

## DIRECTORS' RESPONSIBILITY

The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract.

These reviewed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and in a manner required by the Companies and Other Business Entities Act (Chapter 24:31) (COBE) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements for Reviewed Interim Financial Statements except for the non-compliance stated in the paragraph below.

The principal accounting policies applied in the preparation of these interim consolidated financial statements are consistent with those applied in the previous interim consolidated financial statements, except for non-compliance with International Accounting Standard (IAS) 21 (Effects of Changes in Foreign Exchange Rates), (IAS) 29 (Financial Reporting in Hyperinflationary Economies), IFRS 15 (Revenue from Contracts with Customers), (IAS) 1 (Presentation of Financial Statements) and IFRS 13 on the fair value of property, plant and equipment.

## CAUTIONARY STATEMENT – RELIANCE ON ALL FINANCIAL STATEMENTS PREPARED IN ZIMBABWE FOR 2020/2021

The directors would like to advise users to exercise caution in the use of these interim consolidated financial statements due to the material and pervasive impact of the technicalities brought about by the change in the functional currency in Zimbabwe in February 2019, its consequential impact on the usefulness of the financial statements for 2020/2021 financial periods and the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these interim financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

The review conclusion on these interim financial statements has been modified by the independent auditors, Grant Thornton Chartered Accountants (Zimbabwe) as indicated in the review conclusion statement.

## ADOPTION OF IAS 29 (FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES)

As previously reported, the Public Accountants and Auditors Board (PAAB) having assessed the impact of hyperinflation in the economy, advised that the conditions for adopting IAS 29 were satisfied with effect from 1 July 2019.

IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements. The Group has complied with this requirement, and this report

is therefore based on inflation adjusted financial statements. Financial statements prepared under the historical cost convention, have been presented as supplementary information.

## EXTERNAL AUDITOR'S REVIEW CONCLUSION

These inflation adjusted interim consolidated financial statements have been audited by the Group's external auditors, Grant Thornton Chartered Accountants (Zimbabwe) who have issued an adverse review conclusion as a result of non-compliance with (IAS) 21 (Effects of Changes in Foreign Exchange Rates), (IAS) 1 (Presentation of Financial Statements) and IFRS 15 (Revenue from Contracts with Customers) on presentation of manufacturing profit, valuation methodology on Property, Plant and Equipment and the consequential impact on the inflation adjusted amounts determined in terms of (IAS) 29. The auditor's review conclusion on the Group's interim inflation adjusted financial statements is available for inspection at the Company's registered office.

## TRADING PERFORMANCE

The first quarter sales were depressed by Covid-19 induced restricted trading hours in the months of July and August.

Sales volume growth for the six months was as follows:  
Comparable basis (like for like) +19.1%  
Overall +9.8%

Sales were split as follows:

	6 months to 9 January 2022	6 months to 10 January 2021
Credit sales	38.2%	33.1%
Cash sales	61.8%	66.9%

There was an increase in participation in credit sales due to increased credit granting as month on month inflation eased.

Revenue performance was adversely affected by the 20% retentions on US dollar sales which were liquidated at the heavily discounted Auction rate compared to the Market rate.

## CREDIT MANAGEMENT

The book grew by 141.5% in historical terms. 88.5% of the customers were in good standing and able to purchase compared to 85.5% in the prior year. The doubtful debt allowance as a % of gross debtors was 12% compared to 15.2% in the prior year.

## IMPACT OF COVID -19

The group continues to implement and observe WHO-approved COVID-19 guidelines throughout its operations to safeguard the health and welfare of staff, customers, suppliers and all stakeholders. The business model is continuously reviewed.

However, the negative effects of COVID-19 restrictions in 2021 are still being felt. Without any further COVID-19 restrictions, the business should continue to recover. The Global Supply Chain is still disrupted and this will continue to affect fabric availability and pricing.

## DIVIDEND

The board deemed it prudent not to declare a dividend.

## OUTLOOK

The regulatory environment and the deteriorating economic environment will continue to be a hindrance to normal trading.

The 20% retention on US Dollar sales liquidated at the official rate will negatively affect the Company's cash flows and profitability. The 20% retention is effectively a tax on gross revenue.

