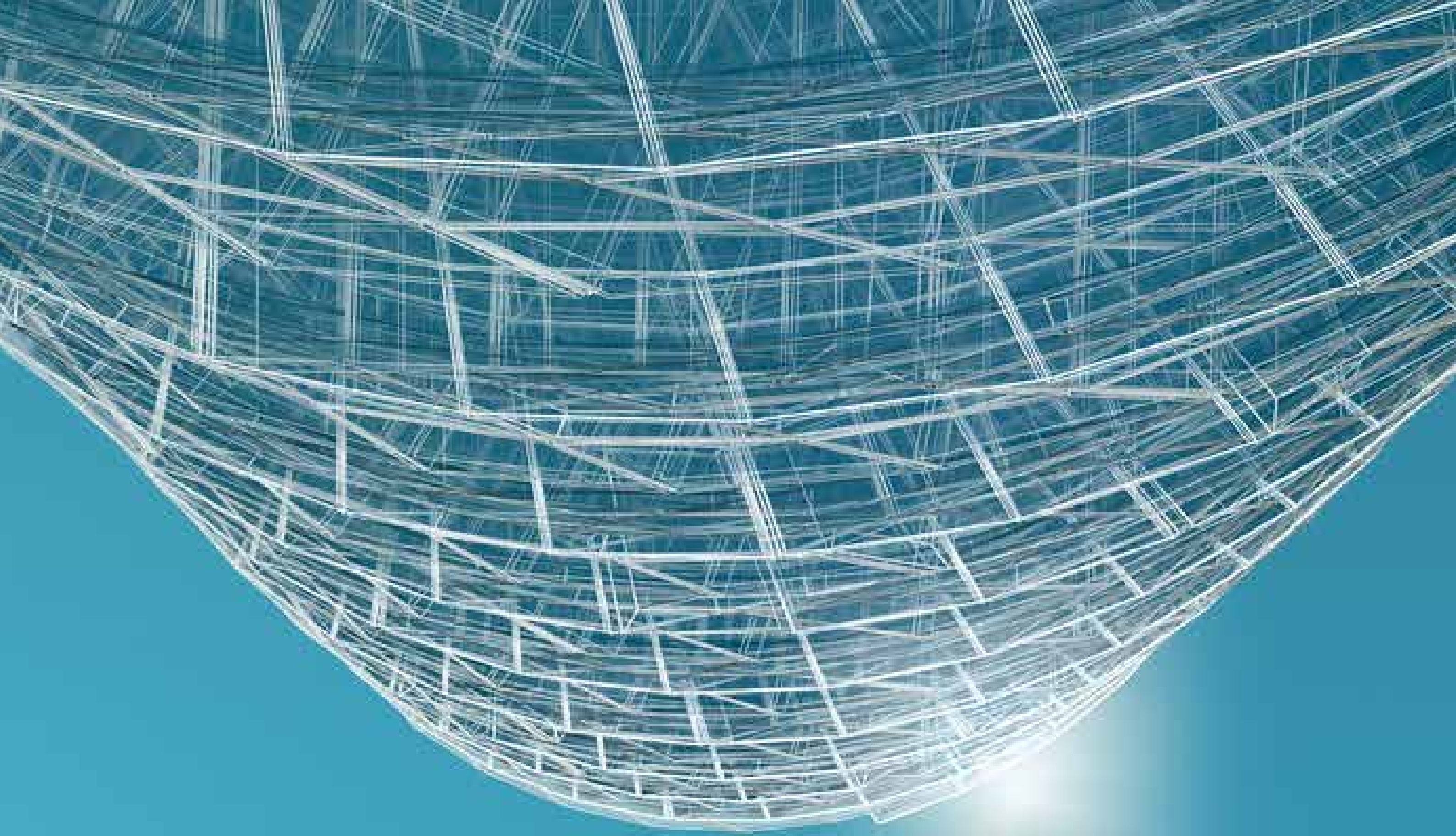
Masimba

HOLDINGS LIMITED

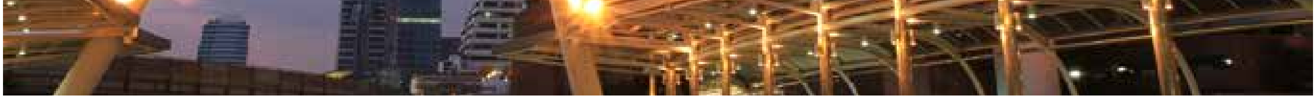
2015 ANNUAL REPORT



Scientists study the world as it is; engineers create the world that has never been.

