitation. The committee is responsible for: • Reviewing and making independent recommendations on the accounting and reporting policies of the Group; • Defining and monitoring internal controls and risk management policies; • Reviewing the effectiveness of the internal audit function, its programmes and reports, and also review all reports from the external auditors on accounting and internal control matters; and monitors action taken where necessary; • Reviewing the interim and annual financial statements before the Board considers them and • Recommending the appointment of external auditors.
Human Resources Committee	Mr M Oakley (Chair) Dr T U Wushe Mr O Mtasa Mr Y C Baik	The Remuneration Committee is chaired by Mr Michael Oakley and comprises solely non-executive Directors. The committee meets at least four times a year and the Chief Executive Officer attends meetings by invitation. The committee is required to: • Determine ART's broad policy for executive remuneration and the entire individual remuneration terms and packages for the executive and non-executive directors, and other senior executives and • Give the executives every encouragement to enhance the Group's performance and to ensure that they are fairly, but responsibly, rewarded for their contributions. **Remuneration policy** The objective of ART's remuneration policy is to provide a remuneration package comprising short-term rewards (salary, benefits and annual performance bonus) and long-term rewards (share options and grants) competitive in order to attract, motivate and retain high calibre individuals who will contribute fully to the success of each of the businesses in which ART operates. The Committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate. Note 33 discloses the remuneration of Directors and key employees

Corporate Governance (cont'd)

MEETING ATTENDANCE

Director	Main Board (5 Meetings)	Audit Committee (5 Meetings)	Remuneration Committee (4 Meetings)	Adhoc (EBM) Committee (2 Meetings)
Thomas Utete Wushe	5/5	-	4/4	2/2
Milton Macheka	5/5	-	4/4	2/2
Abisai Chingwecha	5/5	5/5	4/4	2/2
Oliver Mtasa	5/5	5/5	4/4	2/2
Michael Oakley	5/5	5/5	4/4	2/2
Young Chul Baik	5/5	-	4/4	2/2

BOARD DECLARATION AND CONFLICT OF INTEREST

Directors are also required to disclose interests in any contract with the Group or any companies within the Group, which could give rise to a conflict of interest. Upon appointment, every Director is required to disclose his business interests to the Board and thereafter to update the Board as changes occur.

STAKEHOLDERS DIRECT COMMUNICATION WITH THE BOARD

Stakeholders can directly engage with the Board through various channels which include the Annual General Meetings (AGMs), quarterly trade updates, analyst briefings, and other meetings.

ETHICS AND COMPLIANCE

The Group is committed to promoting the highest standards of ethical behaviour amongst all its employees. All employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner, which in all reasonable circumstances, is above reproach. Furthermore, all employees are required to observe the Group's Code of Ethics. In line with the Zimbabwe Stock Exchange Listing Requirements, the Company operates a "closed period" before the publication of its interim and year-end financial results during which period Directors and senior officers of the Company may not deal in the shares of the Company. Where appropriate, this is also extended to include other "sensitive" periods. The Group complied with all relevant laws and regulations and has adhered to non-binding rules, codes and standards.

KPM
KADOMA PAPER MILLS
A DIVISION OF ART CORPORATION

Kadoma Paper Mills

Kadoma paper mills is a company that specializes in the manufacturing of jumbo tissue reels.

We produce tissue reels namely enhanced white , pink, and blue tinted reels .

We also manufacture Kraft paper 60gsmx 450mm and 60gsm x 1550mm.

Kadoma paper mills

Corporate Governance (cont'd)

BOARD OF DIRECTORS

Dr Thomas Utete Wushe

Chairman

Independent, Non-Executive

DBA Nottingham Business School UK, MBA (UZ), AdvDip in Purchasing and Supply Management (UNISA), MCIPS (UK), Prince II Certified Practitioner.

Appointed: March 2015

Other Commitments: Board member of PRAZ

Milton Macheka

Group Chief Executive Officer

Executive

BSc Hons Chemistry (UZ),

Masters in Business Leadership (UNISA)

Appointed: January 2017

Abisai Chingwecha

Chief Financial Officer

Executive

FCCA, Bachelor of Accounting Science, BCompt (UNISA), MBA Roehampton (UK),

Appointed: October 2013

Corporate Governance (cont'd)

BOARD OF DIRECTORS (cont'd)

Dr Oliver Mtasa
Independent, Non-Executive
DBA, MBA, FCA(Z), REA, BAcc (UZ)
Appointed: September 2007
Other Commitments: Lead Partner at Crowe

Michael Oakley
Independent, Non-Executive
Chartered Institute of Secretaries Fellow
Appointed: August 2015

Young Chul Baik
Non-Independent, Non-Executive
BSc Chemistry (Sungyunkwan University), Korea
Appointed: August 2018
Other Commitments: Chairman, Tae Sung Chemical C&I Ltd

Corporate Governance (cont'd)

GROUP SENIOR MANAGEMENT

EXECUTIVE COMMITTEE

Group Chief Executive Officer
Milton Macheka
MBL (UNISA), BSc Chemistry (Hons) (UZ),

Group Chief Finance Officer / Company Secretary
Abisai M Chingwecha
MBA (Roehampton UK), FCCA, BCompt (UNISA)

General Manager - Batteries
Kudzai L Pasipanodya
MBL (UNISA)
BCompt (UNISA)

General Manager - Kadoma Paper Mills & National Waste Collection
Mackson Maturura
MBL (BUSE), B.Tech Pulp & Paper Eng, (DUT), HND Elect.Eng, EDBL

General Manager - Softex
Prosper Chijokwe
MBL (UNISA), BACC (UZ), FCCA

General Manager - Eversharp
Thomas Nyahasha
MBA (ZOU),BBS (Hons) (UZ), CIPS

General Manager- Mutare Estates
Farai Sithole
MBA (ZOU), Nat. Diploma Forestry (ZCF), Bsc.Agric (UZ), ACISZ

CENTRAL ADMINISTRATION

Group Internal Audit Manager
Sarah Matsa
Bsc H HAD (UZ), Bsc HAA (Oxford Brookes), ACCA Affiliate

Group Finance Manager
Brighton Zivahama
BACC (Hons) (UZ), ACCA

Milton Macheka
Group Chief Executive Officer

Abisai M Chingwecha
Group Chief Finance Officer / Company Secretary

Kudzai L Pasipanodya
General Manager - Batteries

Mackson Maturura
General Manager - Kadoma Paper Mills & National Waste Collection

Prosper Chijokwe
General Manager - Softex

Thomas Nyahasha
General Manager - Eversharp

Farai Sithole
General Manager- Mutare Estates

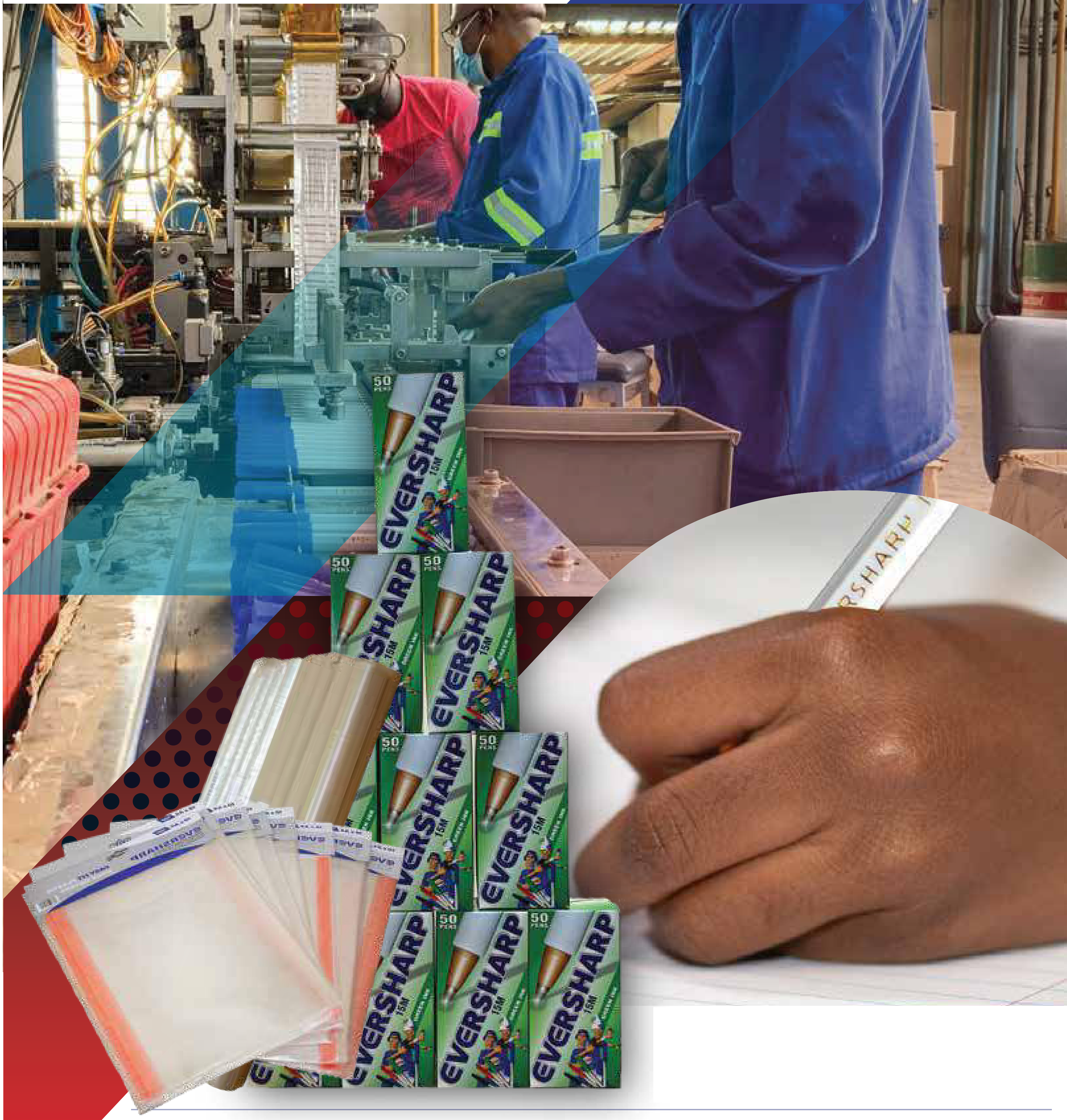
Sarah Matsa
Group Internal Audit Manager

Brighton Zivahama
Group Finance Manager

EVERSHARP

A DIVISION OF ART CORPORATION LTD

TOTAL WRITING SOLUTIONS



EVERSHARP
15M

EVERSHARP
Tungsten

Mighty Mark

Risk Management

The resilience and success of ART Holdings Group is underpinned by a strong framework of risk management and leadership. We have developed and standardised Risk Assessment Framework (RAF) providing the template by which all subsidiaries consistently identify, evaluate and prioritise risks. The framework allows for the determination of the maximum allowable risk appetite when leveraging opportunities. We continuously evaluate our risk management framework to support our growth intentions while mitigating potential negative effects and impacts on our stakeholders. The management of risk is closely linked to the sustainability management strategy which takes into account material economic, environmental, social and governance issues.

Risk Governance

The Board is responsible for the overall risk management and internal control systems across the Group. This is supported by the Head of Internal Audit through the internal audit function. The function has the overall responsibility for appraising and reporting on the Group's systems of internal control, the integrity of financial and operating information and resource allocation as part of risk management. The Internal Audit reports to the Audit Committee. The internal auditors review each business unit at least twice a year while maintaining close communication between internal and external audit.

Risk Management Framework

Our risk management framework identifies specific risks, its management, control activities and the contributing factors. The framework provides the criteria for rating risks, their impacts and controls. Risks are considered as significant if they have a very high likelihood of occurring coupled by the level of severity of the impacts. In this regard, the Risk Owners and the Head of Internal Audit design and implements protective programmes to mitigate potential negative effects in response to the risk ratings.

Risk Management (cont'd)

Risk Matrix

TYPE OF RISK	RISK MITIGANTS
Credit Risk	• Credit appraisals. • Setting credit limits. • Policy reviews and documentation. • Internal control review and implementation • Senior management oversight.
Liquidity Risk	• Daily cash flow review. • Weekly cash flow forecasting. • Asset/liability management • Policies and procedures — reviewing and documenting. • Ratio analysis and limits. • Senior management oversight. • Forward purchasing to minimise effects of inflation.
Confidentiality of sensitive information	• Structured management of communication. • Promotion of ethics. • Professionalism. • Management by values.
Reputation risk	• Standard of output assured through in-built quality assurance. • Continuous training (both in-house and outside training). • Proper skill mix. • Compliance with statutes etc. • Adoption of best practice.
Fraud Risk	• Rigorous internal control environment • Sound Management Information Systems - ongoing improvements • Internal Audit — to send staff for training and workshops on fraud risk management. • Encouraging whistle blowing (Tip-off anonymous)
Compliance risk (risk of not complying to regulations)	• Ensuring compliance with laws. • Quality assurance. • Use of Compliance checklists.
Operational risk	• Policies & procedures - reviewing and documenting • Senior management oversight. • Quality assurance. • Staff development through training (internal training) • Multi-skilling • Regular review of internal controls • Reliable IT - to improve use of Sage and consolidated information source.
Information System Risk	• Information Technology (IT) Policy in place • IT skills outsourced. • Disaster recovery - being set up. • Adoption of cyber security systems. • Changes on the chart of Accounts requires FD approval.

The management of our business risks is closely tied to the process of materiality and our management approaches to social, economic and environmental issues as provided on the section on sustainability.

Compliance Statement

ART Holdings, as an ethical and corporate citizen, follows closely the development in local and international regulations to ensure that it complies with all legal obligations. The Group is committed to complying with all applicable sector regulations and standards.

We constantly seek to ensure all our operations are within the requirements of the associations and initiatives that we join.

During the year, the Group ensured compliance with the following:

- Companies and other Business Entities Act [Chapter 24:31];
- Securities and Exchange Act [Chapter 24-25];
- Zimbabwe Stock Exchange Listing Requirements [SI 134 of 2019];
- Forestry act [Chapter 19:05];
- Environmental Management Act [Chapter 20:27];
- Hazardous Substances and Articles Act [Chapter 15:05];
- Public Accountants and Auditors Board Zimbabwe (“PAABZ”) - Pronouncements;
- Zambia Companies Act

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements.

These 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 statements.

The Directors would like to advise users to exercise caution in their use of these annual 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).

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with relevant legislation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud.

The Company's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on written policies and procedures and all employees are required to maintain the highest level of ethical standards in ensuring that the Company's business practices are conducted in a manner which, all reasonable circumstances, is above reproach.

GOING CONCERN

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing these financial statements.

DR T U WUSHE
CHAIRMAN
7 December 2021

M MACHEKA
GROUP CHIEF EXECUTIVE OFFICER
7 December 2021

The Group Sustainability champions coordinate the implementation of sustainability through managing data collection, assessing compliance, monitoring targets and being contact points for sustainability reporting.

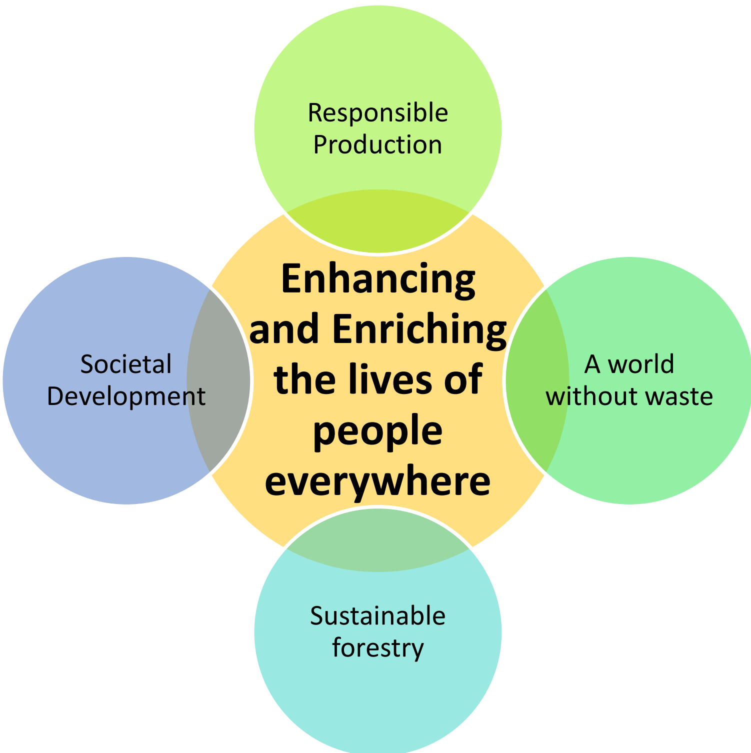
04 SUSTAINABILITY

Sustainability Philosophy

OUR STRATEGY

ART Holdings is committed to the manufacturing and distribution of products and services that enrich the lives of people everywhere. Behind this mission is a realisation that products and services that enhance society also need to be produced responsibly. As one of the leading diversified companies operating in the Southern African region, we have the resources and expertise to make a significant difference.

Our Sustainability Focal Areas



Responsible Production

We seek to efficiently produce our products with minimal resources and at the lowest impact on the environment.

A world without waste

We create value for paper and battery waste products while reducing internal waste generation.

Sustainable forestry

We provide solutions that seek to balance our present forestry resources needs with the long-term health of the forest.

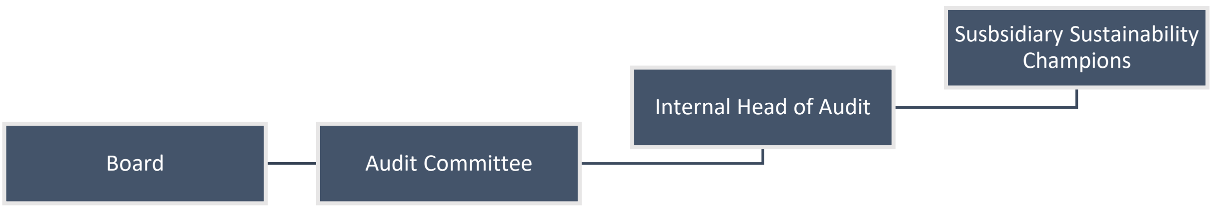
Societal Development

We strive to give back to the economy, society and employees from our earnings.

Sustainability Philosophy (Cont'd)

SUSTAINABILITY GOVERNANCE

The Board has the overall responsibility for sustainability governance across the Group. It achieves this mandate through the Audit Committee. The Head of Internal audit oversees the management and implementation of sustainability across the Group with the help of sustainability champions from each subsidiary. These champions coordinate the implementation of sustainability through managing data collection, assessing compliance, monitoring targets and being contact points for sustainability reporting.



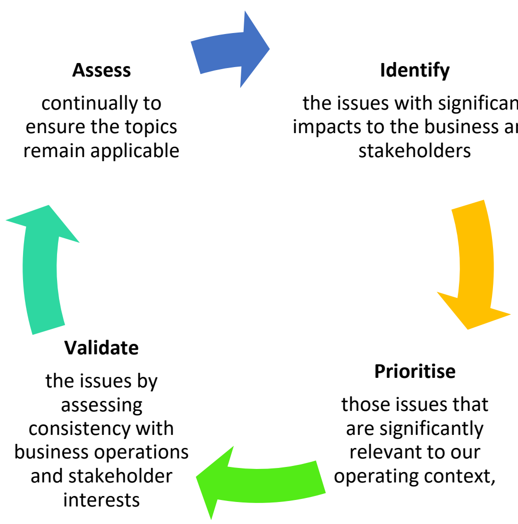
We also rely on the knowledge and experience of external experts on sustainability who provide independent advice on our approaches and systems. A significant external advisor in our adoption of sustainability is the Institute for Sustainability Africa (INSAF).

Materiality Assessment

The materiality process helps us to identify the most significant environmental, social, economic and governance risks and opportunities for our business, thereby guiding us in determining what our report should focus on. The process for conducting the materiality process is guided by the reporting principles and disclosures requirements provided by the GRI Standards. We conduct our materiality analysis yearly.

Materiality process

Our materiality process is conducted in four stages that is identification, prioritisation, validation and review. The identification phase is a Group-wide activity where key material topics for the reporting period are acknowledged. This involves reviewing the previous year materiality matrix to assess the relevance of the reporting topics in the current year, stakeholder engagement, and an assessment of material topics from other companies in our industry. To prioritise the identified topics senior management from all subsidiaries, rank the material topics based on their significance to the business and stakeholders' interests. Group executives validate and approve the final topics by assessing the consistency of the topics with business activities. These topics are plotted as a matrix showing the importance of the identified topics to the business and stakeholders.



CORPORATE OVERVIEW
STRATEGIC REVIEW
GOVERNANCE
SUSTAINABILITY
FINANCIAL REPORTS
ANNEXTURES

Sustainability Philosophy (Cont'd)

Material Topics

During the year, the following issues were identified under the following themes:

Environmental	Social	Economic
• Hazardous substance and waste management.	• Gender diversity and Inclusion.	• Product variety and availability.
• Energy.	• Anticorruption.	• Product quality
• Water and wastewater.	• Human rights.	• Business performance.
• Emissions and air quality.	• Community engagement.	• Exports.
• Battery recycling.	• Staff remuneration.	• Business operating environment.
	• Occupational Health and Safety.	• Covid19 management.
	• Compliance with regulations.	• Supply chain management.
		• Raw material imports.
		• Foreign currency.
		• Production efficiency.

Materiality Matrix

The final topics were grouped into three categories (Very high, high and moderate) indicating the level of interest and significance of the risks and opportunities for each topic during the reporting period.

The issues that were significantly important to both the business and stakeholders are business performance, anti-corruption, water and waste-water, employee remuneration and human rights.

Sustainability Philosophy (Cont'd)

ENGAGING WITH STAKEHOLDERS

To achieve our goal of operating sustainably we regularly engage and work in partnership with a wide variety of stakeholders, allowing us to understand their needs and interests. We also seek to be transparent about the way we run our business and how our operations affect our stakeholders. This helps us to advance our operational approaches to better meet the expectations of our stakeholders and to focus our reporting on the issues that matter to them. The Board is the main custodian for managing company reputation and stakeholder relationships.

ART Holdings considers key stakeholders as those individuals or groups affected adversely or positively by our business operations, those who influence what we do and those who have a vested interest in our business. The mapping exercise validates the relevance and significance of each stakeholder group leading to a list of key stakeholders.
We define key stakeholders for the Group as follows:

Internal

- Employees (Employees of the Company).
- Shareholders and Investors (Providers of capital-debt or equity investors).

External

- Government and Regulators (Governments, ministries and their regulators)
- Suppliers (Our suppliers, consultants, auditors and other service providers)
- Consumers and Customers (Retailers that sell our products to consumers and users of our products)
- Communities (The people who work or live near our operations)
- Industry and trade associations. (Organisations that operate in similar industries with ART Holdings).

We have consultation and communication systems aimed at maximising opportunities for feedback from stakeholders by assessing their varying characteristics. We seek to ensure that our communication systems are not one way but accommodate a two-way feedback system, where stakeholders can openly air out their concerns to us. The table below provides details of our stakeholder engagement during the year.