The "managed exchange rate" in which local retailers have to price their goods will have a negative impact on the cash flows and profitability.

The resurgence of inflationary pressures necessitates that the business reduces its exposure on Credit sales and focuses on Cash sales.

The lag in consumer income growth relative to increased inflationary pressures will reduce consumer disposable income.

The Business will focus on improving cash sales and productively controlling costs.

## APPRECIATION

The Board would like to express their heartfelt thanks to Management, Staff and all our other stakeholders for their efforts and support in this difficult climate.

**M.P. Mahlangu**  
Chairman

30 May 2022

**Registered Office**  
Stand 808 Seke Road  
Prospect Park  
Harare

**B. Ndebele**  
Chief Executive Officer

## ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

Note	INFLATION ADJUSTED		HISTORICAL COST	
	at 09 January 2022	at 10 January 2021	at 09 January 2022	at 10 January 2021
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>251 218 360</b>	<b>158 039 606</b>	<b>46 112 293</b>	<b>46 971 440</b>
Property, plant and equipment	247 255 188	143 552 458	43 074 254	40 069 260
Intangible assets	1 652 277	5 451 372	229 151	236 577
Right of use asset	2 310 895	9 035 776	2 808 888	6 665 603
<b>Current assets</b>	<b>275 449 776</b>	<b>275 934 562</b>	<b>217 041 804</b>	<b>120 952 808</b>
Inventories	159 591 405	184 310 344	101 542 364	67 620 564
Receivables - trade	78 399 948	45 259 549	78 399 948	35 007 075
- other	26 252 401	38 444 983	25 893 470	12 378 736
Cash and cash equivalents	11 206 022	7 919 686	11 206 022	5 946 433
<b>Total Assets</b>	<b>526 668 136</b>	<b>433 974 168</b>	<b>263 154 097</b>	<b>167 924 248</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>	<b>301 501 945</b>	<b>194 883 733</b>	<b>41 637 341</b>	<b>37 537 433</b>
<b>Non-current liabilities</b>	<b>16 237 377</b>	<b>59 426 489</b>	<b>14 237 892</b>	<b>11 959 696</b>
Deferred tax	15 165 243	57 519 875	13 165 758	10 528 130
Lease liability	1 072 134	1 906 614	1 072 134	1 431 566
<b>Current liabilities</b>	<b>208 928 814</b>	<b>179 663 946</b>	<b>207 278 864</b>	<b>118 427 119</b>
Payables - trade	108 847 612	83 560 540	108 847 612	62 740 760
- other	79 259 450	64 632 647	77 609 500	32 056 792
Short term borrowings	17 424 624	26 280 415	17 424 624	19 732 439
Current portion of lease liability	1 776 528	2 366 048	1 776 528	1 776 528
Tax payable	1 620 600	2 824 296	1 620 600	2 120 600
<b>Total liabilities</b>	<b>225 166 191</b>	<b>239 090 435</b>	<b>221 516 756</b>	<b>130 386 815</b>
<b>Total Equity &amp; Liabilities</b>	<b>526 668 136</b>	<b>433 974 168</b>	<b>263 154 097</b>	<b>167 924 248</b>
Number of shares in issue (net of treasury shares)	380 901 152	380 901 152	380 901 152	380 901 152
Net asset value per share (cents)	79.15	51.16	10.93	9.85

