



Nampak Zimbabwe Limited



REVIEWED ABRIDGED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2022

	INFLATION ADJUSTED		HISTORICAL *	
	6 Months 31 March 2022 ZWS 000 Reviewed	6 Months 31 March 2021 ZWS 000 Unaudited	6 Months 31 March 2022 ZWS 000 Unaudited	6 Months 31 March 2021 ZWS 000 Unaudited
CONTINUING OPERATIONS				
Revenue	8 222 588	6 328 887	7 129 895	3 347 740
Trading income	1 311 028	1 366 373	1 595 353	968 909
Other material income / (expenses)	141 645	1 912	79 729	1 769
Net monetary loss on hyperinflation	(473 070)	(187 908)	-	-
Operating profit	979 603	1 180 377	1 675 082	970 678
Net finance income	7 651	2 531	6 766	1 416
Profit before tax	987 254	1 182 908	1 681 848	972 094
Income tax expense	(832 282)	(641 077)	(447 017)	(267 809)
Profit for the period from continuing operations	154 972	541 831	1 234 831	704 285
DISCONTINUED OPERATIONS				
Share of net (loss) / profit from joint venture	-	(7 975)	-	550
Profit for the period	154 972	533 856	1 234 831	704 835
Earnings per ordinary share (cents)	20.51	71.70	163.41	93.20
Ordinary shares in issue at reporting date	755 648 101	755 648 101	755 648 101	755 648 101

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	INFLATION ADJUSTED		HISTORICAL *	
	As at 31 March 2022 ZWS 000 Reviewed	As at 30 Sept 2021 ZWS 000 Unaudited	As at 31 March 2022 ZWS 000 Unaudited	As at 30 Sept 2021 ZWS 000 Unaudited
ASSETS				
Non-current assets	3 342 014	3 331 847	693 440	474 471
Property, plant and equipment	3 075 717	3 042 198	500 593	323 000
Right of use assets	56 968	68 756	39 947	48 212
Intangible assets	181 782	181 871	2 443	2 445
Biological assets	27 117	38 671	27 117	27 117
Investments	430	351	247	247
Deferred tax asset	-	-	123 093	73 450
Current assets	5 594 804	4 744 838	5 305 991	3 155 297
Inventories	1 759 671	1 358 506	1 561 356	828 095
Trade and other receivables	2 980 629	2 729 659	2 890 131	1 866 738
Tax asset	148	-	148	-
Cash and cash equivalents	854 356	656 673	854 356	460 464
TOTAL ASSETS	8 936 818	8 076 685	5 999 431	3 629 768
EQUITY AND LIABILITIES				
Capital and reserves	6 077 112	5 922 141	3 809 589	2 574 758
Share capital and share premium	1 845 884	1 845 884	24 810	24 810
Non distributable reserves (Accumulated loss) / retained earnings	4 231 228	4 076 257	3 784 779	2 549 948
Non-current liabilities	715 658	661 301	62 824	33 520
Non current lease liability	57 035	47 803	57 035	33 520
Deferred tax liabilities	658 623	613 498	5 789	-
Current liabilities	2 144 048	1 493 243	2 127 018	1 021 490
Trade payables	1 845 274	1 359 989	1 845 274	928 050
Other payables	36 967	7 702	19 937	5 402
Current portion of lease liability	10 210	21 976	10 210	15 410
Current tax payable	251 597	103 576	251 597	72 628
TOTAL EQUITY AND LIABILITIES	8 936 818	8 076 685	5 999 431	3 629 768

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2022

	INFLATION ADJUSTED			
	Share Capital and Premium ZWS 000	Non Distributable Reserve ZWS 000	(Accumul-ated loss)/ retained earnings ZWS 000	Total ZWS 000
Balance as at 30 September 2020 (audited)	1 845 884	14 587 932	(11 494 819)	4 938 997
Profit for the period	-	-	533 856	533 856
Reclassification to retained earnings	-	(10 177 309)	10 177 309	-
Income tax adjustment	-	-	10 320	10 320
Balance as at 31 March 2021 (Unaudited)	1 845 884	4 410 623	(773 334)	5 483 173
Total Comprehensive Profit for the year	-	-	449 287	449 287
Disposal of joint venture	-	(35 044)	35 044	-
Transfer between reserves	-	16	(16)	-
Income tax adjustment	-	-	(10 320)	(10 320)
Balance as at 30 September 2021 (Audited)	1 845 884	4 375 595	(299 339)	5 922 140
Profit for the period	-	-	154 972	154 972
Balance as at 31 March 2022 (Reviewed)	1 845 884	4 375 595	(144 367)	6 077 112

