



AUDITED ABRIDGED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

	2016 Audited	2015 Audited Restated	Change
	\$	\$	
Revenue	19,139,918	10,039,549	▲
EBT	696,093	(1,294,501)	▲
EBITDA	1,713,168	245,467	▲
EBITDA/Turnover	9%	2%	▲
Basic Earnings/(Loss) Per Share (cents)	0.23	(0.07)	▲
Headline Earnings/(Loss) Per Share (cents)	0.21	(0.08)	▲

CHAIRMAN'S STATEMENT

INTRODUCTION
It is my pleasure to present to you the results for Masimba Holdings Limited for the year ended 31 December 2016. It is pleasing to report that the business returned to profitability despite the many economic difficulties faced in the period.

OPERATING ENVIRONMENT
The business environment continued in a downward trajectory characterized by shortages in foreign currency, subdued domestic demand and tightening liquidity conditions. As reported in my previous statement, the Government of Zimbabwe's continued adoption of a contracted fiscal policy has led to very little capital being available for infrastructure development and maintenance.

The shortage of foreign currency in the market emanating from a weak trade account negatively impacted the Group's plant modernisation, material procurement and order book growth strategies. Despite these challenges, the Board remains optimistic of the future and will continue to pursue its value and growth strategies.

FINANCIAL PERFORMANCE
The operations of Masimba Holdings Limited comprise Civil Engineering & Building Contracting, Structural Steel Fabrication and Property Development. The company holds a fifty (50) percent shareholding in Reinforcing Steel Contractors Zimbabwe.

The Group's revenue increased by 91% to \$19,139,918 (2015: \$10,039,549) and EBITDA improved to \$1,713,168 (2015: \$245,467). Revenue growth was mainly driven by a surge in civil engineering and buildings projects that were largely funded by the private sector and Non-Governmental Organisations (NGOs) players. The participation of Government in terms of infrastructure development remains particularly low owing to funding constraints.

Reinforcing Steel Contractors Zimbabwe contributed a profit of \$22,687 (2015: \$12,715) in the financial period. Its operations have also been negatively affected by shortages of foreign currency as its major source of raw materials, being reinforcement steel, is all imported.

The business recorded a profit before tax for the year of \$696,093 compared to a loss of \$1,294,501 incurred in the comparative period. The improved profitability was due to order book growth, cost containment and resource optimisation strategies pursued in the period.

The deferred taxation balance included in the audited financial statements for the year ended 31 December 2015 was overstated by \$942,558. While the reported loss before taxation for the same period at \$1,294,501 was correct, the loss after taxation and deferred taxation balances were overstated by \$942,558. In line with best accounting practices and International Financial Reporting Standards (IFRS), the Statements of Profit or Loss and Other Comprehensive Income and Financial Position for the year ended 31 December 2015 have accordingly been restated.

CAPITAL EXPENDITURE
In the period under review \$1,972,227 (2015: \$210,896) was invested in plant and equipment in order to position the business for the many prevailing and anticipated opportunities. This capital expenditure was financed through a combination of internal resources and external borrowings.

PROSPECTS
The current state of the country's infrastructure, spanning across the company's key markets, presents growth opportunities in the short to medium term subject to the availability of external funding. In addition, the business has a strong order book and is accordingly projecting an improved performance in 2017. The current political and economic uncertainties however remain a cause for concern.

DIVIDEND DECLARATION
The Board declared a special cash dividend of US0.27 cents per share and this was paid to ordinary shareholders of the company in July 2016. In view of the profit for the year ended 31 December 2016 and considering Cashflows of the business, the Board is proposing a final dividend of US0.14 cents per share. This will be payable in cash or as script at a ratio of 1 share for every 16 ordinary shares held. This, together with the special dividend paid during the year, will bring the total dividend to US0.41 cents per ordinary share.

DIRECTORATE
There were no changes to the Board composition in the current financial period.

APPRECIATION
On behalf of the Board I extend my appreciation to our valued customers, suppliers and other key stakeholders for their continued support, as well as to the executives and staff for their dedication. I also wish to thank my colleagues on the Board for their continued unwavering support in these difficult and challenging times.

