

REVIEWED ABRIDGED FINANCIALS
FOR THE 6 MONTHS ENDED 31 MARCH 2021

Table with 2 columns: Metric, Value. Rows include Turnover (ZWL 466 MILLION), Operating Profit (ZWL 171 MILLION (2020; ZWL 82 MILLION)), and Turnover Up by 20%.



ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2021

Table with 3 columns: Description, Reviewed Six Months Ended 31 March 2021 (ZWL), Reviewed Six Months Ended 31 March 2020 (ZWL). Rows include Revenue, Cost of sales, Gross profit, Selling and distribution expenses, Administrative expenses, Allowance for Credit Losses, Other income, Operating profit, Interest income, Interest expense, Profit before monetary adjustment, Net monetary gain/loss, Profit before taxation, Tax, Profit after tax, Profit for the year, Other comprehensive income, Fair value adjustment on investment at FVOC, Deferred tax on revaluation, Total comprehensive income for the year, Weighted average number of shares in issue, Basic earnings per share - cents, Headline earnings per share - cents, Diluted earnings per share - cents.

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

Table with 3 columns: Description, Reviewed 31 March 2021 (ZWL), Audited 30 September 2020 (ZWL). Rows include Assets, Non current assets, Property, plant and equipment, Financial Assets at OCI, Current assets, Inventories, Trade and other receivables, Contract asset, Cash and cash equivalents, Total assets, Equity and liabilities, Equity, Share capital, Asset revaluation reserve, Fair value of financial asset reserve, Accumulated profits, Non current liabilities, Deferred taxation, Long term borrowings, Current liabilities, Trade and other payables, Provisions, Taxation, Total liabilities, Total equity and liabilities.

ABRIDGED STATEMENT OF CASHFLOWS FOR THE HALF YEAR END 31 MARCH 2021

Table with 3 columns: Description, Reviewed Six Months To March 2021 (ZWL), Audited 12 Months To September 2020 (ZWL). Rows include Profit before tax, Adjustments for non-cash items, Cashflow before changes in working capital, Working capital changes, Increase in inventory, Increase in accounts receivable, Increase in accounts payable, Cash generated from operating activities, Interest paid, Interest received, Tax paid, Net cash generated during the year, Investing activities, Purchase of property, plant and equipment to increase existing capacity, Cashflow from investing activities, Financing activities, Dividend paid, Cashflow from financing activities, Net increase(decrease) in cash and cash equivalents, Cash and cash equivalents at beginning of the year, Cash and bank balances, Cash & cash equivalents at end of the year, Cash and bank balances.

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

Table with 6 columns: Description, Share Capital (ZWL), Assets Revaluation Reserve (ZWL), Fair value Reserve of Financial Asset (ZWL), Accumulated Profit (ZWL), Total Equity (ZWL). Rows include As at 1 October 2020, Comprehensive income for the period, Profit for the year, Other comprehensive income, Total comprehensive income for the period, Contributions by and distributions to owners, Dividend, Total transactions with owners, As at 31 MARCH 2021.

REVIEWED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2020

Table with 6 columns: Description, Share Capital (ZWL), Assets Revaluation Reserve (ZWL), Fair value Reserve of Financial Asset (ZWL), Accumulated Profit (ZWL), Total Equity (ZWL). Rows include As at 1 October 2019, Comprehensive income for the period, Revaluation surplus, Profit for the year, Total comprehensive income for the period, Contributions by and distributions to owners, Dividend, Total transactions with owners, As at 31 MARCH 2020.

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 2021.

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 2021 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 ZIMSTAT.

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.

Table with 4 columns: Year, Date, CPI, Conversion Factor. Rows for 2021, 2020, 2020.

5. Statment of Compliance: Non-compliance with IAS 21 is due to the conflict between IAS 21 and Statutory Instrument 33 in the 2020 comparative figures.

Table with 3 columns: Description, Half Year Ended 31 March 2021 (ZWL), Half Year Ended 31 March 2020 (ZWL). Rows include Capital Expenditure Incurred, Authorised By Directors But Not Contracted For.

Table with 3 columns: Description, Half Year 31 March 2021 (ZWL), Half Year Ended 31 March 2020 (ZWL). Rows include Charge for the period.

8. 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

Table with 3 columns: Description, Half Year 31 March 2021 (ZWL), Half Year Ended 31 March 2020 (ZWL). Rows include Debt instruments at amortised cost: Trade and other receivables.

Set out below, is an overview of financial liabilities held by the company as at 31 March 2021 and 31 March 2020

Table with 3 columns: Description, Half Year 31 March 2021 (ZWL), Half Year Ended 31 March 2020 (ZWL). Rows include Equity Instruments at fair value through OCI, Non-quoted equity investments.

Table with 3 columns: Description, Half Year 31 March 2021 (ZWL), Half Year Ended 31 March 2020 (ZWL). Rows include Financial liabilities at amortised cost: Trade and other payables, Borrowings.

9. 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:

Table with 3 columns: Description, Half Year 31 March 2021 (ZWL), Half Year Ended 31 March 2020 (ZWL). Rows include Current Income tax expense, Deferred income tax expense relating to origination and reversal of temporary differences.

10. Auditors' statement: These abridged interim financial statements for the six months ended 31 March 2021 have been reviewed by BDO Chartered Accountants who have issued an adverse review opinion. 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).

