

REVIEWED ABRIDGED FINANCIALS

FOR THE 6 MONTHS ENDED 31 MARCH 2024

TURNOVER
ZWL 186 BILLION

TURNOVER UP BY 91%

OPERATING LOSS
ZWL 113 BILLION

CHAIRMAN'S STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2024

Introduction

Performance for the half year under review was subdued. The operating environment was burdened by runaway inflation, a fast-depreciating Zimbabwe dollar, low liquidity and electricity shortages. Economic uncertainty affected sales growth. The introduction of the ZiG in April 2024, although it stabilized inflation and exchange rate movements, it impacted on order intake post the reporting period as clients appeared to adopt a wait and see attitude.

Financial Results

Revenue in inflation adjusted terms grew by 91% compared to the same period in the prior year. In historical cost terms revenue grew by 1,272%. An operating loss of ZWL113 billion was incurred for the period (2023:ZWL19 billion). Profitability was affected by exchange rates and indices used to compute revenue and expenses and unrealised exchange losses emanating from the revaluation of foreign currency denominated liabilities.

Market

Sales volumes were 3% up compared to the prior year despite challenges in the market. The introduction of 15% VAT on clay brick sales from January 2024 brought with it some shocks into the market as customers resisted the increased prices. Customers preferred to buy from cheaper suppliers who were allegedly not complying with the VAT requirements, presenting unfair competition in the market. It is hoped that mechanisms will be put in place to ensure that all manufacturers comply with the VAT requirements going forward.

Operations

The poor rainy season presented an opportunity to restart extrusion earlier than usual resulting in a 145% increase in green production compared to the prior year. Production will continue to be ramped up subject to the availability of electricity and working capital to meet growing demand. Efforts are underway to secure funding to acquire the planned all-weather plant.

Outlook

Opportunities to increase sales in the remainder of the year exist as stakeholders in the construction sector continue to promote various projects in housing development and other infrastructure. Efficient and low-cost production will be critical going forward to compete effectively. We will continue to review our operating strategy to ensure growth in both revenue and profitability, riding on our strong brand and systems that deliver quality bricks. Our partners in the land development transactions have commenced making applications for relevant permits to start the projects. The projects are expected to contribute to financial results in the next financial year.

Dividend

No dividend has been declared with respect to the half year ended 31 March 2024 in view of the need to preserve cash for working capital.

Appreciation

Team Willdale appreciates the valuable support that we continue to get from our various stakeholders. We are determined to achieve our targets for this year despite the challenging operating environment.

C Makoni

Chairman
27 June 2024

STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 31 MARCH 2024

	INFLATION ADJUSTED	
	MARCH 2024 REVIEWED ZWL	MARCH 2023 REVIEWED ZWL
(Loss)/profit before taxation	(211 776 958 301)	788,625,580
Effects of IAS29 restatement	46 230 320 257	1,389,550,204
Fair value adjustment on investment property	83 362 015 184	(36,853,999,266)
Depreciation	12,204,905,444	13,181,913,980
ROU Ammortisation	2,053,168	287,966,273
Profit on disposal of property, plant and equipment		585,666,024
Interest expense	366,728,901	144,138,302
Interest income	(35,772,434)	(28,828,103)
Cashflow before changes in working capital	(69,646,707,781)	(20,504,967,007)
Working capital changes		
Decrease/(Increase) in inventories	27,474,894,760	(6,974,971,750)
Decrease in accounts receivable	87,379,017,067	2,572,363,962
Movement in other provision	(6,994,657,226)	905,553,553
(Decrease)/Increase in accounts payable	(39,810,233,686)	42,509,441,505
Cash generated from operating activities	(1 597 686 866)	16,507,420,263
Interest paid	(366,728,901)	(144,138,302)
Interest received	35,772,434	(115,310,198)
Tax paid	(285,732,961)	(2,774,152,409)
Net cash generated during the year	(2,214,376,294)	13,473,819,354
Investing activities		
Purchase of property, plant and equipment to increase existing capacity	(2,543,455,585)	(4,470,402,998)
Cashflow from investing activities	(2,543,455,585)	(4,470,402,998)
Financing activities		
Borrowings repayment	(1,202,019,596)	-
Cash payments for principal portion of lease liability portion	(13,315,534)	(409,698,433)
Dividend paid	(4,978,200,498)	(2,194,749,889)
Cashflow from financing activities	(6,193,535,628)	(2,604,448,322)
Net (decrease)/ increase in cash and cash equivalents	(10,951,367,508)	6,398,968,034
Cash and cash equivalents at beginning of the year	12,588,309,784	4,581,085,344
Cash & cash equivalents at end of the year	1,636,942,278	10,980,053,378

