TRUWORTHS

REVIEWED ABRIDGED GROUP RESULTSFOR THE HALF YEAR ENDED 08 JANUARY 2023

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 IAS 21 – The Effects of Changes in Foreign Exchange Rates, IFRS 13 – Fair Value Measurement in the valuation of property, plant and equipment, IAS 1 – Presentation of Financial Statements and IFRS 15 – Revenue from Contracts with Customers and IAS 2 – Inventories.

CAUTIONARY STATEMENT - RELIANCE ON ALL FINANCIAL STATEMENTS PREPARED IN 71MRARWF 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 consolidated 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 consolidated 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

This consolidated interim financial information have been reviewed by Grant Thornton Chartered Accountants (Zimbabwe) and the auditor's report signed by Trevor Mungwazi, Penistered Public Auditor 0622

An adverse review conclusion has been issued on the consolidated interim financial information of the Group, for the six months then ended. The adverse opinion was made regarding non-compliance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, IFRS 13 – Fair Value Measurement in the valuation of property, plant and equipment, IAS 1 – Presentation of Financial Statements and IFRS 15 – Revenue from Contracts with Customers and IAS 2 – Inventories.

TRADING PERFORMANCE

Units sold declined by 45% due to the suspension of credit from 1st of July 2022.

Credit was suspended when the Bank Policy Rate was increased to 200% p.a. It was not viable for the business to finance the credit at those interest rates. In addition it was not affordable for our customers to service their account obligations at rates in excess of 200% n.a.

At the onset of hyper-inflationary conditions the business reduced its exposure to credit sales because of the loss of value of the debtors' book.

SALES BY ENABLER	6 MONTHS T/Y	6 MONTHS L/Y
Cash Sales	98.9%	61.8%
Credit Sales	0.1%	38.2%
TOTAL	100%	100%

The sales value performance was negatively affected by the following;
• Price controls enforced by the FIU through the use of the official (exchange rate) in the sale of merchandise. The business maintained a competitive US dollar price in order to be able to compete on a US dollar basis, translating the US dollar price to ZWL price at the Auction Rate resulted in the uneconomic ZWL prices and loss of value.

• Informalisation of the economy which has resulted in illegal imports selling at below manufacturing costs which the business could not compete against.

CREDIT MANAGEMENT

The debtors book declined as credit sales were stopped in July 2022. This was due to the increase in the prime interest rate to 200% per annum which made credit sales unviable for the business. The Group was focusing on repayments of outstanding debts during the period.

DIVIDEND

The Board deemed it prudent not to declare a dividend.

OUTLOOK

Trading conditions are expected to remain difficult as a result of existence of multiple devaluing exchange rates and the controls on the formal retail sector. High cost interest rates limit the business' ability to lend in ZWL.

With the economy dollarizing the business introduced US dollar credit with effect from 1 April 2023. This should see an improvement in sales and together with the Recapitalisation proposal the Balance Sheet should strengthen and sustain the underwriting of US dollar credit.