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

Note	INFLATION ADJUSTED		HISTORICAL COST	
	26 weeks to 09 January 2022	26 weeks to 10 January 2021	26 weeks to 09 January 2022	26 weeks to 10 January 2021
	ZWL \$	ZWL \$	ZWL \$	ZWL \$
<b>Revenue</b>	<b>314 694 912</b>	<b>221 578 601</b>	<b>261 573 217</b>	<b>126 850 923</b>
<b>Revenue from Contracts with Customers</b>	<b>252 628 364</b>	<b>194 155 937</b>	<b>224 936 267</b>	<b>111 357 298</b>
Cost of sales	(70 185 787)	(61 559 533)	(52 887 698)	(20 216 050)
Gross profit	182 442 577	132 596 404	172 048 569	91 141 248
Other income / (loss)	376 384	1 808 175	(9 191 710)	1 006 459
Manufacturing (loss) / profit	(5 089 605)	841 210	(3 778 163)	1 795 835
	<b>177 729 356</b>	<b>135 245 789</b>	<b>159 078 696</b>	<b>93 943 542</b>
<b>Trading expenses</b>	<b>(201 746 020)</b>	<b>(174 330 944)</b>	<b>(176 129 000)</b>	<b>(84 651 259)</b>
Depreciation and amortisation	(2 074 298)	(25 211 777)	(1 074 316)	(334 344)
Employment costs	(53 831 128)	(49 932 330)	(66 436 189)	(28 326 357)
Occupancy costs	(55 432 147)	(44 728 413)	(50 216 681)	(25 217 153)
Trade receivable costs	(1 313 219)	(6 016 976)	(1 152 011)	(3 251 535)
Other operating costs	(89 095 228)	(48 441 448)	(57 249 803)	(27 521 870)
<b>Trading (loss) / profit</b>	<b>(24 016 664)</b>	<b>(39 085 155)</b>	<b>(17 050 304)</b>	<b>9 292 283</b>
Finance income	36 662 188	23 272 208	33 668 215	13 215 833
<b>Operating profit / (loss)</b>	<b>12 645 524</b>	<b>(15 812 947)</b>	<b>16 617 911</b>	<b>22 508 116</b>
Finance costs	(11 079 999)	(5 857 104)	(9 880 377)	(3 328 226)
Monetary gain	107 690 325	18 316 145	-	-
<b>Profit / (loss) before tax</b>	<b>109 255 850</b>	<b>(3 353 906)</b>	<b>6 737 534</b>	<b>19 179 890</b>
Tax	(2 637 638)	(8 204 736)	(2 637 626)	(5 104 442)
<b>Profit / (loss) for the period</b>	<b>106 618 212</b>	<b>(11 558 642)</b>	<b>4 099 908</b>	<b>14 075 448</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>106 618 212</b>	<b>(11 558 642)</b>	<b>4 099 908</b>	<b>14 075 448</b>
<b>Earnings / (loss) per share</b>				
Basic earnings / (loss) per share (cents)	27.99	(3.03)	1.77	3.70
Headline earnings / (loss) per share (cents)	27.78	(3.03)	0.87	3.70
<b>Key ratios</b>				
Gross margin (%)	72.2	68.3	76.5	81.8
Trading expenses to revenue from Contracts with Customers (%)	79.9	89.8	78.3	76.0
Trading margin (%)	(9.5)	(20.1)	(7.6)	8.3
Operating margin (%)	5.0	(8.1)	7.4	20.2

## ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

	INFLATION ADJUSTED					Total ZWL\$
	Share capital ZWL\$	Treasury shares ZWL\$	distributable reserve ZWL\$	Retained earnings ZWL\$		
<b>Balance at 10 January 2021</b>	<b>1 069 334</b>	<b>(7 304)</b>	<b>122 551 662</b>	<b>76 907 008</b>	<b>200 520 700</b>	
Total comprehensive loss for the period	-	-	-	(5 636 967)	(5 636 967)	
<b>Balance at 11 July 2021</b>	<b>1 069 334</b>	<b>(7 304)</b>	<b>122 551 662</b>	<b>71 270 041</b>	<b>194 883 733</b>	
Total comprehensive income for the period	-	-	-	106 618 212	106 618 212	
<b>Balance at 09 January 2022</b>	<b>1 069 334</b>	<b>(7 304)</b>	<b>122 551 662</b>	<b>177 888 253</b>	<b>301 501 945</b>	
	HISTORICAL COST					
	Share capital ZWL\$	Treasury shares ZWL\$	distributable reserve ZWL\$	Revaluation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$
<b>Balance at 10 January 2021</b>	<b>38 407</b>	<b>(317)</b>	<b>6 765 441</b>	<b>-</b>	<b>25 892 704</b>	<b>32 696 235</b>
Total comprehensive loss for the period	-	-	-	-	(18 266 992)	(18 266 992)
Revaluation of property, plant and equipment	-	-	-	30 696 320	(7 588 130)	23 108 190
<b>Balance at 11 July 2021</b>	<b>38 407</b>	<b>(317)</b>	<b>6 765 441</b>	<b>30 696 320</b>	<b>37 582</b>	<b>37 537 433</b>
Total comprehensive income for the period	-	-	-	-	4 099 908	4 099 908
<b>Balance at 09 January 2022</b>	<b>38 407</b>	<b>(317)</b>	<b>6 765 441</b>	<b>30 696 320</b>	<b>4 137 490</b>	<b>41 637 341</b>

