



Audited Abridged Financial Results

For the year ended 30 September 2022



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PERFORMANCE HIGHLIGHTS

				VOLUMES	
REVENUE	INCREASED BY 3%	▲	OVERALL	INCREASED BY 10%	▲
GROSS PROFIT%	INCREASED BY 16%	▲	EXPORT	INCREASED BY 12%	▲
GEARING	INCREASED BY 2%	▲	BATTERIES	INCREASED BY 10%	▲
			PAPER	DECREASED BY 15%	▼
			TIMBER	DECREASED BY 2%	▼
			STATIONERY	INCREASED BY 39%	▲

CHAIRMAN'S STATEMENT

It is a great pleasure to present the financial and strategic performance of Art Holdings Limited (ART) for the year ended 30 September 2022.

OPERATING ENVIRONMENT

The operating environment remained complex and challenging, characterised by high inflation, unstable exchange rates, rising commodity prices due to disruptions and rising tensions in the global economy. The anticipated economic recovery on the back of easing covid restrictions was dampened by the rapid depreciation of the local currency and the measures instituted by Government to control inflation, increase demand for the local currency and curb speculative borrowing. The hiking of interest rates affected market demand and impacted growth initiatives as businesses focused on value preservation.

The Zambian economy continued to recover following the fall in manufacturing output and slowing copper demand during the COVID period. The easing inflation and stability of the Kwacha enabled economic activity to improve during the period.

GROUP OVERVIEW

The Group registered moderate growth during the period with its major business segment, batteries remaining resilient in both the local and export markets. The fragility of the Paper division under the current difficult economic conditions was evident during the period as the unit struggled to maintain volumes and profitability. Future proofing the Group by diversifying and consolidating the Paper units has been challenging and significant support from the Group's funders was required to enable the completion of the Paper Mill project in Kadoma. The increase in foreign currency sales in all the business units helped to sustain raw materials imports. The business also benefited from the growing informal sector which has better payment terms.

FINANCIAL PERFORMANCE

In terms of IFRS and ZSE regulations, the Group is required to report and provide commentary on the Group's Annual Inflation adjusted financial statements, users are once again advised to exercise caution in the use of these Group Annual Inflation adjusted financial statements.

The Group recorded revenues of ZWL 19,6 billion during the year, an increase of 3% in inflation adjusted terms from prior year and 185% in historical terms as prices were adjusted in line with inflation and volumes overall increased by 10%. Export volumes increased by 12% compared to prior year driven by strong demand in Zambia.

The Group's regional drive continues to be anchored by the strong performance of batteries in Zambia and Malawi. Foreign currency shortages persisted in Malawi whilst growth in Mozambique remains slow as competition from imported batteries increased. Gross margins recovered during the period on the back of timeous price adjustments and cost containment. Demand for batteries, paper and stationery recovered although significant downtime in the tissue business due to machine breakdowns and power cuts affected production output consequently impacting sales particularly on the export market.

The Group recorded significant exchange losses amounting to ZWL 3.6 billion as the local currency depreciated by 607% during the period. Fair value adjustments on investment property and biological assets amounted to ZWL 4.9 billion. The Group managed to deliver a profit after tax of ZWL 1,46 billion compared to the loss of ZWL 2.5 billion in the prior year. The performance was overshadowed by the increase in finance costs especially towards the end of the year following the hiking of interest rates. The Group's statement of financial position was impacted by the significant movement in the exchange rate and exposure from project related obligations. The completion of the Paper Mill installation and restructuring of the Group's borrowings at year end will ease the working capital strain.

The debt to equity ratio increased from 10% to 12% at year end.

DIVISIONAL PERFORMANCES

Batteries

The battery performance during the period was affected by supply chain disruptions and availability of power in the first half of the year. Demand on the export market was strong and volumes grew by 12%. Liquidity constraints in the local market and foreign currency shortages in Malawi necessitated changes in trading terms in order to manage credit risk with a resultant impact on volumes. Projects to broaden the product range were temporarily deferred following the hiking of interest rates and decline in aggregate demand.

Paper

The capitalisation and restructuring of the Paper business progressed well during the year despite economic challenges. Installations were completed at the end of September and full commercial production is expected to start after optimisation in December 2022. Volumes overall for paper decreased by 15%. Paper export volumes increased by 5%. Power supply and the unavailability of sufficient local waste paper remain as the major challenges for the business. Partnerships concluded during the year with waste paper suppliers in Botswana and South Africa helped to sustain production.