Sustainability Philosophy (Cont'd)

ENGAGING WITH OUR STAKEHOLDERS (cont'd)

Stakeholder	Engagement Method	Issues Raised	Our Response
Employees	Work council monthly meetings. Direct communication. Meetings, strategy sessions, emails and telephones. Staff address. Business and Team briefings	• Covid-19 exposure and impacts (transportation availability, absenteeism). • Erosion of salaries. • Performance, process inefficiencies production demand and achievement of sales targets. • Fire risk and protection. • Skills flight • Working hours	Provision of protective equipment, enforced social distancing, door to door transportation, provision of vaccination facilities and training. Wage negotiations, salary adjustments, basic cushioning allowances, and monthly grocery hampers. Enhanced machinery efficiency, performance-based bonuses, training and information sharing. Fire drills training. Multiskilling programmes. Staff engagement and incentives.
Government and Regulators	Personal meetings. Lunch meetings. Emission and pollution reports. Ministry and Government pronouncements. Letters to the specific government Ministries.	• Compliance with tax requirements – (tax remittance, tax clearance, timely renewal etc.) • Advice on counterfeit and imitation products. • Covid-19 Prevention and lockdown measures. • Fugitive emissions. • New legislation. • Competition and unfair trading practices.	Payment plans, proactive engagement and compliance with regulatory requirements. Reporting counterfeit products. Vaccination and enforcing WHO Guidelines. Pollution elimination. Training. Engagement of the Ministry of Industry and Commerce.
Suppliers	Meetings	• Timely payments. • Local design and manufacturing of packaging for pens and rulers. • Product quality and pricing. • Credit terms.	Proactive engagement of suppliers to inform them on potential delays, and payment plans. Sourcing from local suppliers. Site visits by suppliers to understand challenges and expectations. Engagements and supplier alternation. Establishment of long-term relationships with suppliers.

Sustainability Philosophy (Cont'd)

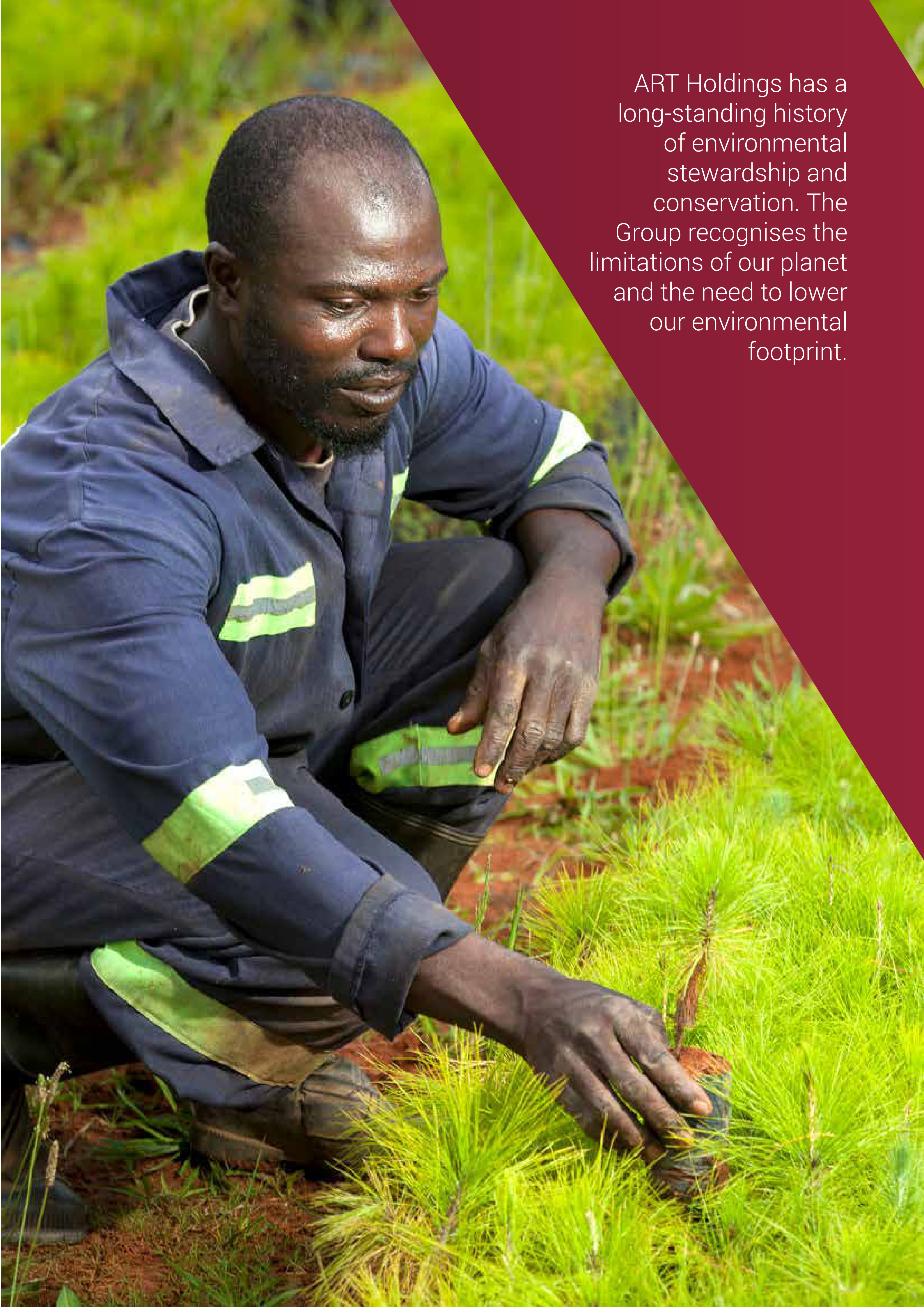
ENGAGING WITH OUR STAKEHOLDERS (cont'd)

Stakeholder	Engagement Method	Issues Raised	Our Response
Shareholders and Investors	Financial reports Annual General meeting ZSE trading updates Executive management pre-sentations. Email and telephone calls.	• Dividend payment. • Achievement of profitability targets. • Value preservation. • Working capital availability.	Recapitalisation in order to increase returns from investments. Enhanced cost controls and increased sales volumes. Proactive pricing and cost containment. Debt financing and using own returns.
Consumers and Customers	Lunch, Roadshows, Radio, Emails, Phone calls and Promotions	• Product price and quality. • Brand equity • Customer feedback. • Demand for solar and bat-tery products. • Payment delays • Extension of product warranty. • Counterfeit products (e.g., Exide batteries)	Recapitalisnation to improve efficiency and quality. Replacement of faulty products. Investigations to assess sources of quality challenges. Channel promotions for customers. Establishment of a mini-call centers. Meeting demand and provi-sion of installation services. Factory engagement. Payment plans. Factory engagement on the feasibility of extending the product warranty. Continuous customer education.
Communities	Awareness campaigns and CSR activities.	• Inadequate community development and request for donations. • Fire protection. • Theft of planted seedlings. • Road accessibility • Poor waste segregation.	Corporate Social Investments. Fire awareness training. Security patrols. Yearly grading of roads. Provision of waste bins.

Sustainability Philosophy (Cont'd)

ENGAGING WITH OUR STAKEHOLDERS (cont'd)

Stakeholder	Engagement Method	Issues Raised	Our Response
Industry and trade associations.	Press statements, Training workshops, Direct engagements, and Timber producers federation Litigation.	• Appropriate exchange rate to use. • Assistance to fight counter-feit products. • Fire protection. • Illegal settlers and miners. • Policy lobbying • Working conditions. • Standardisation and quality of products. • Delays in service provision. • Warranty related claims.	Proactive engagement. Engagement with authorities. Maintenance of functional firefighting equipment. Engagement of the Zimbabwe Republic Police, the Courts and the Government. Policy recommendations. Industry collective bargaining agreements. Product endorsement. Engagement through elec-tronic platforms. Customer engagement.



ART Holdings has a long-standing history of environmental stewardship and conservation. The Group recognises the limitations of our planet and the need to lower our environmental footprint.

Sustainability Impacts

OUR ENVIRONMENT

ART Holdings has a long-standing history of environmental stewardship and conservation. The Group recognises the limitations of our planet and the need to lower our environmental footprint. We take action to be responsible business stewards not only because of the pressure from stakeholders but because it is the right thing to do.

The diverse nature of our operations infers that we generate a wide variety of impacts. In this regard, the Group has appointed a Safety, Health, Environmental and Quality Specialist at each division responsible for managing environmental issues. The General Managers of each division have the overall responsibility for the environmental management performance and report directly to the Chief Executive Officer. The Audit Committee oversees the performance and governance processes on safety, quality and environmental management issues. The environmental topics critical to our Group fall into two thematic areas which emphasise the ideals we foster to achieve. The Group fosters:

Responsible Production

- Energy consumption
- Emissions
- Water usage
- Materials

A world without waste

- Waste management

Sustainability Impacts (Cont'd)

RESPONSIBLE PRODUCTION

ART Holdings understands that it operates in a constrained planet with limited distribution of water, energy and raw materials for production. Sustainable consumption and production are an underlying code guiding our manufacturing processes. Our commitment to continue operating into the future pushes us to do more by and better with less.

Water

Water is critical in the manufacturing and use of our products. We interact with water in several ways as a raw material for the manufacture of products, Kraft bale moisturising, as a coolant in our manufacturing process, providing sanitation and drinking in our facilities. Our major sources of water are dams, boreholes and the municipal water.

We appreciate that water is essential for life hence the need to use it efficiently. However, water scarcity remains a challenge in our operating environment hence the need to be responsible in how we consume and dispose water in our operations.

Management Approach

We have initiatives for managing water in our operations. We always encourage our employees to ensure they don't leave taps running and to report all leaks. Kadoma Paper Mills is one of the largest consumers of water in the Group due to the paper manufacturing process. We have installed a water treatment plant for recovery of waste water. The effluent generated from the production process is highly contaminated with sediments and organic compounds which are toxic if disposed directly into the environment. The waste treatment provides for the clarification and removal of biological oxygen demand, allowing for reuse of the water in the plant or disposal into the environment. During the year Eversharp introduced a liquid level switch and float valve in the cooling tower tank which eliminated water overflows, usually experienced during night shifts and weekends.

Water Source	Units	2021	2020
Surface water (Dams)	Cubic meters	12,577	9,736
Borehole	Cubic meters	273,879	195,646
Municipal water	Cubic meters	158,175	199,444
Total Water Consumption		444,631	404,826

We used more borehole water during the reporting period to counter the low municipal water pressure experienced this year as a result of pipe bursts.

Sustainability Impacts (Cont'd)

RESPONSIBLE PRODUCTION (cont'd)

Energy Consumption

Our operations are heavily dependent on grid energy for running our manufacturing plants and facilities. We have installed backup batteries and diesel generators to cater for our energy needs in the event of a power outages. The high energy demands for our operations is directly linked to high operational costs and emissions which contribute to climate change. Kadoma Paper Mills is the highest consumer of electricity in the Group given the nature of machinery they run.

During the reporting period a number of initiatives were put in place to manage our energy consumption and these include:

- Tracking the energy use per tonne of product produced.
- Optimising boiler efficiency through repairs.
- Installation of energy efficient machinery such as motors and generators.
- Replacement of factory lighting with low energy consuming LED lights.
- Encouraging employees to switch off lights and machinery when not in use.

Energy Consumption within the organisation for the manufacture of primary products and services

Energy Indicator	Unit	2021	2020	2019
Electricity	KwH	5,262,545	4,442,696	8,807,658
Coal	Kgs	2,402,735	1,793,721	2,157,267
Fuel for generators Diesel	Litres	320,012	283,174	216,275
Fuel for generators Petrol	Litres	10,198	6,856	6,257

The changes in our energy consumption patterns was consistent with increase in production demand as compared to the previous year. During the year, electricity increased by 18%, coal by 295%, diesel by 13% and petrol by 49%.

Fuel Consumption outside the manufacturing process.

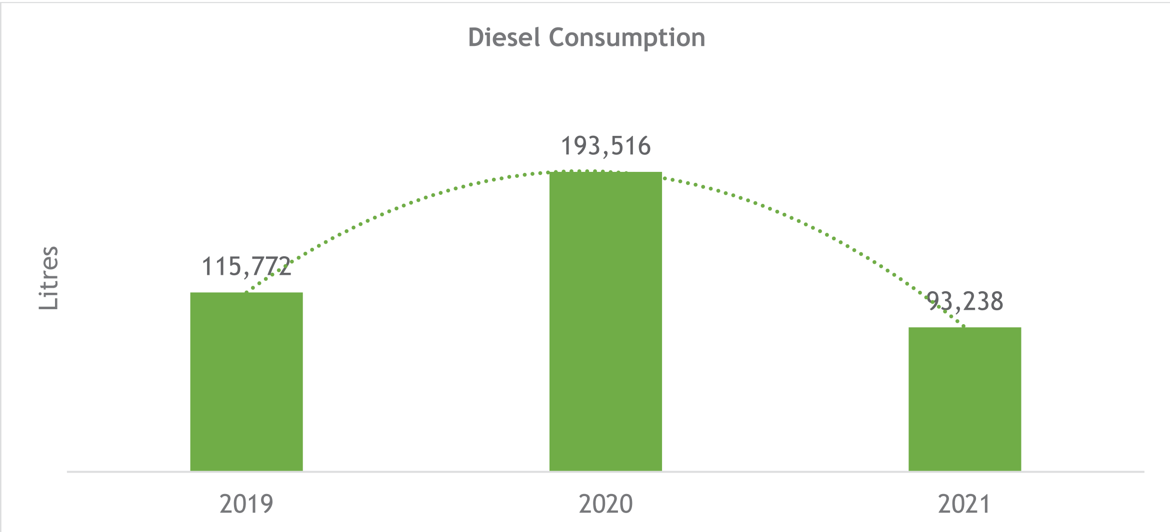
The business spends a significant amount of energy in administration, staff transportation, product deliveries, waste collections and paper processing divisions, Kadoma Paper Mill and the National Waste Collections. During the year, consumption was as follows:

Energy type	Unit	2021	2020	2019
Diesel	Litres	93,238	193,516	115,772
Petrol	Litres	103,102	-	-

Sustainability Impacts (Cont'd)

RESPONSIBLE PRODUCTION (cont'd)

During the year, diesel consumption decreased by 52% due to COVID-19 induced national lockdowns which restricted intercity movements. As such, distribution trucks movement had to also be reduced. However, the Group provided petrol usage due to availability of data in the period.



Sustainability Impacts (Cont'd)

RESPONSIBLE PRODUCTION (cont'd)

Emissions

Climate change is increasingly becoming a threat to our operations, as regulations continue to strengthen legislation on emissions and carbon taxes, hence the need to manage our emissions. Climate Change has led to the increased frequency of extreme weather which is likely to disrupt supplies of raw materials, destroy operational facilities, manufacturing plants and plantations. We recognise the significance of climate change to our business and we are committed to managing fossil energy consumption to reduce our contribution to climate change. Our plantations play a significant role as a carbon sink.

We are currently managing our contributions to climate change by promoting efficiency in energy use and monitoring emissions from coal fired boilers. Climate change is a topic that the Group is assessing and taking the time to understand so as to formulate the necessary strategies.

Carbon Footprint

The Group calculates its carbon footprint by converting its energy consumption into carbon dioxide (CO2e) equivalency using internationally accepted conversion factors due to the unavailability of nationally adopted standard conversion factors for Zimbabwe.

Scope 1: Direct Emissions

These are direct emissions from operations that are owned or controlled by ART Holdings. Primarily, these are emissions from fuel consumed by generators and vehicles at our operating assets. Scope 1 refers to direct Greenhouse Gas (GHG) emissions from our operating assets. We applied emission factors obtained from the United Kingdom (UK) Government GHG Conversion Factors to convert liquid bio-fuel usage as presented below:

	Unit	2021
Diesel	kg CO2e (Litres)	1,052,147
Petrol	kg CO2e (Litres)	245,637
Coal	kg CO2e (Ton)	6,927,710
Total		**8,225,493**

Scope 2: Indirect Emissions

These are emissions resulting from consumption of energy generated and supplied by a third party in which ART Holdings has no direct control. Our Scope 2 emissions were calculated using emission factors obtained from the Southern African Power Pool 2015 using Operating Margin factors and the Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC) as presented below:

	Unit	2021	2020
Electricity	kg CO2e (KwH)	5,400,424	4,559,095

Sustainability Impacts (Cont'd)

RESPONSIBLE PRODUCTION (cont'd)

Materials

We manufacture and assemble our products at facilities located in Zimbabwe. We use a variety of materials to make our primary products. Forests provides key raw material for the manufacturing of our paper products. The business prioritises efficient raw material management to minimise waste and production costs. Our standard is to target at least 98% production quality yield by minimising spoilages. The Group adheres to its ISO 9001: Quality Management Standards during production.

Major raw materials for manufacture of primary products includes lead, fibres, chemicals, wood, and battery scrap. These materials are purchased locally and internationally. During the year, our raw material consumption was as follows:

Material	Unit	2021	2020	2019
Fibres (Paper, kraft and plastic)	Tons	408,800	321,890	493,943
Production chemicals(sulphuric acid, soda ash dense)	Tons	1,461	1,315	2,724
Battery Scrap	Tons	6,521	6,066	1,300
Lead	Tons	4,417	3,732	5,010
Wood	m^3	26,245	24,650	15,691

Kraft utilization for khaki cover and book production was produced according to sales requirements. Book production was halted in the month of February and was never produced for the rest of the year. Newsprint production was halted in the month of February 2021 hence there was no utilisation for the rest of the year. There was an overall increase in lead by 18%, battery scrap by 8% and wood by 6% due to elevated demand for the associated products.

Recycling

The Group reclaims waste paper for the manufacture of packaging materials. National Waste Company (NWC) is the consumer of such waste paper. It collects and process waste paper from various organisations across the country. This diverts waste paper which could end up in landfill, contributing to the reduction in waste directed towards disposal. Tissue & kraft waste is collected for baling by NWC and subsequently recycled at the Kadoma Paper Mill by manufacturing 100% recycled tissue reels and kraft products.

Sustainability Impacts (Cont'd)

SUSTAINABLE FORESTRY

ART Holdings through its Mutare Board and Paper Mills (MBPM) is in the business of timber production. We plant trees and grow forests. The value of our forests extends beyond the timber products we produce. We use a complete forest management approach that looks at all the benefits of the forest. On top of producing high quality timber, our policies promote environmental stewardship and sustainable timber growth.

2700 HA of Forestry land Managed Timber Harvested	Trees Planted	Total Unplanted Area
2021: 26,245	2021: 165,539	2021: 7%
2020: 24,650	2020: 145,541	2020: 7%

We sustainably manage Pine tree forests (species include Patula, Kesiya, Taeda, and Elliot) which account for 90% of our hectarage. The remainder is under gum and wattle trees while 7% is unplanted area. We manage three estates in the Eastern regions of Zimbabwe in Penhalonga area. Our forestry value chain includes the silviculture (starting at the nursery, planting the seedling into the field, spot weeding, slash weeding, pruning and fire protection) and harvesting operations (thinning, clear felling and sawmill operation). These operations are managed by trained Foresters.

Sustainability Impacts (Cont'd)

SUSTAINABLE FORESTRY (cont'd)

Sustained Timber Production

As part of our sustainable forest management practices, we have put in place several systems to control quality and long-term forestry survival. These are categorised as follows:

- Management of the yearly volume harvested-by use of the Felling cycle.
- Yearly replanting targets-To reach the TUP accepted level of 5%. Currently, we are sitting on 7% (2021), this will be closed during the 2021/22 planting season.
- Controlled harvesting- during the reporting period we harvested 24,429 (2021) as compared to 19,080(2020).
- Compliance with environmental guidelines- on tree planting.
- Preservation of wetlands.
- Protection of the forestry-fire guards, compliance with burning period June to July.

Future Plans

- Look out for opportunities to expand the hectarage under our control.
- Aim to be a services provider for the Forestry industry.
- Enhanced fire protection to ensure there is no forced harvesting.

Forestry and Biodiversity Management

The group appreciates the significance of other species and environmental aspects that exist within our forests. Our trained foresters follow legal requirements and the best practices on forest management. Our management processes are guided by the estate management and timber production manuals and input from the Forestry Resources Management Industry. Key management efforts made during the reporting period include:

- Employment of competent staff members with expertise in forestry management.
- Engagement of communities to prevent and deter veld fires.
- Engagement of third parties such as the Timber Producer's Federation (TPF).
- Routine audits carried out to ensure compliance with the Environmental Management Agency requirements (EMA).
- Removal of evasive weeds through debarking, slashing and use of approved herbicides.
- Co-habitation with animals so that these do not threaten our forestry resource.

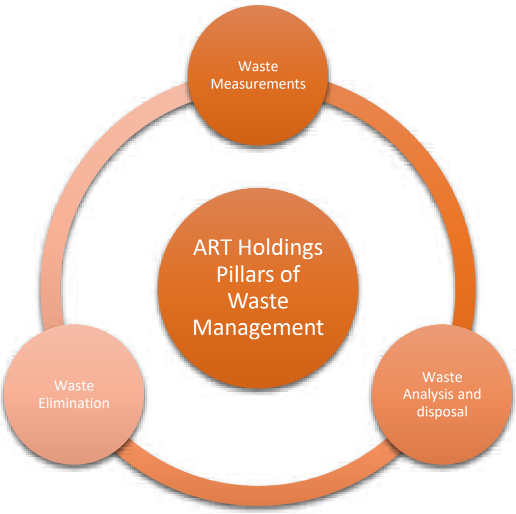
Sustainability Impacts (Cont'd)

A WORLD WITHOUT WASTE

Waste is a significant challenge affecting all businesses. ART Holdings acknowledges the challenge of waste from its operations and businesses hence has systems for managing waste and a separate division to support waste management in the country and the region. The business is committed to the recycling of battery scrap through the battery division and waste paper recovery through the paper division.

Internal Waste Management Systems

ART Holdings recognises the linkages between waste generation, land and water pollution. Waste generation and disposal also have cost implications related to the amount we generate and the compliance risks. This recognition among other factors has led us to establish waste management systems internally. The waste management processes are guided by the Waste Management Hierarchy which ranks waste management options according to what is best for the environment. It gives top priority to preventing waste in the first place.



Key pillars of our waste management system:

1. **Measuring Waste –** A key area of managing waste is the ability to account for how much waste we generate.
2. **Waste Elimination –** The business takes an effort to identify the sources of waste by continuously auditing production processes to see where we reduce our waste generation. For example, retaining of paper and plastic cut offs into the production line hence reducing the use of virgin raw materials.
3. **Waste Analysis and determination of feasible disposal methods –** We evaluate waste by its different types to assess if there are opportunities to use the material and to identify the best disposal method.

ART Holdings created an internal waste management ecosystem through a separate division, National Waste Collections (NWC) which processes waste paper as a raw material. The production paper needs suitable raw material in the form of waste paper collected from companies and the public. The business assesses waste paper suitability for production purposes. NWC assists with recycling paper waste (E.g. paper and plastic) which KPM then uses for production. The battery division outsources scrap battery collection with agents who secure scrap batteries to be recycled in the production process that is the extraction of lead. Any usable waste from production processes is recycled back into the production process for instance damaged paper, batteries etc.

Sustainability Impacts (Cont'd)

A WORLD WITHOUT WASTE (cont'd)

Waste Management

Our key waste types include non-hazardous -packaging waste, sawdust, hazardous dyes and lead from batteries. We make use of the waste management hierarchy in our waste management process to ensure we harness or capture value in the waste before considering disposing of the material. If the disposal is the only option available, we ensure that we abide by statutory regulations for waste disposal.

