

National Tyre Services Limited

ABRIDGED REVIEWED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

CHAIRMAN'S STATEMENT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

b)Operations Review
National Type Service
National Nation

al Economic Overview
The trist sor months were characterised by global increase in prices of process and services, agricultural inputs, and basic commodities mainly 2021: 20/21.09/2109 tillion. 2021: 10/21.29/2109 tillion. 2021: 10/21.29/2109 tillion. 2021: 10/21.29/2109 tillion. 2021: 10/21.29/2109 tillion. 2021: 10/2109 tillion. 2021: 10/21

c)Retreading
Power outages due to depressed electricity generation affected
retreading for the first half of the year. Factory efficiency decreased
retreading for the first half of the year. Factory efficiency decreased
year. Although power cuts were severe, the Company managed the
year. Although power cuts were severe, the Company managed the
sep retreading factories running to support transport operators in the
seporteereding factories running to support transport operators in the
secondary.

Olf-Inancial Review
Sales greve by 17% (inflation adjusted) to ZWL 1,815 tbillion (2015
VEX.11,135 tbillion) due to the continued implementation of the
turnaround strategy. Gross profit increased by 45% to ZWL 1,147-billion

AUDITORS STATEMENTI.

AUDITORS STATEMENT

The auditors have issued an adverse eview conclusion on the abridged inflation adjusted financial statements with respect to nor compliance with International Accounting Standard 21 - The Effects of Chargesian Foreign Exchange Bates and International Accounting Standard 29 - Financial Reporting in Hyperindiationary Economies. The review conclusion is available for inspection at the Company's registered office. The Engagement Partner responsible for the review resulting in this review report is Frair Chibbias 174AR number 0547.

A BRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

		INFLATION	ADJUSTED	HISTORICAL COST	
	Notes	REVIEWED 30 SEP 2022 ZWL	REVIEWED 30 SEP 2021 ZWL	REVIEWED 30 SEP 2022 ZWL	REVIEWED 30 SEP 2021 ZWL
Revenue	3	1.850.856.686	1.651.133.359	1,382,190,190	397.344.871
Operating profit		211.649.408	134,311,084	252,618,075	51,794,411
Exchange (loss)		(580,149,650)	(124,897,763)	(395,812,117)	(30,715,400)
Other income Fair value adjustments on investment property		50,046,630	20,450,796 529 773 627	42,603,234	4,927,900 139 266 675
(Loss)/ profit from operations Finance charges		(318,453,612) (200,591,562)	559,637,744 (84 501 767)	(100,590,808) (159,083,408)	165,273,586 (20,512,542)
(Loss)/ profit before tax and monetary gain Monetary (loss) Income tax expense		(519,045,174) (152,121,047) (67,743,112)	475,135,977 (18,474,139) (693,226,745)	(259,674,216)	144,761,044 (170,135,229)
Loss for the period Other comprehensive income		(738,909,333)	(236,564,906) 3,677,017,200	(276,905,154)	(25,374,185) 798,226,259
Total comprehensive (loss)/income for the period		(738,909,333)	3,440,452,294	(276,905,154)	772,852,074
Number of shares in issue (thousands) Earnings per share (cents) Diluted earnings per share (cents) Headline earnings per share (cents)		253,872 (291,06) (291,06) (291,06)	253,872 1,355.19 1,355.19 1,355.19	253,872 (109,07) (109,07) (109,07)	253,872 304,43 304,43 304,43

B. ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

		INFLATION A	DJUSTED	HISTORIC	AL COST
	Notes	REVIEWED 30 SEP 2022 ZWL	AUDITED 31 MAR 2022 ZWL	REVIEWED 30 SEP 2022 ZWL	AUDITED 31 MAR 2022 ZWL
ASSETS					
Non current assets		5,495,293,090	5,559,373,489	1,054,603,446	963,838,844
Property, plant and equipment	5	4,532,118,068	4,625,607,877	810,791,261	818,375,220
Intangible assets	100	13,793,617	19,312,090	4,017,903	2,366,372
Investment property	100	645,388,302	645,388,302	140,104,166	140,104,166
Right of use assets	6	302,439,736	267,511,853	99,350,163	2,653,133
Fair value through other comprehensive income investments		1,553,367	1,553,367	339,953	339,953
Current assets	7	687,895,673	1,263,048,651	598,876,674	352,927,441
Total assets		6,183,188,763	6,822,422,140	1,653,480,120	1,316,766,285
EQUITY AND LIABILITIES					
Shareholders' equity and reserves	ſ	4,172,092,242	4,911,001,575	555,782,824	832,687,978
Deferred tax		1,097,762,271	1,065,209,680	184,363,046	166,837,251
Lease liability	6	229,391,473	30,579,568	229,391,473	11,464,157
Short term loan	8	147,788,660		147,788,660	147,573,436
Trade and other payables	9	536,154,117	421,992,962	536,154,117	158,203,463
Total equity and liabilities	1	6,183,188,763	6,822,422,140	1,653,480,120	1,316,766,285