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2022

	HISTORICAL *			
	Share Capital and Premium ZWS 000	Non Distributable Reserve ZWS 000	(Accumul-ated loss)/ retained earnings ZWS 000	Total ZWS 000
Balance as at 30 September 2020	24 810	962 797	18 577	1 006 184
Profit for the period	-	-	704 835	704 835
Reclassification to retained earnings	-	(209 862)	209 862	-
Income tax adjustment	-	-	4 775	4 775
Balance as at 31 March 2021 - Restated	24 810	752 935	938 049	1 715 794
Profit for the period	-	-	863 740	863 740
Disposal of Joint Venture	-	(471)	471	-
Income tax adjustment	-	-	(4 775)	(4 775)
Balance as at 30 September 2021	24 810	752 464	1 797 484	2 574 758
Profit for the period	-	-	1 234 831	1 234 831
Balance as at 31 March 2022	24 810	752 464	3 032 315	3 809 589

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 MARCH 2022

	INFLATION ADJUSTED		HISTORICAL *	
	6 Months 31 March 2022 ZWS 000 Reviewed	6 Months 31 March 2021 ZWS 000 Unaudited	6 Months 31 March 2022 ZWS 000 Unaudited	6 Months 31 March 2021 ZWS 000 Unaudited
Cash generated from operating activities	957 076	1 233 797	1 703 504	1 004 838
(541 496)	(1 028 108)	(1 130 181)	(815 278)	
Working capital changes	(137 585)	(686 726)	(824 897)	(629 314)
Net finance costs	7 651	2 532	6 766	1 416
Tax paid	(411 562)	(343 914)	(312 050)	(187 380)
Net cash generated from operating activities	415 580	205 689	573 323	189 560
Investing activities	(215 363)	(109 256)	(197 943)	(57 730)
Purchase of plant and equipment and intangible assets	(220 587)	(110 492)	(209 016)	(58 372)
Proceeds on disposal of property, plant and equipment	5 224	1 236	11 073	642
Net cash generated before financing activities	200 217	96 433	375 380	131 830
Financing activities	(2 534)	-	18 512	-
(Decrease) / increase in lease liability	(2 534)	-	18 512	-
Net increase in cash and cash equivalents	197 683	96 433	393 892	131 830
Cash and cash equivalents at the beginning of the period	656 673	653 054	460 464	302 164
Cash and cash equivalents at the end of the period	854 356	749 487	854 356	433 994
REPRESENTED BY:				
Bank balances, cash and short term deposits	854 356	749 487	854 356	433 994

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

1. CORPORATE INFORMATION

Nampak Zimbabwe Limited is a public limited Company incorporated and domiciled in Zimbabwe. The main activities of the Group are manufacturing of paper, plastic and metal packaging products and leasing of biological assets and property. The abridged consolidated financial statements for Nampak Zimbabwe Limited and its subsidiaries (the Group) for the six months ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 27 May 2022.

2. BASIS OF PREPARATION

These abridged consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements of the Zimbabwe Stock Exchange Listing Rules.

The interim financial report is in compliance with IAS 34, 'Interim Financial Reporting'.

The consolidated financial statements of the Group have been prepared based on the current cost basis and adjusted for the effects of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Comparative financial statements are restated using the general inflation indices in terms of the measuring unit current at the statement of financial position date. The primary financial statements of the Group are the inflation adjusted numbers.

* The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on this historic financial information.

The conversion factors have been adopted from the Consumer Price Index (CPI) data prepared by the Zimbabwe National Statistics Agency (ZIMSTAT). The indices and conversion factors used to restate the financial results are as follows:

	Indices	Conversion factor
CPI as at 31 March 2022	4,766.1	1.00
CPI as at 30 September 2021	3,342.0	1.43
CPI as at 31 March 2021	2,759.8	1.73

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Zimbabwe dollars (ZWS), which is the functional and presentation currency of the Group. All values are rounded to the nearest thousand except where otherwise stated.

4. STATEMENT OF ACCOUNTING POLICY

The principal accounting policies applied in the preparation of these financial statements are consistent with those used in the prior year.

5. DIRECTORS' RESPONSIBILITY

The Company's Directors, under the Companies and Other Business Entities Act (Chapter 24:31), are responsible for the preparation and fair presentation of the Group's consolidated financial statements and related information.

These abridged Group financial statements are presented in accordance with the International Financial Reporting Standards, the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Rules.

The Directors have reviewed the performance and financial position of the Group and are satisfied that the Group has sufficient financial resources to continue as a going concern.