2021 Initiatives

- Awareness campaigns on waste management through National Waste Collections to encourage businesses to manage waste through recycling.
- Participation in the National Clean up campaigns.
- Investing in new and efficient machinery for Chloride Zimbabwe and Kadoma Paper Mills.

Waste Type	Unit	2021	2020	2019
Sawdust heaped on site and offcuts burnt	Tons	16,797	15,319	9,415
Solid waste slag	Tons	1,742	1,175	-

The business was on a drive to invest in new technologies that reduce waste in manufacturing process. Additional performance reviews are being introduced to detect and provide quicker action to address anomalies. Key benefits achieved during the year include

- Improved selection and use of recycled material to be used in production processes.
- Reduction of the costs in acquiring virgin material.
- Improved tracking of emissions from production processes.
- Improvement in skills around waste management and recycling.
- Elimination of funding restrictions preventing continued investment into more efficient production lines for other divisions.

Sustainability Impacts (Cont'd)

A WORLD WITHOUT WASTE (cont'd)

Hazardous waste

Our hazardous waste is generated mostly from the Battery Division and Eversharp. The materials are derived from production chemicals, dyes, inks and lead.

Non- Hazardous waste

The majority of waste generated by the Group is in the form of non-hazardous paper, and plastics sawdust and offcuts. The greater portion of sawdust and offcuts is stored onsite and later burned, the remaining recyclable components are sent to National Waste Collections.

Determination of the waste disposal method

The disposal mechanisms are determined by management using the following criteria

- Recovery options available.
- Cost of disposal method.
- Legal procedures for disposing of the waste.
- Prevention of reuse of rejected products.

The mechanism continues to be effective in Group waste management processes. The Group is exploring new technologies to reduce waste in manufacturing processes.
Providing waste recovery options for businesses

ART Holdings through its National Waste Collections Company has been providing waste paper recovery solutions for over 20 years now. The division provides a vital link in the sustainability of waste paper manufacturing industries in Zimbabwe.

Our business collects waste paper in the form of newsprint, kraft (KHAKHI Boxes), old stationery, archive records, computer paper and chipboard. Waste paper is sourced and collected from municipal dumpsites, vendors, printing companies, manufacturing companies, government departments, service industry like banks and residential areas.

Waste Collection Activities

Indicators	Units	2021	2020
Waste Collected	Tons	4,729	7,656
Kraft	%	61%	56%
Mixed paper	%	5.45%	30%
Newsprint	%	2.09%	2%
PET and Plastic	%	0.30%	0.2%
Tissue	%	1.33%	3%
Chip Board	%	29.82%	9%

Sustainability Impacts (Cont'd)

EMPLOYEES

ART Holdings does not exist for itself, we are a result of people and communities that have believed in us and our products. We greatly value this trust endowed to us and we are interested in giving back to society and the economy. In this section, we illustrate how we support development by creating a just and fair work environment, how we help create thriving societies among other areas.

Our People

The strength of ART Holdings lies in our commitment to putting our employees first. We value the people that make ART Holdings what it is today, the employees who interface directly with our stakeholders daily and work tirelessly each day, produce and deliver our products to our customers. Attracting and retaining employees of the highest calibre enables us to achieve our objectives. Creating an environment where our people thrive, grow and inclusively explore their talents is a key pillar in our human resources management. We acknowledge that we operate in a constrained environment characterised by unemployment, low disposable incomes, limited opportunities for the youth and women. Our business can shield these challenges by providing opportunities for youth and women while providing competitive remuneration packages.

We thrive to uphold our core values and norms at ART Holdings. In this regard, we provide induction training and refresher courses on an ad-hoc basis to inculcate our business culture and value to individuals employed by us. Our leadership and management provide a conducive working environment and sustainable relations with our stakeholders.

Management Approach

Talent and Skills Management

ART Holdings appreciates the changes in the human capital sphere, employee's needs are constantly evolving. It is also key for our organisation to evolve to meet the needs of our people in terms of the work environment they thrive in and the skills they require to enable our organisation to continuously be relevant into the future. We are also guided by the various stakeholder concerns around employees who expect good employee treatment, conducive work environment, and gender equality. Our management of these issues also helps society through income distribution and alleviation of inequalities. The recruitment and selection systems are designed to identify employees with the right skills and create opportunities for all people despite their gender. The business is targeting to achieve 30% female growth in the workplace.

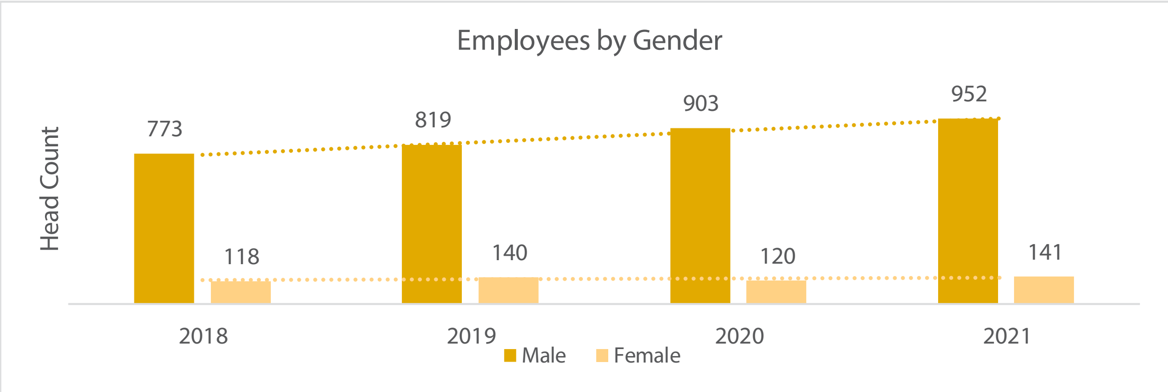
During the year, our employees base was as follows:

Employees	Unit	2021	2020	2019
Male	Count	920	819	773
Female	Count	128	140	118
Total employees		1,048	959	891

Sustainability Impacts (Cont'd)

EMPLOYEES (cont'd)

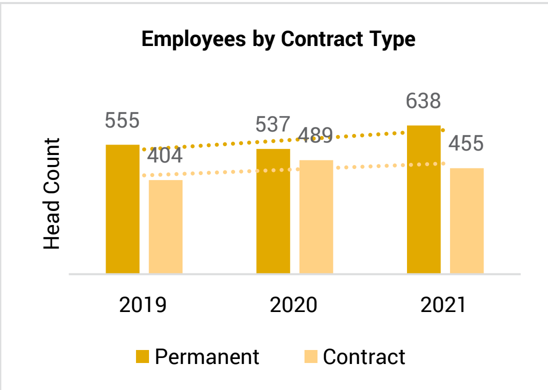
Management Approach (cont'd)



The changes in employee numbers are mainly as a result of increased production demands

Contract Type

Indicator	Unit	2021	2020	2019
Permanent	Count	638	537	555
Contract	Count	455	489	404
Total Permanent and Contract employees		1,093	1,023	959



Our Human Resources personnel work hard to develop strategies that elevate our people. We provide on the job development training, mentoring and coaching and employee study. support. Through our Internship Programme, we offer students from universities, polytechnics and other colleges to get work experience through our organisation. Often-times these students end up getting full-time jobs after completing their studies. Through our mentoring and coaching facilities, we prepare junior staff for management and leadership. Employees who seek to advance their studies while working for ART Holdings are provided with support to upgrade their skills.

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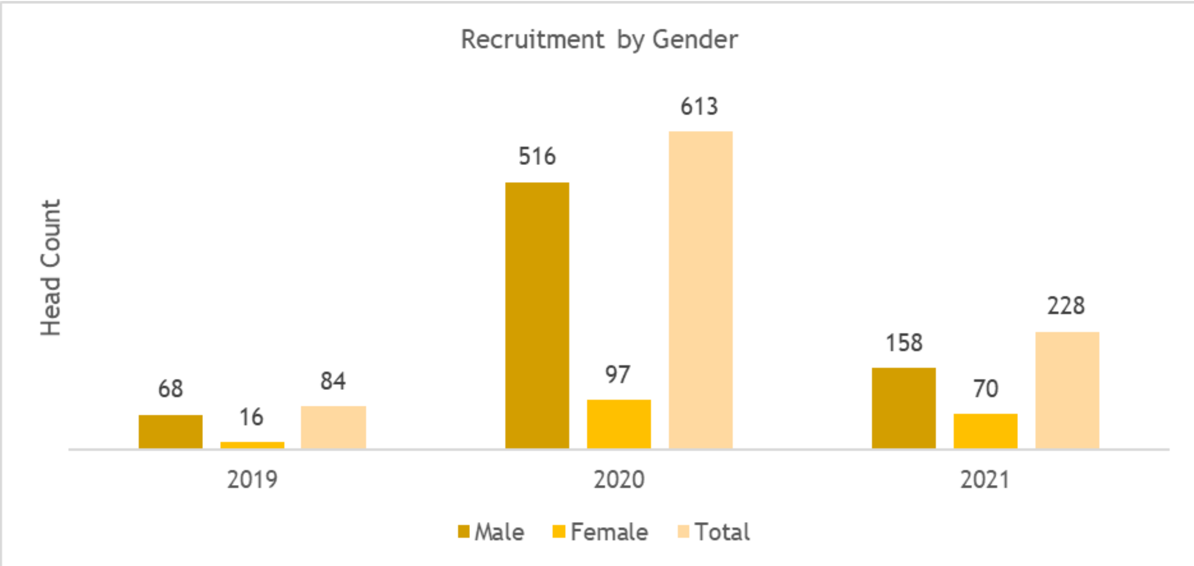
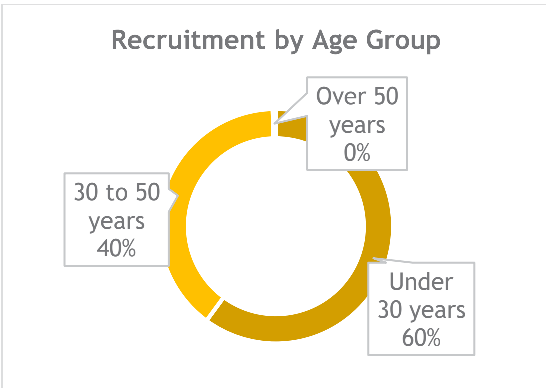
EMPLOYEES (cont'd)

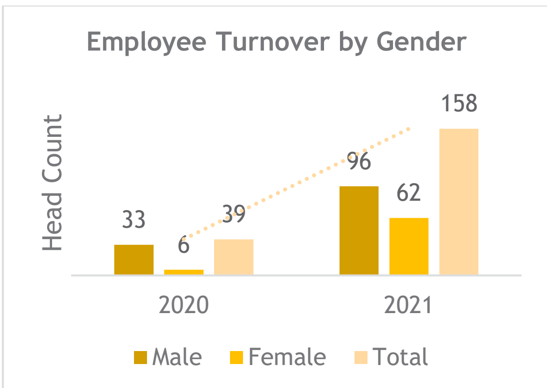
New employees



Employees	Unit	2021	2020	2019
Male	Count	158	516	68
Female	Count	70	97	16
Total new employees		228	613	84



Employees Turnover	Unit	2021	2020
Male	Count	96	33
Female	Count	62	6
Total		158	39



Sustainability Impacts (Cont'd)

EMPLOYEES (cont'd)

Diverse and Inclusive Workforce

ART Corporation is an equal opportunity employer. It believes that equitable treatment of employees is the fairest and best way to establish an environment which fosters the highest possible performance. The Company has a salient culture that promotes diversity and equal opportunity. ART Corporation recognises that it operates in a global environment with varied social beliefs and values, as such our company has adopted a policy and commitment of developing diverse skills and experiences of all. Diverse cultural perspectives can inspire creativity and drive innovation, more so cultural sensitivity, insight, and local knowledge means higher quality, targeted marketing. The market knowledge and insight make a business more competitive and profitable. A diverse skills base allows an organisation to offer a broader and more adaptable range of products and services.

The company believes that succeeding in the world today, it must give regard to respect and inclusion of employees, customers, investors and shareholders from different creeds, sexuality, gender, race, or religion. Our actions and behaviour demonstrate and confirms our commitment to respect for each other's contributions. The Company follows in its employment policy equitable treatment, without regard to sex, age, religion, colour national and regional origin, but is not limited to, employment, training, promotion, compensation, layoff, and termination. Although we do not have specific laid down policies to address the topic, our recruitment policies are guided by the statutes and dictates of the Zimbabwean and Zambian labour laws. We comply with all legal requirements such as the Constitution of Zimbabwe amendment 20 of 2013 and the Labour Act Chapter 28.01 section 5.2. All appointments and promotions are made based on performance and ability.

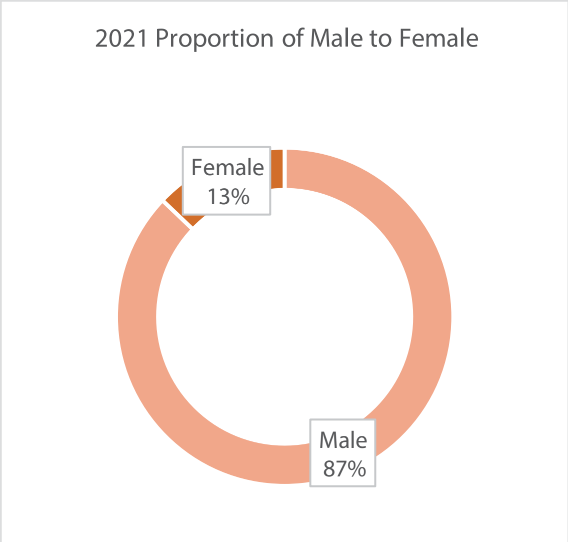
Goals and Commitments

- To train and elevate more women into positions of leadership.
- Increase number of women in technical positions. For example, engineering, production, finance etc.
- Improve facilities for the disabled people throughout the organisation.

Sustainability Impacts (Cont'd)

EMPLOYEES (cont'd)

Employees under collective bargaining processes



During the year we conducted gender sensitivity training which has resulted in increased awareness to gender issues among employees. We believe this has resulted in improvement in productivity, problem solving and the prevention of serious or legal issues arising such as bullying, harassment and discrimination.

More emphasis has been put on promoting a work culture which values talent beyond stereotypes and helps employees reach their potential by contributing their best beyond any prejudice.

Sustainability Impacts (Cont'd)

EMPLOYEES (cont'd)

Remuneration and Benefits

The Group's employment policy emphasises providing an opportunity for all and seeks to identify, develop and reward each employee fairly regardless of gender or race. The business also offers incentives to employees demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their roles. This initiative is supported by participative programmes designed to achieve appropriate communication and sharing of information between employer and employee. The policies include appropriate training, recruitment targets and development programmes.

The rise in the cost of living in our countries of operations has resulted in the business frequently adjusting salaries for employees in line with inflationary effects. We have also offered transportation facilities and groceries hampers to enable employees to remain motivated.

Freedom of association and Collective bargaining

ART Holdings is committed to the promotion of human rights and good labour practises. As part of this commitment, we allow freedom of association and collective bargaining agreements in our operations. These enable the realisation of decent working condition in our Company. Employees are free to join associations of their choice. Our key collective bargaining agreements are the National Employment Council for Chemicals and Manufacturing Industries, Agriculture industry, Unionised Workers, Battery manufacturing industry, paper and Pulp industry, Printing, Packaging and Newspaper industry.

Indicator	2021	2020	2019
Employees covered by Collective Bargaining agreements	65%	49%	66%

Sustainability Impacts (Cont'd)

EMPLOYEES (cont'd)

Training and Development

Training and development are a core area for optimizing human resources for ART Holdings. It allows the business to ensure its long and short-term goals are met. Our training processes develop employees as they are essential for our business. As the way we run business continues to evolve, so do the skills required in the transition.

The business provides resources and facilities to ensure employees are continuously developed. This covers payment of subscription fees to professional bodies, offer study loans and leave days. The business also routinely identifies areas for training for employees. ART Holdings also offer graduate trainee opportunities for recent graduates as a bridge towards a rewarding career.

Average hours of training

Indicator	Unit	2021	2020
Male	Hours	3.1	2.7
Female	Hours	7.7	3.3

Occupational Health and Safety (OHS)

Our operations can impact the health and safety of our employees. We want our employees to be able to live and work free of the threats of injuries and accidents. Our responsibility for health and safety is not only limited to our employees but also to our customers and stakeholders. We acknowledge our obligation and are committed to managing all forms of hazards that can affect our stakeholders. The business is committed to the establishment of an accident and fatality-free workplace.

The management approach for occupational health and safety at ART Holdings has many components, the main area being Hazard identification and risk identification, risk profiling and a permit system.

- **Hazard identification and Risk Identification –** is used to identify the hazards and risks emanating from our operational activities.
- **The risk profiling process –** is used to rank the key hazards that can culminate in accidents, injuries and fatalities.
- **The permit system –** is used to guide and control employees from exposure to the key hazards identified while assessing if they have the requisite information and protective equipment to work in high-risk areas.

Sustainability Impacts (Cont'd)

OCCUPATIONAL HEALTH AND SAFETY

During the year, we managed OHS issues as follows:

High Risk Hazard	Divisions affected	Determination mechanism	Actions taken to eliminate the hazard
Fire	• National Waste Company (NWC). • Kadoma Paper Mills (KPM) •.Mutare Board and Paper Mills (MBPM).	Nature of stock and assets i.e., Paper, Plantations and Timber. Temperature control.	• Fire warning systems. • Fire guards. • Safety talks. • Smoking and open fire restrictions.
Wet surfaces and uncovered drains and pits.	• NWC.	Safety inspections.	• Warning signage. • Reconstruction of drains.
Machine moving parts	• Softex.	Observation. Manufacturer instructions.	• Emergency stop buttons. • Sign-age. • Machine guarding and auto lock systems.
Noise	• Softex. • Eversharp.	Audiometric Assessments.	• Protective Equipment.
Lead exposure, acid fumes, chemicals and Physical hazards	• Battery divisions.	Hazard Identification and Risk Assessment. Test Analysis (Chloride Zambia). Material Safety Data Sheets (MSDS) Biannual lead in blood tests. Air quality surveys.	• Refurbishment of the bag house. • Personal protective equipment. • Training. • Upgrading equipment.
Prolonged standing hours, Lifting heavy loads	• Chloride Zimbabwe • Kadoma Paper Mills	Ergonomic surveys. Recorded incidences of backaches.	• Rotational shifts to prevent to cut long standing hours. • Provision of ergonomic chairs. • Resuscitation of conveyor belts. • Replacement of a heavy realer bar with a light weight one.
Road accident	• Softex	Risk assessments.	• Defensive driving courses for all drivers. • Timeous servicing of vehicles.

OHS Incidences

Indicator	Unit	2021	2020	2019
Fatalities	Count	0	0	0
Lost time injuries	Count	48	217	576
Recordable work-related injuries	Count	19	13	30

Sustainability Impacts (Cont'd)

COVID 19 RESPONSE

Managing Fire Risk

The majority of our business operations are prone to risk of fire due to the nature of the products we manufacture particularly from explosion of batteries, susceptibility of paper and forestry resources to catch fire. The business assesses and manages its impacts through the hazard identification, risk assessment, hazard maps and interviews with employees. During the reporting period capital expenditure was provided to upgrade all fire equipment in the Group and all employees were tasked with having discipline to adhere to the best work practices that reduce fires.

During the reporting period the following activities were implemented to manage fire risks.

- Mock drill for emergency preparedness.
- Appointment of the SHEQ committees in order to develop and implement OSH standard in preparation for ISO 45001 standard.
- Preparation of fire guards for our forest business.

COVID 19 RESPONSE

The COVID-19 Action Plan aligned towards the WHO guidelines and the local regulations remains the key pillar driving our COVID-19 response. This plan continues to set out the activities and resources set aside to ensure the business mitigate the COVID-19 risks.

COVID19 Task force

As an initial step, the Group established a COVID-19 taskforce composed of the Human Resources management, Clinic sisters, Company and Head Officers representatives. These where tasked with the responsibility for managing and implementing the ART COVID Action Plan through the Employee Workplace testing procedure and the SARS-CoV-2 Employee Workplace Monitoring Programme.

Protecting employee health and safety

The health and safety department has been responsible for implementing strict safety practises across each division, this covers elevated sanitation and social distancing. This was achieved through

1. **Employee awareness and engagement -**Presentations, Bulletins, Updates, Pamphlets –Task.
2. **Preparation and equipping Clinics -** Acquisition of protective equipment and test kits.
3. **Identifying high risk employees –** Isolation of chronic patients and adequate protection for front-line workers
4. **Rapid response plan –** case management, and enhanced access of contact details for the ambulance, hospitals and doctors.
5. **Staff management Programme –** Implementation of the employee COVID-19 Monitoring programme, work at home plan, shift work, counselling and support.
6. **Disinfection programme/plan -** daily cleaning plan, weekly disinfections at workplace.

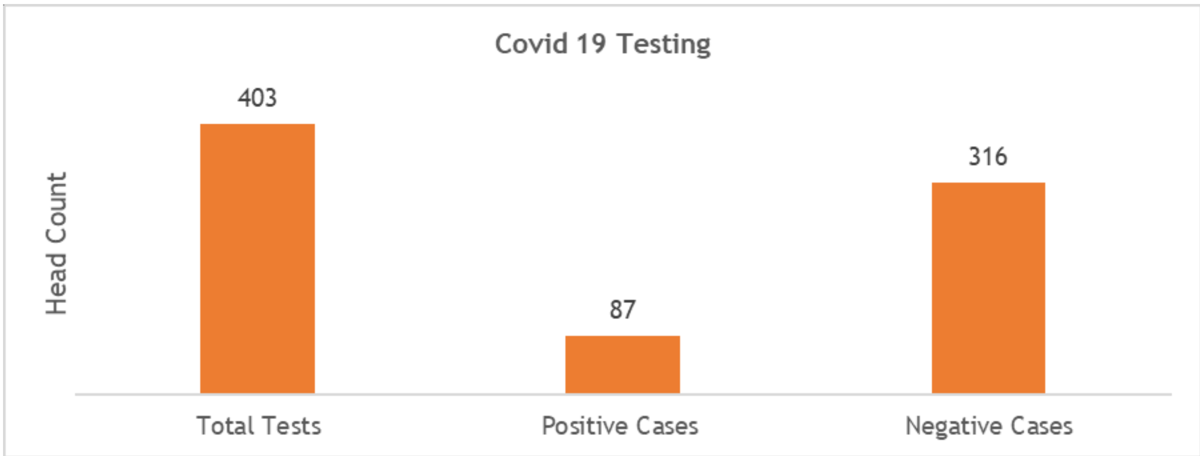
Sustainability Impacts (Cont'd)

COVID 19 RESPONSE (cont'd)

ART Holdings section	Total Tests	Positive cases	Negative cases	Deaths
Eversharp	58	6	52	-
ART Holdings Head office	4	-	4	-
Chloride Zimbabwe	105	30	75	-
Kadoma Paper Mills	33	18	15	-
Softex	97	18	79	-
Mutare Board and Paper Mills	8	-	8	-
National Waste Collections	20	3	17	-
Chloride Zambia	78	12	66	1
Total	403	87	316	1

Sustainability Impacts (Cont'd)

COVID 19 RESPONSE (cont'd)



Compliance with COVID19 regulations

Several regulations were issued out to help curb the pandemic from spreading out quickly. The business remained alert to all regulatory requirements and implications to our varied divisions. The business strictly adhered to all regulations and ensured all units were compliant.