RIDGED STATEMENT OF CHANGES IN EQUITY FOR THE

HALF YEAR ENDED 30 SEPTEMBER 2022						
	INFLATION AD.	JUSTED	HISTORICAL COST			
	REVIEWED 30 SEP 2022 ZWL	REVIEWED 30 SEP 2021 ZWL	REVIEWED 30 SEP 2022 ZWL	REVIEWED 30 SEP 2021 ZWL		
Opening balance	4,911,001,575	1,098,691,368	832,687,978	54,253,955		
Loss) for the period	(738,909,333)	3,440,452,294	(276,905,154)	772,852,074		
Closing balance	4,172,092,242	4,539,143,664	555,782,824	827,106,029		

D. ABRIDGED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

	INFLATION	ADJUSTED	HISTORIC	CALCOST			
Note	REVIEWED s 30 SEP 2022 ZWL	REVIEWED 30 SEP 2021 ZWL	REVIEWED 31 SEP 2022 ZWL	REVIEWED 31 SEP 2021 ZWL			
Cash flows from operating activities before changes in working capital	54,393,454	56,974,396	145,835,126	37,869,404			
Changes in working capital	582,039,561	107,543,670	46,019,214	4,303,155			
Income tax paid	(11,466,331)	(11,145,350)	(8,926,170)	(2,777,162)			
Net cash generated from operating activities	624,966,684	153,372,716	182,928,170	39,395,397			
Net cash out flows utilized in investing activities	(4,671,659)	(35,162,326)	(4,583,196)	(8,948,166)			
Net cash out flows from financing activities	(261,151,653)	(111,791,032)	(219,643,500)	(27,418,940)			
Net (decrease)/ increase in cash and cash equivalents	359,143,372	6,419,358	(41,298,526)	3,028,291			
Effects of inflation on opening balances of monetary items	(421,734,264)						
Cash and cash equivalents at beginning of the period	34,062,115	29,278,165	12,769,750	6,355,859			
Cash and cash equivalents at the end of the period	(28,528,776)	35,697,522	(28,528,776)	9,384,150			

E. NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

BASIS OF PREPARATION & PRESENTATION
The Company's financial statements have been prepared in accordance with International Financial
Reporting Standards ("IFRS") and disclosure requirements of IAS 34 "Interim Financial Reporting," They are
also prepared in accordance with the disclosure requirements of the Companies and Other Business
Entities Act (Chapter 24-31).

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022. The directors continuing that one best of their knowledge, the abridged interim financial statements have The directors continuing that the international accounting Standard's 4. Interim financial Reporting and International Accounting Standard 1:Presentation of Financial Statements as required by the Listing Rules of the Zimbabwe Stock Exchange.

	INFLATION ADJUSTED		HISTORICAL COST	
. REVENUE	REVIEWED 31 SEP 2022 ZWL	REVIEWED 31 SEP 2021 ZWL	REVIEWED 31 SEP 2022 ZWL	REVIEWED 30 SEP 2021 ZW
evenue from sale of goods	1,718,646,274	1,555,978,388	1,283,575,427	374,563,458
evenue from rendering of services	132,210,412	95,154,971	98,614,763	22,781,413
	1,850,856,686	1,651,133,359	1,382,190,190	397,344,871

4. PROFIT BEFORE TAX AND

15,004,376	20,471,277	11,011,471	4,927,797
35,571,572	33,044,669	27,639,961	7,952,504
3,355,199	11,101,113	2,781,508	2,661,458
(31,316,929)	(19,885,340)	(24,423,696)	(4,787,818
410,196,566	278,466,968	324,282,455	66,780,400
8,197,081	6,953,187	6,203,009	1,687,556
	35,571,572 3,355,199 (31,316,929) 410,196,566	35,571,572 33,044,669 3,355,199 11,101,113 (31,316,929) (19,885,340) 410,196,566 278,466,968	35,571,572 33,044,669 27,639,961 3,355,199 11,101,113 2,781,508 (31,316,929) (19,885,340) (24,423,696) 410,196,566 278,466,968 324,282,455

	INFLATION	ADJUSTED	HISTORICA	L COST
	REVIEWED 30 SEP 2022 ZWL	AUDITED 31 MAR 2022 ZWL	REVIEWED 30 SEP 2022 ZWL	AUDITED 31 MAR 2022 ZWL
. PROPERTY, PLANT AND QUIPMENT arrying amount at beginning of eriod	4,625,607,877	750,107,938	818,375,220	23,210,734
evaluation	-	3,865,422,925	-	792 574 397
dditions	2,634,697	60,699,681	2,546,234	16,589,025
isposals	(9,029,007)	(302,988)	(86,220)	(113,589)
epreciation	(87,095,498)	(50,319,679)	(10,043,973)	(13,885,347)
arrying amount at end of the period	4,532,118,068	4,625,607,877	810,791,261	818,375,220

6. LEASES

right of use assets	302,435,730	207,011,000	99,330,103	2,000,100
Equity and liabilities Lease liability	229,391,473	30,576,568	229,391,473	11,464,157
7. CURRENT ASSETS				
Inventories	635,686,798	1,187,304,458	546,667,799	324,979,396
Trade and other receivables	36,053,971	41,682,077	36,053,971	15,178,295
Bank and cash balances	16,154,904	34,062,115	16,154,904	12,769,750
	687,895,673	1,263,048,651	598,876,674	352,927,441
8. BORROWINGS				
Short term loan	147,788,660	393,638,355	147,788,660	147,573,436

The loans from local financial institutions outstanding at reporting date attract interest of 202% per annum.

