

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

TURNOVER
ZWL66 Million

TURNOVER UP BY 8%

OPERATING PROFIT
ZWL43 Million (2018: ZWL10 Million)

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | INFLATION ADJUSTED 30 SEPTEMBER 2019 ZWL | INFLATION ADJUSTED 30 SEPTEMBER 2018 ZWL |
|--|--|--|
| Revenue | 65,751,070 | 60,728,709 |
| Cost of Sales | (39,506,776) | (40,762,187) |
| Gross Profit | 26,244,294 | 19,966,522 |
| Selling Expenses | (3,453,299) | (2,641,590) |
| Administrative expenses | (10,103,531) | (7,487,612) |
| IFRS 9 Impairment loss | (261,219) | - |
| Other Income(Note 10) | 30,429,555 | 351,795 |
| Profit/(Loss) from joint venture | 735,561 | (193,268) |
| Operating Profit | 43,591,361 | 9,995,847 |
| Interest Income | 39,762 | 133,643 |
| Interest Expense | (310,598) | (3,055,078) |
| Profit before Monetary Adjustment | 43,320,525 | 7,074,412 |
| Net monetary loss | (1,584,077) | - |
| Profit before taxation | 41,736,448 | 7,074,412 |
| Taxation Credit/(Charge) | (1,713,724) | (2,046,740) |
| Profit for the year | 40,022,724 | 5,027,672 |
| Other Comprehensive Income | | |
| Revaluation Surplus | 49,890,898 | - |
| Deferred tax on Revaluation | (12,846,864) | - |
| Total Comprehensive Income | 77,066,758 | 5,027,672 |
| Basic earnings per share - cents | 2,251 | 0,283 |
| Headline earnings per share - cents | 0,629 | 0,263 |
| Diluted earnings per share - cents | 2,251 | 0,283 |

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

| | INFLATION ADJUSTED 30 SEPTEMBER 2019 ZWL | INFLATION ADJUSTED 30 SEPTEMBER 2018 ZWL |
|--|--|--|
| Assets | | |
| Non Current Assets | 154,743,432 | 88,888,611 |
| Property, plant and equipment | 139,746,895 | 88,888,611 |
| Investments(Note 12) | 14,996,537 | - |
| Current Assets | 39,204,682 | 48,107,825 |
| Inventories | 23,131,096 | 16,219,880 |
| Trade and other receivables | 11,676,947 | 14,667,642 |
| Finance lease current portion | - | 536,640 |
| Cash and cash equivalents | 4,396,639 | 5,610,418 |
| Assets held for sale | - | 11,073,245 |
| Total Assets | 193,948,114 | 136,996,436 |
| Equity and Liabilities | | |
| Equity | 141,458,861 | 65,439,021 |
| Share Capital | 403,001 | 403,001 |
| Asset revaluation reserve | 37,044,034 | 35,876,599 |
| Accumulated profit | 104,011,826 | 29,159,421 |
| Non Current Liabilities | 31,681,150 | 25,123,394 |
| Deferred taxation | 31,637,817 | 21,178,715 |
| Medium to long term borrowings | 43,333 | 3,944,679 |
| Current Liabilities | 20,808,103 | 46,434,021 |
| Short term borrowings | - | 23,754,919 |
| Trade and other payables | 17,458,536 | 19,702,844 |
| Finance lease liability - current portion | - | 536,640 |
| Provisions | 1,924,270 | 1,197,701 |
| Taxation | 1,425,297 | 597,859 |
| Liabilities directly associated with asset held for sale | - | 644,058 |
| Total Liabilities | 52,489,253 | 71,557,415 |
| Total Equity and Liabilities | 193,948,114 | 136,996,436 |