NAMPAK ZIMBABWE LIMITED

REVIEWED ABRIDGED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2022

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the period attributable to ordinary equity holders by the number of ordinary shares in issue

Headline earnings is based on net profit for the period attributable to members after adjusting for other income net of tax

Basic and headline earnings per share are based on a weighted average of 755 648 101 (2021 : 755 648 101) ordinary shares in issue during the period.

	INFLATION ADJUSTED		HISTORICAL *	
	6 Months 31 March 2022 ZWS 000 Reviewed	6 Months 31 March 2021 ZWS 000 Unaudited	6 Months 31 March 2022 ZWS 000 Unaudited	6 Months 31 March 2021 ZWS 000 Unaudited
Determination of headline earnings or loss				
Profit for the period	154 972	533 856	1 234 831	704 285
Less net exchange gain on foreign currency - net of tax	(123 280)	(1 439)	(60 020)	(1 331)
Add restructuring costs - net of tax	16 649	-	15 445	-
Headline earnings	48 341	532 417	1 190 256	702 954
Earnings per share				
Profit for the period attributable to ordinary members	154 972	533 856	1 234 831	704 285
Ordinary shares in issue at period end	755 648 101	755 648 101	755 648 101	755 648 101
Earnings per ordinary share (cents)	20.51	70.65	163.41	93.20
Headline earnings per share				
Headline earnings attributable to ordinary members	48 341	532 417	1 190 256	702 954
Ordinary shares in issue at period end	755 648 101	755 648 101	755 648 101	755 648 101
Earnings per ordinary share (cents)	6.40	70.46	157.51	93.03

7. SUBSEQUENT EVENTS

During the month of May 2022, the Government of Zimbabwe announced monetary and taxation measures that were designed to address the inflationary challenges persisting in the economy. This included a temporary lending freeze with respect to all banks, which was subsequently lifted. Furthermore, the auction rate of foreign exchange between the ZW\$ and USD depreciated in excess of 82%, from 31 March 2022 to the date of the authorisation of these financial statements. Other than with respect to the valuation of foreign transactions and balances in the ordinary course of business, the Directors do not believe that these measures will have a material impact on the Group in the near future.

8. REVIEW CONCLUSION

These inflation adjusted abridged consolidated interim financial results for the six months ended 31 March 2022 have been reviewed by Deloitte & Touche in accordance with ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The auditors issued a qualified conclusion on the Financial Statements for the carryover effects of non-compliance with IAS 21 - "The Effects of changes in Foreign Exchange Rates" from the prior years. The review report has been made available to management and those charged with governance of Nampak Zimbabwe Limited, and the report is available for inspection at their registered office.

The review engagement partner is Tapiwa Chizana (PAAB Practice Certificate Number 0444).

9. GROUP OPERATING SEGMENT REPORT

The basis of segmentation and basis of measurement of segment profit or loss for the current reporting period is consistent with the last reported annual financial statement.

Segment reporting for the period ended 31 March 2022

	INFLATION ADJUSTED			
	Printing & Converting ZWS 000	Plastics & Metals ZWS 000	Services & Eliminations ZWS 000	Total ZWS 000
Sales to local customers	2 708 318	4 744 121	-	7 452 439
Sales to export customers	596 018	174 337	-	770 355
Other sales	(206)	-	-	(206)
Intersegmental sales	78 240	20	(78 260)	-
Total Sales	3 382 370	4 918 479	(78 260)	8 222 588
Results from continuing operations				
Trading income	461 372	871 923	(22 267)	1 311 028
Operating profit	299 048	638 371	42 183	979 603
Net finance income / (costs)	11 838	(10 538)	6 350	7 651
Taxation charge	(284 422)	(531 352)	(16 508)	(832 282)
Profit for the period	26 464	96 482	32 025	154 972
Other information				
Segment assets	4 427 882	4 512 908	(3 972)	8 936 818
Segment liabilities	1 636 891	1 471 262	(248 447)	2 859 706
Capital expenditure	69 494	151 093	-	220 587
Depreciation and amortisation	99 161	136 600	(38 910)	196 851
Other material (income) / expenses	(31 090)	13 190	(123 745)	(141 645)
Monetary loss on hyperinflation	193 414	220 361	59 295	473 070

