Willdale Limited
Quality • Durability • Diversity

AUDITED ABRIDGED FINANCIALS
FOR THE YEAR ENDED 30 SEPTEMBER 2024

TURNOVER
USD 11Million (2023: 6.7Million)

OPERATING LOSS
USD 1.8Million(2023: USD1.2Million)

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2024

Overview
The operating environment was characterized by low liquidity, moderate inflation and high levels of competition. The introduction of the Zig (ZWG) in April 2024 to replace the Zimbabwe dollar brought some stability to inflation. The ZWG was, however, devalued by about 43% in October 2024 to align it with market fundamentals. Limited government expenditure on capital projects impacted on revenue in the fourth quarter. Sales were also affected by unfair business practices by some competitors who were not charging VAT on bricks as required by the tax laws.

Financial Results
The United States dollar was adopted as the functional and reporting currency with effect from May 2024 in line with International Financial Reporting Standards. Prior year comparatives have been computed from hyperinflated financials reported last year. The resultant financial statements reflect the conversion distortions arising from the use of conversion factors which derive from official inflation indices.

Revenue for the year at US$11 million was 64% above prior year (2023: US$6.7m). Sales volumes declined by 7% due to reduced production. Average prices were 6% higher despite competition. Exchange rate distortions affected revenue and costs in the first half of the year resulting in significant exchange losses. Profitability was also weighed down by real increases in other cost lines such as a 23% increase in NEC wages and electricity which recorded a 41% average tariff increase.

Land totaling US$2.6 million was reclassified to current assets following the resolution to develop and sell the land. Applications for development permits are at different stages of approval.

Production
There was constant electricity supply during the year. However, production volume growth was hampered by working capital shortages, which emanated from the changing business model and tight liquidity conditions that prevailed. Production costs remained relatively higher than competitors who were using better technology. Fund raising for the acquisition of a modern and more efficient rotary kiln plant is ongoing. This plant will improve competitiveness particularly in the common brick segment.

Sales and Marketing
Several construction projects were undertaken during the period under review, driving demand for bricks. Cluster home development together with development of shopping malls in major cities contributed significantly to revenue. Lack of adequate stocks affected volume growth, with volumes declining by 7% compared to the prior year. Production needs to be enhanced as soon as possible to effectively deal with emerging competition which is threatening both volumes and margins.

Environment and Social
The integrated management system which is underpinned by our certification to ISO standards (IS09001 - Quality, ISO14001 – Environment; and ISO45001 Occupational Health and Safety) has continued to provide assurance of responsibility in our value chain towards preservation of the environment, provision of safe working conditions, provision of quality products and sustainable operations. As a responsible corporate citizen, we continue to operate within the relevant environmental regulations.

Governance
There were no changes to the Board composition during the year under review. The Board continues to play its oversight role over the strategic direction of the Company while ensuring that effective risk management is in place for business continuity.

Outlook
The operating environment is expected to remain tough in the coming year as we anticipate liquidity to remain constrained. Competition will continue to stiffen as existing players and new entrants jostle for available projects. Efforts continue in lobbying for a fair operating environment. The boom in the construction industry is also expected to persist in the coming year, providing opportunities for volume growth. Our strong brand and consistent focus on quality products should give us a competitive edge. We expect to raise the required funding for the upgrading of the production plant from the various initiatives that are already in motion. Suitable strategies have been adopted to remain profitable in the face of competition and a shifting business model.

Going Concern
Despite the difficult operating environment, the Board remains confident that the Company will continue to operate as a going concern for the foreseeable future and, as a result, continues to present financial statements using the going concern basis. The Board's view is based on the successful implementation of its strategic plans, continued support from its stakeholders and other initiatives that are being undertaken to improve performance and minimize the impact of risks that the Company faces.

Dividend
The directors have resolved not to pay a dividend with respect to the financial year ended 30 September 2024 due to the need to preserve cash flows for working capital.

Appreciation
On behalf of the Board and Shareholders, I am grateful to our valued customers, suppliers and other stakeholders for their continued support and to our management and staff for their hard work in such a challenging environment. Our collective efforts will deliver a brighter future.

I wish you all a Merry Christmas and a prosperous new year.

