



# REVIEWED ABRIDGED FINANCIALS

FOR THE 6 MONTHS ENDED 31 MARCH 2023

TURNOVER  
ZWL 3 Billion

TURNOVER UP BY 29%

OPERATING LOSS  
ZWL 606 Million

## CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2023

**Introduction**  
The operating environment which was characterized by high borrowing rates and depreciation of the Zimbabwe dollar against major currencies, continued to impact on performance in the period under review. Low stock availability caused by electricity shortages hampered growth in sales volumes.

**Financial Results**  
Hyperinflated revenue for the period under review increased by 29% compared to the same period in the prior year. Distortions in exchange rates affected the computation of revenue. An operating loss of ZWL 606 million was incurred for the period (2022: ZWL 26 million ) due to the low revenue base and high seasonal costs. Consultations with ZIMRA and its parent ministry over clarity on the charging of VAT on bricks have been positive so far.

**Market**  
Sales volumes declined by 16% compared to the prior period largely due to low stock availability resulting from electricity shortages that impacted on production. However, demand for bricks remained firm as several projects resumed after the rainy season. Housing development for both cluster homes and individual units accounted for most of the sales, with significant contributions also noted from improvements in educational facilities.

**Operations**  
Capacity of the clay crushing plant was enhanced during the period under review resulting in improved quality of the end product and throughput. The improved plant will drive competitiveness going forward. Production remained hampered by electricity load shedding which mostly affected extruders that are heavy consumers of the energy source. Extruder output declined by 34% as a result of the severe electricity shortages. Electricity supply has significantly improved in the past two months.

**Outlook**  
We are excited and encouraged by the number of building projects that are in the market driven by both corporates and individuals. The backlog for individual housing remains huge while government is driving construction of housing in all provinces. These and other infrastructure projects will provide the critical mass for sustainable revenue and profitability in the short to medium term. We remain hopeful that the economy will stabilize soon and provide a better operating environment. Consistent good supply of electricity will help improve efficiencies and margins. Our drive for ISO certification should enhance our focus on ESG and developing a culture of safety, health and environmental awareness in our operations and the resultant benefits.

**Dividend**  
No dividend has been declared with respect to the half year ended 31 March 2023 in view of the need to preserve cash for working capital.

**Appreciation**  
On behalf of the Board, I am grateful to my colleagues on the Board, the management team and staff for their efforts in steering the company through a challenging environment. I also wish to thank our various stakeholders including our shareholders, suppliers and customers for their continued support.

C Makoni  
Chairman  
29 June 2023

## ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2023

	REVIEWED SIX MONTHS TO MARCH 2023 ZWL	REVIEWED SIX MONTHS TO MARCH 2022 ZWL
Revenue	3,166,477,427	2,457,884,707
Cost of sales	(2,502,459,314)	(1,936,720,487)
Gross profit	664,018,113	521,164,220
Selling and distribution expenses	(303,812,486)	(123,371,231)
Administrative expenses	(762,755,885)	(423,021,416)
Allowance for Credit Losses	(6,852,467)	(10,624,344)
Other income	(196,222,771)	10,347,847
Operating loss	(605,625,495)	(25,504,925)
Fair value gain on Investment Property	1,197,785,195	-
Interest income	936,937	4,572,716
Interest expense	(4,684,613)	-
Profit/(loss) before monetary adjustment	588,412,024	(20,932,209)
Net monetary gain/ loss	(562,781,046)	(195,031,000)
Profit/(loss) before taxation	25,630,978	(215,963,211)
Tax	108,637,682	358,301,950
Profit after tax	134,268,660	142,338,741
Other comprehensive income		
Revaluation/Fairvalue adjustment	988,778,282	330,218,624
Deferred tax on revaluation	(49,438,914)	(16,510,931)
Total comprehensive income for the year	1,073,608,028	456,046,434
Weighted average number of shares in issue	1,778,001,428	1,778,001,428
Basic earnings per share - cents	7.5517	8.0055
Headline earnings	103.0714	36.0365
Diluted earnings per share - cents	7.5517	8.0055

## ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	REVIEWED SIX MONTHS TO MARCH 2023 ZWL	AUDITED 12 MONTHS TO SEPTEMBER 2022 ZWL
Assets		
Non current assets	20,843,844,538	18,981,201,098
Property, plant and equipment	13,511,589,637	13,836,765,566
Investments at Fair Value through OCI	2,794,086,763	1,805,308,481
Investment property	4,500,731,577	3,302,946,381
Right-of-use asset	37,436,561	36,180,671
Current assets	3,532,050,916	3,000,595,568
Inventories	2,203,491,431	1,911,797,490
Trade and other receivables	841,143,798	924,747,735
Current tax refundable	130,554,949	15,161,312
Cash and cash equivalents	356,860,738	148,889,030
Total assets	24,375,895,454	21,981,796,666
Equity and liabilities		
Equity	17,684,830,003	16,682,553,146
Share capital	19,359,556	19,359,556
Asset revaluation reserve	8,325,480,314	8,325,480,314
Fair value of financial asset reserve	1,943,856,110	1,004,516,742
Accumulated profits	7,396,134,023	7,333,196,533
Non current liabilities	3,494,910,807	3,526,314,917
Deferred taxation	3,417,683,846	3,476,882,614
Lease liability	77,226,961	49,432,303
Current liabilities	3,196,154,644	1,772,928,603
Short term borrowings	45,453,514	32,154,688
Trade and other payables	3,005,639,853	1,624,048,147
Lease liability-current portion	11,262,353	12,358,075
Provisions	133,798,924	104,367,692
Total liabilities	6,691,065,451	5,299,243,520
Total equity and liabilities	24,375,895,454	21,981,796,666

## ABRIDGED STATEMENT OF CASHFLOWS FOR THE HALF YEAR END 31 MARCH 2023

	REVIEWED SIX MONTHS TO MARCH 2023 ZWL	AUDITED 12 MONTHS TO MARCH 2022 ZWL
Profit/(Loss) before taxation	25,630,978	(215,963,211)
Effects of IAS29 restatement	45,161,521	(33,122,224)
Fair value adjustment on investment property	(1,197,785,195)	-
Depreciation	428,423,013	325,509,531
Loss/(profit) on disposal of property, plant and equipment	19,034,626	-
ROU amortisation	9,359,140	-
Interest expense	4,684,613	(4,572,716)
Interest income	(936,937)	-
Cashflow before changes in working capital	(666,428,241)	71,851,380
Working capital changes		
Increase in inventory	(291,693,941)	271,994,685
Decrease/(Increase) in accounts receivable	83,603,938	(199,540,093)
Movement in other provisions	29,431,233	(20,554,402)
Increase in accounts payable	1,381,591,705	382,034,244
Cash generated from operating activities	536,504,694	505,785,813
Interest paid	(4,684,613)	-
Interest received	(3,747,676)	4,572,716
Tax paid	(90,162,228)	(111,925,292)
Net cash generated during the year	437,910,177	398,433,238
Proceeds from sale PPE	-	-
Purchase of property, plant and equipment	(145,291,763)	(22,804,153)
Cashflow from investing activities	(145,291,763)	(22,804,153)
Financing activities		
Cash payments for lease liability portion	(13,315,535)	-
Dividend paid	(71,331,171)	(159,810,004)
Cashflow from financing activities	(84,646,706)	(159,810,004)
Net increase(decrease) in cash and cash equivalents	207,971,708	215,819,081
Cash and cash equivalents at beginning of the year	148,889,030	171,013,217
Cash and bank	148,889,030	171,013,217
Cash & cash equivalents at end of the year	356,860,738	386,832,298
Cash and bank	356,860,738	386,832,298

## REVIEWED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2023

HYPERINFLATED	Share Capital ZWL	Assets Revaluation Reserve ZWL	Fair value Reserve of Financial Asset ZWL	Accumulated Profit ZWL	Total Equity ZWL
As at 1 October 2022	19,359,556	8,325,480,314	1,004,516,742	7,333,196,533	16,682,553,146
Loss for the year	-	-	-	134,268,660	134,268,660
Dividend paid	-	-	-	(71,331,171)	(71,331,171)
Other Comprehensive Income	-	-	939,339,368	-	939,339,368
As at 31 MARCH 2023	19,359,556	8,325,480,314	1,943,856,110	7,396,134,023	17,684,830,003

## REVIEWED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2022

HYPERINFLATED - COMPARATIVE	Share Capital ZWL	Assets Revaluation Reserve ZWL	Fair value Reserve of Financial Asset ZWL	Accumulated Profit ZWL	Total Equity ZWL
As at 1 October 2021	19,359,556	3,390,985,539	322,935,261	5,686,036,445	9,419,316,801
Profit for the year	-	-	-	142,338,741	142,338,741
Other comprehensive income	-	-	313,707,693	-	313,707,693
Dividend paid	-	-	-	(159,810,004)	(159,810,004)
As at 31 MARCH 2022	19,359,556	3,390,985,539	636,642,954	5,668,565,183	9,715,553,232