## ABRIDGED GROUP STATEMENT OF CASH FLOWS

	INFLATION ADJUSTED		HISTORICAL COST	
	26 weeks to 09 January 2022	26 weeks to 10 January 2021	26 weeks to 09 January 2022	26 weeks to 10 January 2021
	ZWL \$	ZWL \$	ZWL \$	ZWL \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash (utilised in) / generated from trading	(12 146 409)	(71 521 568)	(16 456 630)	14 822 320
Working capital movements	(6 379 469)	54 820 331	(1 399 733)	(20 674 798)
Net cash utilised in operations	(18 525 878)	(16 701 237)	(17 856 363)	(5 852 478)
Finance income	36 662 188	23 272 208	33 668 215	13 215 834
Finance costs	(11 079 999)	(5 857 104)	(9 880 377)	(3 328 226)
Tax paid	(665 982)	(77)	(500 047)	(48)
<b>Net cash generated from operating activities</b>	<b>6 390 329</b>	<b>713 790</b>	<b>5 431 428</b>	<b>4 035 082</b>
<b>Cash generated from / (utilised in) investing activities</b>	<b>491 348</b>	<b>(8 044 892)</b>	<b>520 764</b>	<b>(5 374 320)</b>
<b>Net cash (utilised in) / generated from financing activities</b>	<b>(3 556 067)</b>	<b>13 832 636</b>	<b>(692 603)</b>	<b>8 950 467</b>
Net increase in cash and cash equivalents	3 325 610	6 501 534	5 259 589	7 611 229
Cash and cash equivalents at beginning of period	7 880 412	13 781 446	5 946 433	5 007 495
<b>Cash and cash equivalents at end of period</b>	<b>11 206 022</b>	<b>20 282 980</b>	<b>11 206 022</b>	<b>12 618 724</b>

## SUPPLEMENTARY INFORMATION

### 1. CORPORATE INFORMATION

The Group is incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. It is engaged in the manufacture and retailing of fashion apparel and related merchandise.

### 2. BASIS OF PREPARATION

The Group's financial statements for the six months ended 09 January 2022 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE) except for non-compliance with International Financial Reporting Standards explained in this report. The Listing Requirements require interim financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as a minimum, contain the information required by International Accounting Standards ("IAS") 34 (Interim Financial Reporting). The Group's inflation adjusted interim financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwe Dollars (ZWL\$).

The principal accounting policies applied in the preparation of the Group interim financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous consolidated annual financial statements.

#### 2.1 IAS 21 (The Effects of Changes in Foreign Exchange Rates)

The Government of Zimbabwe promulgated Statutory Instrument 33 (S.I. 33) on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL\$) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was at par with the United States Dollar (USD). Guidance issued by the Public Accountants and Auditors Board (PAAB), noted that the requirements of SI33 were contrary to the provisions of IAS 21. The Directors have always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. Due to the material and pervasive impact of these technicalities in the previous periods and the carrying over effects of these misstatements on the current period consolidated inflation-adjusted financial statements, the Directors would like to advise users to exercise caution in their use of these inflation-adjusted financial statements.

#### 2.2 Adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies)

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods on or after 01 July 2019. These financial statements have been prepared in accordance with IAS 29. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have been restated as the are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in general price index from the dates when initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the half year ended 09 January 2022. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 22 February 2019 to the end of the reporting period. All items in the statement of cashflows are expressed based on the restated financial information for the period.