Theodore von Karman

Contents

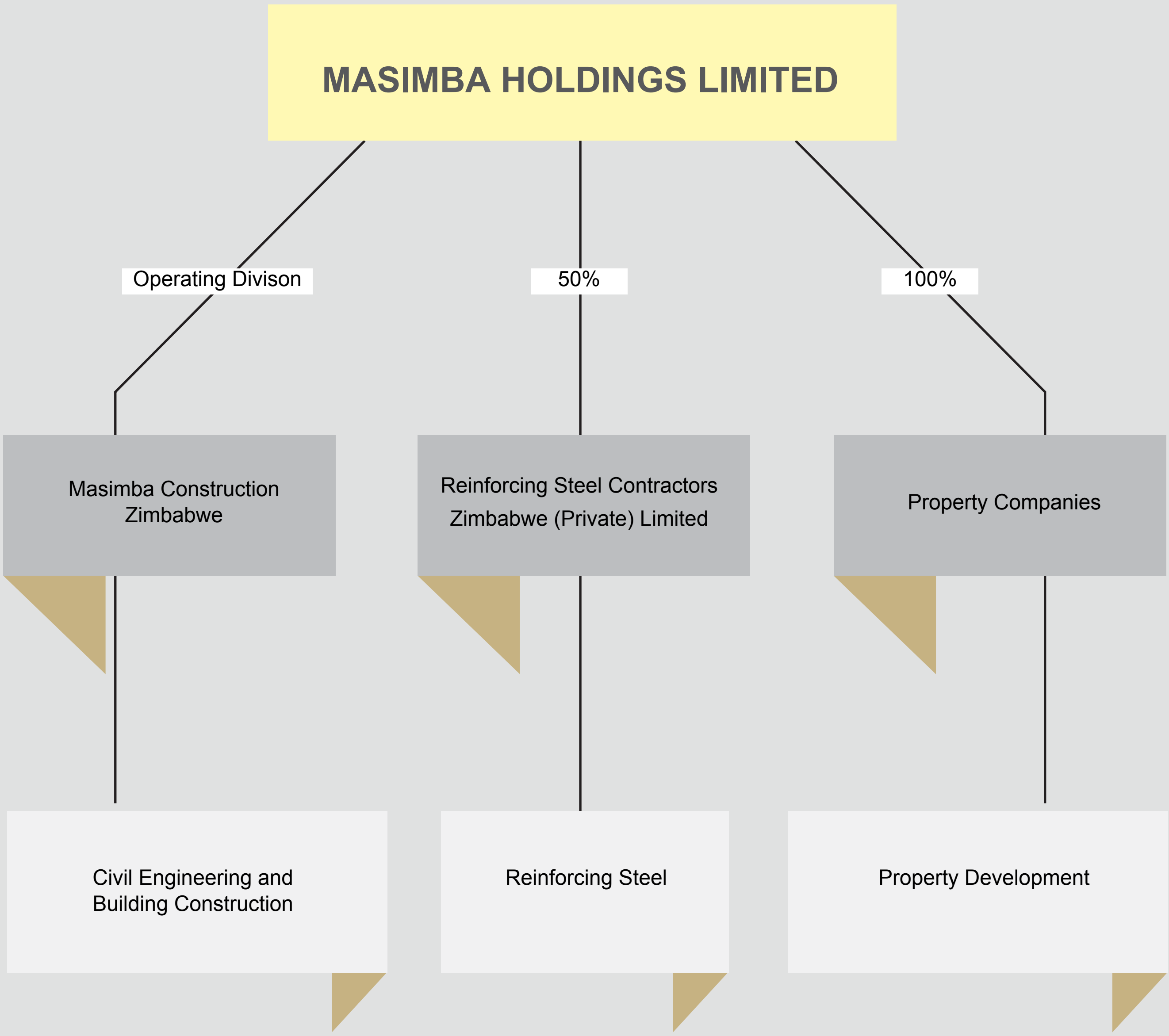


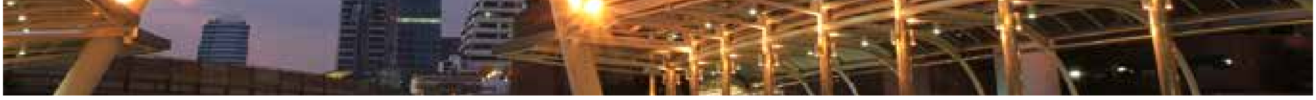
Company Profile and Nature of Business

Masimba Holdings Limited is a well-established Zimbabwean contracting and industrial group, providing innovative engineering and infrastructure client solutions to the agriculture, commercial, communications, housing, mining, water and public sectors within the southern African region. It has been listed on the Zimbabwe Stock Exchange since 1974.

More information is available at www.masimbagroup.com

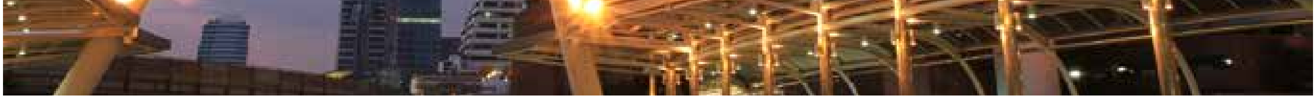
Company Structure





Group Financial Highlights

	2015 US$	Restated 2014 US$
Group summary		
Revenue	10,039,549	14,848,743
Loss before interest and tax	(1,229,085)	(936,437)
Loss attributable to shareholders	(1,100,672)	(552,423)
Total assets	**21,043,953**	**33,969,181**
Value created	1,848,370	3,155,264
Payroll costs	1,701,228	2,123,641
Cash generated by operations	1,969,797	2,175,616
Total number of employees	**407**	**376**
Ordinary share performance		
Basic loss per ordinary share	(0.50)	(0.25)
Headline loss per ordinary share	(0.50)	(0.25)
Diluted loss per share	(0.50)	(0.25)
Cash equivalent earnings per share	0.17	0.78
Market price per share	0.81	2.30
Financial statistics		
Loss before tax on revenue (%)	(12.89%)	(8.62%)
Return on average capital employed (%)	(8.42%)	(1.02%)



Five Year Review
(continuing operations only)

	2015 US$	Restated 2014 US$	2013* US$	2012 US$	2011 US$
Summarised income statements ('000)					
Revenue	**10,040**	**14,849**	**62,314**	**43,019**	**35,624**
EBITDA** and fair value adjustments	245	245	4,298	2,204	2,466
Depreciation	(1,127)	(1,156)	(2,968)	(1,744)	(1,262)
Fair value adjustments on investment property	(348)	(25)	(357)	1,362	291
(Loss)/profit before interest and tax	(1,229)	(936)	973	1,823	1,495
Share of joint venture profits	13	-	-	-	-
Net interest paid	(78)	(344)	(521)	(176)	(84)
(Loss)/profit before tax	(1,295)	(1,281)	452	1,647	1,411
Taxation	(10)	272	(512)	(347)	(275)
(Loss)/profit after tax from continuing operations	(1,304)	(1,008)	(60)	1,300	1,136
Discontinued operations					
Profit from discontinued operations	203	456	-	-	-
(Loss)/profit attributable to ordinary shareholders	(1,101)	(552)	(60)	1,300	1,136

Summarised statements of financial position	2015 US$	2014 US$	2013* US$	2012 US$	2011 US$
Non-current assets	11,169	16,551	17,370	18,974	15,165
Cash and cash equivalents	737	1,729	2,476	1,987	1,118
Other current assets	9,137	15,690	17,604	17,310	15,373
Total assets	**21,044**	**33,969**	**37,450**	**38,271**	**31,656**
Ordinary shareholders' funds	10,848	20,112	20,594	19,270	17,826
Liabilities	10,196	13,857	16,856	19,001	13,830
Total equity and liabilities	**21,044**	**33,969**	**37,450**	**38,271**	**31,656**

*Financial period is 18 months

**EBITDA: Earnings before interest, taxation, depreciation, impairment and armotisation

Ratios and Statistics

	2015 US$	2014 US$
Earnings (US cents)		
Basic loss per ordinary share	(0.50)	(0.25)
Headline loss per ordinary share	(0.50)	(0.25)
Diluted loss per ordinary share	(0.50)	(0.25)
Cash equivalent earnings per ordinary share (cents)	0.17	0.78
Profitability		
(Loss)/profit before interest and taxation on turnover (%)	(12.24)%	0.74%
LBIT* on average capital employed excluding cash (%)	(8.63)%	(1.13)%
LAT* on average ordinary shareholders' funds (%)	(8.42)%	(1.02)%
Productivity		
Payroll cost on turnover (US cents)	16.95	10.91
Total average assets (excluding cash and cash equivalents) (US$)	2.62	1.20
Value created (US$)	1,848,370	3,155,264
Value ratio	1.09	1.70
Finance		
As a percentage of permanent capital:		
Total liabilities	93.99%	7.87%
Current assets to current liabilities	1.24	1.58
Share performance		
Ordinary shares in issue (US$m)	2,205	2,205
Share price at year end (US cents)	0.81	2.30
Market capitalisation (US$m)	1.79	5.07
Other		
Number of employees as at 31 December 2015	407	376

