

# Audited Abridged Group Financial Results

For The Year Ended 30 September 2024



## Short-Form Announcement

The Directors of ART Holdings Limited are responsible for the short-form financial announcement which is issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange (ZSE). The short-form financial announcement is only a summary of the information contained in the audited abridged financial statements for the full year ended 30 September 2024.

Any investment decisions by investors and / or shareholders should be based on the complete abridged consolidated financial statements published on the ZSE website: [www.zse.co.zw](http://www.zse.co.zw) and Company's website: [www.artcorporation.co.zw](http://www.artcorporation.co.zw). The audited financial statements are also available on request, at no charge, at the registered office of the Company during working hours or via email on [info@artcorporation.co.zw](mailto:info@artcorporation.co.zw).

### SALIENT FEATURES

	2024 USD 000	2023 USD 000
Revenue from contracts with customers	34 331	38 227
Cost of sales	(19 215)	(22 210)
<b>Gross profit</b>	<b>15 116</b>	<b>16 017</b>
<b>Total operating expenses</b>	<b>(14 642)</b>	<b>(14 002)</b>
<b>Operating profit before fair value adjustments &amp; impairments</b>	<b>1 021</b>	<b>2 600</b>
<b>Total comprehensive profit for the year</b>	<b>44</b>	<b>3 512</b>
Basic Earnings per share	0.3	0.5
<b>Total Assets</b>	<b>40 672</b>	<b>44 365</b>
<b>Total Equity</b>	<b>18 870</b>	<b>18 635</b>
<b>Total Liabilities</b>	<b>21 802</b>	<b>25 730</b>

### DIVIDEND ANNOUNCEMENT

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

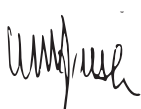
### AUDITOR'S STATEMENT

These abridged financial statements derived from the audited financial statements of Amalgamated Regional Trading (ART) Holdings Limited and its subsidiaries "The Group" for the financial year ended 30 September 2024, should be read together with the complete set of audited financial statements of the Group, for the year ended 30 September 2024, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Farai Chibisa, Registered Public Auditor 0547.

A qualified opinion has been issued on the audited financial statements regarding non-compliance with International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the financial statements. The key audit matter was with respect to the valuation of biological assets.

The auditor's report on the financial statements and the full set of the audited consolidated financial statements, is available for inspection at the Group's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.



**T. U. Wushe**

Chairman

30 September 2024

# ABRIDGED AUDITED FINANCIAL RESULTS 2024

For The Year Ended 30 September 2024



## 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 2024.

### OVERVIEW

The operating environment for the year under review was characterised by significant economic fluctuations as a result of changes in currency, market interventions by both the fiscal and monetary authorities and power supply challenges. The depreciation of the local currency and difficulties experienced by businesses in obtaining foreign currency from the banking system led to increased pricing distortions in the formal markets. Consumer spending declined particularly in the formal sector with some resilience witnessed in the informal market. The Zambian Kwacha remained volatile with inflation rising marginally. Interest rates remained high and power supply challenges worsened.

### CHANGE IN FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

On the 5th of April 2024, a new currency, Zimbabwe Gold (ZWG) was introduced. In line with the Accounting Standards, the Company assessed and determined that its functional and presentation currency had changed to United States Dollars (USD) effective 5 April 2024.

### CAUTION ON REPORTING CURRENCY CONVERSION

The currency conversion process particularly with respect to the comparative financial numbers has distortions that are related to the need to comply with IAS21, IAS29 and other related accounting standards. The users of the financial information are strongly advised to exercise caution when relying on the balances which are significantly affected by inherent exchange rate distortions and estimation of inflation indices.

### GROUP PERFORMANCE OVERVIEW

The Group had a difficult year and was not able to deliver the expected level of financial performance as the on-going transformation of the business was severely impacted by the changes in the economic environment. The bold and defensive decisions taken to scale back investment in the Paper segment during the year resulted in significant losses in the Paper divisions after taking into account once off restructuring costs and under recoveries. The energy storage, timber and stationery businesses delivered resilient performances as they remain foundationally strong but power shortages during the period exacerbated product availability challenges in the peak season.