Segment reporting for the period ended 31 March 2021

	INFLATION ADJUSTED - Unaudited			
	Printing & Converting ZWS 000	Plastics & Metals ZWS 000	Services & Eliminations ZWS 000	Total ZWS 000
Sales to local customers	2 621 975	3 329 977	-	5 951 952
Sales to export customers	268 037	100 988	-	369 025
Other sales	7 910	-	-	7 910
Intersegmental sales	67 560	3 727	(71 287)	-
Total Sales	2 965 482	3 434 692	(71 287)	6 328 887
Results from continuing operations				
Trading income	639 615	672 246	54 512	1 366 373
Operating profit	714 371	583 423	(117 417)	1 180 377
Finance income / (expense)	3 364	(842)	10	2 531
Taxation charge	(272 780)	(348 322)	(19 975)	(641 077)
Profit for the period	444 955	234 259	(137 383)	541 831
Other information				
Segment assets	4 113 009	3 483 718	225 159	7 821 886
Segment liabilities	1 496 580	936 536	(94 401)	2 338 715
Capital expenditure	16 296	87 686	6 511	110 493
Depreciation and amortisation	49 602	123 189	1 148	173 939
Other material (income) / expenses	(2 679)	1 549	(782)	(1 912)
Monetary (gain) / loss on hyperinflation	(72 077)	87 274	172 711	187 908

Segment reporting for the period ended 31 March 2022

	HISTORICAL			
	Printing & Converting ZWS 000	Plastics & Metals ZWS 000	Services & Eliminations ZWS 000	Total ZWS 000
Sales to local customers	2 332 077	4 111 769	-	6 443 846
Sales to export customers	535 260	150 789	-	686 049
Intersegmental sales	70 176	21 580	(91 756)	-
Total Sales	2 937 513	4 284 138	(91 756)	7 129 895

Segment reporting for the period ended 31 March 2022 (continued)

	HISTORICAL			
	Printing & Converting ZWS 000	Plastics & Metals ZWS 000	Services & Eliminations ZWS 000	Total ZWS 000
Results from continuing operations				
Trading income	610 116	998 218	(12 981)	1 595 353
Operating income	650 095	985 642	39 345	1 675 082
Net finance income / (loss)	12 076	(10 154)	4 844	6 766
Taxation charge	(183 530)	(263 487)	-	(447 017)
Profit for the period	478 641	712 001	44 189	1 234 831

Other information

Segment assets	3 083 883	3 187 864	(272 317)	5 999 430
Segment liabilities	1 165 975	1 114 412	(147 582)	2 132 805
Capital expenditure	62 803	146 213	-	209 016
Depreciation and amortisation	36 756	17 617	(21 202)	33 171
Other material expenses / (income)	39 979	(12 576)	52 326	79 729

Segment reporting for the period ended 31 March 2021

	HISTORICAL - Unaudited			
	Printing & Converting ZWS 000	Plastics & Metals ZWS 000	Services & Eliminations ZWS 000	Total ZWS 000
Sales to local customers	1 380 072	1 766 584	-	3 146 656
Sales to export customers	143 463	53 426	-	196 889
Other sales	4 195	-	-	4 195
Intersegmental sales	36 184	1 935	(38 119)	-
Total Sales	1 563 914	1 821 945	(38 119)	3 347 740

Results from continuing operations

Trading income	430 603	510 455	27 851	968 909
Operating profit	432 928	509 726	28 024	970 678
Net finance income / (costs)	2 456	(495)	(545)	1 416
Taxation charge	(119 794)	(140 733)	(7 282)	(267 809)
Profit for the period	315 590	368 498	20 197	704 285

Other information

Segment assets	1 318 328	1 261 721	63 521	2 643 570
Segment liabilities	539 205	377 155	11 417	927 777
Capital expenditure	9 092	45 510	3 770	58 372
Depreciation and amortisation	1 853	6 267	169	8 289
Other material (income) / expenses	(2 325)	729	(173)	(1 769)

10. OTHER MATERIAL EXPENSES

	INFLATION ADJUSTED		HISTORICAL	
	6 Months 31 March 2022 ZWS 000 Reviewed	6 Months 31 March 2021 ZWS 000 Unaudited	6 Months 31 March 2022 ZWS 000 Unaudited	6 Months 31 March 2021 ZWS 000 Unaudited
Retrenchment, termination and restructuring costs	(22 117)	-	(14 532)	-
Net exchange gain / (loss) on foreign currency	163 762	1 912	94 261	1 769
Total	141 645	1 912	79 729	1 769

COMMENTARY

ECONOMY

The economic environment remains uncertain due to the macro-economic difficulties facing the country. The Group maintained the COVID-19 lockdown policy in line with the relaxation from level 4 lockdown measures by Government from the beginning of the first half of the financial year. The war in Ukraine has added a new dimension to imbalances within the supply chain.

HYPERINFLATIONARY PERFORMANCE

The half year reflected an increase in volumes for the Group of 16% over the prior year, despite the COVID-19 restrictions that have been in place throughout the first half of the year. The availability of foreign exchange remains a concern as well as critical for business sustenance going forward.