Definitions

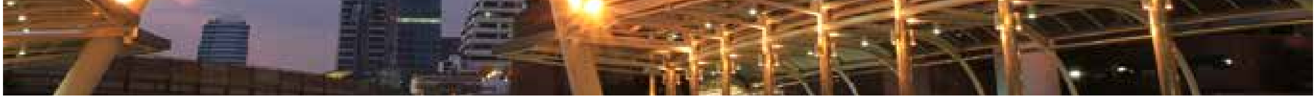
Average	Arithmetic average between consecutive year ends
Capital employed	Permanent capital, long term loans and deferred tax
Cash equivalent earnings	Profit After Tax (PAT) adjusted for the effects of non-cash items
Earnings per ordinary share	Earnings after tax net of non-operating items, divided by the weighted average ordinary shares in issue
LAT	Loss after tax attributable to ordinary shareholders
LBIT	Loss before interest and taxation
LBT	Loss before taxation
Net asset value	Ordinary shareholders' funds
Permanent capital	Ordinary shareholders' funds
Total liabilities	Borrowings and non-interest bearing debt
Value ratio	Value created as a multiple of payroll cost

***Non-operating items are excluded when computing this statistic.**

Statement of Value Created

For the year ended 31 December 2015

	2015 US$	2014 US$
Revenue	10,039,549	14,848,743
Less cost of materials, services and sub-contracts	(8,045,805)	(11,955,408)
	1,993,744	2,893,335
Investment and other income	(145,374)	261,929
Value created	1,848,370	3,155,264
Distributed as follows:		
To employees:		
Payroll cost	1,701,228	2,123,641
To providers of finance:		
Interest paid	82,569	378,668
To Government:		
Company tax	38,500	49,008
Retained in the business	26,073	603,947
Retained loss	(1,100,672)	(552,423)
Depreciation	1,126,745	1,156,370
	1,848,370	3,155,264



Chairman's Statement

G. Sebborn
Chairman

"Results presented after the successful unbundling of the group"

INTRODUCTION

The Chairman's statement and the accompanying financial statements are related to the twelve (12) months period ended 31 December 2015. The results are being presented following the successful unbundling of the Group into two (2) separately listed entities, namely Masimba Holdings Limited and Proplastics Limited. The residual trading business previously held under Masimba Industries (Private) Limited was transferred to Masimba Holdings Limited and Masimba Industries (Private) Limited is accordingly now a dormant company.

OPERATING ENVIRONMENT

The business environment in 2015 was characterized by weak domestic demand, tight liquidity conditions and appreciation of the United States Dollar against major currencies, in particular the South African Rand. At the same time, the local inflation remained in negative territory. The Government of Zimbabwe has adopted a contractionary fiscal policy which has led to very little capital available for infrastructural development and maintenance.

The commodity prices continued to weaken in the period and adversely affected the mining industry, the company's key market. The lack of foreign direct investment, poor fiscal space and real exchange rate over-valuation negatively impacted Masimba's operations. However, following the recent historic visit to Zimbabwe by the Chinese President, a certain level of optimism was created with respect to some large potential infrastructure projects. The country awaits the implementation of the agreed infrastructure projects.

DISCONTINUED OPERATIONS

The unbundling of the manufacturing unit that began in 2014 was successfully concluded in 2015 resulting in the listing of Proplastics Limited on the Zimbabwe Stock Exchange (ZSE) on 8 June 2015. The unbundling of Proplastics was in pursuance of a strategy that the Board took to reposition the respective businesses and unlock value in their distinct specialised competencies. Proplastics debuted on the ZSE at a market capitalization of $7,349,791. Proplastics' profit after tax amounting to $203,403 for the five (5) months prior to unbundling has accordingly been disclosed under discontinued operations.

CONTINUING OPERATIONS

The continuing operations, comprising the civil engineering and buildings contracting, structural steel fabrication and property development, are all held under Masimba Holdings Limited. The comparative results for the financial period ended 31 December 2014 have been restated in accordance with the requirements of International Financial Reporting Standards.

The company's turnover declined to $10,039,549 (2014:

$14,848,743) and EBITDA and fair value adjustments were maintained at prior year levels at $245,467 (2014: $244,933).

The decline in the turnover is a reflection of the depressed built environment that prevailed in the country particularly in the first half of the year as alluded to in my introduction. The level of business activities significantly improved in the final quarter of the year following the implementation of own initiated projects and a general improvement in the built-environment. In this regard, it is worth noting that 46% of the company's turnover was earned in the last quarter of the year.

The continued reorganisation of the business targeted at navigating the current economic difficulties, improving project implementation efficiencies, costs alignment and positioning the company for the future, resulted in the business maintaining its gross profit margins of 18% (2014: 18%) on the back of increased pressures on gross margins. Meanwhile, the improved business activities in the final quarter resulted in a profitable position in the same period.

REINFORCING STEEL CONTRACTORS ZIMBABWE

Reinforcing Steel Contractors Zimbabwe (RSCZ), a company that manufactures re-enforcing steel (rebar and mesh) and is jointly owned by Kosto Holdings of Mauritius and Masimba Holdings Limited, commenced operations in May 2015. The company in its maiden period of trading recorded a marginal profit and is expected to contribute to Masimba's earnings significantly into the future.

PROSPECTS

The IMF at the end of their March 2016 mission to Zimbabwe said that the "Economic difficulties have deepened [and that] Zimbabwe cannot wait and needs to act now. ...Policy action is needed to reverse this trend. Once the SMP is completed successfully—as an initial step towards reform and re-engagement with international partners—a comprehensive and ambitious economic transformation program is needed to revive the Zimbabwean economy and to cement support among international partners." This IMF statement sums up the economic situation prevailing in Zimbabwe. We indeed urge the Government to continue working towards the debt repayment plan and press on with reforms key to improving business conditions in Zimbabwe.

There are however some bright spots in certain markets and in this regard Masimba's order book that improved in the last quarter is forecast to remain firm for the duration of the first half of the year. The level of activity is confined to the civil and engineering and property development markets, largely funded by private capital. In addition, Masimba is pursuing certain prospects in retail, housing and buildings infrastructure that are likely to crystalise in the second half of the year.

In order to ensure that Masimba is able to capitalise on the anticipated projects, the company's statement of financial position will be evaluated on the basis of a suitable and appropriate return on capital employed. Accordingly, redundant and underperforming capital will be eliminated and/or restructured where possible.