Revenue for the year decreased by 11% from the prior year due to product availability challenges and the deliberate scaling down of Paper production. Export volumes declined by 15% compared to the prior year. The foreign currency shortages in the region continued resulting in significant payment delays in Zambia and Malawi.

Gross profit margins at 44% improved by 2 percentage points benefiting from the change in sales mix with the slowdown of the low margin paper volumes. Operating expenses increased as currency movements drove service providers to move to hard currency and hedge against further value loss.

The Group was relentless in its drive to fix, strengthen and reposition the business. Overall short-term bank debt was reduced substantially as proceeds from property disposals were applied towards loans. Finance costs remained relatively high reducing by 6% from the prior year.

The Group registered an operating profit of US\$1m and a loss before tax of USD1,5m after once off retrenchment costs of US\$675k.

### DIVISIONAL PERFORMANCES

#### Energy Storage

Overall batteries volume declined by 8% from the prior year with the business facing tough economic conditions, power and supply chain disruptions. Demand in the market remained high despite increased competition from imports. Technology will continue to have an impact on customer preferences in the segment. The business broadened its investment in new technologies with the launch of the maintenance free batteries. Battery clinics were increased throughout the country to educate consumers who have inadvertently been purchasing counterfeit batteries and low-cost imported batteries without after market support. The industrial battery volumes increased by 16% on the back of increased demand from customers in mining, energy and telecommunications.

#### Stationery

The Stationery division volumes were affected by power induced product shortages, disruptions in the formal market and currency instability. Volumes decreased by 10% from the prior year. The proliferation of low cost imported pens during the peak back to school periods was aided by product shortages. The new Eversharp pens performed well in the first year, contributing 10% of total revenue.

The listing of the Eversharp pens in the Zambia formal retail market during the period is expected to boost exports once product shortages are alleviated.

The Eversharp brand has retained its position in the market with raw material supply and quality challenges having been resolved during the year.

The Clean Schools campaign and National Heads programme were sponsored, affirming Eversharp's continued support and role in the Education sector.

## PERFORMANCE HIGHLIGHTS

Volumes	12% Decrease
Revenue	11% Decrease
Profit after tax	38% Decrease
Loans	51% Decrease

#### Paper

The scaling back of production during the period to allow for optimisation of the new equipment and restructuring of the division had to be extended to the end of the year as it became apparent that the worsening power supply situation and unfavourable market conditions would persist into 2025. This has come with significant difficulties and trade off decisions given the limited cash resources available. Paper milling in the Country faces significant obstacles related to raw material supply, the cost and availability of power and water. The disruption that technology and advancements in paper making presents will continue to challenge our capabilities. The Group however remains confident that its experience and investments will in the long term withstand and overcome these challenges.

We have identified partners to enhance our capabilities and technologies to support our innovation pipeline and talent base. Tissue converting and trading under the new partnerships commenced in the last quarter with volumes expected to recover on the back of improved product availability.

#### Mutare Estates

Sales volumes were above the prior year by 3% with demand for structural sawn timber increasing as the year ended. Gum volumes orders could not be fulfilled due to extraction bottlenecks. Gross margins increased to 54% from 46% due to an improvement in recovery rates and blended harvesting around the plantation. Pallet sales were slowed by customer payment delays. The Estates suffered minimal fire losses as a result of a highly prepared and motivated fire-fighting team.

The business continues to face disruptions from the illegal mining activity around Inodzi Estate. We will continue to engage law enforcement authorities to ensure the Estate is safeguarded.

### SUSTAINABILITY REPORTING

We remain steadfast in our commitment to sustainability and responsible corporate citizenship. The strides taken in our ESG initiatives, focusing on diversity, community health and safety were not affected by the numerous challenges and constraints faced during the year. The restructuring of the Paper business units with the scaling down of wastepaper collection necessitated partnerships to capacitate and improve service for our key customers.

### DIVIDEND

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

### DIRECTORATE

Mr Farai Sithole was appointed to the Board of ART Holdings Limited as an Executive Director with effect from 1 June 2024. The Board would like to congratulate Mr Sithole on his appointment and wish him every success in his new role.