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

B. Ndebele

Chief Executive Officer

16 May 2023

Registered Office Stand 808 Seke Road Prospect Park

ABRIDGED GROUP STATEM	ENT OF I	INANCIAL I	POSITION		
		INFLATIO	N ADJUSTED	HISTORI	CAL COST
		at 08	at 10	at 08	at 10
		January 2023	July 2022	January 2023	July 2022
	Note	ZWL\$	ZWL\$	ZWL\$	ZWL\$
ASSETS -			107.017.101	224 445 252	111
Non-current assets		480 762 686	487 265 484	306 165 253	161 552 597
Property, plant and equipment		477 270 024	461 695 252	303 941 012	158 923 254
Intangible assets		342 149	11 376 226	217 892	221 724
Right of Use of Asset		3 150 513	14 194 006	2 006 349	2 407 619
Current assets		483 091 392	681 818 384	469 821 270	357 248 524
Inventories		386 165 373	503 669 631	372 895 251	215 191 591
Receivables - trade		43 017 997	125 123 208	43 017 997	100 048 246
- other		38 785 764	43 530 823	38 785 764	34 416 726
Cash and cash equivalents		15 122 258	9 494 722	15 122 258	7 591 961
Casii and Casii equivalents		13 122 230	9 494 722	13 122 230	7 391 901
Total Assets		963 854 078	1 169 083 868	775 986 523	518 801 121
EQUITY & LIABILITIES					
Equity		(37 658 426)	491 457 415	(223 891 026)	89 796 823
Non-current liabilities		26 543 230	172 483 695	24 908 275	25 304 820
Deferred tax		24 615 674	171 139 903	22 980 719	24 230 327
Lease Liability	3	1 927 556	1 343 792	1 927 556	1 074 493
Current liabilities		974 969 274	505 142 758	974 969 273	403 699 478
Payables - trade		462 830 480	428 926 305	462 830 480	318 262 943
- other		450 374 889	16 850 623	450 374 888	37 967 743
Short term borrowings	4	53 106 865	53 624 749	53 106 865	42 878 236
Lease Liability (current portion)	3	1 595 486	2 221 774	1 595 486	1 776 526
Tax payable	· ·	7 061 554	3 519 307	7 061 554	2 814 030
. ,					
Total Equity & Liabilities		963 854 078	1 169 083 868	775 986 523	518 801 121
Number of shares in issue (net of treasu	ırv shares)	380 901 152	380 901 152	380 901 152	380 901 152
Net asset value per share (cents)	ary oridics)	(9.89)	129.02	(58.78)	23.57
rect dooct value per strate (certis)		(5.09)	125.02	(55.76)	20.07

Net asset value per share (cents)		(9.89)	129.02	(58.78)	23.57				
ABRIDGED GROUP STATEMENT	OF COM	PREHENSIV	E INCOME						
			N ADJUSTED						
		26 weeks to	26 weeks to	26 weeks to	26 weeks to				
			09 January 2022	08 January 2023 (
_	Note	ZWL\$	ZWL\$	ZWL\$	ZWL\$				
Revenue	5	577 798 258	1 019 955 297	427 221 041	261 573 217				
Retail merchandise sales		528 931 405	868 434 954	388 033 393	224 936 267				
Cost of sales		96 872 428	241 270 575	69 921 669	52 887 698				
Gross profit		432 058 977	627 164 379	318 111 724	172 048 569				
Other income		5 816 272	1 293 857	9 970 116	(9 191 710)				
Manufacturing profit/(loss)		65 208 305		42 024 230	(3 778 163)				
		503 083 554	610 962 216	370 106 070	159 078 696				
Trading expenses		(674 935 846)	(693 521 870)	(655 834 562)	(176 129 000)				
Depreciation and amortisation	6	(888 707)	(7 130 604)	(841 442)	(1 074 316)				
Employment costs		(203 201 449)	(185 049 820)	(195 ⁹⁸⁵ 032)	(66 436 189)				
Occupancy costs		(241 356 165)	(190 553 480)	(231 830 493)	(50 216 681)				
Trade receivable costs		(318 538)	(4 514 320)	(406 511)	(1 152 011)				
Other operating costs		(229 170 987)	(306 273 646)	(226 771 084)	(57 249 803)				
Trading (loss) /profit		(171 852 292)	(82 559 654)	(285 728 492)	(17 050 304)				
Finance income		48 849 695	126 029 892	39 172 592	33 668 215				
Operating (loss) / profit		(123 002 597)	43 470 238	(246 555 900)	16 617 911				
	_	(407400704)	(00 000 501)	(101770500)	(0.000.077)				
Finance cost	7	(107 193 701)	(38 088 591)	(104 772 530)	(9 880 377)				
Monetary (Loss) /gain		(333 726 795)	370 196 129	(051 000 100)					
(Loss) / profit before tax	•	(545 179 053)	375 577 776	(351 328 430)	6 737 534				
Tax expense	8	(26 414 760)	(9 067 141)	(24 360 966)	(2 637 626)				
(Loss) /profit for the period		(571 593 813)	366 510 635	(375 689 396)	4 099 908				
Revaluation of property, plant and equipment,	net of tax	42 477 972	-	62 001 547	-				
Total comprehensive (loss) / income for the	ne period	(529 115 841)	366 510 635	(313 687 849)	4 099 908				
Earnings per share	9								
Basic earnings per share		(154.98)	96.22	(98.63)	1.08				
Headline earnings per share		(155.21)	95.96	(98.84)	0.87				
Key ratios									
Gross margin		81.69	72.22	81.98	76.49				
Trading expenses to Revenue from		01.09	12.22	01.90	70.49				
Contracts with Customers		127.60	79.86	169.01	78.30				
Trading margin		32.5	(9.5)	(73.6)	(7.6)				
Operating margin		(23.3)	5.0	(63.5)	(7.6) 7.4				
Operating margin		(23.3)	5.0	(03.3)	7.4				

