



ABRIDGED UNREVIEWED HALF YEAR FINANCIAL RESULTS

For the half year ended 31 March 2024

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CHAIRMAN'S STATEMENT

It is a great pleasure to present the financial and strategic performance of Art Holdings Limited (ART) for the half year ended 31 March 2024.

OPERATING ENVIRONMENT

The operating environment continued to be characterised by currency instability, high inflation and inconsistent power supply. The volatility in global markets impacted key raw material inputs and liquidity in the market worsened as authorities introduced new measures to tame inflation. This was compounded by increased speculation before the introduction of the new structured currency. Pricing disparities widened as irregular imports increased in the informal sector.

In Zambia, foreign currency shortages continued during the quarter with the Kwacha remaining depressed against major currencies. Inflation increased marginally to 14% at the end of March 2024.

REPORTING

The Group's financial review is based on inflation adjusted financial statements which are the primary financial statements. The Directors caution users of the financial statements on the usefulness of these reported financial statements considering distortions that may arise when reporting in a hyperinflationary economy.

The introduction of the new structured currency, Zimbabwe Gold (ZiG) on the 5th of April 2024 and the stipulation as per Statutory Instrument 60 of 2024, Presidential Powers (Zimbabwe Gold Notes and Coins) Regulations, 2024 (SI 60 of 2024) that all Zimbabwe dollars be converted to ZiG provides an opportunity for the Group to review its functional currency. The translation of balances to ZiG as of the 5th of April 2024 has been completed and the Group will ensure that the full year reporting is more simplified and more understandable to stakeholders.

GROUP PERFORMANCE OVERVIEW

The Group had an extremely difficult first half of the year as challenges in the trading environment severely impacted the business. Overall sales volumes declined by 10% from the prior year. Pricing distortions induced by exchange rates disparities in the market affected trading and the business had to implement measures to adapt which included curtailing paper exports.

Exports were 4% below the prior year due to the deliberate decision to stem losses and reduce exposure as forex currency shortages persisted in Zambia and Malawi.

Revenue for the half year increased by 8% to ZWL500billion in inflation adjusted terms compared to prior year reflecting movements in pricing in line with inflation and currency movements. In real hard currency terms, revenues declined by 6% to US\$17,8million.

Gross margins increased to 51% as input cost increases were recovered through pricing. Efficiencies were affected by reduced plant availability due to power outages and delays in receiving imported raw materials.

Exchange losses recorded during the period amounted to ZWL292billion as a result of the steep devaluation of the local currency. Finance costs declined as the Group continues to reduce its exposure whilst seeking ways to mitigate the impact of the delayed paper project on loan commitments.

The Group's performance overall was weighed down by the losses in the paper segment and an estimated loss of US\$112,000 was recorded for the period. The Group faced significant cash constraints as it sought to realign its operations following the difficult decision to temporarily shut the Mill and stop paper exports. Tight working capital management and the successful disposal of the underutilised stands in Mutare for US\$1,2 million helped to ease the cashflow challenges.

DIVISIONAL PERFORMANCES

Batteries

Volumes declined by 11% overall for the local market and 16% in Zambia compared to the prior year. Market demand was generally subdued however there was increased competition in the large battery and maintenance free market segments where imported products gained ground. The defensive pricing strategy was softened at the end of the quarter as availability of foreign currency improved in Zambia. The order book for industrial batteries was firm with increasing mining and industrial corporate clients opting for our customised battery energy storage solutions.

Paper

The Group temporarily shut down the Tissue machine, PMI in Kadoma which it has operated for over 40 years. The Mill management and employees have put enormous effort over the years to make the machine competitive however the worsening operating conditions necessitated the shut and resultant staff redundancy. The new Mill, PM2 has been successfully tested with both recycled and virgin pulp however it still requires further work on the effluent and energy management systems before being commercialised.

The relocation of the converting plant was completed at the end of the period and full-scale production is expected by end of June. National Waste Collections was scaled down in line with the reduced exports and Mill demand for wastepaper. Paper volumes although not directly comparable to prior years declined by 62%.

Eversharp

Volumes were 6% ahead of prior year as at half year despite power outages and logistical delays that impacted raw material imports in the second quarter. Demand was firm during the back-to-school period with the newly introduced EV Pen Pal and EV Pen Mate products performing well in both scholastic and non-scholastic market segments. The division's brand awareness campaigns were well received and appreciated given the increased imports and counterfeit products on the market.