## 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 2023.

**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 2023 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 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. The conversion factors used are as follows:

		CPI	Conversion Factor
2023	31 March 2023	13,950.0	1.0000
2022	30 September 2022	13,114.0	1.0638
2022	31 March 2022	4,766.1	2.9269

## 5. Capital Expenditure

	HALF YEAR ENDED 31 MARCH 2023 ZWL	HALF YEAR ENDED 31 MARCH 2022 ZWL
Capital Expenditure Incurred	145,291,763	22,804,153
Authorised By Directors But Not Contracted For	2,348,828,886	1,158,109,278

## 6. 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		
Debt instruments at amortised cost:		
Trade and other receivables	841,143,798	924,747,735

Set out below, is an overview of financial liabilities held by the company as at 31 March 2023 and 31 March 2022		
Financial liabilities at amortised cost:		
Trade and other payables	3,005,639,853	1,624,048,147

## 7. 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 interim condensed consolidated statement of profit or loss are:

	HALF YEAR ENDED 31 MARCH 2023 ZWL	HALF YEAR ENDED 31 MARCH 2022 ZWL
Current tax	-	95,307,232
Deferred tax	(108,637,682)	(453,609,182)
	(108,637,682)	(358,301,950)

## 8. Auditors' Statement

These abridged interim financial statements for the six months ended 31 March 2023 have been reviewed by BDO Zimbabwe Chartered Accountants who have issued an adverse review conclusion due to non- compliance with International Accounting Standard (IAS) 21 -The Effects of Changes in Foreign Exchange Rates and International Financial Reporting Standard (IFRS) 13-Fair Value Measurement on valuation of investment properties and investments at fair value through OCI.

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 Number 0610).



D I R E C T O R S

C. Makoni (Chairman), P.P. Chadoka, U. Duske, G. Machingambi, B. Mataruka, N. Matonda\* , M. Munginga\* (\*Executive)



## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

#### **Report on the Financial Statements**

We have reviewed the accompanying financial statements of **WILLDALE LIMITED**, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory information. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this 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 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**

##### **a. Non-compliance with International Financial Reporting Standard 13 - Fair Value Measurement**

The Company had an investment at fair value through other comprehensive income and investment property with carrying amounts of ZWL 2,794,086,763 (2022: 1,805,308,481) and ZWL4,500,731,577 (2022: ZWL3,302,946,381) respectively. In prior and current periods, the Company engaged an external valuer to value the investment at fair value through other comprehensive income and investment property. The valuer valued the investment in United States dollars and the values were converted to ZWL using an internally determined exchange rate. In our view, the translated balances may not give a reasonable indication of fair value as defined by International Financial Reporting Standard 13 "Fair Value Measurement," (IFRS 13). IFRS 13 paragraph 2 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In the current environment, it is not likely that the ZWL price derived from translating the USD value at an internally determined exchange rate would be the price at which a ZWL denominated transaction would occur. Accordingly, we were unable to determine whether adjustments to the carrying amounts of investment at fair value through other comprehensive income and investment property were appropriate in these circumstances.

##### **b. Noncompliance with IAS 21 - The Effects of Changes in Foreign Exchange Rates**

IAS 21 requires all foreign currency transactions to 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. The Company did not use the spot exchange rates on the dates of the transactions to translate foreign currency denominated sales and expenses but used blended rates or historical exchange rates. The financial impact of the non-compliance with IAS 21 could not be quantified but it is material to the financial statements. We could not quantify the financial impact of the non-compliance with IAS 21, but it is considered to be material to the financial statements<sup>36</sup>. Accordingly, we cannot express an opinion on revenue and expenses.

### **Adverse Conclusion**

Based on our review, due to the significance of the matters discussed in the Basis for Adverse Conclusion paragraph, the inflation adjusted interim financial statements do not present fairly the financial position of Willdale Limited as at 31 March 2023, 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 resulting in this independent auditors' report is **Davison Madhigi**.



BDO Zimbabwe Chartered Accountants  
3 Baines Avenue,  
Harare

Davison Madhigi CA (Z)  
Partner  
PAAB No.: 0610  
Registered Public Auditor  
29 June 2023