As mentioned above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures. The indices and conversion factors used to restate the accompanying financial statements are as follows:

	Indices	Conversion factor
CPI on 31 December 2021	3 977.46	1.00
CPI on 30 June 2021	2 986.44	1.33
CPI on 31 December 2020	2 474.51	1.61
CPI on 30 June 2020	1 445.20	2.75
Average CPI - 6 months to 31 December 2021	3 481.73	
Average CPI - 6 months to 31 December 2020	2 239.70	

### 3. LEASE LIABILITY

Analysis:

	INFLATION ADJUSTED		HISTORICAL COST	
	26 weeks to 09 January 2022	26 weeks to 10 January 2021	26 weeks to 09 January 2022	26 weeks to 10 January 2021
	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$
Non-current	1 072 134	1 906 614	1 072 134	1 431 566
Current	1 776 528	2 366 048	1 776 528	1 776 528
<b>Total</b>	<b>2 848 662</b>	<b>4 272 662</b>	<b>2 848 662</b>	<b>3 208 094</b>

Undiscounted future payments:

	INFLATION ADJUSTED		HISTORICAL COST	
	26 weeks to 09 January 2022	26 weeks to 10 January 2021	26 weeks to 09 January 2022	26 weeks to 10 January 2021
	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$
Payable within one year	1 776 528	2 366 048	1 776 528	1 776 528
Payable two to five years	4 441 320	8 566 623	4 441 320	5 329 584
<b>Total</b>	<b>6 217 848</b>	<b>10 932 671</b>	<b>6 217 848</b>	<b>7 106 112</b>

### 4. SHORT TERM BORROWINGS

Short-term borrowings are jointly secured Cession of Book Debts, Power of Attorney to register an NGCB and Cession of Insurance Policy with security Agent as First Loss Payee. Borrowings are renewed on maturity in terms of ongoing facilities negotiated with the respective financial institutions. The average interest of 51.75% per annum was applicable on the outstanding balance.

### 5. REVENUE

	INFLATION ADJUSTED		HISTORICAL COST	
	26 weeks to 09 January 2022	26 weeks to 10 January 2021	26 weeks to 09 January 2022	26 weeks to 10 January 2021
	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$
Sale of merchandise	277 119 236	197 473 244	227 109 946	113 168 420
- Retail sales	252 628 364	194 155 937	224 936 267	111 357 298
- Factory sales to third parties	24 490 872	3 317 307	2 173 679	1 811 122
Finance income	36 662 188	23 272 208	33 668 215	13 215 833
- Accounts receivable	36 624 916	23 268 424	33 632 209	13 213 564
- Other	37 272	3 784	36 006	2 269
Service fees	839 839	760 676	731 213	425 710
Commissions	73 649	72 473	63 843	40 960
<b>Total</b>	<b>314 694 912</b>	<b>221 578 601</b>	<b>261 573 217</b>	<b>126 850 923</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	26 weeks to 09 January 2022	26 weeks to 10 January 2021	26 weeks to 09 January 2022	26 weeks to 10 January 2021
	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$	Reviewed ZWL\$
<b>6. DEPRECIATION AND AMORTISATION</b>				
Depreciation charge	2 011 754	23 753 171	1 065 656	326 638
Amortisation charge	62 544	1 458 606	8 660	7 706
<b>Total charge</b>	<b>2 074 298</b>	<b>25 211 777</b>	<b>1 074 316</b>	<b>334 344</b>
<b>7. TAX</b>				
Current tax charge for the period	-	(3 892 667)	-	(2 421 759)
Deferred tax charge for the period	(2 637 638)	(4 312 069)	(2 637 626)	(2 682 683)
<b>Total tax charge</b>	<b>(2 637 638)</b>	<b>(8 204 736)</b>	<b>(2 637 626)</b>	<b>(5 104 442)</b>
<b>8. HEADLINE EARNINGS / (LOSS) PER SHARE</b>				
Earnings / (loss) attributable to shareholders	106 618 212	(11 558 642)	4 099 908	14 075 448
Adjusted for on-recurring items:-				
Profit on disposal of property, plant and equipment	(818 331)	-	(786 458)	-
<b>Headline earnings / (loss)</b>	<b>105 799 881</b>	<b>(11 558 642)</b>	<b>3 313 450</b>	<b>14 075 448</b>
Headline earnings / (loss) per share (cents)	27.78	(3.03)	0.87	3.70
Weighted average number of ordinary shares used in calculating earnings / (loss) per share	380 901 152	380 901 152	380 901 152	380 901 152