Sustainability Impacts (Cont'd)

OUR IMPACT IN THE COMMUNITY

The people that live and work near our operations constitute what we call our community. This is where our colleagues live, where our customers come from and where our shareholders invest in. We are an active citizen in the communities we operate. We endorse the principle of corporate social responsibility that no business exists in isolation but we are an integral in which element of the society in which we operate to which we owe certain responsibilities. The variability in location, cultures and languages of our communities has led us to place responsibility for community engagements at divisional level. We seek to leverage our corporate social responsibility programme to transform communities and the countries we operate.

Key reasons why we invest in the community

- Promote the development of communities surrounding our operations.
- Impacts and transform lives.
- Advancement of Sustainable Development

Community Investment areas

Our investments are guided by the issues greatly affecting our communities. We offer assistance based on the areas of significant concern for our communities. The business has enabled communities and their leadership to reach out for assistance through letters and engagement with management. We receive several requests for assistance with educational donations and disaster support. The Group prioritise supporting the vulnerable and the needy in the communities we operate.

Sustainability Impacts (Cont'd)

OUR IMPACT IN THE COMMUNITY (cont'd)

During the year, our contributions were as follows:

Category	Purpose	Investment or donation	Beneficiary	Subsidiary Involved	Value of Investment
Education	Promoting educational excellence and literacy.	Graduation ceremony prize Solar system batteries. Tissues.	Forestry commission St Joseph School (Gutu). Ruzhawi Primary School Softex	Mutare Board and Paper Mills Chloride Zimbabwe	ZWL$93,960
Innovation	Research and development.	Motive batteries.	One stop Solar	Chloride Zimbabwe.	ZWL$162,000
Public Relations and Service enhancement.	Improve service delivery and relations.	Solar Installation. Cash. Tissues.	Chingamuka Clinic -Mutoko Cranborne Clinic-Epworth Ruwa Sakubva Clinic Zimbabwe Republic Police Local authorities	Chloride Zimbabwe. Kadoma Paper Mills and	ZWL$105,500
		Inverter chargers, solar panels, solar batteries and installation.	Chief Mukuni, Chief Singani,and the Litunga	Chloride Zambia.	US$5,278
COVID Prevention	Fighting the pandemic.	Disinfectants, handwash 2KW Solar system Face masks.	Rugare Community Thorngrove Hospital	Chloride Zimbabwe.	ZWL$411,561
				Chloride Zambia.	US$2,750
Sports	Promoting sporting awareness.	Batteries.	Runmates TG International Kamandama Golf Eastview runners Lusaka Rugby Club Zambia Motor Association.	Chloride Zimbabwe.	ZWL$361,140 US$2,150
Local community support	Community empowerment and development. Disability Support Support for the disadvantaged.	Roofing timber. Litter Bins. Tissues.	Mutasa Rural District Council. Forestry Commission. Kitwe City Council. Jairos Jiri School for the disabled.	Kadoma Paper Mills. Chloride Zambia. Mutare Board and Paper Mills	ZWL$130,877 US$500 ZWL$13,500
				Total	**ZWL$1,278,538 US$10,678**

Sustainability Impacts (Cont'd)

OUR IMPACT IN THE COMMUNITY (cont'd)

Contribution to Sustainable Development Goals (SDGs)

We concentrate our sustainability efforts where we believe we can make the greatest impacts. These efforts are directly linked with the Sustainable Development Goals for tracking progress towards a sustainable future. During the reporting period our contributions were as follows:

Sustainable Development Goal	Business Actions	Impacts
6 CLEAN WATER AND SANITATION	The business promotes clean water and sanitation by promoting efficient water consumption and recycling of water.	100% recovery of waste water at the Kadoma Paper Mills plant.
8 DECENT WORK AND ECONOMIC GROWTH	The Group promotes decent work and economic growth through creating long term and short-term employment while ensuring working conditions are conducive by providing equal opportunities, promoting occupational health and safety and respecting human rights at work.	Over 200 employees were recruited during the reporting period.
. 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	The business promotes efficient use of resources by investing in new machinery which minimises waste generation and optimising energy uses	US$7 million invested in efficient equipment.
13 CLIMATE ACTION	The business promotes climate action through optimising energy use by tree planting, replacing old and inefficient electrical equipment.	Over 165,000 trees were planted.

Sustainability Impacts (Cont'd)

ECONOMIC CONTRIBUTIONS

We are operating in an environment heavily constrained by economic constraints, inflationary effects and the ongoing COVID19 Pandemic which challenge us in terms of the value we can generate. ART Holdings has remained resilient amid the economic pressure and continues to demonstrate exceptional performance in an inhibited environment. The performance is key for us in adding value to our various stakeholders through payments to governments, shareholders, suppliers and employees. We are committed to increasing the wealth generated and distributed to our stakeholders while being transparent in terms of information disclosure.

Management Approach

Reviews are performed monthly with quarterly Board meetings being held to discuss each business unit's performance and trend. Corrective action is taken to address deviations above stipulated targets. The nature of growth is also assessed to see if it is sustainable. While divisions are constantly monitored to find out if recommended corrective action is working or may need to be re-assessed.

We compared divisional performance against industry benchmarks and key performance indicators tailored to each division for instance profitability ratios, liquidity ratios, and solvency ratios etc. We are prioritising value preservation as the economic challenges in our operating environment are expected to persist. We have also improved efficiencies following the retooling of the business taking opportunities in new product lines to broaden the customer base. Key activities conducted during the year:

- CAPEX investment into new machinery for KPM and Chloride. The KPM projected total investment is estimated at US$5m and Chloride investment at US$2 million.
- Softex share buyback to assume 100% ownership to allow for centralised expansion projects in line with Group strategy.
- MBPM diversification of operations to include Macadamia plantation and start-up of Truck Stop business via partnership with a local firm.

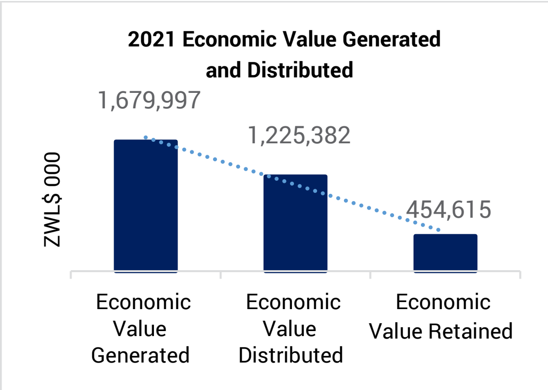
Economic Value Generated and Distributed

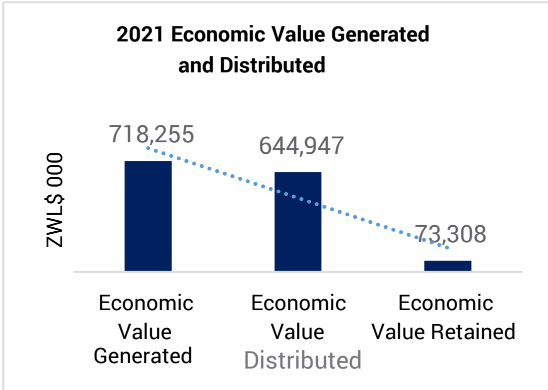
The economic value generated is distributed across our stakeholders in line with our strategic plans and priorities. The difference between the value generated and distributed is the economic value retained by ART Holdings for further developing the business.

	Unit	2021 '000'	2020 '000'	2020 '000'
Value Add Statement				
Revenue	ZWL	3 885 538	1 159 814	131 832
Cost of generating revenue	ZWL	(2 226 051)	(447 807)	(43 328)
Economic Value generated	ZWL	1 659 487	712 007	88 504
Other Incomes and Interest	ZWL	20 509	6 248	2 910
Total Value generated	ZWL	1 679 997	718 255	91 414
Economic Value Distributed				
Employee Remunerations and benefits	ZWL	(605 242)	(120 771)	(44 779)
Operating Costs	ZWL	(609 913)	(361 775)	(44 133)
Payments to providers of capital and finance	ZWL	(73 728)	(28 834)	(4 055)
Payments to government	ZWL	63 501	(133 567)	(43 694)
Total Value Distributed	ZWL	(1,225,382)	(644,947)	(136,661)
Total Value Retained	ZWL	454,615	73 308	(45 247)

Sustainability Impacts (Cont'd)

ECONOMIC CONTRIBUTIONS (cont'd)





Production

Our ability to achieve market retention and growth is closely tied to the product availability and variety. The Group has invested extensively in new production lines both in the battery and paper manufacturing industry. Manufacturing units target to produce all year round despite working capital limiting factors. Product mix assessments are used to try and achieve optimal production levels. We invest in market research and R & D to determine market needs and wants. The acquisition of new machinery to support product diversification and availability has been a key success factor. We continue to invest in market research to better address consumer needs and wants and this has resulted in expansion of product lines, for instance Softex is now producing petroleum jelly and cleaning materials while MBPM has ventured into macadamia plantations and the truck business.

Payments to Government

ART Holdings generates revenue for the government through taxes paid to regulators and other government authorities. Transparency on tax payments ties governments, communities and businesses together and is important in advancing good governance. The taxes we pay can be used by the government to provide citizens with infrastructure and services that improve their quality of life. During the year, our Zimbabwe tax payment was as follows:

Tax Paid	Unit	2021	2020	2019
Corporate Tax	**ZWL**	65,035,320	122,843,809	183,176,210
Value Added Tax (VAT)	**ZWL**	165,707,381	144,745,881	91,779,803
Import Duty	**ZWL**	78,526,497	33,462,771	43,601,932
PAYE	**ZWL**	126,440,791	44,545,054	11,053,083
Withholding Tax - 10%	**ZWL**	6,587,055	1,247,425	1,843,758
Withholding Tax - 1/3 + Directors	**ZWL**	5,139,748	180,878	1,419
Aids Levy	**ZWL**	3,926,508	248,780	397,571
Fines	**ZWL**	405,169		
Total	**ZWL**	449,786,537	347,274,598	331,853,776

Sustainability Impacts (Cont'd)

ECONOMIC CONTRIBUTIONS (cont'd)

Tax Payments by Country

	Unit	2021
Zimbabwe	ZWL	449,786,537
Zambia	ZMW	21,779,702

Defined Benefits Contributions Pension

The Group and its employees in Zimbabwe contribute to the ART Corporation Pension Fund. The Zimbabwean companies also contribute to the Group Life Assurance administered by a local insurance company while Zambia has a separate defined contribution pension scheme NAPSA. During the year, our contribution was follows:

	Unit	2021	2020	2019
Defined Benefits / Contributions				
Total number of Permanent Employees	Count	638	537	514
National Social Security Authority(NSSA) Contributions	ZWL	11,214,521	642,029	155,883
Group Life Assurance (GLA)	ZWL	3,400,000	1,825,457	328,033
Total Payments	ZWL	14,614,521	2,467,486	483,916

Sustainability Impacts (Cont'd)

PROCUREMENT PRACTISES

Building partnerships with suppliers through respect and mutual trust is a tenet we greatly value. This stems from the knowledge that suppliers are critical in ensuring we deliver quality and reliable products to our customers. The diverse nature of our operations has resulted in the Group engaging an extensive number of suppliers locally and internationally. The business gives priority to local or in-country suppliers for the provision of a number of products and services meeting our requirements and standards. We are cognisant of the risks that our relationships with suppliers can bring to us and we continuously assess and monitor our procurement practises for sustainable relations.

Procurement Policy

It is imperative that we sustainably procure all our supplies to minimise risks. Various criteria are used in selecting providers of services and raw materials. Compliance to quality standards and track records are key selection benchmarks that we use. We have a procurement policy in place that guides us in making decisions and practices enabling us to withstand internal and external scrutiny at all times. To ensure sustainability in our supply chain we vary the way we procure goods depending on value, complexity and risk involved. The procurement committee composed of the Board, finance and management representatives is responsible for the processes including awarding tenders, approving orders, and awarding contracts. We expect our employees to uphold the Better Service Charter for the Business rule which is a commitment to being the best customer to suppliers, and this is achieved through fair treatment of all suppliers, using clear and easy to understand documentation, consistent treatment of all suppliers and removing all barriers to good procurement.

Sustainability Impacts (Cont'd)

ANTI-CORRUPTION

ART is committed to interacting with all relevant stakeholders with honesty and integrity ensuring that as a business we are compliant and ethical. Thus, safeguarding ART's reputation. Corruption in the Group can occur from nepotism resulting in labour inefficiencies, procurement fraud and misappropriation of inventory and Company assets.

ART does not tolerate corruption. It has established processes and procedures which are designed to mitigate the occurrence of corruption within the business environment. The employee code of conduct given to each employee when joining ART sets out clear expectations and expected behaviour in the workplace. Workers' committees and councils also communicate set guidelines on employee behaviour. These following policies have been established to curb corruption:

- Employee Code of Conduct.
- Finance, HR, SHEQ, Production, Marketing Procedure manuals.
- Group policies e.g., ICT, Travel, Motor Vehicle, Wedding, Recruitment, Disciplinary proceedings, and Transfer Pricing etc.

Corruption risk assessment

Each subsidiary is required to carry out risk assessments prior to the comment of a new financial year. These risk assessments are then updated throughout the year for any changes to risk areas, rating and possible outcomes. Corruption risk is also considered by evaluating the likelihood, impact and current mitigating measures that are in place to deter it. The residual risk is then determined with further measures placed at the respective division to lower the risk to an acceptable level.

Conflict of Interest

To manage conflict of interest, our Directors are required to regularly disclose and update their interests which may or may not conflict with ART's objectives. Employees are not allowed to take up activities that are a conflict of interest to the Group and this is included in each employee's contract. If need be, disclosure should be given by an employee of any interests they may have which may or may not conflict with the Group. Failure to do so may result in disciplinary proceedings for any defaulting employees.

Donations and Sponsorships

We have established thresholds to ensure donation and sponsorship do not become a disguised form of corruption. These thresholds are assigned to each division, given their business performance. Significant contributions require approval from Head Office with justification being given by the requesting division. Confirmation of receipt of funds or kind will be requested from recipient in writing on official letterhead, stamp or seal. Donations and sponsorship below thresholds will need authorisation from the General Manager of the respective division with all supporting documentation being filed for reference. Any donations or sponsorships without adequate documentation and justification are flagged and investigated.

Sustainability Impacts (Cont'd)

ANTI-CORRUPTION (cont'd)

Training on Anti-Corruption

Our training practices are as follows:

- Board members are expected to perform refresher training at least once annually.
- New employees are given and are required to go through Employees' code of conduct which stipulates expected professional behaviour from them.
- Current employees are given internal refresher courses and when necessary external trainings are arranged for senior staff who will then share information with lower levels.
- Business partners sign off on service level or trade agreements prior to transacting so that terms and conditions are clear and are fair and promote good business practice.

Evaluation

The business has seen reduced instances of significant fraud cases as management are more aware and involved in deterring corruption within the business. Leakages in processes continue to be identified ensuring continuous improvement in business processes. We are constantly reviewing our policies and procedures so they remain valid in line with changes with business processes.

06 FINANCIAL REPORTS

Declaration And Certificate Of Compliance

CERTIFICATE OF COMPLIANCE BY THE GROUP COMPANY SECRETARY

In my capacity as Group Company Secretary of Art Holdings Limited and its subsidiary companies, I confirm that in terms of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31), the Company lodged with the Registrar of Companies all such returns as are required of a public quoted company in terms of this Act, and all such returns are true, correct and up to date.

A M CHINGWECHA
GROUP COMPANY SECRETARY
7 December 2021

DECLARATION BY THE GROUP CHIEF FINANCE OFFICER

These financial statements have been prepared under the supervision of the Group Chief Finance Officer, Abisai M Chingwecha, a Fellow of the Association of Chartered Certified Accountants, and registered with the Public Accountants and Auditors Board, as a registered public accountant, certificate number 00197.

A M CHINGWECHA
GROUP CHIEF FINANCE OFFICER
7 December 2021

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To the members of Amalgamated Regional Trading Holdings Limited

Report on the Audit of the Consolidated Inflation Adjusted Financial Statements

Adverse Opinion

We have audited the consolidated inflation adjusted financial statements of Amalgamated Regional Trading Holdings Limited set out on pages 76 to 158, which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the consolidated inflation adjusted financial statements do not present fairly, in all material respects, the financial position of Amalgamated Regional Trading Holdings Limited as at 30 September 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates

As at 30 September 2021, there were residual effects arising from the requirement to comply with SI 33/2019. In order to comply with SI 33/2019, the foreign currency denominated transactions and balances for the period 1 October 2018 to 22 February 2019 were translated into ZWL on the basis of a rate of 1:1 between USD and RTGS. This was not consistent with the requirements of IAS 21, in which compliance would have resulted in the reassessment of the functional currency at a date earlier than 22 February 2019. The residual effects of this non-compliance have resulted in the misstatement of the retained earnings in the consolidated financial statements for the year ended 30 September 2021. The financial effects of this non-compliance have not been determined.

In addition, during the prior and current financial year, the foreign currency denominated transactions and balances of the Group were translated into ZWL using the interbank exchange rates and/or foreign currency auction rates which were not considered appropriate spot rates for translations as required by IAS 21 because foreign currency was not available for immediate delivery at these rates. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the financial statements for the year ended 30 September 2021.

Had the financial statements been prepared in accordance with the requirements of IAS 21, many elements would have been materially affected. As a result, the impact of the Group's inability to comply with IAS 21 has been determined as significant. The effects on the financial statements of the non-compliance with IAS 21 are considered material and pervasive to the financial statements, taken as a whole.

Non-compliance with International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies

Although IAS 29 has been applied appropriately, its application was based on current and prior period financial information which is not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the consolidated financial statements (including monetary gain/loss) would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the consolidated financial statements for the year ended 30 September 2021.

Valuation of investment properties; and property, plant and equipment

The determination of fair values for assets presented in the consolidated inflation adjusted financial statements is affected by the prevailing economic environment. These financial statements include investment properties carried at fair value; and property, plant and equipment that was revalued as at 30 September 2021, in accordance with IFRS 13 *"Fair value measurement"*. The valuation of the investment properties; and property, plant and equipment was performed by professional valuers as at 30 September 2021. The property valuations were determined in USD and then translated to ZWL using an exchange rate estimated by directors as at 30 September 2021.

Although the USD values reflect the fair value of the investment properties; and property, plant and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items in ZWL. The opinion in the prior period consolidated financial statements was modified in respect of this matter.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key Audit Matter
IFRS 15 – Revenue from Contracts There is a presumed risk of inappropriate revenue recognition specifically identified in ISA 240 (R), 'The auditor's responsibility to consider fraud of financial statements'. This is a significant risk and accordingly a key audit matter.	Our audit procedures incorporated a combination of tests of the Group's controls relating to revenue recognition and the appropriateness of revenue recognition policies as well as substantive procedures in respect of testing the occurrence assertion. Our substantive procedures included but were not limited to the following: • Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Performed cut-off tests on year end balances to ensure revenue is recognised in the correct period. • Tested design, existence and operating effectiveness of internal controls implemented as well as test of details to

	ensure accurate processing of revenue transactions • Identified key controls and tested these controls to obtain satisfaction that they were operating effectively for the year under review. • The results of our controls testing have been the basis for the nature and scoping of the additional test of details, which mainly consisted of testing individual transactions by reconciling them to external sources (supporting documentation). • Analytical procedures and assessed the reasonableness of explanations provided by management. We satisfied ourselves that the revenue recognition is appropriate.
Valuation of Capital Work In Progress (WIP) • The Group is involved in the re-capitalisation of the Kadoma Paper Mills tissue plant. As at 30 September 2021, work in progress on the new plant was valued at ZWL 236 164 637. • The volume of transactions involved in the capitalization and the complexity of the nature of works involved has resulted in the identification of Work In Progress as a Key Audit Matter.	• We assessed the Group's process of recognizing costs incurred in acquiring, dismantling and transporting the plant. • We considered the limitations that impact the quality of the valuation placed on the work in progress. • We also reviewed invoices and other supporting documentation utilised by management to support the valuation of all work in progress. • We also reviewed invoices for each truck load received and compared to the packing list. • We evaluated the effectiveness of management's controls over the receipt and recording of the plant components received. We are satisfied that capital work in progress has been properly valued and classified in the consolidated financial statements.
Biological assets • Timber plantations are classified as biological assets and are accounted	In addressing the matter, our procedures included the following:

for in accordance with International Accounting Standard (IAS) 41 – *'Agriculture'*. • The valuation of biological assets is an area of significant estimation and judgement. The valuation requires complex measurements and involves estimation uncertainty. • The key measurements and assumptions having the most significant impact on the fair value of the biological assets include: ❖ Determination of market prices of timber for fair valuation in accordance with IFRS 13; ❖ Determination of maturity profile of the plantations as at 30 September 2021; ❖ Determination of timber growth estimations; ❖ Determination of expected yields; and ❖ Determination of appropriate discounting rate(s). • Due to estimation and assumptions involved in the determination of the fair value of biological assets, this area has been considered as a key audit matter.	• Obtaining an understanding and testing the design and operating effectiveness of relevant controls; • Assessing and evaluating the key assumptions and methodologies used in the valuation model by management in determining the fair values of the biological assets for reasonableness. • Assessing the reasonableness of the Group's fair value calculation and the related sensitivity disclosures, by performing our own sensitivity analysis on the biological assets. • Assessing the consistency of application of the valuation model with that of the prior years. • Independently calculating the fair value and comparing the valuation model inputs to internal data and the external data. • Involved our internal valuation experts to evaluate the discount rate used by management in discounting cash flows. Reviewing the appropriateness and adequacy of the disclosures in the consolidated financial statements.

Other information

The Board is responsible for the other information. The other information comprises the Annual Report which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, except for the non-compliance with International Accounting Standards as described in our Basis for Adverse Opinion, the financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business entities Act (Chapter 24:31).