Mutare Estates

Timber volumes were 26% ahead of the prior year as demand remained firm across all the market segments. Gum pole volumes recovered as off takers were developed in the informal market.

SUSTAINABILITY REPORTING

During the half year the Group's commitment to sustainable management was tested as there were frequent disruptions and changes in the operations in the face of economic headwinds. The embedded sustainability initiatives continued to ensure alignment of our practices with business strategy goals. The Group remains committed to completing its delayed projects to reduce emissions and waste in line with budgeted levels and established regional benchmarks.

DIVIDEND

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

DIRECTORATE

There were no changes to the Board during the period.

OUTLOOK

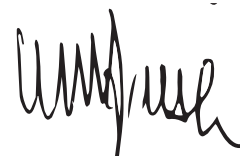
The environment is expected to remain unpredictable with constrained consumer disposable incomes, inflationary pressures and debilitating energy shortages in the region. The Group will continue to work on cost management, operational efficiencies, sustainable raw material supply partnerships and value preservation.

The defensive decision to scale back the paper segment following the significant resources and time committed will allow ample time for the new Mill to be capacitated to run at optimal levels. Management focus will in the meantime be on growing and optimising opportunities in the other business segments.

We remain confident that the investments made will enable us to bridge the technology gap in the evolving paper industry and will provide a much-needed foundation for the Group to regain competitiveness in the region. The Board is hopeful that ongoing engagements and policy interventions aimed at stabilizing the exchange rate, taming inflation and improving power supply will improve the country's manufacturing environment.

APPRECIATION

It has been a difficult half year and we are grateful to all our employees for the unwavering support, dedication and resilience. 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

31 March 2024

GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWL\$000	2023 ZWL\$000	2024 ZWL\$000	2023 ZWL\$000
For the half year ended 31 March				
Revenue from contracts with customers	499,805,615	462,213,877	140,208,667	14,068,352
Cost of sales	(245,648,093)	(265,359,736)	(88,095,928)	(7,778,104)
Gross profit	254,157,522	196,854,141	52,112,739	6,290,248
Other income	10,567,184	5,821,233	2,040,981	185,346
Total operating expenses	(179,118,715)	(174,710,489)	(60,965,047)	(5,578,062)
Selling and distribution expenses	(60,400,013)	(47,773,547)	(16,968,208)	(1,459,558)
Administration expenses	(118,718,702)	(126,936,942)	(43,996,839)	(4,118,504)
Operating profit before fair value adjustments & impairments	85,605,991	27,964,885	(6,811,327)	897,532
Share of associate profit	26,013	385,795	10,405	10,877
Foreign exchange loss	(292,425,164)	(59,149,977)	(169,299,016)	(1,995,985)
Profit/(loss) on disposal of non-current assets	668,569	(416,364)	88,455	(12,898)
Reinforcement	-	(2,705,566)	-	(87,933)
Net monetary gain/(loss)	621,744,302	(10,361,907)	-	-
Profit/(loss) before interest and tax	415,619,711	(44,283,134)	(176,011,483)	(1,188,407)
Finance income	14,807	30,561	16,666	965
Finance costs	(9,706,697)	(20,176,994)	(4,485,341)	(647,049)
Profit/(loss) before tax	405,927,821	(64,429,567)	(180,480,158)	(1,834,491)
Income tax (expense)/credit	(230,970,774)	10,796,786	55,792,505	779,527
Profit/(loss) after tax	174,957,047	(53,632,781)	(124,687,653)	(1,054,964)
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)	-	-	-	-
Items that may be reclassified subsequently to profit/loss:				
Translation of foreign subsidiary	(50,461,087)	737,149	17,147,853	138,002
Total other comprehensive (loss)/profit for the year, net of tax	(50,461,087)	737,149	17,147,853	138,002
Total comprehensive profit/(loss) for the year	124,495,960	(52,895,632)	(107,539,800)	(916,962)
Basic Earnings per Share	37,004.2	(11,343.6)	(26,372.0)	(223.1)
Diluted Earnings per share	37,004.2	(11,343.6)	(26,372.0)	(223.1)
Headline Earnings per Share	64,580.5	(11,255.5)	(26,390.7)	(220.4)



ABRIDGED UNREVIEWED HALF YEAR FINANCIAL RESULTS

For the half year ended 31 March 2024

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GROUP STATEMENT OF FINANCIAL POSITION

