



PROPLASTICS LIMITED "PROPLASTICS"
(Incorporated in Zimbabwe on 15 September 1965 under company registration number 608/1965)

ABRIDGED PRE-LISTING STATEMENT ISSUED TO SHAREHOLDERS OF MASIMBA HOLDINGS LIMITED

relating to a listing by Introduction of the entire issued share capital of Proplastics of 244,993,024 ordinary shares on the Zimbabwe Stock Exchange ("ZSE")

Financial Advisors



Legal Advisors

ATHERSTONE & COOK
Legal Practitioners

Sponsor Broker



Reporting Accountants



Share Transfer Secretaries



1. INTRODUCTION

Proplastics Limited is a leading supplier of world class plastic piping systems for water and sewer reticulation to Southern Africa. The Company was established in 1965 and has attained ISO 9001:2008, ISO 14001:2004 and OSHSAS:18001 certifications. Proplastics is also certified to the South African Bureau of Standards (SABS) and the Standards Association of Zimbabwe (SAZ). The Company is a member of the Southern Africa Plastic Pipe Manufacturers Association (SAPPMA).

Detailed information on the Company is more fully set out in the full Pre-Listing Statement dated 8 May 2015 ("Pre-Listing Statement"). The Pre-Listing Statement should be read in its entirety for the full appreciation of the rationale for the Listing, as well as the future prospects for Proplastics. This abridged Pre-Listing Statement should accordingly be read in conjunction with the Pre-Listing Statement, and with reference to the definitions contained therein.

2. TERMS OF THE LISTING

At a meeting of the Board of Masimba Holdings Limited ("Masimba"), held on 11 March 2015, the Directors of Masimba resolved to demerge Proplastics from Masimba. This proposed demerger, which is subject to the approval of the Shareholders of Masimba at an AGM scheduled for Friday 29 May 2015, will be effected through a distribution of the entire issued share capital of Proplastics to the Shareholders of Masimba registered as such on 22 May 2015 through a dividend-in-specie. The Directors of Masimba also proposed that the Company's shares be listed on the ZSE by way of introduction in terms of the ZSE Listing Requirements.

Masimba Shareholders have been notified of the proposed demerger through a Circular dated 8 May 2015 and will vote on the relevant resolution to demerge Proplastics at an AGM to be held on Friday 29 May 2015.

The ZSE approved this Pre-Listing Statement and the Listing of Proplastics shares. The approval letter is available for inspection during business hours at the Registered Offices of Proplastics.

In terms of existing tax legislation, Masimba is obligated to withhold 10% of the value of the dividend distribution, whether in cash or in specie, to specified recipients of Proplastics shares for remittance to ZIMRA. Accordingly and as required by law, the Company will withhold from relevant Shareholders 10% of the number of Proplastics shares for the purposes of paying withholding tax to ZIMRA. The Listing itself is not taxable.

3. COSTS OF THE LISTING

The expenses of the Listing amount to approximately US\$120,000 which relate to various advisory and regulatory fees as well as advertising, printing and postage charges.

4. RATIONALE FOR LISTING

The principal reasons for listing Proplastics include:

- to establish a strong manufacturing business unit with a clear operational focus capable of pursuing its own independent business strategies;
- to attract focused capital into Proplastics to recapitalize the business whenever necessary;
- to enable Proplastics to enter into mergers and acquisitions, as may strategically be necessary, with businesses which are either complementary or in the same sphere of business;
- to create a platform for the Company to report independently and transparently to its stakeholders so that it will be valued appropriately;
- to strengthen and enhance the visibility of the Proplastics brand in the local market; and
- unlock shareholder value.

5. FUTURE PROSPECTS

Following the Unbundling, Proplastics' growth will continue to ride on its unique competitive advantages coupled by its wide product offering. Demand for Proplastics' products is forecast to remain firm driven by urban water and sanitation programs, irrigation and agriculture and housing infrastructure developments. The HDPE plant launched in November 2014 will further increase product offering to local and export markets. In addition, the on-going plant modernisation program will also see the commissioning of additional state of the art equipment that will further improve product range and production efficiency.

6. FINANCIAL HIGHLIGHTS

The following are the abridged financial statements of Proplastics for the periods ended 30 June 2010, 2011, 2012 and 31 December 2013 and 2014.