394,287,562 536,154,117	225,195,144 421,992,962	394,287,562 536,154,117	84,424,753 158,203,463
394,287,562	225,195,144	394,287,562	84,424,753
44,683,680		44,683,680	-
97,182,875	196,797,818	97,182,875	73,778,710
	97,182,875 44,683,680		

	(28,528,776)	35,697,552	(28,528,776)	9,384,150
Bank and Cash balances	16,154,904	35,697,522	16,154,904	9,384,150
Bank Overdraft	(44,683,680)	-	(44,683,680)	
end of the period				

AND BALANCES				
Expenses				
Simply Africa (Private) Limited - technical fees	27,639,961	49,180,979	27,639,961	18,437,751
Balances				
Payables:				
Simply Africa (Private) Limited - technical fees	27,639,961	16,488,406	27,639,961	6,181,437
12. CAPITAL EXPENDITURE COMMITMENTS				
Capital commitments authorised but not contracted for	450,080,505	450,080,050	168,733,370	168,733,370

13.Going Concern
The Directors have assessed the Company's ability to continue operating as a going concern for the forese future and believe that the preparation of the financial statements on a going concern basis is appropriate

14.1 ypartifiation
The halike Accountants and Auditors Board through its pronouncement provided guidance to all entities that report in accordance with International Financial Reporting Standards IFRSI on the application of IAS 29-Financial Reporting in Hyperinflationary Economies. The pronouncement requires that Companies that prepare and present financial statements for financial periods ended on or after 1 July 2019 should apply the requirements of IAS 29-Financial Reporting in Hyperinflationary Economies.

Source of Indices
The source of the price indices used is the Reserve Bank of Zimbabwe website. Below are the indices and adjusting factors used up to 30 September 2022:-

MONTH	INDICES	ADJUSTING FACTOR
CPI as at 30 September 2021	3.342.02	3,80
CPI as at 31 March 2022	4,766,10	2.6
CPI as at April 2022	5,507,11	2,3
CPI as at May 2022	6,662,17	1.9
CPI as at June 2022	8,707,35	1,46
CPI as at July 2022	10,932,83	1.16
CPI as at August 2022	12.286.26	1.03
CPI as at September 2022	12.713.12	1.00



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Grant ThorntonCamelsa Business Park
135 Enterprise Road, Highlands
PO Box CY 2619
Causeway, Harare

T +263 0242 442511-4 F +263 0242 442517 / 496985 E info@zw.gt.com www.grantthornton.co.zw

Zimbabwe

To the members of National Tyre Services Limited

We have reviewed the accompanying interim statement of financial position of National Tyre Services Limited as at 30 September 2022 and the related interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended, and a summary of significant Company accounting policies and other explanatory notes.

Responsibilities of Management and Those Charged with Governance for the interim financial statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting and the Company's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim financial statements that are free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

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

During the prior and current financial period, the foreign currency denominated transactions and balances of the Company were translated into ZWL using foreign currency auction exchange rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year financial statements was modified in respect of this matter and the misstatements have not been corrected in the interim financial information for the six months ended 30 September 2022.

Had the interim financial statements been prepared in accordance with the requirements of IAS 21, some elements would have been materially affected. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material but not pervasive to the interim financial statements as a whole.

Valuation of investment property and owner-occupied property

The determination of fair values for assets presented in the interim financial statements is affected by the prevailing economic environment. These interim financial statements include investment property and owner-occupied property that was revalued by an Independent professional valuer as at 31 March 2022. The investment property and owner-occupied property valuations were determined in USD and then translated to ZWL using the foreign currency auction rate as at 31 March 2022.

Although the determined USD values as at 31 March 2022 reflected the fair value of the investment property and owner-occupied property, 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 of investment property and owner-occupied property in ZWL. The opinion for the year ended 31 March 2022 was modified in respect of this matter and no subsequent valuations were done.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the *Basis for Qualified Conclusion* section above, there is nothing that has come to our attention which causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects the financial position of National Tyre Services Limited as at 30 September 2022, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRS).

The engagement partner on the review engagement resulting in this independent review conclusion is Farai Chibisa.

Grant Thomson

Farai Chibisa

Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton

Chartered Accountants (Zimbabwe)

Registered Public Auditors

HARARE

29 DECEMBER 2022