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWL\$000	2023 ZWL\$000	2024 ZWL\$000	2023 ZWL\$000
As at 31 March				
ASSETS				
Non-current assets				
Property, plant and equipment	1,291,449,989	1,351,753,746	139,867,799	135,328,294
Investment property	350,029,944	287,067,782	36,470,000	29,909,904
Biological assets	356,306,940	348,151,597	36,497,259	36,274,293
Right of use assets	77,732,325	86,369,250	8,099,015	8,998,906
Investment in associate	7,575,747	7,549,734	38,259	27,797
	2,083,094,945	2,080,892,109	220,972,332	210,539,194
Current assets				
Inventories	152,393,604	313,143,938	66,242,429	26,655,589
Trade and other receivables	103,739,824	319,332,279	102,729,087	25,510,051
Cash and cash equivalents	4,826,837	12,340,326	4,826,837	1,285,752
	260,960,265	644,816,543	173,798,353	53,451,392
Assets held for sale	76,394,088	76,394,088	7,959,583	7,959,583
TOTAL ASSETS	2,420,449,298	2,802,102,740	402,730,268	271,950,169
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	315,037	315,037	47	47
Share premium	29,344,295	29,344,295	4,378	4,378
Accumulated profit	609,673,064	434,716,017	(97,257,488)	27,430,165
Non-distributable reserves	858,494,991	908,956,078	121,546,756	104,398,903
	1,497,827,387	1,373,331,427	24,293,693	131,833,493
Non-current liabilities				
Interest-bearing loans and borrowings	3,731,327	35,812,344	3,731,327	3,731,327
Lease liability	59,609,968	62,747,335	5,883,942	6,537,713
Long term creditors	50,790,373	283,913,549	45,999,748	29,581,261
Deferred tax liabilities	416,530,362	300,990,729	23,388,945	30,993,841
	530,662,030	683,463,957	79,003,962	70,844,142
Current liabilities				
Trade and other payables	201,792,058	569,910,327	277,203,343	51,171,106
Provisions	13,377,198	18,188,494	5,007,576	1,721,700
Income tax payable	107,655,476	29,730,355	(34,004,777)	3,097,638
Lease liability	19,869,992	20,915,782	1,961,314	2,179,238
Interest-bearing loans and borrowings	38,193,516	80,427,744	38,193,516	8,379,854
Bank overdrafts	11,071,641	26,134,654	11,071,641	2,722,998
	391,959,881	745,307,356	299,432,613	69,272,534
Total liabilities	922,621,911	1,428,771,313	378,436,575	140,116,676
TOTAL EQUITY AND LIABILITIES	2,420,449,298	2,802,102,740	402,730,268	271,950,169

GROUP STATEMENT OF CHANGES IN EQUITY (cont'd)

	HISTORICAL COST					
	Share Capital ZWL\$000	Share Premium ZWL\$000	Revaluation Reserve ZWL\$000	Non-distributable Reserves ZWL\$000	Retained Earnings ZWL\$000	Total ZWL\$000
30-Sep-22	47	4,378	9,409,522	999,727	6,144,152	16,557,826
Profit for the year	-	-	-	-	21,286,013	21,286,013
Other comprehensive income	-	-	87,408,421	6,581,233	-	93,989,654
Transfer between reserves	-	-	-	-	-	-
	47	4,378	96,817,943	7,580,960	27,430,165	131,833,493
30-Sep-23						
Profit for the year	-	-	-	-	(124,687,653)	(124,687,653)
Other comprehensive income	-	-	(0)	17,147,853	-	17,147,853
Transfer between reserves	-	-	-	-	-	-
	47	4,378	96,817,943	24,728,813	(97,257,488)	24,293,693