ABRIDGED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | INFLATION ADJUSTED 30 SEPTEMBER 2019 ZWL | INFLATION ADJUSTED 30 SEPTEMBER 2018 ZWL |
|---|--|--|
| Profit before taxation | 41,736,448 | 7,074,412 |
| Monetary adjustments | 1,584,077 | - |
| Adjustment for non-cash items: | | |
| (Profit)/Loss from joint venture | (735,561) | 193,268 |
| Depreciation | 3,000,854 | 4,901,005 |
| Profit on disposal of property, plant and equipment | (25,386,264) | - |
| Allowance for credit losses | 261,219 | 225,117 |
| Net exchange gain | (4,581,393) | - |
| Movement in other provisions | 726,572 | (37,390) |
| Interest expense | 310,598 | 3,055,078 |
| Interest Income | (39,762) | (133,643) |
| Cashflow before changes in working capital | 16,876,788 | 15,277,857 |
| Working Capital changes | | |
| Increase in inventory | (6,911,216) | (4,702,719) |
| Decrease/(Increase) in trade receivables | 2,534,708 | (6,299,462) |
| (Decrease)/Increase in trade payables | (2,888,366) | 6,108,229 |
| Cash generated from operating activities | 9,611,914 | 10,383,905 |
| Interest paid | (310,598) | (1,302,558) |
| Interest received | 39,762 | 133,643 |
| Tax paid | (2,712,290) | - |
| Net Cash generated during the year | 6,628,788 | 9,214,990 |
| Investing Activities | | |
| Proceeds from sale of property, plant and equipment | 38,267,444 | - |
| Purchase of property, plant and equipment to increase existing capacity | (3,968,239) | (2,597,723) |
| Investments | (14,260,976) | - |
| Lease installment receipts | 329,333 | 495,243 |
| Cashflow generated from/(utilised in) investing activities | 20,367,562 | (2,102,480) |
| Financing Activities | | |
| Dividend paid | (1,046,918) | - |
| Proceeds from borrowings | - | 803,868 |
| Borrowings repayment | (26,656,639) | (2,274,617) |
| Lease repayment | (329,333) | (495,243) |
| Cashflow utilised in financing activities | (28,032,890) | (1,965,992) |
| Net (Decrease)/Increase in cash and cash equivalents | (1,036,540) | 5,146,518 |
| Cash and cash equivalents at beginning of the year | 5,433,179 | 286,661 |
| Cash and bank | 5,610,418 | 3,644,679 |
| Bank overdraft | (177,239) | (3,358,018) |
| Cash and Cash Equivalents at end of the year | 4,396,639 | 5,433,179 |
| Cash and bank | 4,396,639 | 5,610,418 |
| Bank overdraft (disclosed as part of short term borrowings) | - | (177,239) |

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2019

| INFLATION ADJUSTED | SHARE CAPITAL ZWL | ASSET REVALUATION RESERVE ZWL | ACCUMULATED PROFIT ZWL | TOTAL EQUITY ZWL |
|---|-------------------------|--|------------------------------|------------------------|
| As at 30 September 2018 | 403,001 | 35,876,599 | 29,981,497 | 66,261,097 |
| Change in accounting policy - IFRS9 | - | - | (822,076) | (822,076) |
| Restated | 403,001 | 35,876,599 | 29,159,421 | 65,439,021 |
| IAS 29 Reclassification | - | (35,876,599) | 35,876,599 | - |
| Profit for the year | - | - | 40,022,724 | 40,022,724 |
| Land and buildings revaluation surplus net of tax | - | 37,044,034 | - | 37,044,034 |
| Dividend Paid | - | - | (1,046,918) | (1,046,918) |
| As at 30 September 2019 | 403,001 | 37,044,034 | 104,011,826 | 141,458,861 |

SUPPLEMENTARY INFORMATION

- 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.
- Accounting policies**
The accounting policies adopted are consistent with those of the previous financial year except for IAS 29, IFRS 9 and IFRS 15 which were adopted for the first time. In the current year, the Company has applied a number of amendments to IFRS issued by the International Accounting Standard Board that are effective for accounting periods that begin on or after 1 January 2018.

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)

TURNOVER
ZWL66 Million

TURNOVER UP BY 8%

OPERATING PROFIT
ZWL43 Million (2018: ZWL10 Million)

SUPPLEMENTARY INFORMATION (Cont'd)

INFLATION ADJUSTED

3. Commitments for capital expenditure

Capital expenditure incurred
Authorised by directors but not contracted for

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

4. Net Interest Bearing Debts

Borrowings

All interest bearing loans were paid off during the year.