DIVIDEND DECLARATION

Following the approval of the unbundling of the Group through a dividend-in-specie of Proplastics' net assets at an Annual General Meeting held on 29 May 2015, the Shareholders approved a dividend of $8,686,795 which was paid through the distribution of 244,993,024 Proplastics shares.

In view of the company performance in the last six (6) months and the continuing liquidity challenges in the market, the Board has made the decision not to declare a final cash dividend.

DIRECTORATE

As a result of the successful unbundling of the Group, Messrs. Samuel Sithole and Michael Tapera resigned from the Board on 1 June 2015 in order to concentrate on their new roles as Non-Executive Directors at Proplastics Limited.

Sadly, Mr. Michael Tapera passed away on 13 January 2016. We convey our deepest condolences to Mrs. B. Tapera and family.

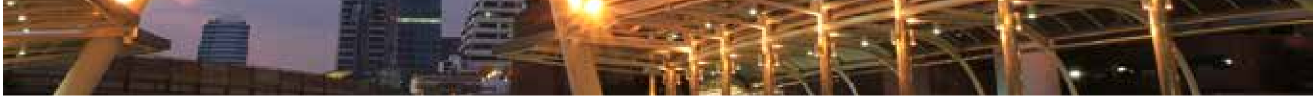
On a different note, I am pleased to announce the appointment of Mrs. Agnes Makamure as Finance Director and Mr. Mark Mario Di Nicola as a Non-Executive Director, effective 6 August 2015. I wish them success in their new roles.

APPRECIATION

I wish to thank my colleagues on the Board for their continued support during these challenging and exciting times that the country is going through. I extend a special thank you to the executives and staff for their dedication as well as to our many valued stakeholders for their unwavering support.

G. Sebborn
21 March 2016

Chief Executive's Report



Canada Malunga
Chief Executive Officer

"The company will continue to assess the property portfolio mix to ensure value creation."

INTRODUCTION

At the Annual General Meeting held on 29 May 2015, the Masimba Holdings Limited shareholders approved to unbundle Proplastics from Masimba Holdings Limited. The Proplastics unbundling was effected through a dividend-in-specie on the basis of one (1) ordinary share in Proplastics Limited for every one (1) ordinary share held in Masimba Holdings Limited. My report will thus focus on the residual Masimba Holdings Limited operations, whose comparative results have been restated in line with the International Financial Reporting Standards (IFRS).

BUSINESS PERFORMANCE

Masimba Construction Zimbabwe

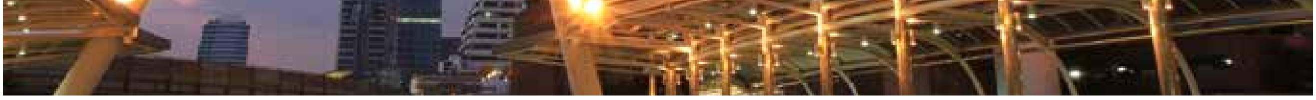
The Company recorded a turnover and gross profit of $10,039,549 (2014: $14,848,743) and $1,845,646 (2014: $2,612,745) respectively, during the year. Earnings before Interest, Tax, Depreciation and Fair Value Adjustment was flat at $245,467 (2014: $244,933). The turnover and profitability levels of the business were negatively affected by the continued decline of commodity prices, absence of correctly priced capital and the liquidity difficulties prevailing in Zimbabwe. These factors resulted in diminished capital available in the country for infrastructure projects and general capital expenditure.

The operating overheads declined by 30% while the overheads to turnover ratio of 29% (2014: 26%) was distorted by once off costs (comprising unbundling and staff rationalization) of $254,920 and the depressed topline.

The Company implemented various strategies during the year to mitigate the overall impact on profitability arising from the significant decline in turnover of 32%. Consequently the loss before tax was restricted to $1,294,501 (2014: $1,280,690)

The business generated operating cashflows of $1,969,797 (2014: $2,175,616) which was largely applied to external debt and short-term investments. Capital expenditure at $210,896 (2014: $106,082) during the period was kept at a minimum for purposes of maintaining capacity and external borrowings were reduced to $444,535 (2014: $1,583,334).

Shareholders' equity declined to $10,848,104 (2014: $20,112,053) mainly due to the impact of the distribution of the Proplastics assets through a dividend-*in-specie* of



Chief Executive’s Report (continued)

$8,686,795 in May 2015.

Masimba Property Portfolio

The investment properties were impaired by $347,807 (2014: $25,000) following a revaluation that was undertaken by an independent firm of property valuers. Rental yield on investment properties amounted to 3% (2014: 4.2%), an amount that is below the company Return on Investments (ROI) benchmark. The company will continue to assess the property portfolio mix to ensure value creation. Any assets not meeting the company ROI target in the medium term will accordingly be disposed.

Reinforcing Steel Contractors Zimbabwe (RSCZ)

RSCZ is a 50:50 joint venture with Kosto Holdings Limited of Mauritius. Operations commenced in May 2015. In the year under review, the business contributed a profit of $12,715 before taxation. It is the Board’s view that the operation will contribute significantly to the Group’s results in the short to medium term.

OCCUPATIONAL HEALTH & SAFETY ASSESSMENT SYSTEMS (OHSAS)

The business places significant emphasis on the maintenance of the OSHAS system and, accordingly, was recertified in the current year. The number of lost time injuries increased to four (4) from two (2) recorded in the comparative period resulting in the Lost Time Injury Frequency Rate deteriorating to 3.29 (2014: 1.87). Management remains committed to the safety of its employees, stakeholders and the environment. The OHSAS and Environment Management Systems are audited annually by the Standards Association of Zimbabwe. In order to improve on systems, the business has embarked on an ISO 9001 Quality Management System certification and this is expected to be completed in the third quarter of the financial year.

PROSPECTS

While the economic outlook looks difficult, the current state of infrastructure development presents opportunities for the business in future. Management has put in place strategies to profitably exploit some of the infrastructure opportunities, the results of which will be evident towards the third quarter of the financial year.

Meanwhile, the Masimba Construction order book remains firm with 72% confirmed orders for the year 2016. The positive momentum that the business picked up in the fourth quarter in 2015 has continued in the new year and trading is expected to remain firm for the foreseeable future.

APPRECIATION

I extend sincere gratitude to our employees, clients and suppliers for their unwavering support to the business. Finally, I thank the Masimba Board for the leadership and guidance provided during the year.

Canada Malunga

21 March 2016

STRATEGIC FOUNDATIONS

Our Vision
Building An African Legacy

Why Do We Exist?
To Create Value All The Time

Our Aspirations
Top of Clients' Minds. Place of Great Ideas. Pioneering.

What Makes Us Different and Guides Our Long Term Strategy?
Rich Heritage. Trusted Brand. High Performance. Game Changing Capability.

Scope of the Game
Contracting. Steel. Property Development.