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY										
		INFLATION ADJUSTED								
	Share capital ZWL\$	Treasury shares ZWL\$	Non- distributable reserve ZWL\$	Revaluation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$				
Balance at 09 January 2022	2 422 977	(20 000)	100 253 587	-	611 508 440	714 165 004				
Total comprehensive loss for the period	-	-	-	5 534 057	(228 241 646)	(222 707 589)				
Balance at 10 July 2022	2 422 977	(20 000)	100 253 587	5 534 057	383 266 794	491 457 415				
Total comprehensive income for the period		-		42 477 972	(571 593 813)	(529 115 841)				
Balance at 08 January 2023	2 422 977	(20 000)	100 253 587	48 012 029	(188 327 019)	(37 658 426)				
1										

_	HISTORICAL COST								
	Share capital ZWL\$	Treasury shares ZWL\$	Non- distributable reserve ZWL\$	Revaluation reserve ZWL\$	Retained earnings ZWL\$	Total ZWL\$			
Balance at 09 January 2022	38 407	(317)	6 765 441	30 696 320	4 137 490	41 637 341			
Total comprehensive loss for the period	-	-	-	114 928 136	(66 768 654)	48 159 482			
Balance at 10 July 2022	38 407	(317)	6 765 441	145 624 456	(62 631 164)	89 796 823			
Total comprehensive income for the period	-	-	_	62 001 547	(375 689 396)	(313 687 849)			
Balance at 08 January 2023	38 407	(317)	6 765 441	207 626 003	(438 320 560)	(223 891 026)			
-									

ABRIDGED GROUP STATEMENT OF CASH FLOWS									
		N ADJUSTED		HISTORICAL COST					
	26 weeks to 08 January 2023 ZWL \$	26 weeks to 09 January 2022 ZWL \$	26 weeks to 08 January 2023 ZWL \$	26 weeks to 09 January 2022 ZWL \$					
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash (utilised in) / generated from trading	(340 181 515)	(41 754 480)	(326 268 340)	(16 456 630)					
Working capital movements	404 769 673	(21 930 055)	399 717 489	(1 399 733)					
Net cash utilised in operations	64 588 159	(63 684 535)	73 449 149	(17 856 363)					
Finance income	48 849 695	126 029 892	39 172 592	33 668 215					
Finance cost	(107 193 699)	(38 088 591)	(104 772 528)	(9 880 377)					
Tax paid	-	(2 289 379)	-	(500 047)					
Net cash generated from operating activities	6 244 155	21 967 387	7 849 213	5 431 428					
Cash generated from / (utilised in) investing activities	(1 200 385)	1 689 057	(1 171 985)	520 764					
Net cash (utilised in) / generated									
from financing activities	583 764	(12 224 332)	853 069	(692 603)					
Net increase in cash and cash equivalents	5 627 534	11 432 112	7 530 297	5 259 589					
Cash and cash equivalents at beginning of period	9 494 724	27 089 695	7 591 961	5 946 433					
Cash and cash equivalents at end of period	15 122 258	38 521 807	15 122 258	11 206 022					

TRUWORTHS

REVIEWED ABRIDGED GROUP RESULTS FOR THE HALF YEAR ENDED 08 JANUARY 2023

SUPPLEMENTARY 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.