Eversharp

Eversharp volumes increased by 39% compared to prior year as volumes continued to recover from last year following the easing of covid restrictions. Export volumes increased by 177%. Opportunities in the market could not be maximised due to the foreign currency auction allocation backlog. Foreign currency sales in the informal sector enabled the division to improve raw material and spare parts availability in the second half of the year. Stationery trading was resumed and contributed 10% of total sales.

Mutare Estates

Timber volumes were held at the same level as the prior year. Demand remained firm, however the environment necessitated changes in trading terms in order to preserve value and reduce credit risk.

SUSTAINABILITY REPORTING

The Group's commitment and contribution to sustainability continues to be embedded in its strategy which is aligned and reported in accordance with the Global Reporting Initiative (GRI) protocols. During the year the Group's practices were strengthened through training and the adoption of tailored risk frameworks that ensure that supportive controls are put in place.

DIVIDEND

The Company is not in a position to declare a dividend.

DIRECTORATE

Retirement

Dr Oliver Mtasa retired from the Board during the year. The Board and management take this opportunity to express their appreciation to him for his leadership and commitment to the Group over the years.

On the 25th of September 2022 Mr Y C Baik who had served the Board since 2017 sadly passed on. We pay tribute to his invaluable contribution and unwavering support during his tenure. It is through his dedication, leadership and perseverance that the Group has successfully turned around and grown its footprint in the region.

Appointment

The Board appointed Mr. Steven Mupfurutsa as an Independent Non-Executive Director with effect from 1 August 2022.

Mr Mupfurutsa holds a Bachelor of Accountancy (Honours) Degree from University of Zimbabwe. He completed his training at Deloitte & Touché and is a member of the Institute of Chartered Accountants of Zimbabwe.

The Board would like to congratulate Mr. Mupfurutsa on his appointment and wish him every success in his new role.

OUTLOOK

The operating environment is expected to remain challenging with the continued impact of the unfolding global recession. Government measures to contain inflation and stabilise the exchange rate will hopefully be reviewed in a manner that takes cognisance of the need to support the manufacturing sector. The elimination of the expensive local currency debt after year end has brought significant relief as the Group embarks on a journey of stabilisation and recovery with focus on cash generation, sustaining working capital improvement and optimally managing gearing levels. The Group is encouraged by the fruitful engagement that it has had with Government and resulting mitigatory measures put in place to support completion of its expansionary capital investment programme.

APPRECIATION

I would like to express my sincere gratitude to our customers, suppliers, bankers and other key stakeholders, my fellow directors, management and the entire team at ART for the continued contribution and support during the period under review.

T U Wushe
CHAIRMAN
09 December 2022

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER	INFLATION ADJUSTED		HISTORICAL	
	30 Sept 2022 ZWL 000	30 Sept 2021 ZWL 000	30 Sept 2022 ZWL 000	30 Sept 2021 ZWL 000
Revenue from contracts with customers	19 615 200	19 016 818	11 079 454	3 885 531
Cost of sales	(11 100 853)	(11 673 374)	(6 181 816)	(2 226 044)
Gross profit	8 514 347	7 343 444	4 897 638	1 659 487
Other income	250 688	111 548	256 077	23 310
Selling and distribution expenses	(2 230 788)	(1 501 009)	(919 725)	(295 707)
Administration expenses	(4 901 719)	(3 709 984)	(2 961 049)	(889 721)
Total operating expenses	(7 132 507)	(5 210 993)	(3 880 774)	(1 185 428)
Operating profit before fair value adjustments & impairments	1 632 528	2 243 999	1 272 941	497 369
Share of associate profit	22 507	33 167	9 050	7 420
Fair value adjustments on investment property	1 619 856	(208 143)	3 063 450	170 891
Fair value adjustments on biological assets	3 258 340	(726 031)	4 660 119	40 335
Foreign exchange (loss)/gain	(3 603 279)	32 276	(3 053 791)	21 297
(Loss)/gain on disposal of disposal of non-current assets	(12 013)	(19 700)	386	(3 040)
Fire loss	(9 762)	(156)	(3 054)	(27)
Net monetary loss	(847 727)	(540 375)	-	-
Revaluation deficit on property plant and equipment	-	(402 676)	-	-
Fair value loss on Softex initial joint venture investment re-measurement	-	(512 342)	-	57 692
Profit/(loss) before interest and tax	2 060 450	(99 981)	5 949 101	791 937
Finance income	1 841	2 861	809	684
Finance costs	(758 314)	(330 577)	(646 500)	(74 412)
Profit/(loss) before tax	1 303 977	(427 697)	5 303 410	718 209
Income tax credit/(expense)	151 940	(2 084 843)	(680 880)	55 211
Profit (loss)/after tax	1 455 917	(2 512 540)	4 622 530	773 420
OTHER COMPREHENSIVE INCOME				
Items that may not be reclassified subsequently to profit or loss:				
Surplus on revaluation of property plant and equipment (net of tax)	4 383 931	89 165	8 060 846	439 918
Items that may be reclassified subsequently to profit/loss:				
Translation of foreign subsidiary	966 426	49 612	966 451	13 042
Total other comprehensive income for the year net of tax	5 350 357	138 777	9 027 297	452 960
Total comprehensive income/(loss) for the year	6 806 274	(2 373 763)	13 649 827	1 226 380
Basic Earnings per Share	3079	(531.4)	977.7	163.6
Diluted Earnings per share	3079	(531.4)	977.7	163.6
Headline Earnings per Share	(814.7)	8.7	(656.0)	119.5