Abridged Statement of Profit or Loss and Other Comprehensive Income for the 12 months ended 31 December 2014

	12 months to 31 Dec-14 US\$	18 months to 31 Dec-13 US\$	12 months to 30 Jun-12 US\$	12 months to 30 Jun-11 US\$	12 months to 30 Jun-10 US\$
Turnover	13,328,216	22,340,137	16,121,825	15,250,426	11,992,617
Cost of sales	(10,484,763)	(17,303,337)	(12,040,111)	(11,038,773)	(8,285,330)
Gross profit	2,843,454	5,036,800	4,081,714	4,211,653	3,707,287
Sundry income	43,774	30,494	(23,145)	125,567	721,222
Distribution, marketing and selling costs	(238,408)	(345,560)	(519,667)	(697,597)	(695,567)
Administration costs	(1,893,514)	(4,076,272)	(3,235,241)	(1,579,457)	(1,445,670)
Profit before interest and taxation	755,306	645,462	303,661	2,060,166	2,287,272
Group interest income/ (expense)	-	(80,479)	(180,163)	(105,182)	(13,543)
Non- Group net interest income/ (expense)	(103,622)	(193,247)	(222,125)	(37,591)	11,960
Profit/(loss) before taxation	651,684	371,736	(98,627)	1,917,393	2,285,689
Income tax (expense)/ credit	(169,803)	(103,426)	22,831	(491,412)	(500,691)
Profit/(loss) for the period	481,881	268,309	(75,796)	1,425,981	1,784,998
Other comprehensive income					
Movement in functional currency change reserve	-	-	-	-	(459,743)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	481,881	268,309	(75,796)	1,425,981	1,325,225

Abridged Statement of Financial Position as at 31 December 2014

	31-Dec-14 US\$	31-Dec-13 US\$	30-Jun-12 US\$	30-Jun-11 US\$	30-Jun-10 US\$
ASSETS					
Non-current assets					
Property, plant and equipment	3,451,209	2,897,408	3,519,966	3,174,730	2,359,715
Total non-current assets	3,451,209	2,897,408	3,519,966	3,174,730	2,359,715
Current assets					
Cash and bank balances	171,806	155,523	282,894	19,994	88,147
Trade and other receivables	2,027,488	2,306,648	1,821,855	2,558,565	1,331,688
Inventories	4,616,693	4,200,008	3,941,296	4,564,728	3,252,249
Total current assets	6,815,987	6,662,179	6,046,045	7,143,287	4,672,084
TOTAL ASSETS	10,267,196	9,559,587	9,566,011	10,318,017	7,031,799
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	-	-	-	-	-
Reserves	4,732,377	4,732,377	3,201,678	3,201,678	3,201,678
Retained earnings	2,614,044	2,122,237	2,322,720	2,895,107	1,825,620
Total equity	7,346,421	6,854,614	5,524,398	6,096,785	5,027,298
Non-current liabilities					
Deferred taxation	312,431	329,742	360,230	475,503	433,908
Total non-current liabilities	312,431	329,742	360,230	475,503	433,908
Current liabilities					
Trade and other payables	1,820,755	1,537,797	1,213,552	1,349,314	558,878
Current tax liabilities	187,116	133,914	1,175,986	1,083,543	633,726
Inter-group interest bearing loans in credit	600,473	703,520	1,291,845	1,312,872	377,989
Total current liabilities	2,608,344	2,375,231	3,681,383	3,745,729	1,570,593
TOTAL EQUITY AND LIABILITIES	10,267,196	9,559,587	9,566,011	10,318,017	7,031,799