BASIS OF PREPARATION

The Group's financial statements for the six months ended 08 January 2023 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, IFRS 13 - Fair Value Measurement in the valuation of property, plant and equipment, IAS 1 - Presentation of Financial Statements and IFRS 15 – Revenue from Contracts with Customers and IAS 2 – Inventories, 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)

As noted in the Group's 2019 financial statements, the Government of Zimbabwe promulgamated Statutory Instrument 33 (S.I. 33) on 22 February 2019, giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL\$) as legal tender abd 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 inflationadjusted 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 they 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 2022	13 672.91	1.00
CPI on 30 June 2022	8 707.35	1.57
CPI on 31 December 2021	3 977.46	3.44
CPI on 30 June 2021	2 986.44	4.58
Average CPI - 6 months to 31 December 2022	12 678.08	

	INFLATION ADJUSTED		HISTORICAL COST		
	26 weeks to	26 weeks to 26 weeks to		26 weeks to	
	08 January 2023	09 January 2022	08 January 2023	09 January 2022	
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	
LEASE LIABILITY					
Analysis:					
Non-current	1 927 556	1 343 792	1 927 556	1 074 493	
Current	1 595 486	2 221 774	1 595 486	1 776 526	
	3 523 042	3 565 566	3 523 042	2 851 019	
		•			
Undiscounted future payments:					

SHORT TERM BORROWINGS

Payable within one year

Payable two to five years

Average CPI - 6 months to 31 December 2021

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 terms of the facilities of the facilannum was applicable on the outstanding balance

2 960 877

4 737 405

5 554 442

7 776 219

13 330 661

5. REVENUE

Sale of merchandise

- Retail sales

- Factory sales to third parties

Interest receivable

- Accounts receivable - Other

Service fees Commissions

Total

INFLATION	ADJUSTED	HISTORICAL COST		
26 weeks to	26 weeks to	26 weeks to	26 weeks to	
08 January 2023	09 January 2022	08 January 2023	09 January 2022	
ZWL\$	ZWL\$	ZWL\$	ZWL\$	
528 931 405	890 637 272	388 033 393	227 109 946	
516 060 566	868 434 954	376 166 793	224 936 267	
12 870 839	22 202 318	11 866 600	2 173 679	
40.040.605	106 000 000	00 170 500	00.660.015	
48 849 695	126 029 892	39 172 592	33 668 215	
48 849 470	125 880 981	39 172 386	33 632 209	
225	148 911	206	36 006	
13 572	3 024 096	11 559	731 213	
3 586	264 037	3 497	63 843	
577 798 258	1 019 955 297	427 221 041	261 573 217	

3 481.73

1 776 528

2 960 877

4 737 405

1 776 528

4 441 320

6 217 848







		INFLATION	ADJUSTED	HISTORICAL COST		
		26 weeks to	26 weeks to	26 weeks to	26 weeks to	
		08 January 2023	09 January 2022	08 January 2023	09 January 2022	
		ZWL\$	ZWL\$	ZWL\$	ZWL\$	
6.	DEPRECIATION AND AMORTISATION					
	Depreciation charge	886 609	7 073 125	839 507	1 065 656	
	Amortisation charge	2 098	57 479	1 935	8 660	
	Total charge	888 707	7 130 604	841 442	1 074 316	
7.	FINANCE COSTS					
	Borrowings	56 961 826	3 774 195	54 616 196	1 097 916	
	Other	50 231 875	34 314 396	50 156 334	8 782 461	
	Total finance costs	107 193 701	38 088 591	104 772 530	9 880 377	
8.	TAX					
	Current tax charge for the period	(5 386 860)	-	(4 968 022)	-	
	Deferred tax charge for the period	31 801 620	9 067 141	29 328 988	2 637 626	
	Total tax charge	26 414 760	9 067 141	24 360 966	2 637 626	
9.	(LOSS) / EARNINGS PER SHARE					
9.		(590 337 853)	366 510 635	(375 689 396)	4 099 908	
	(Loss) / earnings attributable to shareholders	(590 557 655)	300 310 033	(3/3 669 396)	4 099 906	
	Adjusted for on-recurring items:- Loss on disposal of property,					
	plant and equipment	(060 227)	(983 567)	(000 212)	(706 450)	
		(869 337) (591 207 190)	365 527 068	(808 313) (376 497 709)	(786 458)	
	Headline (loss) / earnings	(591 207 190)	305 527 008	(3/6/49//09)	3 313 450	
	Headline (loss) / earnings per share (cents)	(155,21)	95,96	(98,84)	0,87	
	Weighted average number of ordinary shares					
	used in calculating (loss) / earnings per share	380 901 152	380 901 152	380 901 152	380 901 152	