REVIEWED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH 2024

	Share Capital	Assets Revaluation Reserve	Fair value Reserve of Financial	Retained Earnings	Total Equity
	ZWL	ZWL	ZWL	ZWL	ZWL
As at 1 October 2023	595,663,634	485,344,127,922	209,644,786,129	303,137,124,274	998,721,701,959
Profit for the year	-	-	-	(198 446 501 901)	(198,446,501,901)
Other comprehensive income	-	-	(77 543 813 530)	-	(77,543,813,530)
Dividend	-	-	-	(4,978,200,498)	(4,978,200,498)
As at 31 MARCH 2024	595,663,634	485,344,127,922	132 100 972 599	99,712,421,875	717,753,186,030
COMPARATIVE					
As at 1 October 2022	595,663,618	256,162,162,183	30,907,427,665	225,631,123,822	513,296,377,288
Profit/loss for the year	-	-	-	4,131,239,155	4,131,239,155
Other comprehensive income	-	-	28,902,020,599	-	28,902,020,599
Dividend	-	-	-	(2,194,749,889)	(2,194,749,889)
As at 31 MARCH 2023	595,663,618	256,162,162,183	59,809,448,264	227,567,613,088	544,134,887,153

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 2024.

The financial statements have been prepared under the current cost basis as per the provisions of IAS 29 "Financial Reporting in Hyper-inflationary Economies". The local accounting regulatory board, Public Accountants And Auditors Board (PAAB) proclaimed all financial periods after 1 July 2019 to be reported under the Hyper-inflation accounting basis. Effective date of applying IAS 29 was 1 October 2019. On the 3rd of March 2023, the Government of Zimbabwe through the Minister of Finance and Economic Development ("MoFED") promulgated Statutory Instrument ("S.I.") 27 of 2023. Through S.I. 27, the old benchmark headline Consumer Price Index ("CPI") that was being published month on month since the promulgation of Statutory Instrument 33 of 2019 and tracking ZW\$ inflation was discontinued, with the last publication of this old benchmark being January 2023. Consequently, this left the Company with no official ZW\$ inflation index to use for its statutory reporting for the year ended September 2023.

Indices used are obtainable from the Reserve Bank of Zimbabwe website www.rbz.co.zw for the period October 2022 to January 2023. The Company estimated indices for February 2023 to September 2023. IAS 29 paragraph 17 permits the use of an estimate-based price index in circumstances where the rate is not available. In the absence of the official ZWL Indices the Company opted to use the Total Consumption Poverty Line to estimate the CPIs as recommended by The Institute of Chartered Accountants Zimbabwe (ICAZ) given its strong correlation with inflation rate. 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
2024	31 MARCH 2024	429,219.6	1.0000
2023	30 SEPTEMBER 2023	44,720.9	9.5978
2023	31 MARCH 2023	13,949.99	30.7685

3. Capital Expenditure

	MARCH 2024 REVIEWED ZWL	MARCH 2023 REVIEWED ZWL
Authorised by directors but not contracted for	103,700,952,000	11,115,243,348
Capital Expenditure incurred	2,543,455,585	4,470,402,998

4. 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

	MARCH 2024 REVIEWED ZWL	MARCH 2023 REVIEWED ZWL
Debt instruments at amortised cost:		
Trade and other receivables	33,876,714,244	121,255,731,311
Financial liabilities at amortised cost:		
Trade and other payables	111,291,889,759	151,102,123,445

5. Borrowings

The company obtained a loan of USD157,872 in 2023 from Nedbank Zimbabwe Limited to purchase tipper trucks for clay haulage. The loan is secured by the purchased tipper trucks. The loan is payable over 36 months and attracts interest at 13% per annum.

6. EVENTS AFTER REPORTING DATE

6.1 Proposed development of 178.2 hectares land into residential, commercial and industrial stands
The company's shareholders approved the development of 178.2 hectares of land which is classified under investment property into residential, commercial and industrial stands on 4 April 2024. The development of the land will be carried out in collaboration with two investment partners who will service the land while the company contribution will be the land. Regulatory approvals for the development are being sought and the projects are expected to be completed in two years.