Our Brand Expression
Excellence Delivered.

Our Strategic Focus Area
Value & Growth. Innovation. Risk.

Our Behaviours
Learning. Caring. Performance Driven. Professionalism. Excellence. Team Masimba.

Our Values
Zero Harm. Integrity. Relationships. Delivery. Communication.

Building Visions

Directorate

Gregory Sebborn
Chairman

Gregory is an independent Chairman of the Board. He is a former Managing Director of Zimbabwe & Southern African operations of the Rennies Group of Companies, a founding Director and former Group Managing Director of Zimplats Holdings and, Managing Director of Zimbabwe Platinum Mines. Gregory also served as a Partner in Renaissance Partners, a Russian based Investment Bank, and is a former non-executive Director of Tetrad Holdings Limited. He is a consultant for special mining projects and developments in Africa and serves as a Non-Executive Director of several companies including Stanbic Bank Zimbabwe Limited.

Canada Malunga
Chief Executive Officer

Canada is currently the Chief Executive Officer, a position he has held since March 2013, prior to which he served the company as a Non-Executive Director. He is a past Chief Executive Officer of Murray & Roberts (Zimbabwe) Limited and served in this role from 2004 to 2010. He is a past President of the Institute of Chartered Accountants of Zimbabwe. Canada is a Non-Executive Director at FBC Holdings Limited.

Agnes Makamure
Finance Director

Agnes was appointed to the Board of Masimba Holdings Limited as Finance Director on 6 August 2015.

She joined the Group in 2008 as Finance Manager of the Contracting business unit and is a Chartered Accountant (Zimbabwe).

Mark Mario Di Nicola
Non-Executive Director

Mark was appointed to the Board as a Non-Executive Director on 6 August 2015. He holds a Bachelor of Commerce degree from Rhodes University.

He has over 25 years working experience with companies listed on the Johannesburg Stock Exchange and is a former Chief Executive Officer of Beige Holdings Limited. He is a Director of several companies in Mauritius and the SADC region including Kosto Holdings Limited and the Reinforcing Steel Contractors group.

Malcolm William McCulloch
Non-Executive Director

Malcolm is a Chartered Accountant and a past Group Chief Executive Officer of Murray & Roberts Limited in South Africa. He is a Director of several companies in Mauritius and the SADC region including Kosto Holdings Limited, Wilderness Holdings Limited and the Reinforcing Steel Contractors group.

Paddy Tongai Zhanda
Non-Executive Director

Paddy holds a Bachelor of Commerce degree in Accounting Science from the University of South Africa. He completed his articles with Deloitte & Touché and is a Director of a number of companies including Aurora Agricultural Venture & Processors (Private) Limited and Inline (Private) Limited.

Corporate Governance

THE BOARD OF DIRECTORS

The Board of Masimba Holdings Limited is committed to adherence to the principles of good corporate governance in order to attain the goal of responsible corporate behaviour and full accountability to its shareholders and stakeholders.

Composition and Appointment

The Board comprises of six (6) Directors made up of four (4) Non-Executives and two (2) Executives. It is chaired by a Non-Executive Director, thus ensuring a separation of powers and authority.

The election of Non-Executive Directors is subject to confirmation by shareholders. In terms of the Company's Articles of Association and the Companies Act (Chapter 24:03), at least one third of the Directors must retire at every Annual General Meeting and, if eligible, can stand for re-election. Also, a Director appointed during the course of the year must retire at the Annual General Meeting and, if eligible, stand for re-election.

Accountability and Delegated Functions

The Board meets formally at least once every quarter to review the entity's performance. There is an agenda of matters presented for its consideration and review, and where appropriate for decision, so that it maintains full and effective control over strategic, financial, operational and compliance issues. The record of attendance by each Director at the Board meetings, held during the period under review, is reflected in the table on page 19 of this report. There are procedures which allow Directors to avail themselves of independent professional advice in the furtherance of their duties and to select Non-Executive Directors.

Performance Management Reporting

The entity operates regionally in regulated environments. Business is conducted within a well developed control framework, underpinned by procedures and control manuals. The Board has established a management structure which clearly defines roles, responsibilities and reporting lines.

The business performance of the Company is reported regularly to Management, the Executive Committee and the Board. Performance trends against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies which are consistently applied, in all material respects, from year to year. Where a change in accounting policy occurs, the change is specifically noted in the financial statements.

The system of internal financial control is monitored regularly by Management, the Executive Committee and the Board.

The scope of the Internal Audit department includes an assessment of the risks and controls in each operating unit and its findings are reported to Management. All adverse findings are reported to the Chief Executive Officer for immediate management action. Internal Audit also reports regularly to the Audit & Risk Committee of the Board.

The external auditors review the system of internal financial controls to the extent necessary for them to form the opinion they express on the financial statements. They also report to the Audit & Risk Committee on matters arising from this review.

Changes to the Board

Messrs. Michael Tapera and Samuel Sithole resigned with effect from 1 June 2015.

Mrs. Agnes Makamure was appointed as Finance Director and Mr. Mark Mario Di Nicola as Non-Executive Director, both appointments were effective 6 August 2015.

Directors' Names

The following are the current Directors who have served during the year under review:-

- Mr. Gregory Sebborn – Chairman
- Mr. Canada Malunga
- Mrs. Agnes Makamure
- Mr. Malcolm William McCulloch
- Mr. Mark Mario Di Nicola
- Mr. Paddy T. Zhanda (Jnr.)

BOARD COMMITTEES

The Board has established and mandated a number of Committees to perform work on its behalf in various key areas affecting the business of the entity. The Committees are chaired by Non-Executive Directors and submit reports to the main Board on the respective Committee's deliberations and findings.

Corporate Governance (continued)

The Remuneration Committee
The Committee is chaired by a Non-Executive Director, Mr. Malcolm William McCulloch. Its mandate is to set the remuneration of Executive Directors and to consider appointment of new Directors and senior Executives before the final approval by the Board. The remuneration policies of the Committee are as follows:-

- To ensure that individual rewards and incentives relate directly to the performance of the individuals, the operations and functions for which they are responsible and the Company as a whole.
- To maintain competitive rewards that enable the entity to attract and retain Executives of the highest quality.

In order to determine the competitiveness of Executive remuneration, the Committee receives independent professional advice on remuneration packages and practices of comparable organisations within the region.

Audit and Risk Committee
Mr. Paddy T. Zhanda (Jnr.), a Non-Executive Director, chairs this Committee which deals with compliance, internal control and risk management.