Independent Auditor's Report (Cont'd)

The engagement partner on the audit resulting in this Independent auditor's report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

08 December 2021

HARARE

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the Year Ended 30 September	Notes	Hyper Inflated 2021 ZWL$000	Hyper Inflated 2020 ZWL$000
Revenue from contracts with customers	8	4,999,163	3,944,488
Cost of sales		(3,068,710)	(1,894,563)
Gross profit		**1,930,453**	**2,049,925**
Other income	8.1	29,324	23,048
Total operating expenses		**(1,369,872)**	**(819,386)**
Selling and distribution expenses		(394,587)	(128,607)
Administration expenses		(975,285)	(690,779)
Operating profit before fair value adjustments & impairments		**589,905**	**1,253,587**
Share of joint venture & associate profit	34	8,719	125,085
Fair value adjustments on investment property	18	(54,717)	(262,786)
Fair value adjustments on biological assets	15	(190,860)	(330,571)
Foreign exchange gain/(loss)	10	8,485	(141,829)
Loss on disposal of non-current assets	10.3	(5,179)	(4,550)
Fire loss	15	(41)	(173)
Net monetary loss		(142,054)	(674,850)
Revaluation deficit on property, plant and equipment		(105,856)	-
Fair value loss on joint venture remeasurement on business combination	34	(134,685)	-
Loss before interest and tax		**(26,283)**	**(36,087)**
Finance income	12.1	752	98
Finance costs	12.2	(86,903)	(55,131)
Loss before tax		**(112,434)**	**(91,120)**
Income tax credit/(expense)	11.1	(548,066)	912,536
(Loss)/Profit after tax		**(660,500)**	**821,416**
OTHER COMPREHENSIVE INCOME			
Items that may not be reclassified subsequently to profit or loss:			
Surplus/(Deficit) on revaluation of property, plant and equipment (net of tax)	11.3	23,440	(1,211,636)
Items that may be reclassified subsequently to profit/loss:			
Translation of foreign subsidiary		13,042	22,114
Total other comprehensive income/(loss) for the year, net of tax		**36,482**	**(1,189,522)**
Total comprehensive loss for the year		**(624,018)**	**(368,106)**
Basic earnings per Share	13	(139.7)	173.7
Diluted earnings per share	13	(139.7)	173.7
Headline earnings per Share	13	2.3	67.9

Consolidated Statement of Financial Position

As at 30 September	Notes	Hyper Inflated 2021 ZWL$000	Hyper Inflated 2020 ZWL$000
ASSETS			
Non-current assets			
Property, plant and equipment	14	2,233,133	1,954,480
Investment property	18	627,303	682,020
Goodwill	17	85,174	-
Biological assets	15	491,880	686,264
Right of use assets	28.1	70,678	129,719
Investment in joint venture and associate	34	51,445	280,152
		3,559,613	**3,732,635**
Current assets			
Inventories	20	966,332	674,894
Trade and other receivables	21	410,808	447,676
Cash and cash equivalents	22	53,549	79,713
		1,430,689	**1,202,283**
TOTAL ASSETS		**4,990,302**	**4,934,918**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	2,453	2,453
Share premium	23	228,484	228,484
Retained earnings		2,085,969	2,744,592
Non-distributable reserves	24	740,382	705,777
		3,057,288	**3,681,306**
Non-current liabilities			
Interest-bearing loans and borrowings	19	21,178	13,783
Lease liability	28.2	-	57,024
Deferred tax liabilities	26	610,131	164,591
		631,309	**235,398**
Current liabilities			
Trade and other payables	27	709,705	480,184
Provisions	27.1	63,902	94,543
Income tax payable	11.2	193,654	260,534
Lease liability	28.2	47,528	47,940
Interest-bearing loans and borrowings	19	274,803	75,307
Bank overdrafts	19.1	12,113	59,706
		1,301,705	**1,018,214**
Total liabilities		**1,933,014**	**1,253,612**
TOTAL EQUITY AND LIABILITIES		**4,990,302**	**4,934,918**

DR T U WUSHE
CHAIRMAN

7 December 2021

M MACHEKA
CHIEF EXECUTIVE OFFICER

7 December 2021

Consolidated Statement of Changes In Equity

Hyper-inflated	Share Capital ZWL$000	Share Premium ZWL$000	Revaluation ZWL$000	Share Option ZWL$000	Foreign Currency Transalation ZWL$000	Retained Earnings ZWL$000	Total ZWL$000
30-Sep-19	**2,453**	**228,484**	**1,807,206**	**1,877**	**86,216**	**1,923,176**	**4,049,412**
Profit for the year	-	-	-	-	-	821,416	821,416
Other comprehensive income	-	-	(1,211,636)	-	22,114	-	(1,189,522)
30-Sep-20	**2,453**	**228,484**	**595,570**	**1,877**	**108,330**	**2,744,592**	**3,681,306**
Profit for the year	-	-	-	-	-	(660,500)	(660,500)
Other comprehensive income	-	-	23,440	-	13,042	-	36,482
Transfer between reserves				(1,877)		1,877	-
30-Sep-21	**2,453**	**228,484**	**619,010**	**-**	**121,372**	**2,085,969**	**3,057,288**

Consolidated Statement of Cash Flows

For the year endeded 30 September	Notes	Hyper Inflated 2021 ZWL$000	Hyper Inflated 2020 ZWL$000
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash generated from operations	31	490,193	471,891
Interest income		752	98
Finance costs		(61,185)	(19,337)
Income tax paid	11	(76,435)	(31,609)
Cash generated from operating activities		**353,325**	**421,043**
INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	14	(435,266)	(447,959)
Costs capitalised to biological assets	15	(78,688)	(51,468)
Acquisition of subsidiary net of cash	14	(78,412)	-
Proceeds on disposal of property, plant and equipment		3,009	1,611
Dividends received		1,398	1,051
Cash utilised in investing activities		**(587,959)**	**(496,765)**
FINANCING ACTIVITIES:			
Proceeds from borrowings		320,673	128,454
Repayment of borrowings		(64,610)	(37,629)
Cash generated from financing activities		**256,063**	**90,825**
Increase in cash and cash equivalents		21,429	15,103
Cash and cash equivalents at the beginning of the year		**20,007**	**4,904**
Cash and cash equivalents at the end of the year		**41,436**	**20,007**
Comprising:			
Cash resources	22	53,549	79,713
Overdrafts	19.1	(12,113)	(59,706)
Cash and cash equivalents at 30 September		**41,436**	**20,007**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. CORPORATE INFORMATION

The consolidated financial statements of Amalgamated Regional Trading (ART) Holdings Limited and its subsidiaries (collectively, the Group) for the year ended 30 September 2021 were authorised for issue in accordance with a resolution of the Directors on 25 November 2021. ART Holdings Limited is a limited company incorporated in the British Virgin Islands and its shares are publicly traded on the Zimbabwe Stock Exchange through its regional subsidiary ART Zimbabwe Limited.

The main activities of the Group throughout the year were the manufacture and distribution of lead acid batteries, stationery and paper products, and management of timber estates for production of timber products. The Group's principal place of business is 202 Seke Road, Graniteside, Harare. Further information on the nature of the operations and principal activities of the Group is provided in the Directors' report. Information on the Group's structure is provided in Note 35, and on other related party relationships of the Group is provided in Note 32.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB).

The financial statements are prepared from books and records maintained under the historical cost convention and are restated to take into account the effects of inflation in conformity with IAS 29 'Financial Reporting in Hyperinflationary Economies' as required by the International Financial Reporting Standards (IFRSs). The historical cost financial information has been restated for changes in the general purchasing power of the Zimbabwe dollar (ZWL). Accordingly, the inflation adjusted financial statements are the primary financial statements of the Group.

Hyper inflation Adjustments

The Group used the following inflation adjustment factors derived from the monthly Consumer Price Indices as published by the Reserve Bank of Zimbabwe as follows:

Prior Year	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
1.516	1.452	1.408	1.351	1.281	1.238	1.211	1.192	1.163	1.119	1.091	1.047	1.000

The process of hyper-inflating the historical figures was as below:

Movements in the comparative information

- The comparative amounts as at 30 September 2020 were restated using a conversion factor of 1.516.

Hyper-inflation adjustment approach- Statement of profit and loss and other comprehensive income Revenue, cost of sales, exchange gain/loss

- The line items were segregated into monthly totals and then the applicable monthly conversion factors were applied to restate the amounts

Other income

- The other income was segregated into the respective month in which the income accrued and then the applicable monthly conversion factors were applied to restate the amounts.

2. BASIS OF PREPARATION (cont'd)

Depreciation

- The depreciation expense was recalculated based on the restated opening balances, additions and disposals.

Share of joint venture and associate profit

- The financial statements for the associate and joint venture were restated before the allocation of the Group's share of profit.

Fair value adjustments to investment property and biological assets

- The fair values of investment property and biological assets were determined at year end and no restatement was done.

Income tax expense

- Deferred tax was calculated using restated carrying amounts. Current income tax was not restated as it represented the current measuring unit at year end.

Other comprehensive income

- The fair value measurements were determined at year end and no restatement was done.

Hyper-inflation adjustment approach- Statement of financial position

Property, plant and equipment

- There was no hyper-inflation of the PPE classes fair valued at year end i.e. land and buildings; plant and machinery and motor vehicles. The difference between the closing carrying amount and the closing fair value amount was accounted for as the revaluation gain through other comprehensive income and through profit and loss for those units and classes whose revaluation surplus had ran out.
- The opening balances for computers and furniture and fittings were inflated using the opening conversion factor of 1.516 and all the additions and disposals were restated at the applicable conversion factors.
- The restated amounts were assessed for impairment.

Biological assets

- The opening balance was restated using the conversion factor of 1.516.
- The asset was fair valued at year end and thus there was no restatement on the closing balance.

Investment property

- The investment property was fair valued at 30 September and thus no restatement was done on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment.

Investment in joint venture and associate

- The components making up the balance were restated at the applicable conversion factors.

Deferred tax liability

- The closing balance was calculated based on the restated carrying amounts of assets and liabilities.

Inventory

- Inventory was aged in order to determine the acquisition dates and applicable conversion factors were applied to restate the amounts.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. BASIS OF PREPARATION (cont'd)

Trade receivables
- The amounts constitute a monetary asset and thus no restatement was done.

Prepayments
- The amounts constitute a non-monetary asset and the balance was restated using applicable conversion factors.

Cash and bank
- The amounts constitute a monetary asset and thus there was no inflation adjustment on the balances.

Trade payables
- The amounts constitute a monetary asset and thus no restatement was done.

Contract liabilities (revenue received in advance)
- The amounts constitute a non-monetary asset and the balance was restated using applicable conversion factors.

Provisions
- The provisions were separated into monetary (leave pay) and non-monetary (warranty).
- The non-monetary provisions were restated using the applicable monthly conversion factors.
- There was no restatement on the monetary provisions.

Bank overdrafts and loans and borrowings
- The amounts constitute a monetary asset and thus no restatement was done.

Hyper-inflation adjustment approach- Statement of changes in equity

Revaluation reserve
- The opening revaluation reserve was restated using the opening conversion factor. The current year revaluation was done at year end which represent the current measuring units of the amount.

Hyper-inflation adjustment approach- Statement of cash flow
- All items in the statement of cash flows are expressed in terms of the measuring unit current at the reporting date.

Functional Currency

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

The Group has been using the United States dollar as its functional and reporting currency since 2009. In 2016, the monetary authorities introduced the Bond note which was at par with the US$. On the 1st of October 2018, an Exchange Control Directive RT120/2018 was promulgated directing all banks to separate domestic and Nostro currency accounts. On the 22nd of February 2019, Statutory Instrument 32 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS dollar. Another Exchange Control Directive RU 28 of 2019 was issued at the same time and it introduced an interbank market for the RTGS dollar and the USD as well as other currencies in the multi currency regime. On June 24, 2019, the government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi- currencies and compelled that all transactions be done in local currency (ZWL$). The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019. On March 29, 2020, the government gazetted Statutory Instrument 85 of 2020 which introduced the use of free foreign currency for payment of goods chargeable in Zimbabwe dollars at the ruling rate on the date of payment. The Directors determined that the functional currency of the Group is still the Zimbabwe dollar ZWL$.

3. STATEMENT OF COMPLIANCE

The consolidated annual financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions. Only partial compliance with International Financial Reporting Standards has been achieved for the year ended 30 September 2021 because of the effect of non-compliance with the requirements of International Accounting Standard (IAS) 21 'The Effects of Changes in Foreign Exchange rates.' The requirement to comply with Statutory Instrument 33 of 2019, made full compliance with 'IFRS' not possible. The Group complied with the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange (ZSE) Listing requirements.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra- Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a) Business combinations and goodwill (con'd)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Investment in associates and joint ventures (cont'd)

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or a joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of a joint venture are prepared for the same reporting period as the Group. However, the reporting period of the associate ends 31 December. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Foreign currency translation

The Group's consolidated financial statements are presented in Zimbabwe dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. The Group uses the exchange rates as per the Reserve Bank of Zimbabwe official exchange rates.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Transactions and balances (cont'd)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies – Foreign operation

On consolidation, the assets and liabilities of foreign operations are translated into Zimbabwe dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

d) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Current versus non-current classification (cont'd)

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability OR
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as immovable properties and motor vehicles, financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the executive management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every five years. The executive management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Fair value measurement (cont'd)

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the management and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 14, 15, and 18
- Quantitative disclosures of fair value measurement hierarchy Note 14,15,18
- Property, plant and equipment under revaluation model Note 14
- Investment properties Note 18
- Biological Assets Note 15
- Fair valuation Note 29

f) Revenue from contracts with customers

The main activities of the Group throughout the year were the manufacture and distribution of lead acid batteries, stationery and paper products, and management of timber estates for production of timber products. Revenue from contracts with customers is recognised when the Group has satisfied its performance obligations according to the five-step model of IFRS 15, when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. Revenue is measured based on the consideration specified in the different contracts with customers and net of value-added tax.

Customer Contracts

Revenue contracts for the Group which are within the scope of IFRS 15 are for sales of the following:

i. Automotive, industrial and solar batteries, solar panels and accessories. Some contracts include installation; automotive batteries are installed on the motor vehicles and solar equipment is installed on customer premises. All batteries and solar equipment are sold with a one-year warranty. The warranty is an assurance-type warranty because it is simply a promise to the customer that the delivered product is as specified in the contract and will work as specified in the contract and is therefore accounted for under IAS 37.
ii. Stationery, which includes Eversharp pen, rulers, covers and books.
iii. Toilet tissues; female and baby products such as diapers, pads and cotton wool and a variety of hygiene and toilet accessories such as air fresheners, hand sanitisers, detergents, bins among others.
iv. Bulk tissue reels and kraft material. These are wholesale products which require further processing for use by final consumers.
v. Sorted waste paper which is categorised into white virgin paper, newsprint, kraft and pet bottles.
vi. Pine and gumtree raw logs and processed timber.

All the Group's contracts with customers are for distinct goods and services which are regularly sold on a standalone basis because they satisfy the following conditions; the customer can benefit from the goods or services on this own or in conjunction with other readily available resources; and the entity's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract and hence there is always one performance obligation in each contract except for solar equipment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Revenue from contracts with customers (cont'd)

Sale of solar equipment

Revenue from sale of solar equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on installation of the equipment at the customer's premises. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of solar equipment, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of batteries provide customers with a right to return the goods within a specified period. The rights of return gives rise to variable consideration.

Warranty obligations

The Group typically provides for warranties for batteries that become defective within one year of sale. These assurance type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (m) Provisions.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of solar equipment to a customer. The installation services do not significantly customise or modify the solar equipment.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the solar equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e., based on the labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section l) Financial instruments – initial recognition and subsequent measurement

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (l) Financial instruments – initial recognition and subsequent measurement.

Notes to the Financial Statements (cont'd)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Revenue from contracts with customers (cont'd)

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

g) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Taxes (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value Added Tax

Revenue, expenses and assets are recognized net of the amount of value added tax except:

Where the Value Added Tax (VAT) incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

h) Retirement benefit costs

The Group provides for retirement benefits through subscription to defined contribution retirement plans. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The Group's pension schemes are defined contribution schemes, and the cost of retirement benefits is determined by the level of contributions made in terms of the rules. Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

All eligible employees contribute to the National Social Security Authority (Zimbabwe) defined contribution pension scheme, or the equivalent in foreign subsidiaries. The cost of retirement benefits applicable to the National Social Security Authority is determined by the systematic recognition of legislated contributions.

i) Termination benefits

Termination benefits are benefits that result from either the Group's decision to terminate the employment or an employee's decision to accept the Group's offer of benefits in exchange for termination of employment. The Group provides for termination benefits based on labour legislation applicable at the time of termination. The expense and liability is recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. Measurement is based on results of negotiations with the employees and is subject to Board approval.

j) Share-based payments

Employees (including senior executives) of the Group sometimes receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Share-based payments (cont'd)

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

k) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. Treasury shares are excluded for purposes of earnings and dividend per share computations.

l) Financial Instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as; subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time-frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial Instruments – initial recognition and subsequent measurement (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments) .
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at amortised cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified, or impaired.

The Group's financial assets at amortized cost includes trade receivables, and loan to an associate and loan to a Director included under other non-current financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement: and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables, including contract assets Note 21

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial Instruments – initial recognition and subsequent measurement (cont'd)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward- looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Financial Instruments – initial recognition and subsequent measurement (cont'd)

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The classes of provisions are leave pay, warranties and bonus.

The expense relating to any provision is recognized in profit or loss net of any certain reimbursements. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a finance cost.

Warranty provisions

The Group provides for warranties for batteries that become defective within twelve months of sale. The Group would exchange a good battery for a defective one as long as the cause is not due to customer negligence. Provisions related to these assurance-type warranties are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m) Provisions (cont'd)

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

n) Biological assets

Biological assets are timber plantations that are managed by the Group. At initial recognition, biological assets are measured at fair value. Subsequent to initial recognition, biological assets are measured at fair value less estimated point-of-sale costs. Costs incurred subsequent to initial recognition are capitalized in the year in which they are incurred. `Changes in fair value of biological assets are recorded in profit or loss.

Fair value is determined with reference to the age of the trees and prevailing market prices of timber. Discount rate is based on Weighted Average Cost of Capital.

o) Property, plant and equipment

Fixtures and fittings and computers are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land and buildings, plant and machinery and motor vehicles are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Depreciation is calculated on a straight-line basis to write-down the assets to their residual values over their expected useful lives. The following useful lives are used to depreciate the Group's assets:

Buildings	50 years
Plant and machinery	10-40 years
Office furniture and fittings	10-20 years
Office equipment	3-10 years
Motor vehicles – passenger	5-7 years
Commercial motor vehicles	7-15 Years

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Property, plant and equipment (cont'd)

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate. All assets are allocated 5% of their original costs as residual values.

Impairment of non-financial assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expenses categories consistent with the function of the impaired asset except for property previously revalued with the revaluation taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amounts of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognized impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount.

However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

p) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner- occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont,d)

q) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials, consumables, spares and finished goods bought or received for resale: actual purchase cost including all costs incurred to bring the raw materials to the Company premises.
- Manufactured goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

The values for all stock lines that appear on the stock valuation are weighted average costs. Finished goods cost that is used on sales invoicing is weighted average cost. Raw materials are issued to manufacturing works orders at cost on a first-in-first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

r) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	50 years
Plant and machinery	10-40 years
Office furniture and fittings	10-20 years
Office equipment	3-10 years
Motor vehicles – passenger	5-7 years
Commercial motor vehicles	7-15 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (O) Property plant and equipment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease and if not readily determinable it uses the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset (see Note 28).

ii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

t) Key management remuneration

Key management include Executive Directors and divisional management as outlined in note 33.

u) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less and bank overdrafts.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

v) Operating Segments

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

- Paper– collection of waste paper, manufacture and distribution of paper for the manufacture of tissue
- Batteries – manufacture and distribution of lead-acid batteries
- Stationery - manufacture and distribution of pens, books and other stationery
- Plantations – timber plantations For more information refer to note 9

6 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The accounting policies adopted are consistent with those of the previous financial year.

6.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

6 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (cont'd)

6.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

6 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (cont'd)

6.1 STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management Note 37
- Financial instruments risk management and policies Note 19.2
- Sensitivity analyses disclosures Notes 14, 15, 18 and 19

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate

Refer to ***Note 28*** for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Useful lives and residual values of property, plant and equipment
The Group assesses useful lives and residual values of property, plant and equipment at the end of each reporting period taking into consideration past experience, technology changes and the local operating environment. Refer to note 14 for the carrying amount of property, plant and equipment and accounting policy on property, plant and equipment for the depreciation rates applied by the Group.

b) Revaluation of investment property and property, plant and equipment
The Group engaged an accredited independent professional valuer to determine the fair value of its land and buildings, investment property; motor vehicles and plant and machinery as at 30 September 2021. The accredited external independent valuer applies valuation models recommended by the International Valuation Standards Committee. Refer to notes 14 and 18 for the valuation methodologies, estimates, inputs used, and assumptions applied to determine the fair value.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

c) Warranty provisions

The Group provides for warranty claims on the sale of batteries. The warranty is valid for 12 months. The calculation of the provision is based on past claims history and estimated future returns which is judgmental. Refer to note 27.1 for the carrying amount of warranty provisions.

d) Biological Assets

Plantations are stated at fair value less estimated cost to sell at the harvesting stage. In arriving at plantation fair values, the key assumptions are estimated prices less cost of delivery, discount rates, and volume and growth estimations. All changes in fair value are recognised in the period in which they arise. The impact that changes in estimated prices, discount rates, volume and growth assumptions may have on the calculated fair value and other key financial information on plantations is disclosed in note 15.

The discount rate used is the applicable pre-tax weighted average cost of capital of the Group.

e) Allowance for Expected Credit Loss

The Group uses a provision matrix in line with IFRS 9 to calculate Expected Credit Losses (ECL) for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward- looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and the carrying amount of receivables is disclosed in Note 21.

f) Battery Scrap

The Group collects battery scrap for the purposes of extracting lead, which is a raw material in the battery making process. Scrap is received at cost. It is converted in a furnace where lead is the finished product. Lead is transferred to stock at London Metal Exchange prices. At year end, a quantity surveyor estimates the quantity of stock at hand.

g) Leases - Estimating the incremental borrowing rate

When the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

7.1 GENERAL DISCLOSURES Exchange rates

The following exchange rates were used in the preparation of these financial statements:

Zimbabwe dollar (ZWL 1):	**Statement of financial position**	**Statement of Profit or Loss and other comprehensive income**
2021		
Great British pound	0.008	0.009
South African rand	0.170	0.188
United States dollar	0.012	0.012
Botswana pula	0.128	0.136
Zambian kwacha	0.191	0.218
2020		
Great British pound	0.010	0.032
South African rand	0.207	0.560
United States dollar	0.012	0.039
Botswana pula	0.143	0.105
Zambian kwacha	0.245	0.493

Estimation of exchange rates on translation of property, plant and equipment to ZWL
For the purpose of determining fair values of property plant and equipment and investment property, the Group estimated an exchange rate which suited market dynamics in accordance with IFRS 13. The estimation process took into account the ratio of volumes sold and purchases in local and foreign currency to come up with weighted exchange rates that prevailed at 30 September 2021. These unit level effective rates were weighted using turnover contribution to determine the Group exchange rate of 124.

8. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021 ZWL$ 000	**2020 ZWL$ 000**
An analysis of the Group's revenue by destination is as follows:		
Zimbabwe	5,120,182	4,684,082
Zambia	1,055,391	298,337
Malawi	113,844	1,660
South Africa	28,791	12,489
Mozambique	17,014	-
Other African countries	2,236	10,319
Less intra-Group sales	(1,338,295)	(1,062,399)
	4,999,163	**3,944,488**

Revenue recognized is from sale of goods. Refer to Note 9 for information on business segments and sources of revenue.

8.1 OTHER INCOME

Below is a breakdown of other income:		
Rental income	27,713	21,414
Bad debts recovered	16	-
Dividends from associate	1,398	1,052
Scrap sales	197	41
Damaged Eversharp raw material claim	-	449
Fake pens court case out of court settlement	-	92
	29,324	**23,048**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 ZWL$ 000	2020 ZWL$ 000
8.2 CONTRACT BALANCES		
Trade receivables (Note 21)	223,896	121,192
8.3 CONTRACT LIABILITIES		
Contract Liabilities (Note 27)	16,170	5,241
Warranties provision (Note 27.1)	13,185	85,402

9. BUSINESS SEGMENTS

For management purposes, the Group is currently primarily organised into business units based on business products and services. The Group has four operating segments as follows:

- Paper– collection of waste paper, manufacture and distribution of paper for the manufacture of tissue
- Batteries – manufacture and distribution of batteries
- Stationery - manufacture and distribution of pens, books and other stationery
- Plantations – timber plantations

Central Administration includes the residual activities of Fleximail, Flexiwaste Zambia, Chloride Central Africa, and Art Head Office.