COMMENTARY - 6 MONTHS ENDED 31 MARCH 2021

Introduction: The operating environment exhibited some improvement during the period under review as evidenced by a decline in the annual inflation rate from 659% registered in September 2020 to 241% in March 2020 and relative stability in the exchange rate which closed at ZWL84.40 to the United States dollar from ZWL81.44 at the end of September 2020. However, the COVID-19 pandemic induced lockdowns effected in January 2021 and the heavy rains impacted on volume growth particularly in the second quarter.

Financial Results: Despite the challenging operating environment, revenue for the 6 months under review grew by 20% compared to the same period in prior year driven by volume growth and effective pricing. Operating margin was 37% compared to 22% in the prior year after charging ZWL15.3 million to depreciation of property, plant and equipment (2020: ZWL16.7 m). Profitability and cash flows were sustained by effective cost management and pricing strategies.

Market: The brand continued to exert its dominance in various projects nationally, particularly in housing development. This line of business is expected to contribute significantly to the topline given the government's current drive to reduce the housing backlog and other private sector initiatives. The ongoing improvement in economic conditions should unlock a lot of projects which have been dormant all along.

Operations: Production plant underwent extensive annual planned maintenance at the end of the first quarter. Production resumed in February after the rainy season and is currently close to optimal levels. Targets for the year are on course to be met if electricity supply remains stable. The ongoing COVID-19 vaccination drive championed by the government is expected to put the pandemic under control and minimize disruptions to operations.

Outlook: High demand for housing will provide the critical mass for a profitable year. The declining inflation rate and a stable exchange rate should bring about opportunities for real growth in the industry. We anticipate a return to affordable lending for housing development as a result of economic stability. We are encouraged by the nationwide Covid19 vaccination programme championed by the government which is expected to put the pandemic under control leading to a better operating environment.

Dividend: The Directors have resolved not to pay a dividend with respect to the period ended 31 March 2021 in order to preserve cash for operations.

Appreciation: On behalf of the Board, I would like to thank the management team and staff for their efforts under difficult conditions. I am also grateful to our shareholders, suppliers and customers who continue to lend their support. Together we will succeed.

W Chidziwo (Chairman)

01 June 2021



## **INDEPENDENT REVIEW REPORT**

### **TO THE MEMBERS OF WILLDALE LIMITED**

#### **Adverse conclusion**

We have reviewed the financial statements of **WILLDALE LIMITED**, which comprise the statement of financial position as at 31 March 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Based on our review, due to the significance of the matters described in the Basis for Adverse Conclusion paragraph, the financial statements do not present fairly, in all material respects, the financial position of **WILLDALE LIMITED** as at 31 March 2021, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

#### **Basis for Adverse Conclusion**

##### **Non-compliance with International Accounting Standard 21 (IAS 21), Effects of Changes in Foreign Exchange Rates**

Prior to 22 February 2019, the Zimbabwean economy was characterized by a multi-tiered pricing model. Under the model, a single product had different prices depending on the mode of payment, whether United States Dollar (US Dollar), Real Time Gross Settlement (RTGS), mobile money or bond notes. The multi-tiered pricing model was evidence of the emergence of a new currency, the Zimbabwe Dollar (ZWL), which was being used alongside the US Dollar. The new currency, the ZWL, was then formally acknowledged through the issue of Statutory Instrument 33 of 2019 (S.I 33) "Presidential Powers (Temporary Measures) Amendment of Reserve Bank of Zimbabwe Act and Real Time Gross Settlement Electronic Dollars (RTGS) Regulations, 2019. The statutory instrument prescribed parity between the US Dollar and the new local currency (the ZWL) up to the effective date of 22 February 2019.

The new functional currency (ZWL) was effective from 22 February 2019, instead of the fourth quarter of 2018 as evidenced by the separation of the bank accounts into Foreign Currency Accounts and non-Foreign Currency Accounts. The statutory instrument also prescribed how US Dollar balances were to be translated to the ZWL. The delay in recognizing the ZWL as a currency and the translation method of balances from US Dollar to ZWL resulted in misstatement of comparative financial statements, current year retained earnings, property plant and equipment and deferred tax.

##### **Valuation of investment properties and freehold land and buildings**

The Directors in prior year revalued investment properties and freehold land and buildings using historical US\$ denominated inputs and converted to ZWL at the weighted average auction rate. Given the uncertainty over the appropriateness of the use of the Interbank exchange rate, we were unable to determine whether adjustments to the carrying amounts of investment properties and freehold land and buildings, and revaluation surplus were appropriate in these circumstances.

We conducted our review in accordance with International Standard on Review Engagements 2410. Our responsibilities under that standard are further described in the Auditor's Responsibilities for the review of the 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 (Parts A and B), together with other ethical requirements that are relevant to our review of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our adverse conclusion.

#### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue operating 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.

#### **Reviewer's responsibility**

Our responsibility is to express a conclusion on the financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity". A review of financial statements 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 on these financial statements.

The engagement partner on the review resulting in this independent auditor's report is Davison Madhigi (PAAB Practicing Number 0610).



**BDO Zimbabwe**  
Chartered Accountants  
3 Baines Avenue,  
Harare

**Harare**  
29 June 2020