### 9. SEGMENT INFORMATION

	INFLATION ADJUSTED							
	Manufacturing		Retail		Elimination		Consolidated	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
External Sales	24 490 872	3 317 307	252 628 364	194 155 937	-	-	277 119 236	197 473 244
Inter-segment sales	24 289 977	27 825 598	-	-	(24 289 977)	(27 825 598)	-	-
Finance income	-	-	36 662 188	23 272 208	-	-	36 662 188	23 272 208
Service fees	-	-	839 839	760 676	-	-	839 839	760 676
Commissions	-	-	73 649	72 473	-	-	73 649	72 473
<b>Total revenue</b>	<b>48 780 849</b>	<b>31 142 905</b>	<b>290 204 040</b>	<b>218 261 293</b>	<b>(24 289 977)</b>	<b>(27 825 598)</b>	<b>314 694 912</b>	<b>221 578 601</b>
<b>Segment result</b>								
(Loss) / profit for the period	(5 089 605)	841 210	(18 871 773)	(39 883 526)	(55 286)	(42 840)	(24 016 664)	(39 085 155)
Monetary gain / (loss)	120 605 868	(5 300 135)	(12 915 543)	23 616 280	-	-	107 690 325	18 316 145
Finance income	-	-	36 662 188	23 272 208	-	-	36 662 188	23 272 208
Finance costs	-	-	(11 079 999)	(5 857 104)	-	-	(11 079 999)	(5 857 104)
Tax credit / (expense)	758 951	(729 104)	(3 396 589)	(7 475 632)	-	-	(2 637 638)	(8 204 736)
<b>Net profit / (loss)</b>	<b>116 275 214</b>	<b>(5 188 029)</b>	<b>(9 601 716)</b>	<b>(6 327 774)</b>	<b>(55 286)</b>	<b>(42 840)</b>	<b>106 618 212</b>	<b>(11 558 642)</b>

	HISTORICAL COST							
	Manufacturing		Retail		Elimination		Consolidated	
	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$	2022 ZWL\$	2021 ZWL\$
External Sales	2 173 679	1 811 122	224 936 267	111 357 298	-	-	227 109 946	113 168 420
Inter-segment sales	21 693 050	15 976 976	-	-	(21 693 050)	(15 976 976)	-	-
Finance income	-	-	33 668 215	13 215 833	-	-	33 668 215	13 215 833
Service fees	-	-	731 213	425 710	-	-	731 213	425 710
Commissions	-	-	63 843	40 960	-	-	63 843	40 960
<b>Total revenue</b>	<b>23 866 729</b>	<b>17 788 098</b>	<b>259 399 538</b>	<b>125 039 801</b>	<b>(21 693 050)</b>	<b>(15 976 976)</b>	<b>261 573 217</b>	<b>126 850 923</b>
<b>Segment result</b>								
(Loss) / profit for the period	(3 778 163)	1 795 835	(13 224 141)	7 520 447	(48 000)	(24 000)	(17 050 304)	9 292 282
Finance income	-	-	33 668 215	13 215 834	-	-	33 668 215	13 215 834
Finance costs	-	-	(9 880 377)	(3 328 226)	-	-	(9 880 377)	(3 328 226)
Tax credit / (expense)	758 951	(453 600)	(3 396 577)	(4 650 842)	-	-	(2 637 626)	(5 104 442)
<b>Net (loss) / profit</b>	<b>(3 019 212)</b>	<b>1 342 235</b>	<b>7 167 120</b>	<b>12 757 213</b>	<b>(48 000)</b>	<b>(24 000)</b>	<b>4 099 908</b>	<b>14 075 448</b>

	INFLATION ADJUSTED		HISTORICAL COST	
	at 09 January 2022	at 10 January 2021	at 09 January 2022	at 10 January 2021
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
<b>10. CONTINGENT LIABILITIES</b>				
There are no contingent liabilities.				
<b>11. CAPITAL EXPENDITURE FOR THE PERIOD</b>	<b>408 733</b>	<b>8 044 892</b>	<b>339 179</b>	<b>4 967 041</b>

### 12. EVENTS AFTER THE END OF REPORTING PERIOD

No event material to the understanding of this report has occurred between the end of the reporting period and the date of approval.



## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

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### **To the members of Truworths Limited**

We have reviewed the accompanying consolidated statement of financial position of Truworths Limited as at 9 January 2022 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, and a summary of significant Group accounting policies and other explanatory notes.

### **Responsibilities of Management and Those Charged with Governance for the consolidated interim financial information**

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34 – *Interim Financial Reporting*, and the Group’s accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of consolidated interim financial information that is free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on this consolidated 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 Independent 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**

##### *Non-compliance with International Accounting Standard 21 -The Effects of Changes in Foreign Exchange Rates*

During the prior and current financial period ended 9 January 2022, the foreign currency denominated transactions and balances of the Group were translated into ZWL using the foreign currency auction rates and rates determined internally by the Group. These rates were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the prior year consolidated financial statements was modified in respect of this matter and the misstatements have not been corrected in the consolidated interim financial information for the six months ended 9 January 2022.

Had the consolidated interim financial information been prepared in accordance with the requirements of IAS 21, many elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material and pervasive to the consolidated interim financial information as a whole.

##### *Non-compliance with International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies*

Although IAS 29 – *Financial Reporting in Hyperinflationary Economies* has been applied correctly, its application was based on financial information which was not in compliance with IAS 21 as described above. Had the correct base numbers been used, most elements of the interim consolidated financial information would have been materially different. The impact of the departure from the requirements of these standards is considered material and pervasive to the interim consolidated financial information for the six months ended 9 January 2022.

##### *Valuation of property, plant and equipment*

The determination of fair values for property, plant and equipment presented in the consolidated interim financial information is affected by the prevailing economic environment. The consolidated interim financial information includes property, plant and equipment that was last revalued by independent professional valuers as at 30 June 2021. The property, plant and

equipment valuations were determined in USD and then translated to ZWL at the interbank foreign exchange rate as at 30 June 2021.

Although the determined USD values as at 30 June 2021 reflected the fair value of the property, plant and equipment in USD as at that date, the converted ZWL fair values were not in compliance with IFRS 13 – *Fair Value Measurement* as they did not reflect the assumptions that market participants would apply in valuing similar items of property, plant and equipment in ZWL.

*IAS 1 - Presentation of financial statements and IFRS 15 - Revenue from Contracts with Customers*

Manufacturing revenue and manufacturing expenses have been offset and presented as manufacturing profit on the face of the consolidated statement of profit or loss and other comprehensive income. This presentation is not compliant with IAS 1 which requires that “*An entity reports separately both assets and liabilities, and income and expenses. Offsetting in the statement(s) of profit or loss and other comprehensive income or financial position, except when offsetting reflects the substance of the transaction or other event, detracts from the ability of users both to understand the transactions, other events and conditions that have occurred and to assess the entity’s future cash flows*”. There is non-compliance with IAS 1 – *Presentation of financial statements* and IFRS 15- *Revenue from contracts with customers* regarding manufacturing revenue and manufacturing expenses that have been offset and presented as manufacturing profit on the face of the consolidated statement of profit or loss and other comprehensive income, as IAS 1 requires that income and expenses should not be offset. The revenue that has been offset for the six-month period ended 9 January 2022 is ZWL 48 780 849 (2021: ZWL 31 142 905).

### Conclusion

Based on our review, because of the matters described in *Basis for Adverse Conclusion* section of our report, the consolidated interim financial information does not present fairly, in all material respects the financial position of Truworths Limited as at 9 January 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 engagement resulting in this independent review conclusion is Trevor Mungwazi.

Grant Thornton

Trevor Mungwazi

**Partner**

Registered Public Auditor (PAAB No: 0622)

**Grant Thornton**

Chartered Accountants (Zimbabwe)

Registered Public Auditors

30 May ..... 2022

**HARARE**