Preference shares were redeemed and delisted from the Zimbabwe Stock Exchange on 8 April 2019.

5. Change in Functional Currency

On 1 October 2018, the Reserve Bank of Zimbabwe ("RBZ") announced measures aimed at strengthening the multi-currency system by introducing separate bank accounts for RTGS FCAs and Nostro FCAs. Bank accounts in Zimbabwe were separated and designated as such. The RTGS FCA bank accounts and Nostro FCA bank accounts were officially designated as being at par. On 20 February 2019, the RBZ announced the official designation of the existing RTGS FCAs, bond notes and coins in circulation then as "RTGS dollars" in order to establish an exchange rate between the current monetary balances and foreign currency. On 22 February 2019 Statutory Instrument ("SI") 33 of 2019 gave official existence to the new currency. The RTGS dollar was to be used by all entities, including Government and individuals in Zimbabwe, for the purposes of pricing of goods and services, recording debts, accounting and settlement of domestic transactions in Zimbabwe, thereby effectively becoming the functional currency in Zimbabwe with effect from 22 February 2019. In addition, SI 33 was issued by the RBZ on 22 February 2019 ("the Effective Date"). SI 33 prescribed, among other directives, that for accounting and other purposes, all local assets and local liabilities in Zimbabwe that were immediately before the Effective Date valued in US\$ (other than assets and liabilities referred to in section 44C(2) of the Reserve Bank of Zimbabwe Act) shall on and after the Effective Date be deemed to be values in RTGS dollars at a rate of 1:1 to the US\$. 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 restated for changes in the general purchasing power of the ZWL. The company followed the legal instrument and changed the functional currency on 22 February 2019.

6. Basis of Preparation

The 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. Effective date of applying IAS 29 was 1 October 2019. Appropriate adjustments and reclassifications including restatement for changes in general purchasing power of the Zimbabwean dollar for the 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 balance sheet date, and that comparative figures be stated in the same terms. The Inflation indices used to convert the financial statements have been obtained from the RBZ website.

7. Statement of Compliance

The financial statements, from which these abridged results have not been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act due to non compliance with IAS 21 ("The effects of changes in Foreign Exchange Rates"). Non compliance with IAS 21 was due to the use of multiple exchange rates during the period and the inconsistencies between SI 33 and IAS 21.

8. Revaluation of land and buildings

Land and buildings are revalued frequently to ensure that their fair value does not differ materially from the carrying amount.

9. Independent Auditors' Statement

These financial results should be read in conjunction with the complete set of financial statements for the year ended 30 September 2019 which have been audited by Ernst & Young Chartered Accountants (Zimbabwe) who have issued an adverse audit opinion thereon. The auditor's report on these financial results is available for inspection at the Company's registered office.

10. Other Income

Included in other income is profit on disposal of ZWL25 million and exchange gains of ZWL5 million.

11. Joint Venture

The board resolved to place the Joint venture into liquidation effective 31 March 2019. The operating results of the Joint Venture up to the date of liquidation have been accounted for and incorporated in the reported figures as at 30 September.

12. Investment

On 1 December 2018, the company purchased 20% of the voting rights in a property development project, SMART SURBURB, a Special Purpose Vehicle for ZWL14million. The consideration was settled from the proceeds received from the Sale of land.

13. Events After Reporting Date

There was a reduction in corporate tax rate from 25% to 24% which will effectively reduce the total tax rate from 25.75% to 24.72% for the period, the change has no impact on the current year financials but The potential impact for the year under review will be a reduction in the deferred tax liability. There was also a change in VAT from 15% to 14%.

COMMENTARY - FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

Overview

A volatile operating environment characterised by regular government policy changes, high inflation and shortages of electricity and foreign currency presented operational challenges to the business. However, despite the difficult environment, total comprehensive income increased to ZWL77 million (2018: ZWL5 million) for the financial year under review. A good level of stocks was built up to prepare for the new financial year and take the business forward.