GROUP STATEMENT OF CASHFLOWS

	INFLATION ADJUSTED		HISTORICAL COST	
	2024 ZWL\$000	2023 ZWL\$000	2024 ZWL\$000	2023 ZWL\$000
For the half year ended 31 March				
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash generated from operations				
Interest income	21,516,360	38,509,136	3,217,399	937,559
Finance costs	14,807	30,561	16,665	965
Income tax paid	(9,246,305)	(18,470,149)	(3,216,194)	(581,947)
	(2,452,567)	(296,010)	(1,765,678)	(7,204)
Cash generated from operating activities	9,832,295	19,773,538	(1,747,808)	349,373
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	(8,142,618)	(15,789,397)	(931,396)	(505,160)
Costs capitalized to biological assets	(919,724)	(6,308,841)	(1,917,063)	(195,279)
Proceeds on disposal of property, plant and equipment	18,448,806	1,015,376	13,071,935	32,899
Dividends received	-	-	-	-
Cash utilised in investing activities	9,386,464	(21,082,862)	10,223,476	(667,540)
FINANCING ACTIVITIES:				
Proceeds from borrowings	-	76,785,284	-	2,214,262
Repayment of borrowings	(11,669,235)	(70,831,419)	(13,283,226)	(1,749,104)
Cash generated from financing activities	(11,669,235)	5,953,865	(13,283,226)	465,158
Increase in cash and cash equivalents	7,549,524	4,644,541	(4,807,558)	146,991
Cash and cash equivalents at the beginning of the year	(13,794,328)	(1,374,415)	(1,437,246)	(40,709)
Cash and cash equivalents at the end of the year	(6,244,804)	3,270,126	(6,244,804)	106,282
Comprising:				
Cash resources	4,826,837	16,792,521	4,826,837	545,771
Overdrafts	(11,071,641)	(13,522,395)	(11,071,641)	(439,489)
Cash and cash equivalents at 30 September	(6,244,804)	3,270,126	(6,244,804)	106,282

GROUP STATEMENT OF CHANGES IN EQUITY

	INFLATION ADJUSTED					
	Share Capital ZWL\$000	Share Premium ZWL\$000	Revaluation Reserve ZWL\$000	Non-distributable Reserves ZWL\$000	Retained Earnings ZWL\$000	Total ZWL\$000
30-Sep-22	315,037	29,344,295	227,509,655	48,216,226	317,056,528	622,441,741
Profit for the year	-	-	-	-	117,659,489	117,659,489
Other comprehensive income	-	-	598,387,725	34,842,472	-	633,230,197
Transfer between reserves	-	-	-	-	-	-
	315,037	29,344,295	825,897,380	83,058,698	434,716,017	1,373,331,427
30-Sep-23						
Profit for the year	-	-	-	-	174,957,047	174,957,047
Other comprehensive income	-	-	-	(50,461,087)	-	(50,461,087)
Transfer between reserves	-	-	-	-	-	-
	315,037	29,344,295	825,897,380	32,597,611	609,673,064	1,497,827,387

GROUP SEGMENT RESULTS

	Batteries ZWL\$ 000	Stationery ZWL\$ 000	Paper ZWL\$ 000	Plantations ZWL\$ 000	Central Admin ZWL\$ 000	Adj & Eliminations ZWL\$ 000	Group
	INFLATION ADJUSTED						
Mar-24							
Revenue from contracts with customers	526,827,427	101,618,546	42,875,218	35,251,397	-	(206,766,973)	499,805,615
Operating profit before impairments & fair value adjustments	53,597,517	20,119,787	(4,324,215)	19,189,853	(2,976,951)	-	85,605,991
Segment Assets	650,290,631	104,606,602	717,382,634	826,530,983	121,638,448	-	2,420,449,298
Segment liabilities	(223,064,878)	(44,360,115)	(271,023,761)	(113,634,455)	(270,538,702)	-	(922,621,911)
Capital expenditure	(2,115,217)	(848,226)	(4,649,221)	(529,954)	-	-	(8,142,618)
Depreciation	(40,599,009)	(5,681,376)	(2,097,939)	(665,028)	(9,143,018)	-	(58,186,370)
Mar-23							
Revenue from contracts with customers	446,647,548	65,578,429	98,815,443	19,354,120	-	(168,181,661)	462,213,877
Operating profit before impairments & fair value adjustments	45,310,589	6,446,490	(39,323,684)	5,247,651	10,283,839	-	27,964,885
Segment Assets	454,845,881	67,719,753	262,915,277	341,103,398	69,319,063	-	1,195,903,372
Segment liabilities	(210,324,214)	(38,719,472)	(147,583,421)	(45,853,021)	(183,895,829)	-	(626,375,957)
Capital expenditure	(6,766,699)	(2,937,970)	(2,875,760)	(2,891,427)	(317,541)	-	(15,789,397)
Depreciation	(17,193,068)	(4,066,896)	(6,247,205)	(3,460,239)	(3,378,417)	-	(34,345,825)