G. Sebborn
27 March 2017

AUDITOR'S REPORT

The summary Group financial statements derived from the audited Group financial statements of Masimba Holdings Limited for the year ended 31 December 2016 are consistent in all material respects, with those financial statements, on the basis described in note 1 to the summary Group financial statements. The audit opinion as issued by Grant Thornton on the Group financial statements is unqualified. The audit report includes a section on key audit matters comprising audit of opening balances, revenue recognition and valuation of construction projects, income and deferred taxes, and allowance for credit losses. These summary Group financial statements should be read in conjunction with the complete set of Group financial statements for the year ended 31 December 2016. The auditor's report on the Group financial statements is available for inspection at the company's registered office.

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		2016 Audited	2015 Audited Restated
	Notes	\$	\$
Revenue		19,139,918	10,039,549
Profit before depreciation and fair value adjustments		1,713,168	245,467
Fair value adjustments	3.1	-	(347,807)
Depreciation		(1,086,443)	(1,126,745)
Operating profit/(loss)		626,725	(1,229,085)
Net interest received/(paid)		46,681	(78,131)
Share of joint venture profit		22,687	12,715
Profit/(loss) before tax		696,093	(1,294,501)
Tax		(189,038)	932,984
Profit/(loss) after tax from continuing operations		507,055	(361,517)
Profit from discontinued operations	3.11	-	203,403
Profit/(loss) for the year		507,055	(158,114)
Number of shares in issue (millions)		220.5	220.5
Basic earnings/(loss) per share (cents)		0.23	(0.07)
Headline earnings/(loss) per share (cents)		0.21	(0.08)

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 Audited	2015 Audited Restated
	\$	\$
Profit/(loss) for the year	507,055	(158,114)
Other comprehensive income:		
Gain on revaluation of PPE	-	63,313
Available for sale financial assets	616,898	453,665
Income tax relating to components of other comprehensive income	(6,169)	3,340
Other comprehensive income for the year, net of tax	610,729	520,318
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,117,784	362,204

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		31 December 2016 Audited	31 December 2015 Audited Restated
	Notes	\$	\$
ASSETS			
Non-current assets			
Property, plant and equipment	3.2	6,731,970	6,004,892
Investment property	3.3	4,467,500	4,485,500
Investments	3.4	1,318,567	678,982
		12,518,037	11,169,374
Current assets			
Cash and cash equivalents		780,267	737,173
Investments	3.4	-	1,620,000
Contracts in progress and accounts receivable	3.5	10,125,492	7,053,226
Inventories		954,819	400,472
Current tax asset		63,802	63,708
		11,924,380	9,874,579
Total assets		24,442,417	21,043,953
EQUITY AND LIABILITIES			
Share capital		2,204,937	2,204,937
Share premium		260,063	260,063
Reserves		9,846,543	9,325,662
Shareholders' equity		12,311,543	11,790,662
Non-current liabilities			
Interest bearing borrowings	3.6	315,567	222,268
Deferred tax		1,250,731	1,063,765
		1,566,298	1,286,033
Current liabilities			
Interest bearing borrowings	3.6	390,267	222,267
Accounts payable	3.7	10,174,309	7,744,991
		10,564,576	7,967,258
Total equity and liabilities		24,442,417	21,043,953

ABRIDGED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016 Audited	31 December 2015 Audited Restated
	\$	\$
Cash generated from operations - continuing operations	591,511	1,516,830
Cash generated from operations - discontinued operations	-	452,967
Net cashflow generated by operating activities	591,511	1,969,797
Net cash invested - continuing operations	(214,383)	(1,755,586)
Net cash invested - discontinued operations	-	(67,378)
Net cash utilised by investing activities	(214,383)	(1,822,964)
Net cashflow in financing activities - continuing operations	(334,034)	(1,138,799)
Net cashflow in financing activities - discontinued operations	-	-
Net cashflow utilised in financing activities	(334,034)	(1,138,799)
Increase/(decrease) in cash and cash equivalents	43,094	(991,966)

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016 Audited	31 December 2015 Audited Restated
	\$	\$
Shareholders' equity at the beginning of the year	11,790,662	20,112,053
Share based payments reserve	(1,570)	3,200
Other comprehensive income	610,729	520,318
Dividend-in-specie	-	(8,686,795)
Dividend paid	(595,333)	-
Profit/(loss) for the year	507,055	(158,114)
Shareholders' equity at the end of the year	12,311,543	11,790,662

SUPPLEMENTARY INFORMATION

1. Basis of preparation

Statement of compliance

The financial information as presented has been extracted from the audited consolidated financial statements for the year ended 31 December 2016. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, (Chapter 24:03). The Abridged Financial Statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016. These financial statements are based on statutory records that are maintained under the historical cost convention, except for land and buildings that are maintained at fair value. The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Group's latest annual financial statements.

