

REVIEWED ABRIDGED FINANCIALS
FOR THE 6 MONTHS ENDED 31 MARCH 2022

TURNOVER	TURNOVER
ZWL840 Million	ZWL840 Million
TURNOVER UP BY 4%	OPERATING LOSS
	ZWL8.7 Million

CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2022

**Introduction**  
Monthly inflation, which was largely driven by the depreciation of the Zimbabwe dollar against the United States dollar, continued on an upward trajectory during the period under review averaging 6% per month. The unstable economic fundamentals and the late rains negatively impacted on volumes and profitability.

**Inflation Adjusted Financial Results**  
Revenue for the 6 months under review was 4% up compared to the same period in the prior year in inflation adjusted terms. Revenue growth was largely driven by a better average price from a better product mix. Operating profit margin declined to 21% compared to 50% in the prior year due to cost pressures.

**Market**  
Demand for bricks was relatively high in the period under review. However, shortages of the fast moving plaster range caused by the extended rains affected the order fulfillment rate. Sales of face and load bearing bricks improved significantly from larger projects. Sales volumes declined by 6% compared to the prior year. Housing development remained the dominant driver of volumes and revenue.

**Operations**  
Production restarted in February after a successful planned annual plant maintenance program. However, the extended rainy season disrupted the production plan leading to product shortages in the second quarter. Weather conditions have since improved and the situation is fast returning to normal. We are confident of meeting production targets for the year as long as electricity supply remains stable.

**Directorate**  
I was appointed Chairman of the Board with effect from 19 May 2022. In that regard, I would like to thank my colleagues on the Board for entrusting me with this immense responsibility.

**Outlook**  
The uncertain economic environment presents challenges to the construction industry in general. However, a lot will depend on how successful measures by government to stabilize the economy will be. Existing demand for bricks for housing will drive revenues and profitability in the remaining half of the year.

**Dividend**  
No dividend has been declared with respect to the period ended 31 March 2022 in view of the need to preserve cash for operations.

**Appreciation**  
On behalf of the Board, I wish to thank the management team and staff for their hard work in a challenging environment. We are always grateful to our shareholders, suppliers, customers and other stakeholders for their invaluable support.

C Makoni  
Chairman  
23 May 2022

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2022

	REVIEWED SIX MONTHS TO MARCH 2022 ZWL	REVIEWED SIX MONTHS TO MARCH 2021 ZWL
Revenue	839,751,092	805,027,651
Cost of sales	(661,692,202)	(406,085,453)
Gross profit	178,058,890	398,942,198
Selling and distribution expenses	(42,150,523)	(27,460,693)
Administrative expenses	(144,527,811)	(114,708,803)
Allowance for Credit Losses	(3,629,871)	(2,420,446)
Other income	3,535,404	41,002,894
Operating (loss)/profit	(8,713,912)	295,355,150
Interest income	1,562,296	88,167
Interest expense	-	(547)
(Loss)/profit before monetary adjustment	(7,151,616)	295,442,770
Net monetary loss	(66,633,514)	(134,535,045)
(Loss)/Profit before taxation	(73,785,130)	160,907,725
Tax	122,416,016	(56,197,217)
Profit after tax	48,630,887	104,710,508
Other comprehensive income		
Fairvalue adjustment on Investment at FVTOCI	112,821,179	(63,659,045)
Deferred tax on revaluation	(5,641,059)	12,731,809
Total comprehensive income for the year	155,811,007	53,783,272
Weighted average number of shares in issue	1,778,001,428	1,778,001,428
Basic earnings per share - cents	2.735	5.889
Headline earnings	12.312	8.285
Diluted earnings per share - cents	2.735	5.889

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	REVIEWED SIX MONTHS TO MARCH 2022 ZWL	AUDITED 12 MONTHS TO SEPTEMBER 2021 ZWL
Assets		
Non current assets	3,648,322,113	3,640,938,620
Property, plant and equipment	2,629,135,844	2,734,573,530
Investment property	534,421,891	534,421,891
Investments at Fair Value through OCI	484,764,378	371,943,199
Current assets	879,529,125	830,547,785
Inventories	523,424,057	616,352,677
Trade and other receivables	223,941,488	155,767,415
Cash and cash equivalents	132,163,581	58,427,694
Total assets	4,527,851,238	4,471,486,405
Equity and liabilities		
Equity	3,319,377,192	3,218,166,234
Share capital	6,614,309	6,614,309
Asset revaluation reserve	1,158,550,603	1,158,550,603
Fair value of financial asset reserve	217,512,894	110,332,774
Accumulated profits	1,936,699,386	1,942,668,548
Non current liabilities	670,778,988	820,116,574
Deferred taxation	670,778,988	820,116,574
Current liabilities	537,695,059	433,203,597
Short term borrowings	6,907,515	5,254,850
Trade and other payables	474,457,165	343,932,868
Provisions	22,575,963	29,598,498
Income Tax Payable	33,754,416	54,417,381
Total liabilities	1,208,474,047	1,253,320,171
Total equity and liabilities	4,527,851,238	4,471,486,405