Sept-21	Paper	Batteries	Plantations	Stationery	Central Admin	Adj & Eliminations	Group
Revenue - External customer (Note 8)	1,166,942	4,547,570	187,296	435,651	-	(1,338,296)	4,999,163
Operating profit before impairments & fair value adjustments	(176,029)	673,660	(803)	78,063	15,014		589,905
Impairment (Note 16)	-	-	-	(267)	-	-	(267)
Income tax expense	(53,890)	(255,426)	(117,610)	(47,698)	(73,442)	-	(548,066)
Interest Income	71	17	-	60	604	-	752
Finance costs (Note 12)	(5,527)	(7,906)	-	(762)	(72,708)	-	(86,903)
Share of Associate Profit	-	-	-	-	8,719	-	8,719
Segment Assets	957,151	1,998,864	1,334,358	247,674	452,255	-	4,990,302
Segment liabilities	(490,276)	(718,276)	(236,339)	(114,031)	(374,092)	-	(1,933,014)
Capital expenditure (Note 14)	(271,572)	(213,875)	(5,293)	(5,219)	(17,719)	-	(513,678)
Depreciation (note 14 & 28)	(37,244)	(141,744)	(11,603)	(17,431)	(21,210)	-	(229,232)

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

9. BUSINESS SEGMENTS (cont'd)

Sept-20	Paper	Batteries	Planta-tions	Stationery	Central Admin	Adj & Elim-inations	Group
Revenue - External cus-tomer (Note 8)	442,208	4,067,272	171,919	325,488	-	(1,062,399)	3,944,488
Operating profit before impairments & fair value adjustments	27,161	1,155,371	55,349	35,144	(19,438)	-	1,253,587
Impairment (Note 16)	-	-	-	(623)	-	-	(623)
Income tax expense	256,970	82,983	346,098	81,012	145,473	-	912,536
Interest Income	-	-	-	64	34	-	98
Finance costs (Note 12)	(3,296)	(7,568)	-	(3,296)	(40,971)	-	(55,131)
Share of JV and Associate Profit	-	-	-	-	125,085	-	125,085
Segment Assets	578,994	2,037,398	1,587,852	184,593	546,081	-	4,934,918
Segment liabilities	(84,537)	(436,249)	(193,147)	(84,576)	(455,103)	-	(1,253,612)
Capital expenditure (Note 14)	(16,173)	(389,504)	(9,652)	(12,457)	(20,173)	-	(447,959)
Depreciation (Note 14 & 28)	(47,099)	(90,969)	(30,132)	(30,344)	(28,529)	-	(227,073)

- Segment assets comprise property, plant and equipment, biological assets, investments, other non-current financial assets, inventories, trade and other receivables, cash and bank
- Segment liabilities comprise trade and other payables, short-term loans and current taxation liability.
- Capital expenditure consists of additions of property, plant and equipment.

Geographic information

Analysis of revenue and non-current assets by geographical source:

	Zimbabwe		Zambia		Adjustments		ZWL$ 000	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	5,680,257	4,708,550	657,201	298,337	(1,338,295)	(1,062,399)	4,999,163	3,944,488
Non-current assets	3,501,778	3,664,930	57,835	67,705	-	-	3,559,613	3,732,635

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. PROFIT BEFORE TAX

Profit before tax was arrived at after adjusting for the following amounts:

		2021 ZWL$ 000	2020 ZWL$ 000
10.1	**Administrative expenses:**		
	Audit fees	9,339	15,901
	Depreciation	229,232	227,073
	Impairment of property, plant and equipment (Note 16)	267	623
	Staff costs	405,486	213,398
	Allowance for credit loss	5,106	47,352
	Other administrative expenses	313,172	186,432
	Total administration expenses	**962,602**	**690,779**
10.2	**Employee benefits expense**		
	Total employee costs	957,265	521,663
	Employee costs – cost of sales	428,670	251,106
	Employee costs – selling and distribution	123,109	57,159
	Employee costs – Administration (Note 10.1)	405,486	213,398
	Total key management personnel remuneration	47,289	28,655
	Directors' emoluments	3,579	3,556
	Managerial remuneration (Note 33)	43,710	25,099
	Defined contribution plan (Note 30)	13,510	20,345
10.3	**Other**		
	Net monetary loss on IAS 29 hyper-inflation adjustments	(142,054)	(674,850)
	Expense relating to short-term leases (Note 28)	157	163
	Exchange gain/(loss)	8,485	(141,829)
	- realised	(132,082)	(1,412,014)
	- unrealised (Note 31)	123,597	1,270,185
	Loss on disposal of property, plant and equipment	(5,179)	(4,550)
	Depreciation (Note 14 &28.1; 31)	229,232	227,073

Compensation to key management personnel is disclosed in note 33

11. Taxation

11.1 Tax charge:

	2021 ZWL$ 000	2020 ZWL$ 000
Current income tax (Note 11.2)	(127,746)	(186,232)
Deferred tax (Note 26)	(420,320)	1,098,768
Total current tax charge	(548,066)	912,536

Zimbabwe income tax is calculated at 24.72% (2020: 24.72%) of the taxable profit for the year. Zambia income tax is calculated at 35% (2020: 35%) of the taxable profit for the year. The deferred tax rate is 24.72% (2020:24.72%). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Withholding taxes are paid on cross-border dividends and fees within the Group.

The charge for the year can be reconciled to the profit per the statement of profit or loss and other comprehensive income as follows:

11.2 Tax reconciliation

	2021 ZWL$ 000	%	2020 ZWL$ 000	%
Profit before tax	**(112,434)**		**(91,120)**	
Tax at the Zimbabwean income tax rate	**(27,794)**	**24.72%**	**(22,525)**	**24.72%**
Adjusted for:				
Disallowed expenditure	357,989	-318.40%	306,992	-333.91%
Income not subject to tax	(66,477)	59.13%	(75,301)	82.64%
Export deduction	-	0.00%	(1,642)	1.80%
Capital Allowances	(143,085)	127.26%	(15,145)	16.62%
Other differences	(74)	0.07%	(5,456)	6.00%
Effect of different tax rates of subsidiaries operating in other jurisdictions	7,187	-6%	(691)	1%
Tax expense and effective tax rate for the year	127,746	-113.62%	186,232	-204%

Tax payable reconciliation	2021 ZWL$ 000	2020 ZWL$ 000
Opening balance	260,534	285,686
Effects of inflation	(118,191)	(179,775)
Current income tax and withholding taxes	127,746	186,232
Amount paid during the year	(76,435)	(31,609)
Closing balance	193,654	260,534

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

11. Taxation (cont'd)

11.3 Other comprehensive tax charge

Tax (charge)/credit in other comprehensive income

	Gross ZWL$ 000	Tax ZWL$ 000	Net ZWL$ 000
2021			
Deficit on revaluation of property, plant and equipment	31,137	(7,697)	23,440
2020			
Deficit on revaluation of property, plant and equipment	(1,609,040)	397,404	(1,211,636)

12.1 FINANCE INCOME

	2021 ZWL$ 000	2020 ZWL$ 000
Interest received from banks	752	98
Total	752	98

12.2 FINANCE COST

	2021 ZWL$ 000	2020 ZWL$ 000
Interest paid on bank overdrafts and loans	61,185	22,537
Interest paid on supplier balances	11,050	22,134
Interest on Lease liabilities (Note 28.2)	14,668	10,460
Total	**86,903**	**55,131**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic earnings per share is as shown below:

:

	2021 ZWL$ 000	2020 ZWL$ 000
Basic earnings per share		
Profit after tax $'000	(660,500)	821,416
Weighted average number of ordinary shares	472,802,874	472,802,874
Basic earnings per share (cents)	(139.7)	173.7
Diluted earnings per share		
Profit after tax $'000	(660,500)	821,416
Weighted average number of shares for diluted earnings per share	472,802,874	472,802,874
Diluted earnings per share (cents)	(139.7)	173.7
Headline earnings/ net assets/ tangible net assets per share		
Earnings attributable to ordinary owners	(660,500)	821,416
Adjusted for		
Loss on disposal (Note 10)	5,179	4,550
Impairment loss on plant (Note 16)	267	623
Investment property fair value adjustment (Note 18)	54,717	262,786
Biological assets fair value (Note 15)	190,860	330,571
Deferred tax reversals (Note 26)	420,320	(1,098,768)
Headline Earnings	10,843	321,178
Net Assets	3,057,288	3,681,306
Tangible net assets	2,972,114	3,681,306
Weighted average number of ordinary shares	472,802,874	472,802,874
Headline earnings per share (cents)	2.3	67.9
Diluted headline earnings per share (cents)	2.3	67.9
Net assets per share (cents)	646.6	778.6
Tangible net assets per share (cents)	628.6	778.6

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold premises ZWL$000	Plant & machinery ZWL$000	Motor vehicles ZWL$000	Office equipment ZWL$000	Capital WIP	Total ZWL$000
Cost or valuation						
At 30 September 2019	**1,550,512**	**1,441,993**	**261,139**	**111,191**	**-**	**3,364,835**
Exchange differences	(11,528)	(23,556)	55,514	(53,943)	-	(33,513)
Additions	-	395,151	37,967	14,841	-	447,959
Disposals	-	(1,076)	(16,250)	(1,801)	-	(19,127)
Impairment	-	(623)	-	-	-	(623)
Revaluation	(809,273)	(785,611)	(173,429)	-	-	(1,768,313)
At 30 September 2020	**729,711**	**1,026,278**	**164,941**	**70,288**	**-**	**1,991,218**
Exchange differences	19,974	22,144	12,485	95	-	54,698
Additions	-	90,863	7,563	4,409	332,431	435,266
Acquired through business combination	-	38,511	29,753	10,148		78,412
Disposals	(938)	(1,854)	(9,344)	(1,545)	-	(13,681)
Impairment	-	(267)	-	-	-	(267)
Revaluation	(31,687)	(250,444)	15,327	-	-	(266,804)
At 30 September 2021	**717,060**	**925,231**	**220,725**	**83,395**	**332,431**	**2,278,842**
Accumulated depreciation						
At 30 September 2019	**-**	**-**	**-**	**75,084**	**-**	**75,084**
Exchange differences	1,139	91	361	(42,255)	-	(40,664)
Charge for the year	19,191	103,224	46,538	5,658	-	174,611
Disposals	-	(171)	(11,100)	(1,749)	-	(13,020)
Revaluation - Depreciation written back	(20,330)	(103,144)	(35,799)	-	-	(159,273)
At 30 September 2020	**-**	**-**	**-**	**36,738**	**-**	**36,738**
Exchange differences	3,309	-	-	874	-	4,183
Charge for the year	1,891	138,761	52,328	9,386	-	202,366
Disposals	-	(200)	(4,004)	(1,289)	-	(5,493)
Revaluation - Depreciation written back	(5,200)	(138,561)	(48,324)	-	-	(192,085)
At 30 September 2021	**-**	**-**	**-**	**45,709**	**-**	**45,709**
Carrying amount						
At 30 September 2021	**717,060**	**925,231**	**220,725**	**37,686**	**332,431**	**2,233,133**
At 30 September 2020	**729,711**	**1,026,278**	**164,941**	**33,550**	**-**	**1,954,480**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Sensitivity Analysis

		Effect on other comprehensive income 2021 ZWL$ 000	2020 ZWL$ 000
Land and buildings - charge per square meter	5%	33,678	35,981
Land and buildings - charge per square meter	-5%	(33,678)	(35,981)
-			
Motor vehicles - Exchange rates	15%	33,109	24,714
Motor vehicles - Exchange rates	-15%	(33,109)	(24,714)
-			
Plant and machinery - Exchange Rates	15%	138,883	154,365
Plant and machinery - Exchange Rates	-15%	(138,883)	(154,365)

The Group re-assessed the carrying amounts and residual values upon revaluation of the property, plant and equipment and necessary adjustments were done accordingly.

Revaluation of property, plant and equipment

The Group engaged an accredited independent professional valuer, to determine the fair value of its land and buildings, plant and machinery and motor vehicles. Fair value is determined by reference to market value which is the price at which similar properties cost in the market. The date of revaluation was 30 September 2021.

The fair valuation of land and buildings, plant and machinery and motor vehicles were done in US$ and then converted to the functional currency at the closing effective rate of 124 (see note 7).

Where there is an active market for the property, it is valued at fair value determined by reference to market-based evidence. This means that valuations performed by the valuer are based on active market prices, adjusted for any differences in the nature, location and condition on the specified property. In coming up with the valuations, management considered the highest and best use of the properties. Valuation techniques for properties incorporate various underlying assumptions. These assumptions include, inter alia, the capitalisation rate for residential properties, rental per square meter, long-term vacancy rate, discount rates. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value.

Significant unobservable valuation input: Range

Price per square metre $122 – $367 (2020: $302 – $378)

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	2021 ZWL$000	Level 1 ZWL$000	Level 2 ZWL$000	Level 3 ZWL$000
Freehold premises	717,060	-	-	717,060
Plant and machinery	925,231	-	-	925,231
Motor vehicles	220,725	-	-	220,725
Total	**1,863,016**	**-**	**-**	**1,863,016**

	2020 ZWL$000	Level 1 ZWL$000	Level 2 ZWL$000	Level 3 ZWL$000
Freehold premises	729,711	-	-	729,711
Plant and machinery	1,026,279	-	-	1,026,279
Motor vehicles	164,941	-	-	164,941
Total	**1,920,931**	**-**	**-**	**1,920,931**

There were no movements between levels 1, 2 and 3 during the year.

Impairment of property, plant and equipment

The Eversharp book-making machine was impaired by ZWL$267,441(2020: 623,076). The carrying amount that is left in the books is its residual value of nil (2020: 3,361,545). See Note 16.

Security

Certain property, plant and equipment are encumbered. The net book value of properties pledged as security for borrowings (see note 19) as at 30 September 2020 is ZWL$1,344,363 million (2020; ZWL$1,414,598 million).

Reconciliation of opening and closing carrying amounts of property, plant and equipment

	2021 ZWL$ 000	2020 ZWL$ 000
Opening carrying amount at 1 October	1,954,480	3,289,751
Movement for the year:		
Additions	513,679	447,958
Net carrying amount of disposals	(8,188)	(6,107)
Depreciation charge for the year	(202,366)	(174,611)
Transfer to investment property	-	-
Impairment	(267)	(623)
Revaluation of land and buildings, plant, machinery & motor vehicles	(74,719)	(1,609,040)
Exchange movements	50,514	7,152
Carrying amount at 30 September	**2,233,133**	**1,954,480**
Cost plus revaluation	2,278,841	1,991,219
Accumulated depreciation	(45,709)	(36,739)

15. BIOLOGICAL ASSETS

The Group's biological assets comprise timber & macadamia plantations

	2021 ZWL$ 000	2020 ZWL$ 000
Opening balance	686,264	975,882
Harvesting costs	(82,171)	(10,342)
Capitalised costs	78,688	51,468
Fire damage	(41)	(173)
Fair value adjustments	(190,860)	(330,571)
At 30 September	**491,880**	**686,264**

Timber that is 18 years and above is considered mature, hence harvestable. 25,547 cubic metres were harvested during the year (2020: 24,285 cubic metres).

Forest Ageing Profile	2021 Hectares	2021 Valuation ZWL$ 000	2020 Hectares	2020 Valuation ZWL$ 000
1 - 6 years	1,228	8,290	1,231	7,996
7 - 12 years	716	44,066	676	54,214
13 - 18 years	507	303,540	503	402,248
19-40 years	134	135,984	151	221,806
	2,585	**491,880**	**2,561**	**686,264**

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)	
DCF Method	Estimated future timber market prices per tonne	ZWL$3,796 - ZWL$17,210 (ZWL$11,443)	ZWL$786 - ZWL$14,207 (ZWL$8,201)
	Discount rate	34%	34%

Biological assets risk management policies

Biological assets are timber plantations that are managed by the Group. These plantations are exposed to various risks, which include, fire, price fluctuations and marketing risk. The Group has put in place measures and controls to safeguard losses due to the above risks. These measures and controls include among other things, physical protection against fire and regular evaluation of prices.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. BIOLOGICAL ASSETS (cont'd)

Sensitivity on biological assets

	% Change	Effect on profit before tax ZWL$ 000	
		2021	2020
Change in mean annual increment/trees per hectare	+5%	24,493	34,213
	-5%	(24,493)	(34,213)
Change in price	+5%	27,812	36,610
	-5%	(27,812)	(36,610)

The estimated fair value would increase/ (decrease) if:

- the estimated timber prices per tonne were higher/(lower)
- the estimated yields per hectare were higher/(lower)
- the estimated harvest costs were lower/(higher)
- the discount rate were lower/(higher)

A change in the harvest costs by 5% will result in a change in profit before tax by $3,050,535 and a 2%change in discount rate would result a change in profit before tax by $4,008,977.

Fair value hierarchy

	2021 ZWL$000	Level 1	Level 2	Level 3
Biological assets	491,880	-	-	491,880

Fair value hierarchy

	2019 ZWL$000			
Biological assets	686,264	-	-	686,264

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16. IMPAIRMENT OF ASSETS

	2021 ZWL$ 000	2020 ZWL$ 000
Plant & Machinery	267	623
As at September	**267**	**623**

The impairment of plant and machinery relates to the write down of a component of a book-making machine which is not cost effective in the production process. The machinery was being used in the stationery business segment. The impairment loss is disclosed under administration expenses on the face of statement of profit or loss and other comprehensive income. The machine's recoverable value after impairment was nil; (2020: ZWL$3,361,545) which represents fair value less costs to sale. The fair value was determined using the market approach as reflected by the expected selling price of the machinery. The fair value was based on the assumption that a market participant is willing to buy the machinery without the impaired component.

	2021 ZWL$000	Level 1	Level 2	Level 3
Book-making machine	-	-	-	-

	2020 ZWL$000	Level 1	Level 2	Level 3
Book-making machine	3,361	-	-	3,361

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

17. ACQUISITIONS AND GOODWILL

Softex Step Acquisition

On 30 May 2021, the Group acquired 50% of the equity investment (shares) of Softex Tissue Products (Private) Limited from Nampak in addition to the 50% already held by the Group as an investment in joint venture. The acquisition resulted in the Group obtaining control over Softex in accordance with IFRS 10.

The details of the business combination are as follows:

	ZWL$ 000
Fair value of consideration transferred	
Amount settled in cash	78,626
Fair value of 50% investment in Softex previously held	78,626
Total	**157,252**
Recognised amounts of identifiable net assets	
Property, plant and equipment (note 14)	78,412
Total non-current assets	**78,412**
Inventories	56,173
Trade and other receivables	47,140
Cash and cash equivalents	606
Total current assets	**103,919**
Deferred tax liabilities	(12,706)
Total non-current liabilities	**(12,706)**
Trade and other creditors	(96,051)
Short-term loan	(1,496)
Total current liabilities	**(97,547)**
Identifiable net assets	**72,078**
Goodwill on acquisition	**85,174**
Consideration transferred in cash	78,626
Cash and cash equivalents acquired	(606)
Net cash outflow on acquisition	**78,020**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

17. ACQUISITIONS AND GOODWILL (cont'd)

Goodwill

The movements in the net carrying amount of goodwill are as follows:

	2021 ZWL000	2020 ZWL000
Gross carrying amount		
Balance as at 1 October	-	-
Acquired through business combination	85,174	-
Net exchange difference	-	-
Balance as at 30 September	**85,174**	**-**
Accumulated impairment		
Balance as at 1 October	-	-
Impairment loss recognised	-	-
Net exchange difference	-	-
Balance as at 30 September	-	-
Carrying amount as at 30 September	**85,174**	-

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

Goodwill allocated to operating segments

As at 30 September	2021 ZWL000	2020 ZWL000
Paper segment	85,174	-
	85,174	-

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

18. INVESTMENT PROPERTY

	2021 ZWL$ 000	2020 ZWL$ 000
Opening balance	682,020	944,806
Fair value adjustment	(54,717)	(262,786)
Closing balance	**627,303**	**682,020**

The Group's investment property consists of commercial properties in Mutare and Harare. At 30 September 2021, management engaged the services of a professional independent valuer. A valuation in accordance with that recommended by the International Valuation Standards Committee has been applied in coming up with the fair value of the investment property.

The fair valuation of investment property was done in USD and then converted to the functional currency at the closing management effective exchange rate (see note 14).

	2021 ZWL$ 000	2020 ZWL$ 000
Rental income derived from investment property*	6,824	21,414
Direct operating expenses generating rental income	(21,023)	(14,047)
Direct operating expenses that did not generate rental income	(5,081)	(3,659)
Profit arising from investment property carried at fair value	**(19,280)**	**3,708**

The Group has no restrictions on the realizability of its investment property and no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance and enhancements. Valuation techniques for properties incorporate various underlying assumptions. These assumptions include, inter alia, the capitalisation rate for residential properties, rental per square metre, long-term vacancy rate and discount rates. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value.

**this is included in other income in the statement of profit or loss.*

Valuation techniques and key unobservable inputs	Significant unobservable inputs	Range (Weighted average)	
		2021	2020
DCF Method	Estimated rental value per sqm	$12-$15	$122-$367
	Rental growth per annum	6%-7%	1%-5%
	Long-term vacancy rate	25%-40%	25%-40%
	Discount rate	13%	13%

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

18. INVESTMENT PROPERTY (cont'd)

Sensitivity

Increase/(decrease) in the rental value per square metre and rental growth per annum result in increase/decrease in the fair value of the investment property. Increase/ decrease of long-term vacancy rate and discount rate result in decrease/ increase in the fair value of the investment property.

	2021 ZWL$000	Level 1	Level 2	Level 3
Investment Property	627,303	-	-	627,303
	2020 ZWL$000			
Investment Property	682,020	-	-	682,020

19. INTEREST-BEARING LOANS AND BORROWINGS

	Interest rate %	Maturity	2021 ZWL$ 000
CURRENT INTEREST-BEARING LOANS AND BORROWINGS			
Secured bank loan	8%	30-Apr-22	71,362
Secured bank loan	8%	30-Sep-22	70,628
Secured bank loan	45%	31-Aug-22	93,598
Secured bank loan	9%	30-Apr-22	17,386
Secured bank loan	42%	30-Apr-22	8,000
Secured bank loan	9%	29-Mar-22	13,829
Total current interest-bearing loans and borrowings			**274,803**

	Interest rate %	Maturity	2020 ZWL$ 000
CURRENT INTEREST-BEARING LOANS AND BORROWINGS			
Secured bank loan	45%	31-Aug-21	10,768
Secured bank loan	61%	30-May-21	311
Secured bank loan	50%	27-Feb-21	19,720
Secured bank loan	30%	30-Oct-20	65
Secured bank loan	30%	31-Mar-21	44,443
Total current interest-bearing loans and borrowings			**75,307**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19. INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

	Interest rate %	Maturity	2021 ZWL$ 000
LONG-TERM BORROWINGS			
Secured bank loan	61%	31-Dec-22	21,178
Total long-term interest-bearing loans and borrowings			**21,178**

	Interest rate %	Maturity	2021 ZWL$ 000
LONG-TERM BORROWINGS			
Secured bank loan	45%	30-Nov-21	362
Secured bank loan	50%	31-Aug-22	4,377
Secured bank loan	61%	31-Mar-22	9,044
Total long-term interest-bearing loans and borrowings			**13,783**

The Group has a significant amount of interest-bearing loans and borrowings on its statement of financial position and has decided to provide detailed information to the users of the financial statements about the effective interest rate as well as maturity of the loans. Land and buildings have been used to secure some of these borrowings both in Zimbabwe and Zambia (see note 14 for value of assets held as security).