Abridged Statement of Cash Flows for the 12 months ended 31 December 2014

	12 months to 31-Dec-14 US\$	18 months to 31-Dec-13 US\$	12 months to 30-Jun-12 US\$	12 months to 30-Jun-11 US\$	12 months to 30-Jun-10 US\$
Cash flows from operating activities					
Profit before interest and taxation	755,306	645,462	303,661	2,060,166	2,287,272
Adjusted for:					
- Depreciation	697,870	994,118	665,107	472,655	311,795
- Non cash adjustment	9,927	(12)	-	-	-
- (Profit)/ loss on disposal of property, plant and equipment and investments	(902)	(11,336)	(129)	46,525	9,531
- Other adjustments	-	-	(496,591)	-	(284,024)
Operating cash flows before working capital changes	1,462,201	1,628,232	472,048	2,579,346	2,324,574
Decrease/ (increase) in trade and other receivables	279,160	(484,793)	736,710	(1,226,877)	(938,690)
(Increase)/ decrease in inventories	(416,685)	(258,712)	623,432	(1,312,479)	(283,447)
(Decrease)/ increase in group interest bearing loans	(103,047)	(588,325)	(21,027)	934,883	-
Increase/ (decrease) in trade and other payables	282,958	324,245	(135,762)	790,436	205,403
Cash flows from operations	1,504,587	620,647	1,675,401	1,765,309	1,307,840
Net interest (paid)/received- Group	-	(80,479)	(180,163)	(105,182)	(13,543)
Net interest (paid)/received- third party	(103,622)	(193,247)	(222,125)	(37,591)	11,960
Income taxes paid	(133,914)	(69,464)	-	-	(119,230)
Net cash flows from operating activities	1,267,051	277,457	1,273,113	1,622,536	1,187,027
Cash flows from investing activities					
Dividends paid	-	(9,927)	-	(356,494)	(418,244)
Proceeds from disposal of property, plant and equipment	17,705	157,740	1,860	58,608	10,178
Purchase of property, plant and equipment	(1,268,473)	(552,641)	(1,012,073)	(1,392,803)	(663,038)
Net cash flows from investing activities	(1,250,768)	(404,828)	(1,010,213)	(1,690,689)	(1,071,104)
Cash flows from financing activities					
Repayment of interest bearing borrowings	-	-	-	-	(65,000)
Net cash flows from financing activities	-	-	-	-	(65,000)
Net increase/(decrease) in cash and cash equivalents	16,283	(127,371)	262,900	(68,153)	50,923
Cash and cash equivalents at the beginning of the period	155,523	282,894	19,994	88,147	37,224
Cash and cash equivalents at the end of the period	171,806	155,523	282,894	19,994	88,147

Abridged Statement of Changes in Equity for the year ended 31 December 2014

	Share capital US\$	Reserves US\$	Retained earnings US\$	Total US\$
Balance at 1 July 2009	-	3,661,421	458,866	4,120,287
Profit for the year	-	-	1,784,998	1,784,998
Other	-	(459,743)	(418,244)	(877,987)
Balance at 30 June 2010	-	3,201,678	1,825,620	5,027,298
Profit for the year	-	-	1,425,981	1,425,981
Other	-	(356,494)	(356,494)	-
Balance at 30 June 2011	-	3,201,678	2,895,107	6,096,785
Loss for the year	-	-	(75,796)	(75,796)
Other	-	-	(496,591)	(496,591)
Balance at 30 June 2012	-	3,201,678	2,322,720	5,524,398
Profit for the period	-	-	268,309	268,309
Other	-	1,530,699	(468,792)	1,061,907
Balance at 31 December 2013	-	4,732,377	2,122,237	6,854,614
Profit for the year	-	-	481,881	481,881
Other	-	-	9,926	9,926
Balance at 31 December 2014	-	4,732,377	2,614,044	7,346,421

Abridged Proforma Consolidated Statement of Financial Position as at 31 December 2014

	31-Dec-14 US\$	31-Dec-13 US\$	30-Jun-12 US\$	30-Jun-11 US\$	30-Jun-10 US\$
ASSETS					
Non-current assets					
Property, plant and equipment	3,451,209	1,420,000	4,871,209	-	-
Investment in Promouldings (Private) Limited	1,136,972	(1,136,972)	-	-	-
Total non-current assets	4,588,181	283,028	4,871,209	-	-
Current assets					
Cash and bank balances	171,806	-	171,806	-	-
Trade and other receivables	2,027,488	-	2,027,488	-	-
Inventories	4,616,693	-	4,616,693	-	-
Total current assets	6,815,987	-	6,815,987	-	-
TOTAL ASSETS	11,404,168	283,028	11,687,196	-	-
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24,499	-	24,499	-	-
Non-distributable reserve	8,458,894	-	8,458,894	-	-
Total equity	8,483,393	-	8,483,393	-	-
Non-current liabilities					
Deferred taxation	312,431	283,028	595,459	475,503	433,908
Total non-current liabilities	312,431	283,028	595,459	475,503	433,908
Current liabilities					
Trade and other payables	1,820,755	187,116	2,007,871	1,349,314	558,878
Intercompany with Masimba Industries (Private) Limited	600,473	-	600,473	-	-
Current tax liabilities	187,116	(187,116)	-	-	-
Total current liabilities	2,608,344	-	2,608,344	-	-
TOTAL EQUITY AND LIABILITIES	11,404,168	283,028	11,687,196	-	-
Proforma NAV per share US\$					0.03