GROUP STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER	INFLATION ADJUSTED		HISTORICAL	
	30 Sept 2022 ZWL 000	30 Sept 2021 ZWL 000	30 Sept 2022 ZWL 000	30 Sept 2021 ZWL 000
ASSETS				
Non-current assets				
Property, plant and equipment	14 581 496	8 494 839	14 344 976	2 186 356
Investment property	4 006 115	2 386 259	4 006 115	627 303
Goodwill	324 002	324 002	89 394	89 394
Biological assets	5 109 057	1 871 112	5 109 057	491 880
Right of use assets	2 921 173	268 859	2 600 633	29 575
Investment in joint venture and associate	216 222	195 697	17 392	9 444
27 158 065	13 540 768	26 167 567	3 433 952	
Current assets				
Inventories	3 440 253	3 675 926	2 863 311	913 423
Trade and other receivables	2 408 915	1 562 714	2 408 383	408 215
Cash and cash equivalents	197 186	203 700	197 186	53 549
6 046 354	5 442 340	5 468 880	1 375 187	
33 204 419	18 983 108	31 636 447	4 809 139	
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	9 331	9 331	47	47
Share premium	869 153	869 153	4 378	4 378
Accumulated profit	9 390 945	7 935 028	6 144 152	1 521 622
Non-distributable reserves	8 166 767	2 816 410	10 409 249	1 381 952
18 436 196	11 629 922	16 557 826	2 907 999	
Non-current liabilities				
Interest-bearing loans and borrowings	-	80 561	-	21 178
Lease liability	2 336 938	-	2 080 506	-
Long term creditors	1 170 754	-	1 170 754	-
Deferred tax liabilities	3 563 413	2 320 940	3 937 206	573 896
7 071 105	2 401 501	7 188 466	595 074	
Current liabilities				
Trade and other payables	4 242 641	2 699 719	4 557 898	775 352
Provisions	328 845	243 083	270 733	11 867
Income tax payable	351 194	736 659	351 194	200 377
Lease liability	584 235	180 797	520 127	31 554
Interest-bearing loans and borrowings	1 952 308	1 045 350	1 952 308	274 803
Bank overdrafts	237 895	46 077	237 895	12 113
7 697 118	4 951 685	7 890 155	1 306 066	
14 768 223	7 353 186	15 078 621	1 901 140	
33 204 419	18 983 108	31 636 447	4 809 139	

Directors: Dr T. U. Wushe (Chairman) M. Macheka (Chief Executive Officer) *, T. I. Baik, A. M. Chingwecha*, S. Mupfurutsa, M. Oakley * Executive