6.2 Introduction of a new national currency

On the 5th of April 2024, the Reserve Bank of Zimbabwe (RBZ) introduced the Zimbabwean Gold (ZiG), a new currency that replaced the Zimbabwean Dollar (ZWL). All ZWL balances were converted to ZiG at a conversion rate of 2,498.7242. The new currency did not affect the business position as at 31 March 2024, thereby making it a non-adjusting event after reporting date.

7. Auditors' Statement

These abridged interim financial statements for the six months ended 31 March 2024 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.

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).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 MARCH 2024

	INFLATION ADJUSTED	
	MARCH 2024 REVIEWED ZWL	MARCH 2023 REVIEWED ZWL
Revenue	186,331,791,957	97,427,616,619
Cost of sales	(175,990,000,627)	(76,996,805,526)
Gross profit	10,341,791,330	20,430,811,093
Selling and distribution expenses	(13,432,343,501)	(9,347,840,650)
Administrative expenses	(45,377,504,428)	(23,468,819,738)
Allowance for Credit Losses	(575,356,048)	(210,839,819)
Other income	(63,746,918,226)	(6,037,471,400)
Operating loss	(112,790,330,874)	(18,634,160,514)
Fair value (loss)/gain on Investment Property	(83,362,015,184)	36,853,999,266
Interest Income	35,772,434	28,828,103
Interest expense	(366,728,901)	(144,138,302)
Fair value (loss)/gain on Investment Property	(196,483,302,525)	18,104,528,553
Monetary loss	(19,374,909,120)	(17,315,903,004)
(Loss)/profit before taxation	(215,858,211,645)	788,625,549
Income tax	17,411,709,744	3,342,613,575
(Loss)/Profit after tax	(198,446,501,901)	4,131,239,124
Other comprehensive income		
Fairvalue (Loss)/gain on FVTOCI	(81,625,066,874)	30,423,179,574
Deferred tax on revaluation	4,081,253,344	(1,521,158,976)
Total comprehensive income for the year	(275,990,315,432)	33,033,259,722
Weighted average number of shares in issue	1,778,001,428	1,778,001,428
Basic earnings per share - cents	(11 161)	232.3530
Headline earnings	(10 847)	3,171.3492
Diluted earnings per share - cents	(11 161)	232.3530

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	INFLATION ADJUSTED	
	MARCH 2024 REVIEWED ZWL	SEPTEMBER 2023 REVIEWED ZWL
Assets		
Non current assets	877,244,756,988	1,119,093,254,102
Property, plant and equipment	654,532,269,350	731,052,792,975
Investments at FVTOCI	162,066,073,329	243,691,140,207
Investment property	60,454,053,686	143,816,068,854
Right-of-use asset	192,360,623	533,252,066
Current assets	129,457,970,396	255,263,249,730
Inventories	93,944,313,874	121,419,208,635
Trade and other receivables	33,876,714,244	121,255,731,311
Cash and cash equivalents	1,636,942,278	12,588,309,784
Total assets	1,006,702,727,384	1,374,356,503,832
Equity and liabilities		
Equity	717,753,186,030	998,721,701,959
Share capital	595,663,634	595,663,634
Asset revaluation reserve	485,344,127,922	485,344,127,922
Fair value of financial asset reserve	132,100,972,599	209,644,786,129
Retained earnings	99,712,421,875	303,137,124,274
Non current liabilities	173,355,504,933	198,808,617,316
Deferred taxation	169,274,278,077	190,767,241,164
Long term borrowings	2,051,578,456	3,865,540,870
Lease liability	2,029,648,400	4,175,835,282
Current liabilities	115,594,036,421	176,826,184,557
Short term borrowings	928,535,347	4,917,891,623
Trade and other payables	111,291,889,759	151,102,123,445
Lease liability-current portion	11,262,353	1,319,332,594
Provisions	2,305,963,875	9,300,621,101
Income Tax payable	1,056,384,987	10,186,215,794
Total liabilities	288,949,541,354	375,634,801,873
Total equity and liabilities	1,006,702,727,384	1,374,356,503,832

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 2024, 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

Noncompliance with IAS 21 - The Effects of Changes in Foreign Exchange Rates

- i. 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. Accordingly, we cannot express an opinion on completeness, accuracy and existence of revenue and expenses.
- ii. The Company did not comply with IAS 21 in the determination of its functional currency. Whilst the Company assessed and determined that its functional currency changed from ZWL to USD during the period based on the indicators stated in IAS 21, the Company did not effect the change in functional currency as management was still monitoring the legal and macroeconomic developments in the country. The financial impact of the non-compliance with IAS 21 could not be determined but it is considered to be material and pervasive to the financial statements.

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 2024, 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 2024