ABRIDGED STATEMENT OF CASHFLOWS FOR THE HALF YEAR END 31 MARCH 2022

	REVIEWED SIX MONTHS TO MARCH 2022 ZWL	AUDITED 12 MONTHS TO SEPTEMBER 2021 ZWL
(Loss)/Profit before taxation	(73,785,130)	476,135,487
Effects of IAS29 restatement	(11,316,407)	(72,829,314)
Fair value adjustment on investment property	-	(191,213,076)
Depreciation	111,212,289	194,451,764
Loss/ (profit) on disposal of property, plant and equipment	-	(904,921)
Interest expense	-	886,299
Interest income	(1,562,296)	(354,984)
Cashflow before changes in working capital	24,548,456	406,171,255
Working capital changes		
Decrease/(Increase) in inventories	92,928,620	(216,133,360)
Increase in accounts receivable	(68,174,073)	(104,903,418)
Movement in other provisions	(7,022,535)	(27,970,086)
Increase in accounts payable	130,524,297	86,194,545
Cash generated from operating activities	172,804,764	143,358,937
Interest paid	-	(886,299)
Interest received	1,562,296	354,984
Tax paid	(38,239,949)	(118,847,689)
Net cash generated during the year	136,127,112	23,979,932
Proceeds from sale PPE	-	904,921
Purchase of property, plant and equipment to increase existing capacity	(7,791,176)	(60,399,707)
Cashflow from investing activities	(7,791,176)	(59,494,786)
Financing activities		
Dividend paid	(54,600,049)	(55,977,228)
Cashflow from financing activities	(54,600,049)	(55,977,228)
Net increase(decrease) in cash and cash equivalents	73,735,887	(91,492,084)
Cash and cash equivalents at beginning of the year	58,427,694	149,919,778
Cash and bank	58,427,694	149,919,778
Cash & cash equivalents at end of the year	132,163,581	58,427,694
Cash and bank	132,163,581	58,427,694

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

HYPERINFLATED	Share Capital	Assets Revaluation Reserve	Fair value Reserve of Financial Asset	Accumulated Profit	Total Equity
	ZWL	ZWL	ZWL	ZWL	ZWL
As at 1 October 2021	6,614,309	1,158,550,603	110,332,774	1,942,668,548	3,218,166,234
Profit for the year	-	-	-	48,630,887	48,630,887
Dividend paid	-	-	-	(54,600,049)	(54,600,049)
Other Comprehensive Income	-	-	107,180,120	-	107,180,120
As at 31 MARCH 2022	6,614,309	1,158,550,603	217,512,894	1,936,699,386	3,319,377,192

REVIEWED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2021

HYPERINFLATED	Share Capital	Assets Revaluation Reserve	Fair value Reserve of Financial Asset	Accumulated Profit	Total Equity
	ZWL	ZWL	ZWL	ZWL	ZWL
As at 1 October 2020	6,614,309	1,284,434,209	108,958,494	1,697,157,126	3,097,164,137
Profit for the year	-	-	-	104,710,509	104,710,509
Dividend paid	-	-	-	(46,225,846)	(46,225,846)
Other Comprehensive Income	-	-	(50,927,236)	-	(50,927,236)
As at 31 MARCH 2021	6,614,309	1,284,434,209	58,031,258	1,755,641,788	3,104,721,564

SIGNIFICANT EVENTS AND TRANSACTIONS

**1. Corporate Information**  
Willdale Limited is a company which is incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange. The Company's principal activity is the manufacture of clay bricks on a commercial basis.

**2. Accounting Policies**  
Accounting policies are consistent with those used in the previous year with no significant impact arising from new and revised International Financial Reporting Standards applicable for the half year ended 31 March 2022.

**3. Going Concern**  
The Board considers it appropriate to prepare these accounts on a going concern basis as it is confident that the Company will continue to operate as a going concern on the basis of its sound liquidity and strong financial position and business continuity strategies that have been put in place.

**4. Basis of preparation**  
These financial statements for the six months ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Zimbabwe Stock Exchange rules and the Companies and Other Business Entities Act (Chapter 24:31) and IAS 29, "Financial reporting in hyper-inflationary economies". IAS 29 is applicable for entities that have the ZWL as their functional currency for periods ending after 1 July 2019. The indices used are obtainable from the Reserve Bank of Zimbabwe website www.rbz.co.zw.

The financial statements are based on the statutory records that are maintained under the historical cost convention. Appropriate adjustments and reclassifications including restatement for changes in general purchasing power of the Zimbabwean dollar for the fair presentation in accordance with International Accounting Standard 29, "Financial Reporting in Hyperinflationary Economies" have been made on the historical cost financial information. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that comparative figures be stated in the same terms.