The Committee:-

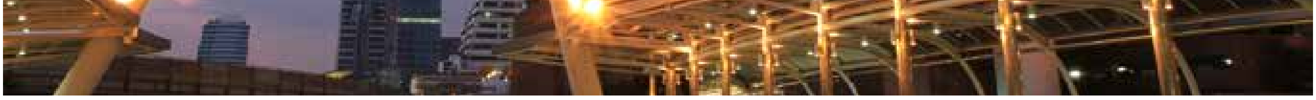
- considers changes to the Company's accounting policies and reviews its interim and annual financial statements before the Board, with whom ultimate responsibility remains, approves them.
- reviews the effectiveness of the system of internal controls during the period and reports thereon to the Board.

The Board is responsible for establishing systems of internal control which provide reasonable assurance that the entity's assets are safeguarded, proper accounting records are maintained and that the financial information used in the business and for publication is reliable. They attach great importance to maintaining a strong and controlled environment. However, any system of internal financial control can provide only reasonable, not absolute, assurance against material misstatement or loss.

Code of Conduct
The Board has approved a Code of Conduct which sets out the entity's core values relating to lawful and ethical conduct of business. All employees have a copy of the Code of Conduct and are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the entity operates. Policies exist for monitoring compliance with the Code of Conduct.

Auditors
The Auditor of the Group was Deloitte & Touche. Shareholders will be asked at the forthcoming Annual General Meeting to approve the auditor's remuneration in respect of the past audit and to appoint Grant Thornton as the auditor for the coming year.

Paddy T. Zhanda (Jnr.)
Chairman - Audit and Risk Committee
21 March 2016

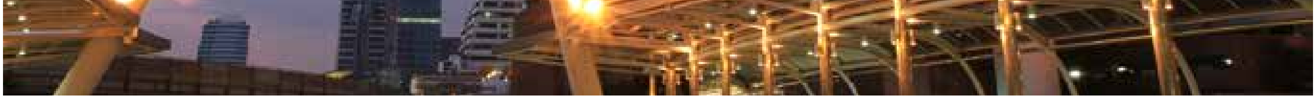


Record of Attendance

Directors' Meetings for the 2015 Financial Year

Board Member↓	Position	Board	AGM	Audit	REMCO*
No. of Meetings→		4/4	1/1	3/3	3/3
Mr Gregory Sebborn***	Non-Executive Director and Chairman	4/4	1/1	1/3	3/3
Mr Canada Malunga	Chief Executive Officer	4/4	1/1	3/3	3/3
Mr Michael Tapera**	Finance Director	2/4	1/1	1/3	n/a
Mr Samuel Sithole**	Non-Executive Director	1/4	0/1	1/3	n/a
Mr Malcolm William McCulloch	Non-Executive Director	2/4	0/1	n/a	2/3
Mr Paddy T. Zhanda (Jnr.)	Non-Executive Director	4/4	1/1	3/3	n/a
Mrs Agnes Makamure***	Finance Director	1/4	0/1	1/3	n/a
Mr Mark Mario Di Nicola***	Non-Executive Director	1/4	0/1	n/a	n/a

REMCO* refers to Remuneration Committee
** Resigned effective 1 June 2015
*** Appointed effective 6 August 2015



Directors' Report

The Directors have pleasure in presenting their Annual Report and the Audited Financial Statements of the Group for the year ended 31 December 2015. In the report "Group" refers to Masimba Holdings Limited and its subsidiary companies.

Period's Results	**US$**
Loss attributable to shareholders	(1,100,672)
Dividends	-
Interim	-
Final	-
Total	-
Net transfer against reserves	(1,100,672)

Capital Expenditure

Capital expenditure for the period to 31 December 2015 amounted to $210,896. The budgeted capital expenditure for the period to 31 December 2015 was $1,452,387.

Share Capital

The authorized share capital of the Group is $8,750,000 and comprising of 875,000,000 ordinary shares of a nominal value of $0,01 each.

During the period no ordinary shares were issued.

The issued share capital of the Company as at 31 December 2015 was $2,204,937 (2014: $2,204,937) comprising 220,493,732 (2014: 220,493,732) ordinary shares of the nominal amount of $0,01 each.

Auditors

The Auditor of the Group was Deloitte & Touche. Shareholders will be asked at the forthcoming Annual General Meeting to approve the auditor's remuneration in respect of the past audit and to appoint Grant Thornton as the auditor for the coming year.

Reserves

The movement in the reserves of the Group is disclosed on the Consolidated Statement of Changes in Equity.

Directorate

The following are the Directors of the Group who held office for the period under review:-

- Mr. Gregory Sebborn, Independent Non-Executive Chairman.
- Mr. Canada Malunga, Chief Executive Officer.
- Mr. Malcolm William McCulloch, Non-Executive Director.
- Mrs. Agnes Makamure, Finance Director.
- Mr. Mark Mario Di Nicola, Non-Executive Director.
- Mr. Paddy T. Zhanda (Jnr.), Non-Executive Director.

Mr. Mark Mario Di Nicola and Mrs. Agnes Makamure, will be retiring in terms of the Articles of Association and Messrs. Canada Malunga and Malcolm William McCulloch will retire by rotation on conclusion of the forthcoming Annual General Meeting. All being eligible, have offered themselves for re-election and shareholders will be asked to appoint Directors for the forthcoming year.

Directors' Fees

Shareholders will be asked to approve the remuneration of the Directors for their services as Directors during the past year.

The Senior Executive Share Option Scheme 2003

The scheme was approved by shareholders in October 2003, the purpose of which is to promote the retention of senior Executives responsible for the management of the Group.

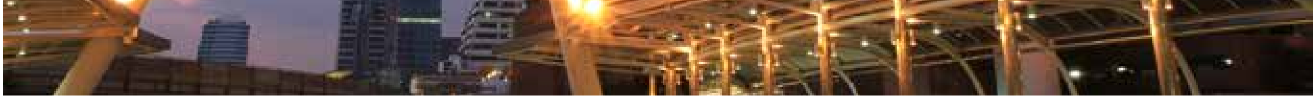
The details of the movement in the outstanding option during the year to 31 December 2015 are shown on note 11 of the financial statements.

Statement of Compliance

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as well as the disclosure requirements of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange listing requirements.

The Group's independent external Auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 22.

The Directors are also responsible for the systems of internal controls. These systems of internal controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and loss. The



Directors’ Report (continued)

systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

Going Concern

The Directors have assessed and are satisfied that the financial statements comply with International Financial Reporting Standards on a going concern basis despite the successive recurring losses. Given the significant improvement in the level of business activities following a successful implementation of own initiated projects and general improvement in the built environment, the Directors are of the opinion that the company has adequate resources to continue in operation for the foreseeable future and accordingly the Annual Financial Statements have been prepared on a going concern basis.

The Directors acknowledge that under the current economic environment, a continuous assessment of the ability of the entity to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

By Order of the Board

G. Sebborn
Director
21 March 2016

C. Malunga
Director
21 March 2016

Deloitte.

