ABRIDGED AUDITED RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Willdale Limited

Quality • Durability • Diversity

REVENUE $7,761,998

REVENUE DOWN BY 12%

OPERATING PROFIT $383,392

VOLUMES DOWN 8%

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2016

	YEAR ENDED 30 SEPTEMBER 2016 US$	YEAR ENDED 30 SEPTEMBER 2015 US$
Revenue	**7,761,998**	**8,798,243**
Cost of sales	(5,844,848)	(6,122,575)
Gross profit	**1,917,150**	**2,675,668**
Expenses	(1,533,758)	(1,478,517)
Operating profit	**383,392**	**1,197,152**
Interest income	7,950	703
Interest expense	(701,223)	(681,796)
(Loss)/profit before taxation	**(309,881)**	**516,059**
Taxation	342,004	(301,972)
Profit for the year	**32,123**	**214,087**
Other comprehensive income		
Other comprehensive income net of tax	-	-
Total comprehensive income for the year	32,123	214,087
Basic earnings per share - cents	0.002	0.012
Diluted earnings per share - cents	0.002	0.012

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	YEAR ENDED 30 SEPTEMBER 2016 US$	YEAR ENDED 30 SEPTEMBER 2015 US$
Assets		
Non-current assets	**23,918,845**	**24,470,352**
Property, plant and equipment	23,665,368	24,470,352
Investment in joint venture	24,584	-
Finance lease receivable	228,893	-
Current assets	**3,684,439**	**3,285,784**
Inventories	2,616,173	2,673,056
Trade and other receivables	897,011	522,930
Finance lease receivable - current	99,827	-
Taxation	2,837	2,837
Cash and cash equivalents	68,591	86,961
Total assets	**27,603,284**	**27,756,136**
Equity and Liabilities		
Equity	**13,202,887**	**13,170,764**
Share capital	88,900	88,900
Asset revaluation reserve	7,914,204	7,914,204
Accumulated profit	5,199,783	5,167,660
Non current liabilities	**10,837,520**	**10,451,413**
Deferred taxation	4,806,238	5,148,242
Medium to long term borrowings	5,802,389	5,303,171
Finance lease	228,893	-
Current liabilities	**3,562,877**	**4,133,959**
Short term borrowings	781,164	1,019,058
Trade and other payables	2,464,491	2,912,723
Finance lease liability current portion	99,827	-
Provisions	217,395	202,178
Total liabilities	**14,400,397**	**14,585,372**
Total equity and liabilities	**27,603,284**	**27,756,136**

STATEMENT OF CASH FLOWS

	YEAR ENDED 30 SEPTEMBER 2016 US$	YEAR ENDED 30 SEPTEMBER 2015 US$
Profit before taxation	(309,881)	516,059
Adjustments for non-cash items:		
Loss from joint venture	19,674	-
Depreciation	891,090	965,527
Profit on sale of property, plant and equipment	(12,881)	(4,875)
Reversal of liability for brick deposits	-	(317,419)
Provision for impairment of receivables	(4,121)	90,191
Movement in other provisions	137,671	160,949
Interest expense	701,223	681,796
Interest income	(7,950)	(703)
Cashflow before changes in working capital	**1,414,825**	**2,091,525**
Working capital changes		
Decrease/(increase) in inventory	56,881	(655,516)
(Increase)/decrease in accounts receivable	(369,960)	101,361
Decrease in accounts payable	(570,686)	(747,441)
Cash generated from operating activities	**531,060**	**789,929**
Interest paid	(305,038)	(295,200)
Interest received	7,950	703
Net cash generated during the year	**233,972**	**495,432**
Investing activities		
Investment in joint venture	(44,258)	-
Purchase of property, plant and equipment	(99,011)	(327,482)
Proceeds on sale of property, plant and equipment	22,435	4,875
Cashflow from investing activities	**(120,834)**	**(322,607)**
Financing activities		
Loan repayment	(763,736)	(607,500)
Cashflow from financing activities	**(763,736)**	**(607,500)**
Net decrease in cash and cash equivalents	**(650,596)**	**(434,675)**
Cash and cash equivalents at beginning of the year	**(61,977)**	**372,698**
Cash and bank	86,961	372,698
Bank overdraft	(148,938)	-
Cash and cash equivalents at end of the year	**(712,573)**	**(61,977)**
Cash and bank	68,591	86,961
Bank overdraft	(781,164)	(148,938)

STATEMENT OF CHANGES IN EQUITY

	YEAR ENDED 30 SEPTEMBER 2016 US$	YEAR ENDED 30 SEPTEMBER 2015 US$
Shareholders' equity at beginning of period	13,170,764	12,956,677
Other comprehensive income	-	-
Profit for the year	32,123	214,087
Shareholders' equity at end of period	**13,202,887**	**13,170,764**

SUPPLEMENTARY INFORMATION

	YEAR ENDED 30 SEPTEMBER 2016 US$	YEAR ENDED 30 SEPTEMBER 2015 US$
1 Commitments for capital expenditure		
Capital expenditure incurred	99,011	374,462
Authorised by directors but not contracted for	807,287	1,702,034

The capital expenditure is to be financed out of the Company's own resources and existing borrowing facilities.