Audited Abridged Financial Results

For the year ended 30 September 2022

CHLORIDE

EXIDE

EXIDE

SCOTER

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EVERSHARP



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GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital ZWL 000	Share Premium ZWL 000	Revaluation Reserve ZWL 000	Share Option ZWL 000	Foreign Currency ZWL 000	Retained Earnings ZWL 000	Total ZWL 000
INFLATION ADJUSTED							
30-Sep-20	9 331	869 153	2 265 547	7 139	412 086	10 440 429	14 003 685
Profit for the year	-	-	-	-	-	(2 512 540)	(2 512 540)
Other comprehensive income	-	-	89 165	-	49 612	-	138 777
Transfer between reserves	-	-	-	(7 139)	-	7 139	-
30-Sep-21	9 331	869 153	2 354 712	-	461 698	7 935 028	11 629 922
Profit for the year	-	-	-	-	-	1 455 917	1 455 917
Other comprehensive income	-	-	4 383 931	-	966 426	-	5 350 357
Transfer between reserves	-	-	-	-	-	-	-
30-Sep-22	9 331	869 153	6 738 643	-	1 428 124	9 390 945	18 436 196

	Share Capital ZWL 000	Share Premium ZWL 000	Share Revaluation Reserve ZWL 000	Foreign Option Reserve ZWL 000	Currency Translation ZWL 000	Retained Earnings ZWL 000	Total ZWL 000
HISTORICAL							
30-Sep-20	47	4 378	908 758	36	20 234	748 166	1 681 619
Profit for the year	-	-	-	-	-	773 420	773 420
Other comprehensive income	-	-	439 918	-	13 042	-	452 960
Transfer between reserves	-	-	-	(36)	-	36	-
30-Sep-21	47	4 378	1 348 676	-	33 276	1 521 622	2 907 999
Profit for the year	-	-	-	-	-	4 622 530	4 622 530
Other comprehensive income	-	-	8 060 846	-	966 451	-	9 027 297
Transfer between reserves	-	-	-	-	-	-	-
30-Sep-22	47	4 378	9 409 522	-	999 727	6 144 152	16 557 826

GROUP STATEMENT OF CASH FLOWS

	INFLATION ADJUSTED		HISTORICAL	
For the year ended	30 Sept 2022 ZWL 000	30 Sept 2021 ZWL 000	30 Sept 2022 ZWL 000	30 Sept 2021 ZWL 000
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash generated from operations	3 026 264	1 864 694	2 278 740	517 724
Interest income	1 841	2 861	809	684
Finance costs	(634 419)	(232 749)	(578 537)	(67 893)
Income tax paid	(283 026)	(290 758)	(117 188)	(76 435)
Cash generated from operating activities	2 110 660	1 344 048	1 583 824	374 080
INVESTING ACTIVITIES:				
Purchase of property plant and equipment	(2 428 471)	(1 655 752)	(2 139 297)	(468 981)
Costs capitalized to biological assets	(390 557)	(299 329)	(273 390)	(44 828)
Acquisition of subsidiary net of cash	-	(298 279)	-	(57 726)
Proceeds on disposal of property plant and equipment	101 950	11 446	5 628	2 844
Dividends received	1 982	5 317	1 101	1 270
Cash utilised in investing activities	(2 715 096)	(2 236 597)	(2 405 958)	(567 421)
FINANCING ACTIVITIES:				
Proceeds from borrowings	1 699 172	1 219 840	1 188 330	264 800
Repayment of borrowings	(1 293 068)	(245 773)	(448 341)	(43 220)
Cash generated from financing activities	406 104	974 067	739 989	221 580
Increase in cash and cash equivalents	(198 332)	81 518	(82 145)	28 239
Cash and cash equivalents at the beginning of the year	157 623	76 105	41 436	13 197
Cash and cash equivalents at the end of the year	(40 709)	157 623	(40 709)	41 436
Comprising:				
Cash resources	197 186	203 700	197 186	53 549
Overdrafts	(237 895)	(46 077)	(237 895)	(12 113)
Cash and cash equivalents at 30 September	(40 709)	157 623	(40 709)	41 436