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relating to a listing by Introduction of the entire issued share capital of Proplastics of 244,993,024 ordinary shares on the Zimbabwe Stock Exchange ("ZSE")

Financial Advisors



Legal Advisors

ATHERSTONE & COOK
Legal Practitioners

Sponsorina Broker



Reporting Accountants



Share Transfer Secretaries



7. DIRECTORS OF PROPLASTICS

The full names, addresses and positions of the Directors of Proplastics are set out below:

Name	Age	Residential address	Position
Gregory Sebborn	61	54 Sun River Manor, Borrowdale Brooke, Harare, Zimbabwe	Non-Executive Chairman
Kudakwashe Leo Chigiya*	42	8 Oxford Street, Avondale, Harare, Zimbabwe	Chief Executive Officer
Samuel Sithole	41	Brait South Africa, 2nd Floor, The Zone 11, 77 Oxford Road, Rosebank, South Africa	Non-Executive Director
Michael Tapera*	48	9 Kennedy Road, Greendale, Harare	Finance Director
Paddy Tongai Zhandu (Jnr.)	32	Chifumbi 24th 9999-2 Chifumbi Farm, Arcturus, Zimbabwe	Non-Executive Director

*Executive

8. DIVIDENDS

The issue of dividends and the distribution of reserves are regulated by the Companies Act (Chapter 24:03) and Article 147 of the Company's Articles of Association. The Company may in a general meeting declare dividends, but no dividend shall be paid unless out of profits of the Company. The Directors may, before recommending a dividend, set aside out of the profits of the Company such sums as they think proper as a reserve. Generally the Directors may from time to time declare and pay to the members declared dividends and interim dividends as appear to the Directors to be justified by the profits of the Company.

9. AUTHORISATION FOR THE LISTING

The shareholders of Masimba will meet on Friday 29 May 2015 to consider a resolution authorising the distribution of Proplastics shares and the listing of Proplastics on the ZSE.

10. SHARE CAPITAL

Set out below is an analysis of the current authorised and issued share capital of Proplastics:

Share capital	Shares of US\$0.0001 nominal value each
Authorized shares	875,000,000
Issued shares	244,993,024
Unissued shares	630,006,976

10.1 Authorised but unissued share capital

The authorised but unissued share capital of the Company is under the control of the Directors.

10.2 Summary of issues and offers

Since the date of incorporation of Proplastics, there has been no subsequent issue of shares, other than the 227,493,024 issued to Masimba on 25 March 2015.

10.3 Proplastics Senior Executive Share Option Scheme

In preparing Proplastics for the demerger, Masimba structured and put in place a share option scheme at Proplastics for senior executives to incentivise them as well as align their interests with those of shareholders going forward. The Senior Executive Share Option Scheme rules approved by the ZSE Listings Committee are available for inspection by interested members. In terms of the rules, Proplastics' Directors are empowered to grant share options to senior executives up to a maximum of 20,000,000 share options. The options are granted for a maximum period of five (5) years at a price determined by the middle market price ruling on the ZSE on the day on which the options are granted.

10.5 Preferential rights in respect of shares

There are no Proplastics shares with preferred rights in respect of the Company's share capital.

10.6 Voting rights

All existing authorised but unissued and issued Proplastics ordinary shares are of the same class and rank pari passu in every respect.

10.7 Adequacy of capital

The Directors are of the opinion that the Company's share capital and working capital are adequate for the foreseeable future.