2 Net interest-bearing debts

Borrowings	6,912,273	6,322,229

Borrowings consist of a 5 year loan and overdraft for $2,686 million (2015: $2,811 million) secured by a mortgage bond of $4,550 million (2015: $4,550 million) over part of land and buildings and cession of part of inventory and receivables, $3,897 million (2015: $3,511million) 10% cummulative redeemable preference shares, and a finance lease of $0.329 million. The Company leased assets under a 3 year finance lease which in turn were sub-leased to a joint venture under similar terms as the head lease. The lease obligation was recorded in the Company's financial records as the Company has a primary responsibility to pay the lease installments. The lease liability and the lease receivable from the joint venture is the same. Payment for accrued preference dividends has not yet commenced. Dividends amounting to $0.872 million (2015: $0.477 million) have been accumulated for later payment in terms of the preference shares agreement. The average cost of borrowings is 12%.

3 Basis of preparation

The financial statements from which these abridged results have been extracted are based on statutory records that are maintained on a historical cost basis except land and buildings included in property, plant and equipment that have been measured at fair value. Financial information is presented in United States dollars.

4 Statement of compliance

The financial statements from which these abridged results have been extracted are prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Zimbabwe Stock Exchange Listing Requirements.

5 Revaluation of land and buildings

Land and buildings are revalued every 3 years although earlier revaluations may be done where Directors deem necessary to ensure that fair value does not differ materially from the carrying amount.

6 Independent Auditors' report

These financial results must be read in conjunction with the complete set of financial statements for the year ended 30 September 2016, which have been audited by Ernst&Young. An unmodified opinion with an emphasis of matter paragraph drawing attention to the going concern matters was issued thereon as the company made a loss before tax for the year of $309,881 (2015: profit of $516,059). The full independent auditors' report is available for inspection at the company's registered office.

COMMENTARY - FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

Overview

The liquidity shortages in the economy impacted negatively on the business during the year under review. Spending power diminished in both institutional and individual customers resulting in a decline in effective demand. The resultant competitive pressures led to diminished volumes and margins. Brand presence and visibility was improved and a brick delivery service was introduced later in the year.

Financial results

Revenue declined by 12% to $7.7 million compared to the prior year as a result of an 8% drop in sales volumes and a 5% decrease in average prices. Operating profit was $0.4 million (2015: $1.2 million) after charging $0.9 million to depreciation of property, plant and equipment (2015: $1 million) and taking into account $0.09 million in other income (2015: $0.4). Ongoing cost management initiatives resulted in a 16% decline in overhead expenses compared to the prior year.

Net cash flows generated during the year were $0.2 million compared to the prior year's $0.5 million reflecting the tough operating environment. Capital expenditure for the year amounted to $0.99 million and was financed through cash flows from operations. The Board and Management are working on restructuring the company's debt in order to significantly reduce the interest burden and improve profitability.

Production

Production during the year was largely demand driven with capacity utilisation declining to 55% (2015: 70%). Plant availability was good and averaged 85% for the year. Green and burnt production volumes dropped by 36% and 34% respectively compared to the prior year. The average cost of production went up by 3% as a result of low volumes.

Sales and marketing

Various marketing activities were successfully implemented resulting in improved brand visibility and awareness during the year. This has laid the foundation to be the preferred brick supplier in future periods. There are several building projects that are planned for the coming financial year. These will result in increased volumes and revenue if implemented. A joint venture was set up during the year to provide a specialised brick delivery service which will offer convenience to the customer. The operation commenced in July 2016 and has been well received in the market.

Human resources

Employees are key to our operations. We incorporate safety, health and environmental awareness in our daily processes to ensure a safe working environment. Head count and staff costs will continue to be reviewed to improve productivity. The industrial relations climate remains at acceptable levels.

Directorate

There were no changes in Directors during the year under review.

Outlook

The several planned projects that include housing, university hostels, schools and hospitals give us confidence of a better tomorrow. We believe there is great potential in the industry in the near future once the economic situation improves. Plant capacity exists to meet demand. Focus will remain on growing volumes and cost management to improve profitability.

Going concern

The Board is confident that the Company will continue to operate as a going concern for the foreseeable future and, as a result, financial statements for the period under review have been prepared using the going concern basis. The Board's view is based on the successful implementation of its strategic plans, continued support from current financiers and suppliers and other initiatives that the Board is undertaking to improve the Company's performance.

Dividend

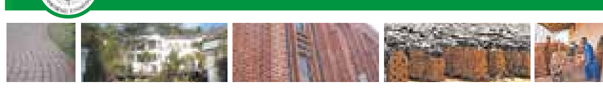
The Directors have resolved that no dividend will be paid with respect to the year ended 30 September 2016 to preserve cash for working capital.

Appreciation

On behalf of my fellow Directors and Shareholders, I wish to thank most sincerely our valued customers, suppliers and all stakeholders for their continued support. I would also want to thank Management and Staff for their efforts. I wish everyone a prosperous new year.

A. C. Jongwe
23 December 2016
Chairman

Build to last with Willdale Bricks



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DIRECTORS A. C. Jongwe (Chairman), G. A. Chigora, U. Duske, M. A. Gumbie, M. P. Karombo, C. Makoni, N. Matonda*, M. Munginga*, M. G. Revanowako (*Executive)