GROUP SEGMENT RESULTS

INFLATION ADJUSTED							
Sept-22	Batteries	Stationery	Paper	Plantations	Central Admin	Adj & Eliminations	Group
Revenue - External customer	18 118 182	2 958 824	4 261 760	776 641	-	(6 500 207)	19 615 200
Operating profit before impairments & fair value adjustments	2 249 816	700 891	(1 375 095)	159 601	(102 685)	-	1 632 528
Finance costs	(36 500)	(931)	(26 140)	-	(694 742)	-	(758 314)
Segment Assets	12 139 000	1 494 763	7 761 424	10 003 796	1 805 436	-	33 204 419
Segment liabilities	(4 935 763)	(789 096)	(3 941 375)	(1 265 273)	(3 836 716)	-	(14 768 223)
Capital expenditure	(411 492)	(33 774)	(1 929 174)	(49 721)	(4 310)	-	(2 428 471)
Depreciation	(368 026)	(137 684)	(92 492)	(77 748)	(98 058)	-	(774 009)
Sept-21							
Revenue - External customer	17 298 955	1 657 215	4 439 046	712 475	-	(5 090 873)	19 016 818
Operating profit before impairments & fair value adjustments	2 562 603	296 952	(669 614)	(3 055)	57 113	-	2 243 999
Segment Assets	7 603 679	942 151	3 641 001	5 075 898	1 720 379	-	18 983 108
Segment liabilities	(2 732 321)	(433 772)	(1 865 009)	(899 034)	(1 423 050)	-	(7 353 186)
Capital expenditure	(515 303)	(19 852)	(1 033 060)	(20 133)	(67 404)	-	(1 655 752)
Depreciation	(539 194)	(66 308)	(141 676)	(44 138)	(80 683)	-	(871 999)

GROUP SEGMENT RESULTS (CONT'D)

HISTORICAL							
Sept-22	Batteries	Stationery	Paper	Plantations	Central Admin	Adj & Eliminations	Group
Revenue - External customer	10 863 656	1 745 771	2 387 496	432 706	-	(4 350 175)	11 079 454
Operating profit before impairments & fair value adjustments	1 121 333	526 551	(199 112)	73 963	(249 793)	-	1 272 941
Segment Assets	11 196 098	1 399 395	7 693 937	10 003 415	1 343 602	-	31 636 447
Segment liabilities	(5 035 584)	(737 685)	(3 895 563)	(1 258 214)	(4 151 575)	-	(15 078 621)
Capital expenditure	(207 319)	(219 275)	(1 680 470)	(29 566)	(2 668)	-	(2 139 297)
Depreciation	(171 572)	(29 136)	(46 212)	(26 370)	(30 145)	-	(303 435)
Sept-21							
External customer	3 894 531	362 767	879 967	155 781	-	(1 407 515)	3 885 531
Operating profit before impairments & fair value adjustments	573 226	70 772	(130 494)	7 352	(23 487)	-	497 369
Finance cost	(7 902)	(617)	(4 537)	-	(61 356)	-	(74 412)
Segment Assets	1 931 688	228 903	920 918	1 329 617	398 013	-	4 809 139
Segment liabilities	(701 547)	(111 946)	(481 260)	(231 124)	(375 263)	-	(1 901 140)
Capital expenditure	(174 079)	(4 663)	(268 760)	(6 229)	(15 250)	-	(468 981)
Depreciation	(116 541)	(11 733)	(29 999)	(9 686)	(15 422)	-	(183 381)

SUPPLEMENTARY INFORMATION

- 1. CORPORATE INFORMATION**
The abridged consolidated financial statements of Amalgamated Regional Trading (ART) Holdings Limited and its subsidiaries (collectively, the Group) for the financial year ended 30 September 2022 were authorised for issue in accordance with a resolution of the directors on 06 December 2022. ART Holdings Limited is incorporated in the British Virgin Islands and its shares are publicly traded on the Zimbabwe Stock Exchange through its regional subsidiary ART Zimbabwe Limited.

The main activities of the Group were the manufacture and distribution of paper products, stationery, and lead acid batteries. The Group's principal place of business is 202 Seke Road, Graniteside, Harare.

- 2. BASIS OF PREPARATION**
The abridged consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Zimbabwe Companies and Other Business Entities Act [Chapter 24:31] and the British Virgin Islands Companies Act for International Business Companies [Chapter 291], except for non-compliance with International Accounting Standard ("IAS") 21.

The consolidated financial statements have been prepared under the current cost basis as per the provisions of IAS 29 "Financial Reporting In Hyper-inflationary Economies". The local accounting regulatory board, Public Accountants and Auditors Board (PAAB) proclaimed all financial periods after 1 July 2019 to be reported under the hyper-inflation accounting basis. Therefore, the primary financial statements of the Group are the inflation adjusted and historical numbers have been provided as supplementary information.