ABRIDGED UNREVIEWED HALF YEAR FINANCIAL RESULTS

For the half year ended 31 March 2024

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GROUP SEGMENT RESULTS (cont'd)

	Batteries ZWL\$ 000	Stationery ZWL\$ 000	Paper ZWL\$ 000	Plantations ZWL\$ 000	Central Admin ZWL\$ 000	Adj & Eliminations ZWL\$ 000	Group
HISTORICAL COST							
Mar-24							
Revenue from contracts with customers	143,105,981	25,794,027	8,538,152	9,899,826	-	(47,129,319)	140,208,667
Operating profit before impairments & fair value adjustments	9,785,774	6,951,000	(10,931,567)	4,269,539	(16,886,073)	-	(6,811,327)
Segment Assets	221,219,516	28,363,573	65,458,444	87,426,814	261,921	-	402,730,268
Segment liabilities	(123,195,839)	(29,577,621)	(110,375,722)	(14,551,891)	(100,735,502)	-	(378,436,575)
Capital expenditure	(598,533)	(144,140)	(556)	(163,040)	(1,202,976)	-	(2,109,195)
Depreciation	(6,687,518)	(580,659)	(1,729,668)	(1,406,193)	(862,972)	-	(11,267,010)
Mar-23							
Revenue from contracts with customers	14,250,839	2,083,428	3,133,261	615,015	-	(6,014,191)	14,068,352
Operating profit before impairments & fair value adjustments	1,422,593	241,527	(676,659)	130,959	(220,888)	-	897,532
Segment Assets	13,728,641	2,153,328	7,806,466	10,100,569	1,847,110	-	35,636,114
Segment liabilities	(6,682,483)	(1,200,401)	(4,629,067)	(1,369,869)	(6,113,428)	-	(19,995,248)
Capital expenditure	(219,923)	(93,149)	(93,361)	(88,431)	(10,296)	-	(505,160)
Depreciation	(560,315)	(90,167)	(201,361)	(122,172)	(78,699)	-	(1,052,714)

SUPPLEMENTARY INFORMATION

1. CORPORATE INFORMATION

The abridged consolidated financial statements of Amalgamated Regional Trading (ART) Holdings Limited and its subsidiaries (collectively, the Group) for the half year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 22 May 2024. ART Holdings Limited is incorporated in the British Virgin Islands and its shares are publicly traded on the Zimbabwe Stock Exchange through its regional subsidiary ART Zimbabwe Limited.

The main activities of the Group are the manufacture and distribution of paper products, stationery, and lead acid batteries. The Group's principal place of business is 9 Bantry Road, Alexandra Park, 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 Zimbabwe National Statistical Agency (ZIMSTAT) discontinued releasing ZWL Consumer Price Indices (CPIs) in January 2023 and replaced them with the blended CPIs which combined movements for both ZWL and USD prices. This created challenges hyper-inflating historical financial statements for reporting purposes because these blended CPIs do not comply with International Accounting Standard (IAS) 29 since the USD is not under hyper-inflation and conversion factors should be derived from CPIs for a specific currency among other reasons. A way was sought to estimate or extrapolate the discontinued ZWL CPIs from February 2023 to March 2024 by making use of the Total Consumption Poverty Datum lines as published by ZIMSTAT whose movement was found to have a 0.99 correlation coefficient with that of the ZWL CPIs.

These were the CPIs and resultant conversion factors used:

	Indices	Conversion factor
CPI as at 31 March 2024	429,219.62	1.000
CPI as at 30 September 2023	44,720.86	9.598
CPI as at 31 March 2023	13,949.99	30.768

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 (ZWL000), except when otherwise indicated.

SUPPLEMENTARY INFORMATION

4. STATEMENT OF ACCOUNTING POLICY

The accounting policies in the preparation of the 2024 half year consolidated financial results are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2023.

5. BORROWINGS - INFLATION ADJUSTED

The borrowings are secured by non-current assets with a net book value of ZWL758,073,731,613 (2023; ZWL717,675,520,677)

The average cost of borrowings is 15%. All the borrowings are in USD currency.

ZWL 000's	31 March 2024			30 September 2023		
	Short-term and Overdraft	Long-term	Total	Short-term and Overdraft	Long-term	Total
Group	49,265,157	3,731,327	52,996,483	106,562,398	35,812,344	142,374,742

DIRECTORS' RESPONSIBILITY

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

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

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

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