10.8 Working capital and cash flow

The Directors are of the opinion that the available working capital is sufficient to cover the cash flow requirements of the Company.

11. MAJOR SHAREHOLDERS

Masimba shareholdings structure

The table below details the top ten shareholders of Masimba holding a beneficial interest as at 31 March 2015.

	Shareholder	Shares	% shareholding
1	Zumbani Capital	102,713,272	46.58%
2	Old Mutual Life Assurance Company of Zimbabwe	29,169,195	13.23%
3	Stanbic Nominees	27,416,449	12.43%
4	Standard Chartered Nominees	15,132,779	6.86%
5	Moray Investments Holdings Limited	4,000,000	1.81%
6	Roy Turner	3,062,888	1.39%
7	NSSA	2,540,728	1.15%
8	Communications and Allied Industries Pension Fund	1,737,234	0.79%
9	Marcus Richard Lobb	1,308,500	0.59%
10	Catering Industry Pension Fund	1,198,058	0.54%
	Others	32,214,629	14.61%
TOTAL		220,493,732	100.00%

Proplastics post-demerger shareholding structure

Following the distribution of the Proplastics shares in terms of the Circular to Shareholders of Masimba, the receivable shareholding structure of Proplastics will be as shown in the table below:

	Shareholder	Shares	% shareholding
1	Zumbani Capital	102,713,272	41.92%
2	Old Mutual Life Assurance Company of Zimbabwe	29,169,195	11.91%
3	Stanbic Nominees	27,416,449	11.19%
4	Masimba Holdings Limited	24,499,292	10.00%
5	Standard Chartered Nominees	15,132,779	6.18%
6	Moray Investments Holdings Limited	4,000,000	1.63%
7	Roy Turner	3,062,888	1.25%
8	NSSA	2,540,728	1.04%
9	Communications and Allied Industries Pension Fund	1,737,234	0.71%
10	Marcus Richard Lobb	1,308,500	0.53%
11	Catering Industry Pension Fund	1,198,058	0.49%
	Others	32,214,629	13.15%
TOTAL		244,993,024	100.00%

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal working hours between 8 May 2015 and 29 May 2015 at the address set out on paragraph 14 below:

- the Articles and Memorandum of Association of Proplastics;
- the written experts consents;
- the audited financial statements of Masimba, for the periods ended 30 June 2010, 2011, 2012 and 31 December 2013 and 2014;
- the financial reporting pack of Proplastics as at 31 December 2014;
- the rules of the Proplastics Senior Executive Share Option Scheme; and
- the Independent Reporting Accountant's Reports on the historical financials and on the proforma statement of financial position of Proplastics.

13. IMPORTANT DATES

Event	Date
Masimba AGM Notice published	Friday, 8 May, 2015
Proplastics abridged Pre-Listing Statement published	Friday, 8 May, 2015
Proplastics Pre-Listing Statement posted	Friday, 15 May, 2015
Last day of lodging Proxy Forms (at 10:00 hours)	Wednesday, 27 May, 2015
Masimba AGM (at 10:00 hours)	Friday, 29 May, 2015
Publication of Masimba AGM resolution results	Tuesday, 2 June, 2015
Proplastics Distribution Record Date	Tuesday, 2 June, 2015
Proplastics shares issued and listed	Monday, 8 June, 2015

Notes

- The above dates are subject to change and any amendments will be published in the Zimbabwe press.
- All times indicated above and elsewhere in this Pre-Listing Statement are Zimbabwean local times.
- Proplastics' Articles provide for the issuance and trading of the Company's shares in dematerialised form. Shareholders may however elect to receive their shares in physical form.

14. INSPECTION OF THE PRE-LISTING STATEMENT

The public may inspect the documents listed in paragraph 12 above including the Proplastics Pre-Listing Statement during normal business hours from 8 May 2015 to 29 May 2015, from the registered offices of Masimba Holdings Limited:

Masimba Corporate Services (Private) Limited
44 Tilbury Road
Willowvale
Harare
Zimbabwe

15. QUERIES

If you have any questions on any aspects of this notice or the Pre-Listing Statement, please contact your stockbroker, accountant, banker, legal practitioner or other professional advisor.

By order of the Board

Masimba Corporate Services (Private) Limited
Company Secretaries
8 May 2015