### OUTLOOK

We anticipate that the market conditions will remain unpredictable and challenging as the underlying economic problems are being addressed. The Board remains confident that the ongoing restructuring efforts and decisions taken will see the gradual strengthening of the Group and increased agility in taking of opportunities identified in all our business units. The drive to contain costs will be maintained and emerging new technologies embraced across the units to ensure our product offering and services continue to meet the needs of our customers. The prevailing high interest rates and power supply challenges remain of concern hence the use of offshore trading facilities and maintenance of the regional market thrust in our strategic growth initiatives.

### APPRECIATION

On behalf of the Board, I would like to extend my appreciation to my fellow Directors, management and staff for their continued commitment towards the vision of our business. I wish to also extend the Board's profound appreciation to our customers and stakeholders who continue to support the Group.



**T. U. Wushe**  
Chairman  
30 September 2024



# ABRIDGED AUDITED FINANCIAL RESULTS 2024

For The Year Ended 30 September 2024

## GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER

	2024 USD 000	2023 USD 000
<b>Revenue from contracts with customers</b>	<b>34 331</b>	<b>38 227</b>
Cost of sales	(19 215)	(22 210)
<b>Gross profit</b>	<b>15 116</b>	<b>16 017</b>
Other income	547	585
<b>Total operating expenses</b>	<b>(14 642)</b>	<b>(14 002)</b>
Selling and distribution expenses	(3 768)	(3 020)
Administration expenses	(10 874)	(10 982)
<b>Operating profit before fair value adjustments &amp; impairments</b>	<b>1 021</b>	<b>2 600</b>
Share of associate (loss)/profit	(20)	2
Fair value adjustments on investment property	390	380
Fair value adjustments on biological assets	(916)	1 629
Foreign exchange loss	(392)	(140)
Profit/(loss) on disposal of non-current assets	37	(54)
Retrenchment	(675)	(148)
<b>(Loss)/profit before interest and tax</b>	<b>(555)</b>	<b>4 269</b>
Finance income	2	1
Finance costs	(958)	(1 022)
<b>(Loss)/profit before tax</b>	<b>(1 511)</b>	<b>3 248</b>
Income tax credit/(expense)	2 909	(978)
<b>Profit after tax</b>	<b>1 398</b>	<b>2 270</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may not be reclassified subsequently to profit or loss:		
Surplus on revaluation of property, plant and equipment (net of tax)	-	578
Items that may be reclassified subsequently to profit/loss:		
(Loss)/profit on translation of foreign subsidiary	(1 354)	664
<b>Total other comprehensive (loss)/profit for the year net of tax</b>	<b>(1 354)</b>	<b>1 242</b>
<b>Total comprehensive profit for the year</b>	<b>44</b>	<b>3 512</b>
Basic Earnings per share	0.3	0.5
Diluted Earnings per share	0.3	0.5
Headline Earnings per share	(0.2)	0.2

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER

	Share Capital USD 000	Share Premium USD 000	Revaluation Reserve USD 000	Foreign Currency Translation Reserve USD 000	Retained Earnings USD 000	Total USD 000
<b>30-Sep-22</b>	<b>6</b>	<b>559</b>	<b>4 336</b>	<b>919</b>	<b>6 043</b>	<b>11 863</b>
Profit for the year	-	-	-	-	2 270	2 270
Other comprehensive income	-	-	578	664	-	1 242
Effect of change in currency	-	-	-	3 260	-	3 260
<b>30-Sep-23</b>	<b>6</b>	<b>559</b>	<b>4 914</b>	<b>4 843</b>	<b>8 313</b>	<b>18 635</b>
Profit for the year	-	-	-	-	1 398	1 398
Other comprehensive income	-	-	-	(1 354)	-	(1 354)
Effect of change in currency	-	-	-	191	-	191
<b>30-Sep-24</b>	<b>6</b>	<b>559</b>	<b>4 914</b>	<b>3 680</b>	<b>9 711</b>	<b>18 870</b>



## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER

	2024 USD 000	2023 USD 000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15 565	17 409
Investment property	4 420	4 030
Biological assets	5 717	6 638
Right of use assets	2 993	2 297
Investment in associate	226	246
	<b>28 921</b>	<b>30 620</b>
<b>Current assets</b>		
Inventories	7 497	5 968
Trade and other receivables	2 999	6 086
Income tax asset	485	-
Cash and cash equivalents	274	235
	<b>11 255</b>	<b>12 289</b>
Assets held for sale	496	1 456
<b>TOTAL ASSETS</b>	<b>40 672</b>	<b>44 365</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	6	6
Share premium	559	559
Retained earnings	9 711	8 313
Non-distributable reserves	8 594	9 757
	<b>18 870</b>	<b>18 635</b>
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	28	683
Lease liability	2 756	2 047
Long term creditors	2 127	2 127
Deferred tax liabilities	3 604	6 234
	<b>8 515</b>	<b>11 091</b>
<b>Current liabilities</b>		
Trade and other payables	10 906	10 862
Provisions	582	595
Income tax payable	-	567
Lease liability	919	614
Interest-bearing loans and borrowings	388	1 503
Bank overdrafts	492	498
	<b>13 287</b>	<b>14 639</b>
Total liabilities	<b>21 802</b>	<b>25 730</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40 672</b>	<b>44 365</b>

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER

	2024 USD 000	2023 USD 000
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Cash generated from operations</b>		
Interest income	1 260	1 241
Finance costs	2	1
Income tax paid	(183)	(247)
	(233)	(241)
<b>Cash generated from operating activities</b>	<b>846</b>	<b>754</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(601)	(949)
Costs capitalized to biological assets	(949)	(347)
Proceeds on disposal of property plant and equipment	2 478	35
<b>Cash utilised in investing activities</b>	<b>928</b>	<b>(1 261)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	31	2 241
Repayment of borrowings	(1 760)	(1 952)
<b>Cash generated from financing activities</b>	<b>(1 729)</b>	<b>289</b>
Increase in cash and cash equivalents	45	(218)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(263)</b>	<b>(45)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(218)</b>	<b>(263)</b>
<b>Comprising:</b>		
Cash resources	274	235
Overdrafts	(492)	(498)
<b>Cash and cash equivalents at 30 September</b>	<b>(218)</b>	<b>(263)</b>



# ABRIDGED AUDITED FINANCIAL RESULTS 2024

For The Year Ended 30 September 2024

## GROUP SEGMENT RESULTS

Sep 24	Batteries	Stationery	Paper	Plantations	Central Admin	Adjustments & Eliminations	Group
Revenue - external customer	35 435	5 264	2 246	2 112	-	(10 726)	34 331
Operating profit before impairments and fair value adjustments	1 666	387	(872)	601	(761)	-	1 021
Segment assets	16 260	2 337	8 785	11 737	1 553	-	40 672
Segment liabilities	(6 837)	(1 201)	(7 573)	(1 640)	(4 551)	-	(21 802)
Capital expenditure	(364)	(104)	(86)	(29)	(18)	-	(601)
Depreciation	(529)	(284)	(611)	(255)	(194)	-	(1 873)

Sep 23	Batteries	Stationery	Paper	Plantations	Central Admin	Adjustments & Eliminations	Group
Revenue - external customer	39 433	3 568	4 673	1 102	-	(10 549)	38 227
Operating profit before impairments and fair value adjustments	3 939	810	(2 049)	435	(672)	137	2 600
Segment assets	21 180	2 463	12 249	15 617	1 897	(9 041)	44 365
Segment liabilities	(11 493)	(1 351)	(6 857)	(2 362)	(5 168)	1 501	(25 730)
Capital expenditure	(242)	(215)	(16)	(469)	(7)	-	(949)
Depreciation	(613)	(165)	(706)	(129)	(78)	-	(1 691)

## 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 year ended 30 September 2024 were authorised for issue in accordance with a resolution of the Directors on 5 December 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 on a historical cost basis, except for investment properties and biological assets, that have been measured at fair value. The Group changed its functional and presentation currency from local ZWL currency to the United States Dollars following the abolishment of the ZWL currency by government in favor of the ZWG currency on 5 April 2024. Prior to this, the ZWL currency was hyper-inflationary, and reporting was done in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies'

In preparing the consolidated financial statements, management translated ZWL balances of monetary items from prior year, and transactions for the period 1 October 2023 to 4 April 2024 into USD by separating the USD and ZWL components of the balances and transactions. The USD components of the balances and transactions were maintained as if the USD had always been the functional and presentation currency of the Group. The ZWL components of the prior year balances of monetary items, and transactions for the period 1 October 2023 to 4 April 2024 were translated to USD using translation methods disclosed in Note 2 to these financial statements. This accounting treatment constitutes a departure from the requirements of IAS 21.