C MAKONI
Chairman

24 December 2024

ABRIDGED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2024

	SEPTEMBER 2024 USD	SEPTEMBER 2023 USD
Revenue from contracts with customers	**11,079,621**	**6,754,640**
Cost of sales	(9,765,628)	4,840,208
Gross profit	**1,313,993**	**1,914,432**
Selling and administrative expenses	(3,435,466)	(1,901,696)
Allowance for credit losses	(74,912)	(23,041)
Exchange loss	(835,299)	(1,341,963)
Other income	1,194,698	41,839
Operating loss	**(1,836,986)**	**(1,264,347)**
Fair value gain on investment property	589,545	804,093
Share of loss in investment in associate	(14,735)	-
Interest income	1,867	1,058
Interest expense	(62,783)	(10,312)
Loss before monetary gain	**(1,323,092)**	**(469,508)**
Monetary gain	224,114	2,095,035
Profit before tax	**(1,098,978)**	**1,625,527**
Income tax credit/(expense)	302,095	(106,505)
(Loss)/Profit after tax	**(796,883)**	**1,519,022**
Other comprehensive income-not to be recycled to profit or loss in subsequent periods		
Fair value adjustment on investments at FVTOCI	-	3,585,860
Revaluation surplus	6,390,359	5,802,330
Tax thereon	(1,645,517)	(1,613,629)
Other comprehensive income net of tax	**4,744,842**	**7,774,561**
Total comprehensive income for the year	**3,947,959**	**9,293,583**
Basic earnings per share - cents	(0.0004)	0.001
Headline earnings per share - cents	(0.0004)	0.001

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	AUDITED 12 MONTHS TO SEPTEMBER 2024 USD	AUDITED 12 MONTHS TO SEPTEMBER 2023 USD
Assets		
Non current assets	**27,424,111**	**21,328,872**
Property, plant and equipment	20,203,130	13,933,183
Right-of-use asset	90,715	10,163
Investment in Associate	5,701,266	-
Investments at Fair Value Through Other Comprehensive Income	-	4,644,526
Investment property	1,429,000	2,741,000
Current assets	**5,775,499**	**4,865,079**
Inventories	5,410,154	2,314,137
Trade and other receivables	222,554	2,311,021
Cash and cash equivalents	142,791	239,921
Total assets	**33,199,610**	**26,193,951**
Equity and liabilities		
Equity	**22,820,372**	**19,034,704**
Share capital	11,353	11,353
Asset revaluation reserve	13,621,250	9,250,206
Fair value of financial asset revaluation reserve	-	3,995,634
Retained income	9,187,769	5,777,511
Non current liabilities	**5,066,679**	**3,789,106**
Deferred tax	4,979,267	3,635,846
Long term borrowings	5,262	73,674
Lease liability	82,150	79,586
Current liabilities	**5,312,559**	**3,370,141**
Trade and other payables	4,930,050	2,879,864v
Lease liability -current portion	9,384	25,145
Provisions	268,794	177,262
Short term borrowings	95,614	93,730
Current tax payable	8,717	194,140
Total liabilities	**10,379,238**	**7,159,247**
Total equity and liabilities	**33,199,610**	**26,193,951**

ABRIDGED STATEMENT OF CASHFLOWS FOR THE YEAR END 30 SEPTEMBER 2024

	AUDITED 12 MONTHS TO SEPTEMBER 2024 USD	AUDITED 12 MONTHS TO SEPTEMBER 2023 USD
Profit before tax	(1,098,978)	1,625,527
Adjustments for non-cash items:		
Effects of IAS29 restatement	(895,291)	2,438,612
Fair value adjustment on investment property	(589,545)	(804,093)
Monetary gain	(224,114)	(2,095,035)
Dividend in Specie	(1,036,474)	-
Right of Use Ammortization	30,062	12,823
Depreciation	476,735	375,004
Loss on disposal of property, plant and equipment	9,423	10,493
Loss on investment in associate	14,735	-
Interest expense on lease liability	12,572	5,736
Interest expense	50,211	4,576
Interest income	(1,867)	(1,058)
Cashflow before changes in working capital	**(3,252,318)**	**1,572,585**
Working capital changes		
Increase in inventories	(442,157)	(1,193,024)
Decrease/(Increase) in accounts receivable	2,087,967	(1,768,732)
Increase in other provisions	91,532	116,058
Increase in accounts payable	2,050,190	1,927,494
Cash generated from operating activities	**535,214**	**654,381**
Interest paid	(50,211)	(4,576)
Interest received	1,867	1,058
Cash payments for interest portion of lease liability	(12,572)	(5,736)
Income tax paid	(52,637)	(35,050)
Net cash generated during the year	**421,661**	**610,077**
Investing activities		
Proceeds from sale of property, plant and equipment	7,250	-
Purchase of property, plant and equipment	(224,446)	(401,147)
Purchase of additional shareholding in associate	(35,000)	-
Cashflow from investing activities	**(252,196)**	**(401,147)**
Financing activities		
Dividend paid	(162,291)	(41,830)
Loan repayment	(63,144)	-
Cash payments for principal portion of lease liability	(41,160)	(14,490)
Net cash outflows from financing activities	**(266,595)**	**(56,320)**
Net increase in cash and cash equivalents	**(97,130)**	**152,610**
Cash and cash equivalents at the beginning of the year	**239,921**	**87,311**
Cash and cash equivalents at the end of the year	**142,791**	**239,921**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2024