2. Reporting currency

The Abridged Financial Statements are presented in United States Dollars which is the functional currency of the Group.

3. Notes to the abridged consolidated financial statements

	31 December 2016 Audited	31 December 2015 Audited Restated
	\$	\$
3.1 Profit/(loss) before tax		
Profit/(loss) before tax is shown after charging/(crediting) the following items:		
Staff costs	1,593,965	1,701,228
Compensation of directors and key management - for services as directors	62,500	60,000
- for management services	621,450	980,560
3.2 Property, plant and equipment		
Movement for the year:		
Balance at the beginning of the year	6,004,892	11,792,693
Capital expenditure	1,972,227	210,896
Capital expenditure - discontinued operation	-	70,638
Revaluation	-	63,313
Depreciation	(1,086,443)	(1,126,745)
Current year depreciation - discontinued operation	-	(350,813)
Disposals	(481,577)	(64,052)
Depreciation - elimination on disposal	322,871	-
Disposals - discontinued operation	-	(1,329)
Disposals - Proplastics Limited	-	(4,589,709)
Balance at the end of the year	6,731,970	6,004,892
3.3 Investment property		
Movement for the year:		
Balance at beginning of the year	4,485,500	4,757,307
Revaluation	-	(347,807)
Capital expenditure	-	76,000
Disposals during the year	(18,000)	-
Balance at end of the year	4,467,500	4,485,500
The investment property was revalued at the end of December 2016 by independent valuers on the open market basis.		
3.4 Investments		
Financial assets carried at fair value through other comprehensive income	1,183,165	566,267
Investment in joint venture	135,402	112,715
	1,318,567	678,982
Short term investments		
Financial assets held to maturity	-	1,620,000
3.5 Contracts in progress and accounts receivable		
Contract receivables and contract work in progress	6,545,933	5,095,397
Trade receivables	890,030	1,060,170
Prepayments	2,237,256	950,157
Deposits and other receivables	639,633	438,689
	10,312,852	7,244,393
Less: Allowance for credit losses	(187,360)	(191,167)
	10,125,492	7,053,226

The Company provides for receivables aged above 90 days on a case by case basis where subsequent developments suggest that recovery of the amounts is in doubt.

3.6 Interest bearing borrowings

Long term

Short term

315,567 222,268
390,267 222,267
705,834 444,535

The short term loans represent a reclassification to current liabilities as per IFRS 7. These loans have a tenure of 2 years and accrue interest at an effective rate of 7% per annum. The loans are fully secured against immovable property and a notarial general covering bond over movable assets including a cession of book debts.

3.7 Accounts payable

Trade

Contract accruals and other payables

Subcontractor liabilities

760,486 411,100
7,364,794 4,544,345
2,049,029 2,789,546
10,174,309 7,744,991

3.8 Capital commitments

Authorised but not contracted for

This expenditure will be financed from internal resources and existing facilities.

2,065,336 664,474

3.9 Contingent liabilities

Bank guarantees on construction contracts in respect of performance, advance payments, retentions and bids

9,863,930 634,722

3.10 Prior period adjustment

The deferred tax balances as disclosed in the audited financial statements for the year ended 31 December 2015 were overstated by \$942,558. In accordance with IFRS, the comparative financial statements have been restated and the effects of the corrections are noted below:-

\$

Previously reported shareholders' equity

Prior period error - deferred tax overprovision

Restated shareholders' equity as at 31 December 2015

10,848,104 942,558
11,790,662

Loss for the year ended 31 December 2015 as previously reported

Prior period error - deferred tax overprovision

Restated loss for the year ended 31 December 2015

(1,100,672) 942,558
(158,114)

3.11 Discontinued operations

Proplastics, a division of Masimba Industries (Private) Limited, was disposed of on 31 May 2015 through a dividend-in-specie. It was subsequently listed on the Zimbabwe Stock Exchange on 8 June 2015 as Proplastics Limited. An analysis of the results of the discontinued operations is as follows:-

Revenue 5,337,579

Expenses (5,063,635)

Profit before tax of discontinued operations 273,944

Tax (70,541)

Profit for the year from discontinued operations 203,403

3.12 Events after the reporting date

On 27 March 2017, the Board declared a final dividend of US0.14 cents per share.