The current and prior year financial statements have been inflation adjusted for changes in the general purchasing power of the ZWL. The conversion factors used are as follows:

		CPI	Coverion Factor
2022	31 March 2022	4,766.1	1
2021	30 September 2021	3,342.0	1.4261
2021	31 March 2021	2,759.8	1.7270

5. Capital Expenditure

	HALF YEAR ENDED 31 MARCH 2022 ZWL	HALF YEAR ENDED 31 MARCH 2021 ZWL
Capital Expenditure Incurred	7,791,176	60,399,707
Authorised By Directors But Not Contracted For	395,675,000	206,721,900

6. Allowance for Credit Losses

	HALF YEAR 31 MARCH 2022 ZWL\$	HALF YEAR ENDED 31 MARCH 2021 ZWL\$
Charge for the period	3,629,871	2,420,446

7. Financial assets and financial liabilities

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the company		
	HALF YEAR 31 MARCH 2022 ZWL	HALF YEAR ENDED 31 MARCH 2021 ZWL
Debt instruments at amortised cost:		
Trade and other receivables	223,941,488	155,767,415

Set out below, is an overview of financial liabilities held by the company as at 31 March 2022 and 31 March 2021

Equity Instruments at fair value through OCI		
Non-quoted equity investments		
Trade and other receivables increased as a result of prepayments to suppliers made at higher prices due to inflation.		

	HALF YEAR ENDED 31 MARCH 2022 ZWL	HALF YEAR ENDED 31 MARCH 2021 ZWL
Financial liabilities at amortised cost:		
Trade and other payables	477,424,700	343,932,868
Borrowings	6,907,515	5,254,850

8. Taxation

The company calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interm condensed consolidated statement of profit or loss are:

	HALF YEAR ENDED 31 MARCH 2022 ZWL	HALF YEAR ENDED 31 MARCH 2021 ZWL
Current Income tax expense	32,562,289	61,416,422
Deferred income tax expense relating to origination and reversal of temporary differences	(154,978,305)	(5,219,351)
	(122,416,016)	(56,197,217)

9. Contingency

Part of the company's investment property was occupied by illegal settlers.The Company was granted an eviction order against illegal settlers on some of its investment property, although some of the illegal settlers have contested the order at the courts.Our lawyers are of the opinion that company's chances of winning the case are high hence a provision for a probable loss has not been made.

10. Auditors' statement

These abridged interim financial statements for the six months ended 31 March 2022 were reviewed by BDO Chartered Accountants who have issued an adverse review conclusion due to non-compliance with IAS 21 — The Effects of Changes in Foreign Exchange Rates and IFRS 13-Fair Value Measurement. The Independent Review Report on the interim financial statements is available for inspection at the company's registered office. The engagement partner for this review is D. Madhigi (PAAB Practicing Number 0610).





Tel/Fax: +263 242703876/7/8  
Cell: +263 772 573 266/7/8/9  
bdo@bdo.co.zw  
www.bdo.co.zw

Kudenga House  
3 Baines Avenue  
P.O. Box 334  
Harare  
Zimbabwe

## INDEPENDENT AUDITORS' REVIEW REPORT

### TO THE MEMBERS OF WILLDALE LIMITED

#### Report on the Financial Statements

We have reviewed the accompanying financial statements of **WILLDALE LIMITED**, which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the 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 Adverse Conclusion

##### a) Use of inappropriate exchange rates

The Company translated foreign denominated transactions and balances using the auction exchange rate. IAS 21 defines the spot rate as the exchange rate available for immediate delivery. The auction exchange rate did not meet the definition of spot exchange rate as per IAS 21. Had the company applied the spot rate as defined in IAS 21, several elements of the inflation adjusted financial statements would have been materially different from the reported amounts.

##### b) Non-compliance with International Financial Reporting Standard 13 - Fair Value Measurement

The Company had investment property and investments at fair value through other comprehensive income carried at ZWL534,421,891 and ZWL 484,764,378 respectively as at 31 March 2022. The Company engaged an external valuer to value the property and investments converting the USD values to ZWL using Reserve Bank of Zimbabwe auction exchange rate and the Company's internal exchange rate. This may not give a reasonable indication of fair value as defined by International Financial Reporting Standard 13, "Fair Value Measurement", (IFRS 13). IFRS 13 paragraph 2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at the Reserve Bank of Zimbabwe auction exchange rate would be the price at which a ZWL denominated transaction would occur. Accordingly, they were unable to determine whether adjustments to the carrying amounts of investment property, property and equipment and revaluation surplus were appropriate in these circumstances.

#### **Adverse Conclusion**

Our review indicates that, because the valuation of investment property and the exchange rates used on the translation of foreign denominated transactions and balances as described in the preceding paragraphs, this interim financial information does not give a true and fair view of the financial position of the entity as at 31 March 2022, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

The engagement partner on the review resulting in this independent auditors' report is Davison Madhigi.



BDO Zimbabwe Chartered Accountants  
3 Baines Avenue,  
Harare

Davison Madhigi CA (Z)  
Partner  
PAAB No.: 0610  
Registered Public Auditor  
28 June 2022