The sources of the price indices used were the Zimbabwe Statistical office from 2009 to September 2022.

	Indices	Conversion Factor
CPI as at 30 September 2022	12,713.12	1.000
CPI as at 30 September 2021	3,342.02	3.804

- 3. FUNCTIONAL AND PRESENTATION CURRENCY**
These financial statements are presented in Zimbabwe Dollars (ZWL) which is the Group's functional and presentation currency and all values are rounded to the nearest thousand (000), except when otherwise indicated.
- 4. STATEMENT OF ACCOUNTING POLICY**
The accounting policies in the preparation of the 2022 financial year consolidated financial results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2021.
- 5. BORROWINGS - INFLATION ADJUSTED**

	Sept-22			Sept-21		
ZWL 000's	Short-term and Overdraft	Long-term	Total	Short-term and Overdraft	Long-term	Total
Group	2,190,203	-	2,190,203	1,091,427	80,561	1,171,988

The Borrowings are secured by non-current assets with a net book value of ZWL 7.611 billion (2021: ZWL 5.114 billion).

The average cost of borrowings is 209 %

DIRECTORS' RESPONSIBILITY

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

These abridged Group financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing requirements and in accordance with International Financial Reporting Standards and the Zimbabwe 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 except for the effect of adopting the requirements of IFRS16 (Leases) which increased the Group's Assets and Liabilities and which had a minimal net impact on the Group's Statement of Profit and Loss and other Comprehensive Income.

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).

EXTERNAL AUDITOR'S OPINION

These financial results should be read in conjunction with the complete set of financial statements for the year ended 30 September 2022 which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing (ISAs). The auditors have issued an adverse audit opinion on the consolidated financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates; International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies; and valuation of investment properties and property, plant and equipment.

The Auditors have included a section on key audit matters. The key audit matters were with respect to the revenue recognition and valuation of biological assets.

The auditor's report on the consolidated financial statements which form the basis of these financial results is available for inspection at the Group's registered office.

The engagement partner on the audit resulting in the auditor's report is Farai Chibisa (PAAB Number 0547).

Directors: Dr T. U. Wushe (Chairman) M. Macheka (Chief Executive Officer) *, T. I. Baik, A. M. Chingwecha*, S. Mupfurutsa, M. Oakley * Executive

INDEPENDENT AUDITOR'S REPORT

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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 71 to 131, which comprise the consolidated statement of financial position as at 30 September 2022, 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 of 30 September 2022, 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

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

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.

Key Audit Matter	How our audit addressed the key Audit Matter
<p>IFRS 15 – Revenue from Contracts</p> <p>There is a presumed risk of inappropriate revenue recognition specifically identified in ISA 240 (R), ‘The auditor’s responsibility to consider fraud in an audit of financial statements’. This is a significant risk and accordingly a key audit matter.</p>	<p>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.</p> <p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed whether the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Performed cut-off tests to ensure revenue is recognised in the correct period. • Tested the design effectiveness of relevant internal controls over the processing of revenue transactions. • Identified key controls and tested these to obtain satisfaction that they were operating effectively during the year. • Considered the results of our controls testing in determining the nature, extend and timing of test of details which mainly involved analytical procedures and the testing of selected transactions by tracing them to external sources. <p>We satisfied ourselves that the revenue recognition is appropriate.</p>

<p>Biological assets</p> <ul style="list-style-type: none"> • Timber plantations are classified as biological assets and are accounted for in accordance with International Accounting Standard (IAS) 41 – ‘Agriculture’. • The valuation of biological assets is an area of significant judgement and estimate(s). 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: <ul style="list-style-type: none"> ❖ 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 2022; ❖ Determination of timber growth estimations; ❖ Determination of expected yields; and ❖ Determination of an appropriate discounting rate. • Due to estimates and assumptions involved in the determination of the fair value of biological assets, this area has been considered as a key audit matter. 	<p>In addressing the matter, our procedures included the following:</p> <ul style="list-style-type: none"> • 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 on a year on year basis. • 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 for fair value measurement in the consolidated financial statements. <p>We concluded that the assumptions made by management were reasonable.</p>
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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 period 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).

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



Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

07 December 2022

HARARE