	SHARE CAPITAL USD	ASSETS REVALUATION RESERVE USD	FAIR VALUE RESERVE USD	RETAINED INCOME USD	TOTAL EQUITY USD
As at 1 October 2022	**11,353**	**4,882,212**	**589,067**	**4,300,319**	**9,782,951**
Total Comprehensive Income for the Year	-	4,367,994	3,406,567	1,519,022	**9,293,583**
Dividend paid	-	-	-	(41,830)	**(41,830)**
As at 30 September 2023	**11,353**	**9,250,206**	**3,995,634**	**5,777,511**	**19,034,704**
Total Comprehensive Income for the Year	-	4,744,842	-	(796,883)	**3,947,959**
Reclassification of land to inventories	-	(373, 798)	-	373,798	-
Reclassification of investments previously classified at FVTOCI	-	-	(3,995,634)	3,995,634	-
Dividend paid	-	-	-	(162,291)	**(162,291)**
As at 30 September 2024	**11,353**	**13,621,250**	**-**	**9,187,769**	**22,820,372**

Assets revaluation reserve
This reserve is used to record increases or decreases in the fair value of property, plant and equipment.

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 year ended 30 September 2024.

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
The abridged audited financial information is presented in United States Dollars (US$). Thefunctional currency for the Company during the year ended 30 September 2024 is US$. The comparative financial information for the twelve months ended 30 September 2023 was initially prepared in ZW$ under the inflation-adjusted accounting basis in line with the provisions of International Accounting Standard (IAS 29) – Financial Reporting in Hyperinflationary Economies and converted to US$ using the spot rate as at 30 September 2023. The historical cost information was, therefore, restated for changes in the general purchasing power of the Zimbabwe Dollar and appropriate adjustments and reclassifications made. The functional currency changed beginning May 2024 from ZW$ to US$ and the company's financial statements have since been prepared based on the statutory records that are maintained under the historical cost basis.

5. Capital Expenditure

	YEAR ENDED 30 SEPTEMBER 2024 USD	YEAR ENDED 30 SEPTEMBER 2023 USD
Capital Expenditure Incurred	224,446	401,147
Authorised By Directors But Not Contracted For	3,900,000	1,928,000

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

	YEAR ENDED 30 SEPTEMBER 2024 USD	YEAR ENDED 30 SEPTEMEBR 2023 USD
Debt instruments at amortised cost:		
Trade and other receivables	21,500	96, 631

Set out below, is an overview of financial liabilities held by the company as at 30 September 2024 and 30 September 2023

	YEAR ENDED 30 SEPTEMBER 2024 USD	YEAR ENDED 30 SEPTEMBER 2023 USD
Financial liabilities at amortised cost:		
Trade and other payables	1,467,875	900,745

7. Auditors' Report
These abridged financial statements for the year ended 30 September 2024 have been audited by BDO Zimbabwe Chartered Accountants who have issued an adverse opinion due to non-compliance with International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates and comparability of current and prior year financial statements.

The Independent Audit Report on the financial statements is available for inspection at the company's registed office.
The engagement partner for this audit is D. Madhigi (PAAB Number 0610).

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

Tel/Fax: +263 242 703876/7/8
Cell: +263 772 573 266/7/8/9
bdo@bdo.co.zw
www.bdo.co.zw

Kudenga House
3 Baines Avenue
P.O. Box 334
Harare
Zimbabwe

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF WILLDALE LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the financial statements of **WILLDALE LIMITED** set out on pages XX to XX, which comprise the statement of financial position as at 30 September 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters described in the basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly the financial position of the company as at 30 September 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

a) **Noncompliance with International Financial Reporting International Financial Reporting Standard 21 (IAS 21) - The Effects of Changes in Foreign Exchange Rates**
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 year ended 30 September 2023 based on the indicators stated in IAS 21, the Company did not effect the change in functional currency until 1 May 2024. 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.

b) **Corresponding figures and comparative financial statements**
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. In the prior year the Company did not use the spot exchange rates on the dates of the transactions to translate foreign currency denominated sales and expenses. The financial impact of the non-compliance with IAS 21 could not be established but it was material to the financial statements. The non-compliance with IAS 21 resulted in misstatement of the comparative financial statements. Our opinion on the current year financial statements is modified because of the effect of this matter on the comparability of the current and prior year financial statements.

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of financial statements. Except for the matters described in the Basis for Adverse of Opinion section, we have determined that there are no other key audit matters to communicate in our report.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the 'International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)', together with other ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the financial statements
The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue operating as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)
In our opinion, due to the impact of the matters discussed in the Basis for Adverse Opinion Section of our report, the financial statements of the Company are not properly drawn up in accordance with the requirements of Section 193(1)(a) of the Companies and Other Business Entities Act (Chapter 24:31

The audit engagement partner on the audit resulting in this independent auditors report is Davison Madhigi (PAAB Practicing Number 0610).

BDO Zimbabwe

BDO Zimbabwe
Chartered Accountants

Davison Madhigi (CA(Z))
Partner
Registered Public Auditor
PAAB Certificate Number 0610

24 December 2024