Revenue for the half year at ZW\$8,2 billion, in hyper-inflationary terms was 30% ahead of the prior year period. Sales volumes were up across all sectors of the business except in the commercial sector, however, margins came under pressure in order to remain competitive. This resulted in a decrease of 4% in trading profit to ZW\$1,3 billion.

All units continued to trade profitably with treasury and cash flow management being the key focus area. Net working capital for the period increased mainly due to changes in trade receivables.

PRINTING AND CONVERTING SEGMENT

Hunyani Paper and Packaging

Sales volumes for the period were 23% ahead of prior year. The major contributor to this increase was the tobacco sector which was up 66% as a result of early season requirements across the region. Commercial volumes were 5% down on prior year due to a shortage of raw materials.

PLASTICS AND METALS SEGMENT

MegaPak

Sales volumes grew by 7% compared to the prior year due to increased demand in the large injection moulding and closures sectors. Preform volumes were in line with the prior year period.

CarnaudMetalbox

Sales volumes for the half year increased by 10% compared to the prior year. In plastics, HDPE was 8% ahead of the same period last year due to increased demand. Metals volumes increased by 14%, with food cans and crowns leading the recovery. Closures were 10% ahead of prior year due to improved demand.

FORESTRY

Estates

A 25 (twenty-five) year lease has been signed with the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development on Maganga Estate, located between Marondera and Macheke, with effect from 1 January 2022. This enables plans to proceed with the various agricultural and horticultural development of the estate in line with the Government's National Development Strategy 1.

CAPITAL EXPENDITURE

Capital expenditure of ZW\$209,1 million relates mainly to projects carried forward from the previous financial year. Various projects are under consideration and will be carried out subject to the availability of foreign exchange.

DIVIDEND

The Directors have decided against declaring an interim dividend in view of the need to conserve available cash resources for raw material acquisition and capital expenditure.

DIRECTORATE

The Chairman of the Audit Committee, Mr Ken Langley, resigned with effect from 28 February 2022 for health reasons. The Audit and Nominations Committee is currently seeking to replace him with another independent non-executive director. There have been no other changes to the Directorate.

OUTLOOK

The overall situation facing the economy remains fluid. We note with concern the recent significant devaluation of the official auction exchange rate, and wait to see what impact this will have on prices and inflation. More needs to be done by the authorities to address the macro economic challenges faced by businesses. We anticipate a slightly less difficult second half as the Group remains profitable as a going concern.

By Order of the Board



P Van Gend
Group Managing Director

68 Birmingham Road
Southerton, Harare

27 May 2022

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

Introduction

We have reviewed the accompanying inflation adjusted abridged consolidated statement of financial position of Nampak Zimbabwe Limited and its subsidiaries ("the Group") as at 31 March 2022 and the related inflation adjusted abridged consolidated statement of profit and loss and other comprehensive income, inflation adjusted abridged consolidated statement of changes in equity and inflation adjusted abridged consolidated statement of cash flows, for the six month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this inflation adjusted abridged consolidated interim financial information in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this inflation adjusted consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of inflation adjusted abridged consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

Impact of incorrect date of application of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" with respect to current and comparative financial information on property, plant and equipment, depreciation, deferred tax and retained earnings

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

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



**Independent Auditor's Report
On the Interim Review of Inflation Adjusted Abridged Consolidated Financial Information
To the Shareholders of Nampak Zimbabwe Limited.**

Basis for Qualified Conclusion (continued)

Impact of incorrect date of application of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" with respect to current and comparative financial information on property, plant and equipment, depreciation, deferred tax and retained earnings (continued)

For the period up to 22 February 2019 the Group maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019 balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the ZWL in compliance with the requirements of SI 33/19. Whilst the timing of this conversion was in line with the dictates of SI 33/19 it constituted a departure from the requirements of IAS 21, and therefore the 2022 inflation adjusted abridged interim consolidated financial statements were not prepared in conformity with IFRS. Had the Group applied the requirements of IAS 21, the 31 March 2022 comparative inflation adjusted interim consolidated financial statements with respect to property plant and equipment, depreciation, deferred tax and retained earnings would have been materially impacted. The carry over effects materially impact current year property plant and equipment, depreciation, deferred tax and retained earnings as at 31 March 2022. The financial effects of this departure on the inflation adjusted abridged consolidated interim financial statements have not been determined.

Qualified Conclusion

Except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying inflation adjusted abridged interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standards on Interim Financial Reporting (IAS 34).



Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Tapiwa Chizana
Partner
Registered Auditor
PAAB Practice Certificate Number: 0444

Date: 2 June 2022