The Group has long-term funding with banks in Zimbabwe and Zambia. The loans have tenures ranging from 1.5 years to 2 years with interest ranging from 45% to 61% (2020; 30% to 61%) for ZWL denominated loans and ranging from 8% to 9% (2020; 8% to 9%) for USD denominated loans.

Year Ended 30 September 2021	1-Oct-20 ZWL$000	New Loans ZWL$000	Repayments ZWL$000	Other movements ZWL$000	30-Sep-21 ZWL$000
Current interest-bearing loans	75,308	298,072	(50,827)	(47,750)	274,803
Non-Current interest-bearing loans	13,783	22,601	(13,783)	(1,423)	21,178
Total	**89,091**	**320,673**	**(64,610)**	**(49,173)**	**295,981**
Year Ended 30 September 2020	**1-Oct-19 ZWL$000**	**New Loans ZWL$000**	**Repayments ZWL$000**	**Other movements ZWL$000**	**30-Sep-20 ZWL$000**
Current interest-bearing loans	192,629	115,883	(29,964)	(203,241)	75,307
Non-Current interest-bearing loans	8,878	12,571	(7,665)	-	13,784
Total	**201,507**	**128,454**	**(37,629)**	**(203,241)**	**89,091**

The value of undrawn facilities with financial institution totals nil (2020: ZWL$30.32 million)

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19.1 OVERDRAFTS

	2021 ZWL$ 000	2020 ZWL$ 000
Bank overdrafts	12,113	59,706
	12,113	**59,706**

Interest of 30% (2020: 20%) is charged on the bank overdraft.
Land and buildings have been used to secure some of these overdrafts both in Zimbabwe and Zambia (see note 14 for value of assets held as security).

19.2 FINANCIAL RISK MANAGEMENT

Although the Group is significantly diversified with decentralised operational controls, the financial aspects are controlled centrally in order to manage exposure to financial risk.

Foreign currency risk management
The Group strategy is to take a non-speculative approach to the risk of moving exchange rates and whenever possible to maintain a hedged position between assets and liabilities denominated in foreign currencies.

The liquidity risk on foreign creditors and lenders has increased due to delay of foreign payments. Refer to note 22 for additional disclosures under cash and short-term deposits.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2021 ZWL$ 000	2020 ZWL$ 000
Cash balances (Note 22)	53,549	79,713
Accounts receivable (Note 21)	410,808	447,676
Loans (Note 19)	(295,981)	(89,091)
Bank overdrafts (Note 19.1)	(12,113)	(59,706)
Accounts payable (Note 27)	(434,762)	(480,184)

Foreign currency sensitivity analysis
The Group's principal foreign currency exposures are to the Zimbabwe dollar against the United States dollar (USD), Zambian kwacha (ZMK), Botswana pula (BWP), South African rand (ZAR) and Euro. The table below illustrates the hypothetical sensitivity of the Group's reported profit and equity to a 10% increase and decrease in the ZWL$/USD, ZWL$/ZMK, ZWL$/BWP, ZWL$/ZAR and ZWL$/EUR exchange rates at the year-end date, assuming all other variables remain unchanged. The sensitivity rate of 10% represents the Directors' assessment of a reasonable possible change.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19.2 FINANCIAL RISK MANAGEMENT (cont'd)

Impact on profit before tax

	2021 ZWL$ 000	2020 ZWL$ 000
ZWL$ weakens by 10%		
South African rand	(8,841)	(2,682)
Zambian kwacha	34,669	6,252
Euro	(3,733)	(379)
Botswana pula	8,446	(182)
Other	(6,975)	-
	23,566	**3,009**
ZWL$ strengthens by 10%		
South African rand	8,841	2,682
Zambian kwacha	(34,669)	(6,252)
Euro	3,733	379
Botswana pula	(8,446)	182
Other	6,975	-
	(23,566)	**(3,009)**

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The business potentially faces liquidity risk in meeting its foreign working capital requirements.

	Within 3 months ZWL$ 000	Between 4 & 12 months ZWL$ 000	Between 12 & 24 months ZWL$ 000	More than 24 months ZWL$ 000	Total ZWL$ 000
2021					
LIABILITIES					
Borrowings	-	(274,803)	(21,178)	-	(295,981)
Bank overdrafts	(12,113)	-	-	-	(12,113)
Accounts payable	(308,681)	(126,081)	-	-	(434,762)
	(320,794)	**(400,884)**	**(21,178)**	**-**	**(742,856)**
2020					
LIABILITIES					
Borrowings (Note 19)	-	(75,308)	(13,783)	-	(89,091)
Bank overdrafts (Note 19.1)	(59,706)	-	-	-	(59,706)
Accounts payable (Note 27)	(343,133)	(137,051)	-	-	(480,184)
	(402,839)	**(212,359)**	**(13,783)**	**-**	**(628,981)**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19.2 FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk

The Group also actively seeks to convert short-term borrowings to long term sustainable debt at lower interest rates. The objective is to ensure continuity of funding at low cost and to avoid significant exposure to changes in interest rates.

The total borrowing position of the Group is governed by clauses in the memorandum and articles of association of the Group companies. The Board also monitors the Group's exposure to interest rates on a quarterly basis.

Interest rate sensitivity analysis

The table below illustrates the hypothetical sensitivity of the Group's reported profit to a 50% increase or decrease in interest rates, assuming all other variables were unchanged. The sensitivity rate of 50% represents the directors' assessment of a reasonably possible change.

The analysis has been prepared using the following assumptions:

The amount of liability outstanding at the reporting date is assumed to have been outstanding for the whole year.

Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis. There is no additional impact on equity.

	2021 ZWL$ 000	2020 ZWL$ 000
Interest rates increase by 50%	(43,451)	(82,696)
Interest rates decrease by 50%	43,451	82,696

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed through extensive credit verification procedures and individual credit limits are defined in accordance with this assessment. Customers with outstanding balances are regularly monitored.

The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 21. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured, and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

19.2 FINANCIAL RISK MANAGEMENT (cont'd)

Trade receivables (cont'd)
The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The security held by the Group and other forms of credit insurance are considered an integral part of trade receivables and considered in the calculation of impairment. These credit enhancements obtained by the Group resulted in a decrease in the ECL of $31,233 as at 30 September 2020. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The requirement for impairment is analysed at each reporting date on an individual basis for all customers.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial asset disclosed in note 21. For debtors past due, the Group considers whether the asset is secured or not and where the asset is secured and the security is considered adequate to cover the carrying amount of the debt, the specific asset is not impaired. The Group evaluates the concentration of credit risk as low since the balances are widely spread.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

30-Sep-21						
Loss Rates	Total	Current	30 Days	60 Days	90 Days	120 Days
	40%	13%	22%	54%	100%	100%
	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000
Total gross carrying amount	312,660	226,817	26,123	11,537	12,161	36,023
Expected credit loss	88,754	28,522	5,842	6,216	12,161	36,023

30-Sep-20						
Loss Rates	Total	Current	30 Days	60 Days	90 Days	120 Days
	48%	46%	51%	61%	100%	100%
	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000	ZWL$000
Total Gross Carrying amount	233,035	202,342	18,169	6,254	2,318	3,952
Expected credit loss	111,843	92,542	9,214	3,817	2,318	3,952

Cash balances
The Group only deposits cash with financial institutions with high credit ratings. The maximum exposure to risk is equal to the carrying amount of cash and bank balances as disclosed in note 22.

Significant increase in credit risk
The Group monitors all financial assets and contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information. Multiple economic scenarios form the

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19.2 FINANCIAL RISK MANAGEMENT (cont'd)

Significant increase in credit risk (cont'd)

basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

Write off policy

Financial assets are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owed to the Group. A write-off constitutes a derecognition event.

Insurance

The Group is currently insured on a catastrophe basis only with reputable local insurance companies, based on advice received from independent brokers. Independent risk management reviews are undertaken periodically.

20. INVENTORIES

	2021 ZWL$000	2020 ZWL$ 000
Raw materials	243,302	187,832
Work in progress	231,413	33,667
Manufactured goods	387,002	320,099
Consumables and spares	68,063	50,131
Goods-in-transit	36,552	83,165
	966,332	**674,894**

21. TRADE AND OTHER RECEIVABLES

	2021 ZWL$000	2020 ZWL$ 000
Group		
Trade receivables	312,660	233,035
Allowances for expected credit losses	(88,764)	(111,843)
Total	**223,896**	**121,192**
Prepayments	128,796	306,660
Other receivables	58,116	19,825
	410,808	**447,676**

An allowance has been made for estimated irrecoverable amounts ZWL$88,764,000 (2020: ZWL$111,843,000). The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

21. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in the allowances for expected credit losses

	2021 ZWL$ 000	2020 ZWL$ 000
Balance at beginning of the year	111,843	159,192
Provisions reversed	(33,104)	(62,098)
Provisions raised	10,025	14,749
Balance at end of the year	**88,764**	**111,843**

There were no collectively impaired trade receivables in the current year. Credit terms vary per business unit, but do not exceed 30 days. No interest is charged on overdue receivables.

22. CASH AND CASH EQUIVALENTS

	2021 ZWL$ 000	2020 ZWL$ 000
Bank balances	50,094	40,254
Cash	3,455	39,459
	53,549	**79,713**

Cash and cash equivalents comprise bank balances and cash held by the Group and other short-term bank deposits with an original maturity of three months or less. The carrying amount of these balances approximates their fair value.

Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis.

At 30 September 2021, the Group had available nil (2020: 30.32) of undrawn committed borrowing facilities.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 September 2021

	2021 ZWL$ 000	2020 ZWL$ 000
Cash at banks and on hand	53,549	79,713
Short-term deposits	-	-
	53,549	79,713
Bank overdrafts	(12,113)	(59,706)
Cash and cash equivalents	**41,436**	**20,007**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

23. SHARE CAPITAL

	2021 ZWL$ 000	2020 ZWL$ 000
The share capital of the Company comprises:		
Authorised:		
800,000,000 Ordinary Shares of ZWL$ 0.00045 each. (2020: 800,000,000) Ordinary Shares of ZWL$ 0.00045 cents eac.	4,145	4,145
Issued and fully paid:		
472,802,874 Ordinary Shares of ZWL$ 0.00045 each. (2020: 472,802,874) Ordinary Shares of ZWL$ 0.00045 cents each	2,453	2,453
Treasury shares:		
638,408 Ordinary Shares of ZWL$ 0.00045 each. (2020: 638,408) Ordinary Shares of ZWL$ 0.00045 cents each.	-	-

	Issued and fully paid		Treasury shares	
	2022 000's	2020 000's	2021 000's	2020 000's
Movement in the number of shares				
Opening balance	472,803	472,803	638	638
Issue of shares	-	-	-	-
Purchase of Treasury shares	-	-	-	-
Employees' share option scheme	-	-	-	-
At 30 September	**472,803**	**472,803**	**638**	**638**

SHARE PREMIUM

	2021 ZWL$ 000	2020 ZWL$ 000
Opening balance	228,484	228,484
Issue of shares	-	-
At 30 September	**228,484**	**228,484**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

24. NON-DISTRIBUTABLE RESERVES

	2021 ZWL$ 000	2020 ZWL$ 000
Share options reserve	-	1,877
Foreign currency translation reserve	121,372	108,330
Revaluation reserve	619,010	595,570
At 30 September	**740,382**	**705,777**
Comprising:		
Opening balance	705,777	1,895,299
Changes in non-distributable reserves	34,605	(1,189,522)
Translation of foreign subsidiaries	13,042	22,114
Surplus on revaluation of property, plant and equipment	23,440	(1,211,636)
Transfer to retained earnings	(1,877)	-
Closing balance	**740,382**	**705,777**

Share options reserve

The share options reserve relates to share options granted by the Group to its employees under its employee share option plan (see note 25).

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Revaluation of property, plant and equipment reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

25. SHARE-BASED PAYMENTS

At the Group's Annual General Meeting, held on 5 February 2010, the shareholders approved an Executive Share Option Scheme. The scheme provided for the Directors to grant options to employees, up to a maximum of 15,588,316 Zimbabwe Depository Receipts. The options are granted for a maximum period of five years at a minimum price of the middle market price ruling on the Zimbabwe Stock Exchange on the last business day preceding the date of grant of the option. The maximum value of the options that can be granted to an employee is twice the employee's annual salary, including bonuses. The share option scheme has lapsed and the residual share option reserve has been transferred to retained earnings in 2021

	2021 Number of options	2020 Weighted average exercise price (cents)	2021 Number of options	2020 Weighted average exercise price (cents)
Outstanding at start of the year	10,088,316	-	-	-
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Outstanding at end of the year	10,088,316	-	-	-
Exercisable at end of year	-	-	-	-

26. DEFERRED TAX

	2021 ZWL$ 000	2020 ZWL$ 000
Opening balance	164,591	1,670,189
Exchange differences	17,523	(9,426)
Charged through other comprehensive income (Note 11.3)	7,697	(397,404)
Charge to profit or loss (Note 11.1)	420,320	(1,098,768)
At 30 September	**610,131**	**164,591**

The following are the major deferred tax liabilities and assets recognised by the Group.

	2021 ZWL$ 000	2020 ZWL$ 000
Deferred tax liabilities		
Investment property	92,068	107,151
Property, plant and equipment	46,960	38,822
Biological assets	(128,898)	(81,717)
Other	600,001	100,335
	610,131	**164,591**

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

27. TRADE AND OTHER PAYABLES

	2021 ZWL$ 000	2020 ZWL$ 000
Trade payables	434,762	235,259
Contract liabilities (Note 8.4)	16,170	5,241
Accruals and other	258,773	239,684
Total	**709,705**	**480,184**

Trade payables, accruals and other obligations are non-interest bearing and are normally settled within 30 days.

27.1 PROVISIONS

Provisions reconciliation

	Leave pay ZWL$ 000	Warranties ZWL$ 000	Total ZWL$ 000
At 30 September 2019	**5,538**	**20,334**	**25,872**
Additional provision	22,353	66,869	89,222
Provision reversed	-	-	-
Amount utilised	(18,750)	(1,801)	(20,551)
At 30 September 2020	**9,141**	**85,402**	**94,543**
Additional provision	54,230	33,619	87,849
Amount reversed	-	-	-
Amount utilised	(12,654)	(105,836)	(118,490)
At 30 September 2021	**50,717**	**13,185**	**63,902**

The provision for leave pay represents annual leave entitlement accrued by employees. The provision for warranties represents the present value of the Directors' best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties on batteries. The estimate has been made on the basis of historical warranty trends.

Notes to the Financial Statements (cont'd)

28. LEASES

Group as a lessee

The Group has lease contracts for various industrial and commercial buildings, and other equipment used in its operations. Leases of land and buildings generally have lease terms between 1 and 5 years, and although some contracts have short lease terms, they have always been renewed and management has reasonable expectation that they will continue to be renewed in the foreseeable future. Management has however, for the purposes of calculating lease liability and right of use, resolved to limit all the terms to 3 years due to the uncertainty in the country. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period.

28.1 RIGHT OF USE

	Head Office	Eversharp	Chloride	Chloride Zambia	KPM	NWC	Total
As at 30 September 2019	-	-	-	-	-	-	-
Additions	19,828	19,976	44,658	39,092	7,245	51,382	182,181
Depreciation charge	(6,611)	(6,658)	(14,886)	(5,124)	(2,057)	(17,126)	(52,462)
As at 30 September 2020	**13,217**	**13,318**	**29,772**	**33,968**	**5,188**	**34,256**	**129,719**
Additions							
Depreciation charge	(3,611)	(3,169)	(7,965)	(8,583)	(835)	(2,703)	(26,866)
Effect of changes in exchange rates	(5,049)	(3,452)	-	(16,802)	(2,461)	(4,321)	(32,085)
As at 30 September 2021	**4,557**	**6,697**	**21,807**	**8,583**	**1,892**	**27,232**	**70,768**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

28.2 LEASE LIABILITIES

	Head Office	Eversharp	Chloride	Chloride Zambia	KPM	NWC	**2021**	**2020**
	ZWL$ 000	ZWL$ 000	ZWL$ 000	ZWL$ 000	ZWL$ 000	ZWL$ 000	**ZWL$ 000**	**ZWL$ 000**
As at 1 October	15,757	8,986	39,144	28,404	3,938	8,735	**104,964**	**71,560**
Accretion of interest (Note 12)	672	860	3,015	8,521	276	1,324	**14,668**	**10,460**
Payments	(4,941)	(6,720)	(31,703)	(13,998)	(2,262)	(3,732)	**(63,356)**	**(28,155)**
Effect of changes in exchange rates	(6,243)	-	1,508	(4,013)	-	-	**(8,748)**	**51,099**
As at 30 September 2021	5,245	3,126	11,964	18,914	1,952	6,327	**47,528**	**104,964**
Current	5,244	3,126	11,965	18,914	1,952	6,327	**47,528**	**47,940**
Non-current	-	-	-	-	-	-	**-**	**57,024**

Some lease contracts are denominated in USD and are adjusted for the effect of changes in exchange rates between USD and ZWL.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

28 LEASES (cont'd)

The following are the amounts recognised in profit or loss:

	2021 ZWL$000	2020 ZWL$ 000
Depreciation expense of right-of-use assets	26,956	52,463
Interest expense on lease liabilities (Note 12)	14,668	10,083
Expense relating to short-term leases (included in administrative expenses) (Note 10)	157	163
Total amount recognised in profit or loss	**41,781**	**62,709**

The Group had total cash outflows for leases of ZWL$63,356 (2020: ZWL28,155l)

Future minimum lease payments as at 30 September were as follows:

	Within 1 year ZWL$ 000	1-2 years ZWL$ 000
30 September 2021	-	-
Lease Payments	28,155	-
Interest charges	(10,460)	-
Net Present values	**17,695**	**-**
30 September 2020		
Lease Payments	62,000	55,984
Interest charges	(7,748)	(2,912)
Net Present values	**54,252**	**53,072**

28.4 Operating lease commitments - The Group as lessor

The Group has entered into property leases on its Mutare and Harare properties. In addition, the Group also leases some forestry equipment. These non-cancellable leases have remaining lease terms of between one and four years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 September are as follows. All leases contain a clause to renew after expiry

	Within 1 year ZWL$ 000	1-2 years ZWL$ 000
2021	20,209	40,418
2020	21,414	85,654

29. FAIR VALUE

	Total	Quoted prices in active markets (level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	ZWL$000	ZWL$000	ZWL$000	ZWL$000
As at 30 September 2021				
Assets measured at fair value				
Revalued land and freehold buildings (note 14)	717,060	-	-	717,060
Plant and machinery (note 14)	925,231	-	-	925,231
Motor vehicles (note 14)	220,725	-	-	220,725
Investment property (note 18)	627,303	-	-	627,303
Biological assets (note 15)	491,880	-	-	491,880
Trade and other receivables (note 21)	410,808	-	-	410,808
Cash and cash equivalents (note 22)	53,549	-	-	53,549
Liabilities measured at fair value		-	-	
Interest-bearing loans (note 19)	295,981	-	-	295,981
Bank overdraft (note 19.1)	12,113	-	-	12,113
Trade and other payables (note 27)	709,705	-	-	709,706
As at 30 September 2020				
Assets measured at fair value		-	-	
Revalued land and freehold buildings (note 14)	729,711	-	-	729,711
Plant and machinery (note 14)	1,026,278	-	-	1,026,279
Motor vehicles (note 14)	164,941	-	-	164,941
Investment property (note 18)	682,020	-	-	682,020
Biological assets (note 15)	686,264	-	-	686,264
Trade and other receivables (note 21)	447,676	-	-	447,676
Cash and cash equivalents (note 22)	79,713	-	-	79,713
Liabilities measured at fair value				
Interest-bearing loans (note 19)	89,091	-	-	89,091
Bank overdraft (note 19)	59,706	-	-	59,706
Trade and other payables (note 27)	480,184	-	-	480,184

Management assessed that the fair values of cash and cash equivalents, bank overdrafts, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the Group's interest-bearing borrowings are determined using the Discounted Cash Flow (DCF) method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 30 September 2021 was assessed to be insignificant

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

30. RETIREMENT BENEFIT PLANS

Defined contribution plans

Group operating companies in Zimbabwe and all related employees contribute to a defined contribution pension scheme, the Art Corporation Pension Fund. The assets of the pension schemes are held separately from those of the Group in funds under the control of trustees. With effect from 1 July 2012, the trustees of the Pension Fund approved a paid-up status for The effect of this is the cessation of compulsory employer and employee contributions.

All Zimbabwean employees are also required by legislation to be members of the National Social Security Authority. The Group's obligations under the National Social Security Authority are limited to specific contributions as legislated from time to time. The Group's contributions are in compliance with the current legislation of 4.5% of insurable earnings to a maximum pensionable salary of ZWL$5000 for each employee.

Employees in Zambia contribute to a defined contribution pension scheme arranged in their country of operation.
The Zimbabwe companies also contribute to a Group Life Assurance Policy administered by an independent insurance company.

	2021 ZWL$000	2020 ZWL$ 000
Contribution to pension schemes during the year:		
Zimbabwe pension schemes	6,086	388
Zimbabwe National Social Security Authority	6,374	2,180
Non-Zimbabwe pension schemes	1,050	17,777
	13,510	**20,345**

31. GROUP CASH FLOW INFORMATION

	2021 ZWL$000	2020 ZWL$ 000
Cash generated from operations		
Operating profit before interest and tax	(26,283)	(36,087)
Depreciation	229,232	227,073
Loss on disposal of property, plant and equipment	5,179	4,550
Unrealised exchange loss/(gains)	(123,597)	(1,270,185)
Impairment of property, plant and equipment	267	623
Fair value loss on investment property	54,717	262,786
Provisions	(30,640)	68,672
Net monetary loss	142,054	674,850
Share of JV and associate profit	(8,719)	(125,085)
Fair value adjustment on biological assets	190,860	330,571
Cash generated before working capital changes	433,070	137,768
Movement in working capital		
Increase/(decrease) in inventories	(291,437)	524,393
Decrease in trade and other receivables	36,868	115,464
Harvesting of biological assets	82,171	10,342
Increase/(decrease) in trade and other payables	229,521	(316,076)
Net cash utilised in working capital	57,123	334,123
Cash generated from operations	490,193	471,891

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

32. RELATED PARTY TRANSACTIONS

The Group owned 50% of Softex Tissue Products (Private) Limited until 30 May 2021 when the Group acquired the remaining 50% to gain 100% control. Kadoma Paper Mills, a Group entity sells its products to Softex Tissue. Related party transactions indicated below between Art Holdings Limited and Softex are for prior year..

Transactions between the Group and Softex:

	2021 ZWL$000	2020 ZWL$ 000
Amounts receivable from Softex	-	11,279
Sales to		
Kadoma Paper Mills	-	403
Purchases from		
Kadoma Paper Mills	-	140,812

No amounts relating to related party balances were written off. Balances are paid over 30 days and are interest-free.

ART Holdings owns 40% of Victor Onions (Private) Limited and supplies the company with batteries for resale. Transactions with Victor Onions are at arm's length and trade terms are normally 30 days.

Transactions and balances with Victor Onions:

	2021 ZWL$ 000	2020 ZWL$ 000
Sales		
Sales to related party	306,807	159,536
Amounts owed by Related party	4,058	16,826

Transactions in the normal course of business:
Art Corporation also has a trading relationship with Taesung Chemical Company Limited a company with a majority shareholding, which supplies raw materials, batteries and machinery to the Batteries, Paper and Stationery Divisions.