Financial Results

The commentary is based on inflation adjusted accounts. Revenue for the year at ZWL65 million, was 8% above prior year, the key driver being average prices which went up by 207%. Operating profit rose by 335% to ZWL43 million (2018: ZWL10 million) after charging ZWL3 million to depreciation of property, plant and equipment (2018: ZWL5 million).

Net interest expense declined to ZWL0.27 million (2018: ZWL3 million) after all interest bearing debt was repaid during the year. Foreign currency translations resulted in exchange gains amounting to ZWL5 million. Net cash flows generated from operations amounted to ZWL10 million (2018: ZWL11 million). Capital expenditure for the year, which was all financed through cash flows from operations, totalled ZWL4 million. The piece of land which was approved for disposal by shareholders at an extraordinary general meeting held on 24 May 2017, was sold during the year realising an after tax profit of ZWL25 million. Proceeds of sale were utilised to retire interest bearing debt.

Production

Despite reduced electricity availability, fired production grew by 7 percent above prior year. Improved plant availability, material sourcing and production efficiencies resulted in relatively low production costs and good margins. Capacity utilization averaged 76 percent. The ensuing year will benefit from huge stock levels built up during the year and available production capacity. We will continue to leverage our cash generation capacity to support cost effective production.

Sales and Marketing

The harsh economic environment resulted in low effective demand which affected growth in volumes. Resultantly, volumes declined by 23 percent compared to the prior year. Opportunities exist in housing development, schools construction, university expansion and government infrastructure and are being pursued. Economic stability will unlock potential in these and other prospects. Efforts will continue in supporting the brand and ensuring its continued dominance in the market.

Human Resources

Appropriate measures were implemented to cushion employees against the regular increases in the cost of living experienced during the year. We hope that an equilibrium between costs and incomes is reached soon for stability to prevail in remuneration systems. Focus will remain on enhancing productivity and stable industrial relations.

Directorate

I am grateful to my fellow Directors on the Board for appointing me as Chairman of the Board earlier in the year. As a Board, we remain seized with the task to grow and sustain a profitable business in this difficult environment where our country is undergoing economic transition.

Outlook

The rapid pace of change driven by government will continue into the new year and is expected to yield economic growth, stability and an increase in aggregate demand. We have capacity to exploit opportunities that will be presented by a stable economy. Our large holding of finished stock will present us with a competitive advantage going into the new year.

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 favourable liquidity and solvency ratios, the successful implementation of its strategic plans, continued support from its stakeholders and other initiatives that the Board is undertaking to improve the Company's performance.

Dividend

The directors have resolved to pay a final dividend of 0.084 cents per share with respect to the year ended 30 September 2019. This brings the total dividend for the year to 0.12 cents per share. The final dividend is payable to shareholders registered in the books of the Company at the close of business on **17 January 2020** and will be paid on or about **9 February 2020**. **The shares of the Company will be traded cum-dividend (with dividend) on the Zimbabwe Stock Exchange up to the market day on 14 January 2020 and ex-dividend as from 15 January 2019.**

Appreciation

On behalf of the Board and Shareholders, I would like to thank our valued customers, suppliers and other stakeholders for their contribution towards our successful year. Their continued support is cherished. I am also grateful to management and staff for their resilience and tenacity in a difficult operating environment. I wish everyone a happy festive season and a successful new year.

Mount Hampden
27 December 2019

C Makoni
Chairman

DIRECTORS

C. Makoni (Chairman), W. Chidziwo, U. Duske, M. A. Gumbie, G. Machingambi, B.K. Mataruka, N. Matonda*, M. Munginga* (*Executive)

BUILD TO LAST WITH WILLDALE BRICKS.