Report of the Independent Auditor to the Members of Masimba Holdings Limited

We have audited the accompanying consolidated financial statements of Masimba Holdings Limited (“the Group”) as set out on pages 23 to 62, which comprise the consolidated and the Group statement of financial position as at 31 December 2015, the consolidated and the Group statement of profit or loss and other comprehensive income, the consolidated and the Group statement of changes in equity and the consolidated and the Group statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Financial Statements

The Group’s Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements, and for such internal controls as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Masimba Holdings Limited as at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other Legal and Regulatory Requirements

In our opinion, the current year financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements.

Deloitte & Touche

Deloitte & Touche

21 March 2016

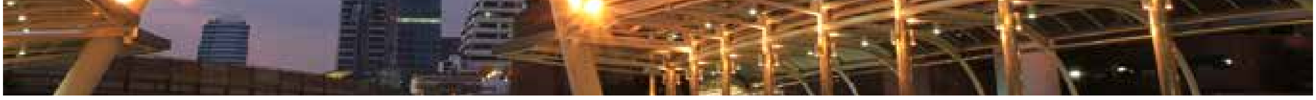
Consolidated Statement of Financial Position

as at 31 December 2015

	Notes	2015 US$	2014 US$
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,004,892	11,792,693
Investment property	5	4,485,500	4,757,307
Investments	6	678,982	504
Total non-current assets		**11,169,374**	**16,550,504**
Current assets			
Cash and cash equivalents		737,173	1,729,139
Investments	6	1,620,000	-
Contracts in progress and contract receivables	8	5,095,397	6,383,944
Trade and other receivables	9	1,957,829	3,887,989
Inventories	10	400,472	5,365,107
Current tax assets		63,708	52,498
Total current assets		**9,874,579**	**17,418,677**
Total assets		**21,043,953**	**33,969,181**
EQUITY AND LIABILTIES			
Capital and reserves			
Issued share capital	11	2,204,937	2,204,937
Share premium		260,063	260,063
Reserves		8,106,081	16,269,358
Retained earnings		277,023	1,377,695
Total equity		**10,848,104**	**20,112,053**
Non-current liabilities			
Borrowings	12	222,268	416,667
Deferred tax	13	2,006,323	2,406,933
Total non-current liabilities		**2,228,591**	**2,823,600**
Current liabilities			
Borrowings	12	222,267	1,166,667
Trade and other payables	14	4,955,445	7,167,062
Subcontractors	15	2,789,546	2,699,799
Total current liabilities		**7,967,258**	**11,033,528**
Total equity and liabilities		**21,043,953**	**33,969,181**

G. Sebborn
Chairman
21 March 2016

C. Malunga
Chief Executive Officer
21 March 2016



Consolidated Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 31 December 2015

Continuing operations	**Notes**	**2015 US$**	**Restated 2014 US$**
Revenue	16	10,039,549	14,848,743
Cost of sales		(8,193,893)	(12,235,998)
Gross profit		**1,845,656**	**2,612,745**
Fair value adjustment		(347,807)	(25,000)
Other operating income	17	197,995	286,929
Administration expenses	18	(2,924,929)	(3,811,111)
Loss before interest and taxation		**(1,229,085)**	**(936,437)**
Share of profit from joint venture		12,715	-
Interest received		4,438	34,415
Finance costs		(82,569)	(378,668)
Loss before tax	**19**	**(1,294,501)**	**(1,280,690)**
Taxation	20	(9,574)	272,386
Loss for the year from continuing operations		**(1,304,075)**	**(1,008,304)**
Discontinued operations			
Profit for the year from discontinued operations	**33**	**203,403**	**455,881**
Loss for the year		**(1,100,672)**	**(552,423)**
Other comprehensive income, net of income tax			
Gain on revaluation of property, plant and equipment		63,313	77,337
Movement in available for sale investments		453,665	-
Deferred tax credit/(charge) on revaluation surplus	13	3,340	(17,978)
Other comprehensive income for the year, net of tax		520,318	59,359
Total comprehensive loss for the year		**(580,354)**	**(493,064)**
Loss per share			
Number of shares		220,493,732	220,493,732
Basic loss per share (cents per share)	21	(0.50)	(0.25)
Diluted loss per ordinary share (cents per share)	21	(0.50)	(0.25)

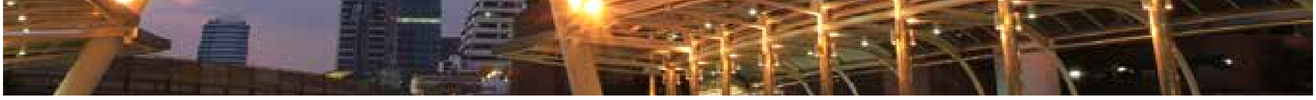
Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2015

	Issued Capital US$	Share Premium US$	Distributable Reserves US$	Non Distributable Reserves US$	Revaluation Reserve US$	Foreign Currency Translation Reserve US$	Share Based Payment Reserve US$	Investment Fair Value Reserve US$	Retained Earnings US$	Total US$
Balance at 31 December 2013	**2,204,937**	**260,063**	**-**	**14,862,591**	**1,379,079**	**(34,241)**	**223,653**	**-**	**1,698,096**	**20,594,178**
Loss for the year	-	-	-	-	-	-	-	-	(552,423)	(552,423)
Other comprehensive income for the year	-	-	-	-	59,359	-	-	-	-	59,359
Share based payments	-	-	-	-	-	-	10,939	-	-	10,939
Reclassification	-	-	-	-	-	-	(232,022)	-	232,022	-
Transfer	-	-	12,000,000	(12,000,00)	-	-	-	-	-	-
Balance at 31 December 2014	**2,204,937**	**260,063**	**12,000,000**	**2,862,591**	**1,438,438**	**(34,241)**	**2,570**	**-**	**1,377,695**	**20,112,053**
Loss for the year	-	-	-	-	-	-	-	-	(1,100,672)	(1,100,672)
Other comprehensive income for the year	-	-	-	-	71,193	-	-	449,125	-	520,318
Share based payments	-	-	-	-	-	-	3,200	-	-	3,200
Dividend paid	-	-	-	-	-	-	-	-	(8,686,795)	(8,686,795)
Transfer on unbundling	-	-	(8,211,310)	-	(475,485)	-	-	-	8,686,795	-
Balance at 31 December 2015	**2,204,937**	**260,063**	**3,788,690**	**2,862,591**	**1,034,146**	**(34,241)**	**5,770**	**449,125**	**277,023**	**10,848,104**

The Directors resolved to distribute US$8,686,795 as dividend-in-specie being net assets in the Proplastics division.

Non-distributable reserves arose as a result of the change in functional currency from Zimbabwe dollars to United States of America Dollars.