## SUPPLEMENTARY INFORMATION (cont'd)

### 3. Functional and presentation currency

These financial statements are presented in United States Dollars which is the Group's functional and presentation currency and all values are rounded to the nearest thousand (USD), except when otherwise indicated.

### 4. Statement of accounting policy

The accounting policies in the preparation of the 2024 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

USD 000's	30 September 2024			30 September 2023		
	Short-term and Overdraft	Long-term	Total	Short-term and Overdraft	Long-term	Total
Group	880	28	908	2 001	683	2 684

The borrowings are secured by non-current assets with a net book value of USD8,945,000 (2023; USD11,042,000). The average cost of borrowings is 15%. All the borrowings are in USD.

## 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 IAS 34, 'Interim financial reporting'. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended 30 September 2024, which have been prepared in accordance with International Financial Reporting Standards; Companies and Other Business Entities Act (Chapter 24:31).

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

The Directors would like to advise users to exercise caution in their use of these financial statements due to the impact of the change in functional currency in April 2024 and its consequent effect on the financial statements.

## AUDITOR'S STATEMENT

These abridged financial statements derived from the audited financial statements of Amalgamated Regional Trading (ART) Holdings Limited and its subsidiaries "The Group" for the financial year ended 30 September 2024, should be read together with the complete set of audited financial statements of the Group, for the year ended 30 September 2024, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Farai Chibisa, Registered Public Auditor 0547.

A qualified opinion has been issued on the audited financial statements regarding non-compliance with International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates.

The auditor's report includes a section on key audit matters outlining matters that in the auditor's professional judgement, were of most significance in the audit of the financial statements. The key audit matter was with respect to the valuation of biological assets.

The auditor's report on the financial statements and the full set of the audited consolidated financial statements, is available for inspection at the Group's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.



Motive power batteries produced at the Group's Batteries Division

## INDEPENDENT AUDITOR'S REPORT

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To the members of ART Holdings Limited

### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

We have audited the consolidated financial statements of ART Holdings Limited set out on pages 123 to 197, which comprise the consolidated statement of financial position as at 30 September 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of ART Holdings Limited as at 30 September 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Qualified Opinion

*Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates on accounting for the change in functional and presentation currency*

The Group changed its functional and presentation currency from the Zimbabwe Dollar (ZWL) to the United States Dollar (USD) effective 5 April 2024. The change in functional and presentation currency entails all amounts, including comparatives for the year ended 30 September 2023, being translated from ZWL to USD in accordance with IAS 21 - *The Effect of*

*Changes in Foreign Exchange Rates.* IAS 21 requires that the ZWL inflation adjusted amounts for the period prior to the change in functional and presentation currency, and the restated inflation adjusted comparatives be translated to USD at the exchange rate at the date of change in functional and presentation currency.

In preparing the consolidated financial statements, management translated ZWL balances of monetary items in the statement of financial position as at 30 September 2023, and transactions in the statement of profit or loss and other comprehensive income for the period 1 October 2023 to 4 April 2024 into USD by separating the USD and ZWL components of the balances and transactions. The USD components of the balances and transactions were maintained as if the USD had always been the functional and presentation currency of the Group. The ZWL components of the balances of monetary items as at 30 September 2023, and transactions for the period 1 October 2023 to 4 April 2024 were translated to USD using translation methods disclosed in **Note 2** to these financial statements. The use of translation methods described in **Note 2** to these financial statements with respect to translation of ZWL balances of monetary items as at 30 September 2023, and transactions for the period 1 October 2023 to 4 April 2024 constitutes a departure from the requirements of IAS 21.