Quality • Durability • Diversity

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Independent Auditor's Report

To the Shareholders of Willdale Limited

Report on the Audit of the Company Financial Statements

Adverse Opinion

We have audited the Company financial statements of Willdale Limited (the Company), as set out on pages 16 to 52, which comprise the Company statements of financial position as at 30 September 2019, and the Company statement of Profit or loss and other comprehensive income, Company statements of changes in equity and Company statements of cash flows for the year then ended, and notes to the Company financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the Company's financial statements do not present fairly the financial position of the Company as at 30 September 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Date of change in functional currency - Non-compliance with IAS 21 and resultant inconsistency with IAS 29

As explained in note 2.2 and 2.3 to the Company financial statements, the Company applied the United States Dollar (US\$) as its functional currency for the period 1 October 2018 to 22 February 2019 and the Real Time Gross Settlement Dollars (RTGS\$) and Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 30 September 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Company changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The Company financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US\$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US\$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTGS\$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS\$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Company to assess whether there was a change in functional currency (from US\$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

Based on International Financial Reporting Standards IAS 21-The Effects of Changes in Foreign Exchange Rates ("IAS 21") the functional currency of an entity is *the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it*. In addition, paragraph 2.12 of the Conceptual Framework for Financial Reporting ("the Conceptual Framework") prescribes that for financial information to be useful, it *"must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."*

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US\$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US\$ exchange rate and this occurred effective 1 October 2018. This impacts the basis for measuring transactions that occurred between 01 October 2018 and 22 February 2019, the valuation of assets and liabilities as well as the accounting for foreign exchange differences.

Accordingly, the financial statements of the Company include balances and transactions denominated in US\$ that were not converted to ZWL at a ZWL: US\$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.2 and 2.3 to the Company financial statements.

Notwithstanding that IAS 29 has been applied from 1 October 2018 to 30 September 2019 correctly, it is noted that this is inconsistent with the incorrect assertion by management that the change in functional currency date is 22 February 2019 as described above.

Exchange rates (Non-compliance with IAS 21)

For the period 1 October 2019 to 22 February 2019 the financial statements of the Company included balances and transactions denominated in ZWL that were not converted to USD\$ at a ZWL: US\$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because Management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2019, 20th of February 2019 and 1st of October 2018. We believe that transactions in the market indicated a different rate between the two currencies throughout this period despite the legal 1:1 ZWL: US\$ exchange rate.

On the 23rd of February 2019, being the date of change in functional currency for the Company, management translated all balances using an exchange rate of 1ZWL:1US\$. Subsequently the Company applied relevant interbank rates up to 30 September 2019. The exchange rates used did not meet the criteria for appropriate exchange rates in terms of IFRS as defined below:

According to IAS 21, at the end of each reporting period; (a) *foreign currency monetary items shall be translated using the closing rate; (b) non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and (c) non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.* According to paragraph 8 of IAS 21, the closing rate is defined as a) *spot exchange rate at the end of the reporting period, and b) Spot exchange rate is the exchange rate for immediate delivery.*

In light of the definitions above, the IFRS interpretations Committee concluded in their September 2018 paper that the closing rate is the rate to which an entity would have access at the end of the reporting period through a legal exchange mechanism.

We therefore believe that the exchange rates for transactions and balances between the US\$ and the RTGS\$/ZWL used by the Company (1:1 for the period 1 October 2018 to 22 February 2019 and interbank rate for transactions and balances between 23 February 2019 and 30 September 2019) did not meet the criteria for appropriate exchange rates in terms of IFRS as defined above. Had the correct rate been used, most balances would have been materially different.

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 Company Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement and the Directors' Report but does not include the Company financial statements and our auditor's report thereon. Our opinion on the Company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

Responsibilities of the Directors for the Company Financial Statements

The directors are responsible for the preparation and fair presentation of the Company financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Company financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Company 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 Company 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 Company 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 Company 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Company financial statements, including the disclosures, and whether the Company 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 entities or business activities within the company to express an opinion on the Company financial statements. We are responsible for the direction, supervision and performance of the company audit. We communicate with the directors 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.

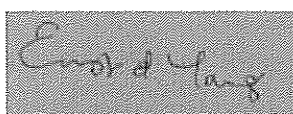
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying Company financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Constance Chakona (PAAB Practising Certificate Number 0431).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Audit

Harare
30 December 2019