10. SEGMENT INFORMATION

	INFLATION ADJUSTED							
	Manufa	ecturing		Retail	Elim	ination	Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
External Sales	12 870 839	22 202 318	516 060 566	868 434 955			528 931 405	890 637 272
Inter-segment sales	103 773 058	69 859 499	-	-	(103 773 058)	(69 859 499)	-	-
Interest receivable	-	-	48 849 695	126 029 892	-	-	48 849 695	126 029 892
Service fees	-	-	13 572	3 024 096	-	-	13 572	3 024 096
Commissions	-	-	3 586	264 037	-	-	3 586	264 037
Total revenue	116 643 897	92 061 817	564 927 419	997 752 980	(103 773 058)	(69 859 499)	577 798 258	1 019 955 297
Segment result								
Profit/(loss) for the period	40 953 650	(17 121 577)	(266 014 247)	(82 225 305)	53 208 305	(334 349)	(171 852 292)	(82 559 654)
Monetary (loss) / gain	44 325 799		10 207 028	370 196 129	(388 259 622)		(333 726 795)	370 196 129
Finance income	-		48 849 695	126 029 892	-		48 849 695	126 029 892
Finance cost	(1 327 104)	(374 442)	(105 866 596)	(38 088 591)			(107 193 700)	(38 088 591)
Tax expense	27 108 070	2 608 969	(53 522 830)	(9 067 141)			(26 414 760)	(9 067 141)
Net (loss) / profit	111 060 415	(14 887 050)	(366 346 951)	366 844 984	(316 307 277)	(334 349)	(571 593 813)	366 510 635

Net (loss) / profit	111 000 413	(14 667 030)	(300 340 931)	300 044 904	(310 307 277)	(334 349)	(3/1 393 613)	300 310 033
	HISTORICAL COST							
	Manufa	acturing		Retail		nination	Co	nsolidated
	2023	2022	2023	2022	2023	2022	2023	2022
	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$	ZWL\$
External Sales	11 866 600	2 173 679	376 166 793	224 936 267			388 033 393	227 109 946
Inter-segment sales	97 802 740	21 693 050	-	-	(97 802 740)	(21 693 050)	-	-
Interest receivable	-	-	39 172 592	33 668 215	-	-	39 172 592	33 668 215
Service fees	-	-	11 559	731 213	-	-	11 559	731 213
Commissions	-	-	3 497	63 843	-	-	3 497	63 843
Total revenue	109 669 340	23 866 729	415 354 441	259 399 538	(97 802 740)	(21 693 050)	427 221 041	261 573 217
Segment result								
(Loss) / profit for the period	43 300 472	(3 778 163)	(287 004 734)	(13 224 141)	(42 024 230)	(48 000)	(285 728 492)	(17 050 304)
Finance income	-		39 172 591	33 668 215		-	39 172 592	33 668 215
Finance cost	-	-	(104 772 529)	(9 880 377)		-	(104 772 530)	(9 880 377)
Tax (credit) / expense	25 000 370	758 951	(49 361 336)	(3 396 577)		-	(24 360 966)	(2 637 626)
Net profit	68 300 842	(3 019 212)	(401 966 008)	7 167 120	(42 024 230)	(48 000)	(375 689 396)	4 099 908

	INFLATION ADJUSTED at 08 at 09 January 2023 January 2022 ZWL\$ ZWL\$		HISTORICAL COST at 08 at 09 January 2023 January 2022 ZWL\$ ZWL\$	
11. CONTINGENT LIABILITIES There are no contingent liabilities.				
12. CAPITAL EXPENDITURE FOR THE PERIOD	1 200 385	424 187	1 171 985	339 179

13. 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 of these interim consolidated financial statements

14. GOING CONCERN CONSIDERATIONS

The financial statements have been prepared on a going concern basis which assumes the Group will continue to operate for the foreseeable future. The inflation adjusted loss for the period amounted to ZWL\$590,337,853 (HY2022: Profit ZWL366,510,635). Current liabilities exceeded current assets by ZWL\$491,877,882 (FY2022 current assets exceeded current liabilities by ZWL\$176,675,626). These conditions may give rise to a material uncertainty which may cast doubt on the Company's ability to continue operating as a going concern and to realise its assets and discharge its obligations in the normal course of business. However mitigation efforts have been explored by the Group. The Group is engaged in discussions in a transaction that involves raising capital for the Group's working capital requirements and expansion initiatives through the issuance of shares by way of a rights offer. This has been notified to shareholders as per the Group's cautionary statement issued on 15 May 2023. The Directors have assessed the ability of the company to continue as a going concern on a continuous basis and believe that the going concern assumption used in the preparation of the financial statements is appropriate.