All other comparatives except for property, plant and equipment, investment property, biological assets and reserves were determined by translating the restated inflation adjusted amounts to USD using the exchange rate at the date of change in functional and presentation currency. The opinion on the prior year consolidated inflation-adjusted financial statements was modified due to non-compliance with IAS 21 owing to the use of exchange rates which were not considered appropriate spot rates for translations as required by IAS 21 and the consequential non-compliance with IAS 29 - *Financial Reporting in Hyperinflationary Economies* because of the base numbers used for restatement. In converting the functional and presentation currency from ZWL to USD on 5 April 2024, management applied IAS 21 and IAS 29 principles to prior year numbers for which the effects of the misstatements in the prior year consolidated financial statements had not been corrected in accordance with IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*. The Group adopted USD opening balances for property, plant and equipment, investment property and biological assets using valuations done as at 30 September 2023 using USD valuation inputs. This constitutes a departure from the provisions of IAS 21 which require the determination of the opening USD balances to be made by translating the previously stated ZWL amounts (restated to date of change of functional and presentation currency) determined using ZWL valuation inputs to USD using the spot rate as at the date of change.

As a result of the non-compliance with IAS 21 and the residual effects of the non-compliance with IAS 21 and IAS 29 in the prior year, as described above, the comparatives, opening balances, and the balances of property, plant and equipment and reserves in the statement of financial position as at 30 September 2024 and the current year movements in fair value adjustments on investment property and biological assets, depreciation, and deferred taxation in the statement of profit or loss and other comprehensive income for the year ended 30 September 2024, may

contain misstatements. As the opening balances are used in the determination of cash flow movements, the statement of cash flows for the year ended 30 September 2024 may contain misstatements.

Included in the total revenue of USD 34,331,000, cost of sales of USD 19,215,000, and total expenses of USD 14,642,000, in the statement of profit or loss and other comprehensive income for the year ended 30 September 2024 are amounts of revenue of USD 18,998,130, cost of sales of USD 10,693,928, and expenses totalling USD 7,644,646, respectively, attributable to the period 1 October 2023 to 4 April 2024 which were derived using the translation methods disclosed in Note 2 to these financial statements. These amounts may contain material misstatements due to the accounting treatment adopted.

The financial impact of the non-compliance with IAS 21 has not been determined. The effects of the matters of non-compliance with the requirements of IAS 21 described above have been considered to be material but not pervasive to the Group financial statements, taken as a whole.

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements. Besides the matters described in the Basis of Qualified Opinion section of our report, we have determined the following key audit matter:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Biological assets</b></p> <ul style="list-style-type: none"> <li>• Timber plantations are classified as biological assets and are accounted for in accordance with International Accounting Standard (IAS) 41 - <i>'Agriculture'</i>.</li> <li>• The valuation of biological assets is an area of significant estimate and judgement. The valuation requires</li> </ul>	<p>In addressing the matter, our procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding and testing the design and operating effectiveness of relevant controls.</li> <li>• Assessing and evaluating the key assumptions and methodologies used in the valuation model by management in</li> </ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>complex measurements and involves estimation uncertainty.</p> <ul style="list-style-type: none"> <li>• 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"> <li>❖ Determination of market prices of timber for fair valuation in accordance with IFRS 13;</li> <li>❖ Determination of maturity profile of the plantations as at 30 September 2023;</li> <li>❖ Determination of timber growth estimations.</li> <li>❖ Determination of expected yields; and</li> <li>❖ Determination of appropriate discounting rate.</li> </ul> </li> <li>• 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.</li> </ul>	<p>determining the fair values of the biological assets for reasonableness.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Assessing the consistency of application of the valuation model on a year on year basis.</li> <li>• Independently calculating the fair value and comparing the valuation model inputs to internal data and the external data.</li> <li>• Involved our internal valuation experts to evaluate the discount rate used by management in discounting cash flows.</li> <li>• Reviewing the appropriateness and adequacy of the disclosures for fair value measurement in the consolidated financial statements.</li> </ul> <p>We concluded that the assumptions made by management were reasonable.</p>

### Other information

The Directors are responsible for the other information. The other information comprises the 'Corporate information', 'Directors' report', 'Corporate governance', 'Chairman's report', and 'Chief Executive Officers' report', which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Annual Financial Statements**

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

In preparing the consolidated annual 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 Consolidated Annual 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 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.

#### **Report on other legal and regulatory requirements**

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* paragraph, the consolidated annual 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

**13 December 2024**

**HARARE**