Transactions in the normal course of business with Taesung:

	2020 ZWL$ 000	2019 ZWL$ 000
Purchases		
Purchases from related party- (Inventory)	291,770	57,660
Amounts owed to related party	301,068	53,337

The balances above are disclosed in accounts payables in the Statement of Financial Position. Repayment terms for the working capital facility and are generally on 150 days terms and the capital expenditure funding is repayable on varying terms between 12 months to 36 months.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

33. COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2021 ZWL$000	2020 ZWL$ 000
Short-term employee benefits	42,734	25,035
Pension	976	64
Total compensation paid to key management personnel	**43,710**	**25,099**

The Group considers the executive Directors, Group executives and unit leaders as key management personnel.

Directors' Loans

There were no loans to Directors during the financial year (2020: Nil)

34. JOINT VENTURE AND ASSOCIATE

	2021 ZWL$ 000	2020 ZWL$ 000
STATEMENT OF PROFIT OR LOSS		
Share of Joint Venture profit/(loss)	-	105,459
Share of associate profit	8,719	19,626
Total	**8,719**	**125,085**
STATEMENT OF FINANCIAL POSITION		
Investment in Joint Venture	-	236,028
Investment in Associate	51,445	44,124
Total	**51,445**	**44,124**

Sep-21	Investment in Joint Venture ZWL000	Investment in Associate ZWL000	TOTAL ZWL000
Opening Balance	236,028	44,124	280,152
Share of Profit	-	8,719	8,719
Dividends	-	(1,398)	(1,398)
Remeasurement before acqusition	(134,685)	-	(134,685)
Loss share before acquisition	(22,717)	-	(22,717)
Revalued investment acquired	(78,626)	-	(78,626)
Closing Balance	**-**	**51,445**	**51,445**

Sep-20	Investment in Joint Venture ZWL000	Investment in Associate ZWL000	TOTAL ZWL000
Opening Balance	130,569	25,549	156,118
Share of Profit	105,459	19,626	125,085
Dividends	-	(1,051)	(1,051)
Closing Balance	**236,028**	**44,124**	**280,152**

The Group had a 50% interest in Softex Tissue Products (Private) Limited, a joint venture involved in the manufacture of tissue and related products in Zimbabwe, until 30 May 2021 when the Group purchased the remaining 50% stake to obtain 100% control. Its operations are strategic to the Group's operations. Detailed below is the summarised financial information of the Group's interest in the joint venture (Softex) in prior year.

34. JOINT VENTURE AND ASSOCIATE (cont'd)

	2021 ZWL$000	2020 ZWL$ 000
STATEMENT OF PROFIT OR LOSS		
Revenue	-	765,066
Cost of sales	-	(506,588)
Gross profit	**-**	**258,478**
Other income	-	363
Operating expenses	-	(36,946)
Operating profit before interest and tax	**-**	**221,895**
Finance income	-	18
Finance costs	-	(39)
Profit before tax	-	221,874
Income tax charge	-	(10,957)
Profit for the year	**-**	**210,917**
Group's share of profit for the year	**-**	**105,459**

The financial statements of the joint venture are restated for hyper-inflation in line with the provisions of IAS 29. Therefore, the Group's share of profit was after restatement.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

34. JOINT VENTURE AND ASSOCIATE (cont'd)

	2021 ZWL$ 000	2020 ZWL$ 000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Non-current assets		
Property, plant and equipment	-	289,677
	-	289,677
Current assets		
Inventories	-	41,951
Trade and other receivables	-	75,382
Cash and short-term deposits	-	197
	-	117,530
Total assets	-	407,207
LIABILITIES		
Current liabilities		
Trade and other payables	-	39,731
Financial Liabilities	-	28,226
	-	67,957
Long-term liabilities		
Deferred tax	-	4,337
Financial Liabilities	-	4,337
Total Liabilities	-	72,295
NET ASSETS	-	334,912
Capital and reserves		
Shareholders' equity	-	334,912
Group's Carrying amount of the Investment	-	236,029

The joint venture had no contingent liabilities or capital commitments as at 30 September 2021 and 2020. Softex Tissue Products (Private) Limited cannot distribute its profits without consent from the two venture partners.

The Group also has a 40% interest in Victor Onions (Private) Limited a company incorporated and domiciled in Zimbabwe which sells automotive batteries. The Group uses equity accounting to account for its investment in Victor Onions. During the year, Victor Onions made a profit of $30,632,048 and the Group's share was therefore accounted as ZWL 8,719,000 (2020: ZWL19,626,000). The Group received dividends during the year of ZWL1,398,000(2020: ZWL1,052,000). The financial statements of the Associate are restated for hyper-inflation, in line with the provisions of IAS 29. Therefore, the Group's share of profit was after restatement.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

35. INVESTMENTS

Details of the Company's direct subsidiaries at 30 September 2021 are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	Principal activity
Art Investments Limited	Mauritius	100%	Owns Art Zimbabwe Limited
Chloride CA Limited	British Virgin Islands	100%	Owns Exide rights in Zimbabwe and Zambia

The Company's other indirect operating subsidiaries at 30 September 2021 are as follows:

Name of subsidiary	Country of incorporation	Ownership interest	Principal activity
Art Investments Limited	Mauritius	100%	Owns Art Zimbabwe Limited
Chloride Zambia Limited	Zambia	100%	Retailer of batteries
Art Corporation Limited	Zimbabwe	100%	Owns divisions that manufacture and retail battery, paper and stationery products
Zimbabwe Waste Paper Collections (Private) Limited	Zimbabwe	100%	Collects waste paper used in the production of tissue paper
Kadoma Consolidated Properties (Private) Limited	Zimbabwe	100%	Owns property
Mutare Board & Paper Mills (Private) Limited	Zimbabwe	100%	Owns property
Dulwich Properties (Private) Limited	Zimbabwe	100%	Owns property
Ultimate Parent The ultimate parent company is Art Holdings Limited			

36. CONTINGENCIES

There were no contingencies as at 30 September 2021

37. CAPITAL EXPENDITURE COMMITMENTS

	2021 ZWL$ 000	2020 ZWL$ 000
Authorised but not yet contracted	463,874	794,104

The capital expenditure will be funded from internal funds, bank borrowings and shareholder loans.

Notes to the Financial Statements (cont'd)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

38. CAPITAL MANAGEMENT

For the purposes of the Group's capital management, capital includes issued capital, share premium and other equity reserves attributable to the equity holders of the parent. The Group's policy is to maintain strong capital base in order to maintain shareholder and market confidence and sustain future development of the business.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, return on capital including the share appreciation and the level of dividend to ordinary shareholders is constantly monitored by the Board of Directors.

Authority is granted in the Articles of Association for the Directors to borrow a sum not exceeding twice the share capital and reserves of the Company. The Group includes within net debt interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

	2021 ZWL$ 000	2020 ZWL$ 000
Interest-bearing loans and overdrafts (note 19)	308,094	148,797
Trade and other payables (note 27)	709,705	480,184
Less: cash and short-term deposits (note 22)	(53,549)	(79,713)
Net debt	964,250	549,268
Equity capital	3,057,288	3,681,306
Borrowings as a percentage of capital and reserves	32%	15%

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 September 2021 and 2020.

The Group is not subject to externally imposed capital requirements.

39. GOING CONCERN

The Paper segment comprising of Kadoma Paper Mills (KPM), National Waste Collections (NWC) and Softex Tissue Products witnessed a decline in profitability during the year. This was mainly driven by raw material shortages, quality and efficiency issues due to aged equipmemt and challenges of obtaining spares on time. This resulted in the segment reporting an operating loss. The Group responded by purchasing a 30 tonne Toscotec tissue machine. In addition, the Group acquired the remaining 50% shareholding of Softex from Nampak in May 2021 so as to enable the restructuring of realigning of the paper segment.

The Directors have thus satisfied themselves that the Company is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern assumption in the preparation of the financial statements.

40. EVENTS AFTER REPORTING DATE

There were no significant events that happened after the reporting date.

40 COVID 19

The unprecedented COVID-19 pandemic had an adverse impact on the economy and is expected to continue affecting global supply chains and aggregate demand. Restrictions and lockdowns were implemented by the government throughout the year to mitigate transmissions. The Group's performance improved compared to prior year with volumes increasing in line with improved economic activity. The government managed to procure vaccines early and made concerted effort to get the population vaccinated. The country witnessed a fourth wave of the highly transmissible Omicron variant infections after the financial year which did not significantly affect business operations as restrictions and fatalities were low. The Group remains confident that the measures implemented to ensure the safety of its workforce and customers will enable operations to continue with minimal disruptions.

Company Statement of Profit or Loss and other Comprehensive Income for the Year

For the year ended 30 September	2021 ZWL$ 000	2020 ZWL$ 000
Other income	-	-
Profit before tax	-	-
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Fair value adjustment on investment in subsidiary	(624,018)	(368,106)
Total comprehensive income for the year	**(624,018)**	**(368,106)**

Company Statement of Financial Position

As at 30 September	Notes	2021 ZWL$ 000	2020 ZWL$ 000
ASSETS			
Non-current assets			
Investments		3,057,288	3,681,306
Current assets		-	-
Trade and other receivables		-	-
Cash and short-term deposits		-	-
TOTAL ASSETS		**3,057,288**	**3,681,306**
-			
EQUITY AND LIABILITIES			
Capital and reserves		-	-
Share capital	23	2,453	2,453
Share premium	23	228,484	228,484
Accumulated profit (loss)		2,085,969	2,744,592
Non-distributable reserves	24	740,382	705,777
Shareholders' equity		3,057,288	3,681,306
-			
TOTAL EQUITY AND LIABILITIES		**3,057,288**	**3,681,306**

Dr T U Wushe
CHAIRMAN
7 December 2021

M Macheka
CHIEF EXECUTIVE OFFICER
7 December 2021

Company Statement of Cash Flows

The Company does not have significant cash flows. There were no cash flows in the current year hence the Company cash flow statement has not been presented.

INVESTMENTS

The Company measures its interests in Art Investments Limited and Chloride CA Limited at fair value with fair value changes taken to other comprehensive income. The fair value is based on the net asset value of the respective investees.

The investment in subsidiaries has been stated at Directors' valuation based on the net asset values of the subsidiaries

Company Statement of Changes In Equity

	Share Capital ZWL$ 000	Share Premium ZWL$ 000	Non-Distributable Reserves ZWL$ 000	Accumulated Loss ZWL$ 000	Total ZWL$ 000
At 1 October 2019	**2,453**	**228,484**	**1,895,299**	**1,923,176**	**4,049,412**
Profit for the period	-	-	-	821,416	821,416
Other comprehensive income	-	-	(1,189,522)	-	(1,189,522)
At 30 September 2020	**2,453**	**228,484**	**705,777**	**2,744,592**	**3,681,306**
Profit for the period	-	-	-	(660,500)	(660,500)
Other comprehensive income	-	-	36,482	-	36,482
Transfers between reserves	-	-	(1,877)	1,877	-
At 30 September 2021	**2,453**	**228,484**	**740,382**	**2,085,970**	**3,057,288**

Shareholders Analysis

AS AT 30 SEPTEMBER 2021

Size of shareholding	Number of shareholders	% of shareholders	Number of shares	% of shares in issue
1-5000	1,704,536	0.36	2,315	84.24
5001 - 50000	4,156,637	0.88	337	12.26
50001 - 500000	5,154,154	1.09	70	2.55
500001 - 1000000	4,524,406	0.96	5	0.18
1000001 and Above	457,902,306	96.72	21	0.76
Shareholders by type				
LOCAL COMPANIES	334,569,162.00	70.67	241	8.77
LOCAL NOMINEE	39,275,048.00	8.30	67	2.44
FOREIGN NOMINEE	35,622,854.00	7.52	5	0.18
FOREIGN COMPANIES	31,759,741.00	6.71	10	0.36
LOCAL INDIVIDUAL RESIDENT	16,675,501.00	3.52	2,202	80.13
PENSION FUNDS	8,545,850.00	1.81	7	0.25
TRUSTS	1,861,331.00	0.39	5	0.18
CHARITABLE	1,793,018.00	0.38	27	0.98
NEW NON RESIDENT	1,157,020.00	0.24	80	2.91
OTHER INVESTMENTS & TRUST	824,226.00	0.17	37	1.35
EMPLOYEES	638,408.00	0.13	1	0.04
FOREIGN INDIVIDUAL RESIDENT	404,085.00	0.09	4	0.15
FUND MANAGERS	156,318.00	0.03	15	0.55
DECEASED ESTATES	102,394.00	0.02	42	1.53
BANKS	35,072.00	0.01	1	0.04
INSURANCE COMPANIES	21,811.00	0.00	3	0.11
GOVERNMENT / QUASI	200.00	0.00	1	0.04

TOP TEN SHAREHOLDERS

Rank	Shareholder	Total shares	% held
1	CRANBAL INVESTMENTS (PVT) LTD	174,381,720	36.83
2	SILVERMINE INVESTMENTS PL	68,400,000	14.45
3	ZADMAB (PVT) LTD	55,401,501	11.70
4	LHG MALTA HOLDINGS LIMITED	42,309,334	7.26
5	MEGA MARKET (PVT) LTD	22,005,951	4.65
6	STANBIC NOMINEES (PVT) LTD.	18,714,136	3.95
7	J P MORGAN CHASE BANK	17,064,042	3.60
8	KAIROS INVESTMENTS (PVT) LTD	14,352,000	3.03
9	BOBER AND COMPANY	13,644,826	2.88
10	LOCAL AUTHORITIES PENSION FUND	5,009,262	1.06

Platform provider offering all forestry services.

Sustainable Timber

- Gum poles for transmission, fencing, load bearing structures, rafters and purlins.
- Pine seedlings available from a well-managed planter flat nursery which gives the best start to a plantation establishment.

Mutare Board & Paper Mills

08 ANNEXURES

Annexures
GRI Content Index

FOR THE YEAR ENDED 30 SEPTEMBER

GRI Content Index					
GRI Standard	**Disclosure**	**Page number(s)**	**Omission**		
			Part Omitted	**Reason**	**Explanation**
GRI 101: Foundation 2016					
General Disclosures					
	Organizational profile				
	102-1 Name of the organization	Cover Page, 1			
	102-2 Activities, brands, products, and services	4-5, 8			
	102-3 Location of headquarters	176			
	102-4 Location of operations	4, 176			
	102-5 Ownership and legal form	1, 165			
	102-6 Markets served	4			
	102-7 Scale of the organization	9-10, 93			
	102-8 Information on employees and other workers	63-64			
	102-9 Supply chain	80			
	102-10 Significant changes to the organization and its supply chain	80			
	102-11 Precautionary Principle or approach	38-39			
GRI 102: General Disclosures 2016	102-12 External initiatives	7, 74-75			
	102-13 Membership of associations	7			
	Strategy				
	102-14 Statement from senior decision-maker	17			
	Ethics and integrity				
	102-16 Values, principles, standards, and norms of behaviour	32			
	Governance				
	102-18 Governance structure	29			
	Stakeholder engagement				
	102-40 List of stakeholder groups	47, 48			
	102-41 Collective bargaining agreements	68			
	102-42 Identifying and selecting stakeholders	47			
	102-43 Approach to stakeholder engagement	47			
	102-44 Key topics and concerns raised	48-49			

Annexures
GRI Content Index

FOR THE YEAR ENDED 30 SEPTEMBER

GRI Content Index					
GRI Standard	**Disclosure**	**Page number(s)**	**Omission**		
			Part Omitted	**Reason**	**Explanation**
GRI 101: Foundation 2016					
General Disclosures					
	Reporting practice				
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements.	5, 150			
	102-46 Defining report content and topic Boundaries	1, 4			
	102-47 List of material topics	46			
	102-48 Restatements of information	1			
	102-49 Changes in reporting	46	There were changes in the list of material topics		
	102-50 Reporting period	1	The reporting period for this report is from 1 October 2020 to 31 September 2021.		
	102-51 Date of most recent report	1	30 September 2020		
	102-52 Reporting cycle	1	We report on an annual basis.		
	102-53 Contact point for questions regarding the report	1			
	102-54 Claims of reporting in accordance with the GRI Standards	1	This report has been prepared in accordance with the GRI Standards Core option.		
	102-55 GRI content index	168-170			
	102-56 External assurance	1			

Annexures
GRI Content Index

FOR THE YEAR ENDED 30 SEPTEMBER

GRI Content Standards					
GRI Standard	**Disclosure**	**Page number(s)**	**Omission**		
			Part Omitted	**Reason**	**Explanation**
Material Topics					
200 series (Economic topics)					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 77			
	103-2 The management approach and its components	77			
	103-3 Evaluation of the management approach	77-78			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	77-78			
	201-3 Defined benefit plan obligations and other retirement plans	79			
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 74			
	103-2 The management approach and its components	74			
	103-3 Evaluation of the management approach	74-75			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	75			
Anti-Corruption					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 81			
	103-2 The management approach and its components	81			
	103-3 Evaluation of the management approach	82			
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 80			
	103-2 The management approach and its components	80			
	103-3 Evaluation of the management approach	80			
300 series (Environmental topics)					
Energy					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 54			
	103-2 The management approach and its components	54			
	103-3 Evaluation of the management approach	54-55			

Annexures
GRI Content Index

FOR THE YEAR ENDED 30 SEPTEMBER

GRI Content Standards					
GRI Standard	**Disclosure**	**Page number(s)**	**Omission**		
			Part Omitted	**Reason**	**Explanation**
Material Topics					
200 series (Economic topics)					
Water					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 53			
	103-2 The management approach and its components	53			
	103-3 Evaluation of the management approach	53			
GRI 303: Water and Effluents 2018	303-5 Water consumption	53			
Waste					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 60			
	103-2 The management approach and its components	60-62			
	103-3 Evaluation of the management approach	61- 62			
Waste 2020	306-3 Waste generated	61			
400 series (Social topics)					
Employment					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 63			
	103-2 The management approach and its components	63			
	103-3 Evaluation of the management approach	64			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	65			
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 69			
	103-2 The management approach and its components	69			
	103-3 Evaluation of the management approach	70			
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	70			

Annexures
GRI Content Index

GRI Content Standards						
GRI Standard	Disclosure	Page number(s)	Omission			
			Part Omitted	Reason	Explanation
Material Topics						
200 series (Economic topics)						
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	70			
Training and Education						
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 69			
	103-2 The management approach and its components	69			
	103-3 Evaluation of the management approach	69			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	69			
Diversity and Equal Opportunity						
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 66			
	103-2 The management approach and its components	66			
	103-3 Evaluation of the management approach	67			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	67			There are no female board member
Freedom of Association and Collective Bargaining						
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1, 68			
	103-2 The management approach and its components	68			
	103-3 Evaluation of the management approach	68			

Notice
To Shareholders

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS OF THE COMPANY THAT, the Twentieth Annual General Meeting ("AGM") of the shareholders of Amalgamated Regional Trading (ART) Holdings Limited (the "Company") will be held virtually on Thursday, 10 March 2022, at 14:30 hours for the purposes of transacting and, if deemed fit, passing with or without amendments, the following resolutions:

Ordinary Business

1. Statutory Financial Statements
To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 September 2021 together with the Report of the Directors and Auditors thereon.

2. Directorate

2.1 To note the retirement of Dr Oliver Mtasa from the Board on the 11th of March 2022

2.2 In terms of the Articles of Association of the Company, Dr T U Wushe and Mr A M Chingwecha retire by rotation at the Annual General Meeting and being eligible, they offer themselves for re-election. The election of Directors will be by individual motions.

3. Directors Fees
To approve Directors' fees for the year ended 30 September 2021.

4. Independent Auditors
To appoint Grant Thornton as auditors for the ensuing year and to authorize the Directors to fix their remuneration

By order of the Board

Registered Office:
Palm Grove House
P O Box 3186
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

Regional Office:
202 Seke Road
P O Box 2777
Graniteside
Harare
Zimbabwe

A M CHINGWECHA
GROUP COMPANY SECRETARY

Dated: 17 February 2022

Note: A member entitled to attend and vote at the above meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him (see Form of Proxy). The proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting at the meeting. In order to be effective, completed proxy forms must reach the Company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting. Every person present and entitled to vote at a general meeting shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Form of Proxy

For use at the Annual General Meeting ("AGM") of ART Holdings Limited ("the Company") to be held virtually by electronic means at https://escrowagm.com/eagmZim/Login.aspx on Thursday 10 March 2021, at 14:30 hours.

I/We...(Name/s in block letters)

Of ....

Being a member of ART Holdings Limited ("the Company")

And entitled to ....votes

Hereby appoint...of...

....

Or failing him/her...of...

....

or failing him, the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the above AGM of the Company and at any adjournment thereof on the resolutions set out in the Notice of the Meeting as indicated below and otherwise as he shall deem fit.

ORDINARY RESOLUTIONS	For	Against	Abstain
1. To receive the Directors' Report and the Accounts for the year ended 30 September 2021.			
2. To appoint Grant Thornton as auditors for the ensuing year and to authorise the Directors to fix their remuneration.			
3. To approve Directors fees for the year ended 30 September, 2021 .			
4. Re-election of Dr T U Wushe			
5. Re-election of Mr A M Chingwecha			

Full Name____

Signature____

Dated this______________

Notes To Proxy

IINSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.

2. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
   (a) under a power of attorney
   (b) on behalf of a company
   unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries not less than 48 hours before the meeting.

3. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.

4. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

5. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.

6. In order to be effective, completed proxy forms must reach the Company's transfer secretaries not less than 48 hours before the time appointed for the holding of the meeting.

Transfer Secretaries
(Shares)
Amalgamated Regional Trading (ART) Holdings Ltd.
202 Seke Road
Graniteside
P O Box 2777
Harare
Tel. (263 4) 770097/138
Zimbabwe
Fax. (263 4) 770137
Email: achingwecha@artcorp.co.zw

Transfer Secretaries
(ZDR's)
Corpserve (Private) Limited
4th Floor, Intermarket Centre
1st Street/Kwame Nkrumah Avenue
P O Box 2208
Harare
Tel. (263 4) 758193/750711
Zimbabwe
Fax.(263 4) 752629
Email: collen@corpserve.co.zw

Corporate Information

NATURE OF ACTIVITIES

Manufacturing and retailing of batteries, tissue products, stationery and forestry resource management.

REGISTERED OFFICE

Palm Grove House
P O Box 3186
Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

REGIONAL OFFICE

202 Seke Road
P O Box 2777
Graniteside
Harare
Zimbabwe

BANKERS

Stanbic Bank Limited
FBC Bank Limited
CBZ Bank Limited
BancABC Limited
Agribank Limited
Nedbank Limited
First Capital Bank Limited

ATTORNEYS

Wintertons Legal Practitioners
11 Selous Avenue
Harare

Nenjy Nyamapfene Law Practice
4 Edmonds Avenue
Belvedere
Harare

AUDITORS

Grant Thornton
Chartered Accountants (Zimbabwe)
Camelsa Business Park
135 Enterprise Road, Highlands, Harare

SUSTAINABILITY ADVISORS

Institute of Sustainability Africa
22 Waterhill Avenue
Eastlea
Harare

CURRENCY OF FINANCIAL STATEMENTS

Zimbabwe dollars (ZWL$)

Notes

ART
AMALGAMATED REGIONAL TRADING

www.artcorp.co.zw