REPORT ON REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION

Grant Thornton

Camelsa Business Park 135 Enterprise Road, Highlands PO Box CY 2619 Causeway, Harare Zimbabwe

T +263 (242) 442511-4 F +263 (242) 442517 / 496985 E info@zw.gt.com www.grantthornton.co.zw

To the members of Truworths Limited

We have reviewed the accompanying consolidated statement of financial position of Truworths Limited as at 8 January 2023 and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, 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 consolidated 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 interim financial statements that are 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 (ISRE) 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 IAS 21 - The Effects of Changes in Foreign Exchange Rates

During the period, the foreign currency denominated transactions and balances of the Group were translated into ZWL using the foreign currency auction rates and internally determined foreign exchange rates. The use of foreign currency auction rates and internally determined foreign exchange rates was not in compliance with IAS 21. In terms of IAS 21, where several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction could have been settled if those cash flows had occurred at the measurement date.

We were unable to quantify the impact of using foreign currency auction rates and internally determined foreign exchange rates on the translation of foreign currency transactions to ZWL in the consolidated interim financial information. Had the consolidated 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.

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 include plant which was revalued by Directors as at 8 January 2023, motor vehicles which were revalued by independent professional valuers as at 10 July 2022 and other classes of property, plant and equipment were last revalued by independent professional valuers as at 30 June 2021. The valuations were determined in United States Dollars (USD) and then translated to Zimbabwe Dollars (ZWL) at the auction exchange rate.

Although the determined USD values reflected the fair value of the property, plant and equipment in USD, the converted ZWL 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.

Non-compliance with International Accounting Standard (IAS) 1 - Presentation of Financial Statements and International Financial Reporting Standards (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 interim statement of profit or loss and other comprehensive income. This presentation is not compliant with IAS 1 and IFRS 15 which require the Group to report separately income and expenses. Offsetting in the statement of profit or loss and other comprehensive income is necessary when offsetting reflects the substance of the transaction or other event. Revenue of **ZWL 110 135 186** and expenses of **ZWL 68 110 956** have been offset for the six months ended 8 January 2023.

The impact of the departure from the requirements of these standards is considered to be material but not pervasive to the consolidated financial statements for the six months ended 8 January 2023.

Non-compliance with International Accounting Standard (IAS) 2 - Inventories

During the six months ended 9 January 2022, the Group revalued inventories with a cost of **ZWL** 92 262 524 to a market value of **ZWL** 114 772 282 to approximate fair values prevailing in the market as at 8 January 2023, for similar items of inventory. This constitutes a departure from IAS 2-Inventories which requires inventories to be measured at the lower of cost or net realisable value. The revaluation of inventories resulted in overstatement of profit before tax and inventory by **ZWL** 22 509 758.

The impact of the departure from the requirements of IAS 2 is considered to be material but not pervasive to the consolidated financial statements for the six months ended 8 January 2023.

Material Uncertainty Related to Going Concern

The Group incurred a loss before tax of **ZWL 571 593 813** for the six months ended 8 January 2023 and as at that date, the Group's current liabilities exceeded its current assets by **ZWL 491 877 882**. As at the same date, the Group's total liabilities exceeded total assets by **ZWL 37 658 426**. This indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Adverse Conclusion

Based on our review, because of the significance of the matters described in the *Basis for Adverse Conclusion* section of our report, the accompanying consolidated interim financial information does not present fairly, in all material respects the financial position of Truworths Limited as at 8 January 2023, and of its financial performance and its cash flows for the six months then ended in accordance with International Financial Reporting Standards (IFRS).

The engagement partner on the review engagement resulting in this independent review conclusion is Trevor Mungwazi.

Trevor Mungwazi

Partner

Registered Public Auditor (PAAB No: 0622)

Grant Thornton

Chartered Accountants (Zimbabwe)
Registered Public Auditors

Grant Thornton

HARARE

18 May 2023