Consolidated Statement of Cash Flows

For The Year Ended 31 December 2015

	2015 US$	2014 US$
Cash flows from operating activities		
Loss for the year before interest, tax and share of joint venture profit	(1,229,085)	(936,437)
Adjustments for:		
Depreciation of non-current assets	1,126,745	1,156,370
Fair value adjustment of investment property	347,807	25,000
Available for sale investment	(2,656)	-
Expense recognised in respect of equity-settled share based payments	3,200	10,939
Profit on disposal of property, plant and equipment	(11,256)	(10,449)
Profit on disposal of investment property	-	(5,000)
Reclassification from trade and other receivable to investment property	-	(136,307)
Net cash from operations before working capital changes	**234,755**	**104,116**
Decrease in contracts in progress and contract receivables	1,288,547	2,036,239
Decrease in trade and other receivables	1,930,161	158,676
Decrease in inventories	4,964,635	3,120
Decrease in trade and other payables and sub-contractors	(2,121,869)	(1,000,326)
Cash flow effects of discontinued operations	(4,662,768)	-
Cash generated from operations	**1,633,461**	**1,301,827**
Net interest paid	(78,131)	(344,253)
Income taxes paid	(38,500)	(49,008)
Net cash generated by operating activities - continuing operations	**1,516,830**	**908,565**
Net cash generated by operating activities - discontinued operations	**452,967**	**1,267,051**
Net cash generated by operating activities	**1,969,797**	**2,175,616**
Cash flow from investing activities		
Payments for property, plant and equipment:		
-To maintain operations	(210,896)	(106,082)
-To expand operations	-	-
Proceeds from disposal of property, plant and equipment	75,310	25,902
Purchase of short term investments	(1,620,000)	-
Proceeds from disposal of investment property	-	475,000
Net cash (used)/generated in investing activities - continuing operations	**(1,755,586)**	**394,820**
Net cash used in investing activities - discontinued operations	**(67,378)**	**(1,250,769)**
Net cash used in investing activities	**(1,822,964)**	**(855,949)**
Cash flow from financing activities		
Decrease in borrowings	(1,138,799)	(2,066,665)
Net cash flow utilised in financing activities - continuing operations	**(1,138,799)**	**(2,066,665)**
Net cash flow utilised in financing activities - discontinued operations	-	-
Net cash utilised in financing activities	**(1,138,799)**	**(2,066,665)**
Net decrease in cash and cash equivalents	**(991,966)**	**(746,998)**
Cash and cash equivalents at the beginning of the year	1,729,139	2,476,137
Cash and cash equivalents at the end of the year	**737,173**	**1,729,139**

Accounting Policies

For The Year Ended 31 December 2015

1. General Information

Masimba Holdings Limited (the Group) is a limited company incorporated in the Republic of Zimbabwe. The address of its registered office is 44 Tilbury Road, Willowvale, Harare, Zimbabwe.

1.1 Nature of Business

The principal activities of the Group are civil engineering, building contracting and property development. The operations operate under the trade name Masimba Construction Zimbabwe.

2. Application of New and Revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRS affecting amounts reported and/or disclosures in the financial statements

In the current period, the Group applied a number of new and revised IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. The amended standards, described below, did not have a material impact on the financial position or performance of the Group:-

- **IAS 19 Defined Benefit Plans:** Employee Contributions- The amendments to IAS 19 clarify the accounting treatment for contributions from employees or third parties to a defined benefit plan. According to the amendments, discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plan specify contributions from employees or third parties, the accounting depends on whether the contributions are linked to service.
- **IFRS 2 Share-based Payment:** Definition of vesting- The amendment is to clarify the definition of vesting condition and market condition to ensure the consistent classification of conditions attached to a share based payment. It also adds definitions for performance condition and service condition which were previously included as part of the definition of vesting condition.
- **IFRS 3 Business Combinations:** Accounting for contingent consideration in a business combination- The amendment clarifies that contingent consideration should be measured at fair value at each reporting date, irrespective of whether or not the contingent consideration falls within the scope of IFRS 9 or IAS 39. Changes in fair value (other than measurement period adjustments as defined in IFRS 3) should be recognised in profit or loss. The amendment to IFRS 3 requires prospective application, i.e. entities should apply the amendment prospectively to business combinations for which the acquisition date is on or after 1 July 2014.
- **IFRS 8 Operating Segments:** (i) Disclosure about judgements involved in deciding whether or not to aggregate operating segments and (ii) When reconciliation of the total of the reportable segments' assets to the entity's assets is required- The amendment (i) requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments share similar economic characteristics; and (ii) clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if information about the amount of the segment assets are regularly provided to the chief operating decision-maker.
- **IFRS 13 Fair Value Measurement:** Short term receivables and payables- The amendment to the basis for conclusions of IFRS 13 clarifies that the issuance of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. This amendment does not include any effective date because this is just to clarify the intended meaning in the basis for conclusions.
- **IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets:** Revaluation method – proportionate restatement of accumulated depreciation (amortisation)- The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/ amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/ amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Accounting Policies (continued)

For The Year Ended 31 December 2015

2.1 New and revised IFRS affecting amounts reported and/or disclosures in the financial statements (continued)

- **IAS 24 Related Party Disclosures Key Management Personnel:** The amendment clarifies that a management entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of compensation to key management personnel that is paid by the management entity to the management entity's employees or directors is not required.
- **IFRS 3 Business Combinations:** Scope exceptions for joint ventures - The amendment clarifies that IFRS 3 does not apply to the accounting for the formation of joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13 Fair Value Measurement:** Scope of paragraph 52 portfolio exception - The amendment clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.
- **IAS 40 Investment Property:** Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property - The amendment clarifies that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring an investment property must determine whether (a) the property meets the definition of investment property in accordance with IAS 40; and (b) the transaction meets the definition of a business combination in accordance with IFRS 3.

2.2 New and revised IFRSs in issue but not mandatorily effective and not adopted at reporting date

At the date of authorisation of these financial statements, the following Standards and Interpretations which were applicable to the entity were either in issue or revised but not effective and have not been applied in preparing these financial statements. These include:-

- **IFRS 9 Financial Instruments.** The IFRS was issued in November 2009 as part of the first phase to replace IAS 39 Financial Instrument: Recognition and Measurement. It addresses the classification and measurement of financial assets, effective for periods beginning on or after 1 January 2018.
- **Amendments to IFRS 11:** Accounting for Acquisitions of Interests in Joint Operations. The amendment provides guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Effective for periods beginning on or after 1 January 2016.
- **IFRS 15 Revenue from Contracts with Customers.** Issued in May 2014 and establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Effective for periods beginning on or after 1 January 2018.
- **Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets:** Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of intangible assets. Effective for annual period beginning on or after 1 January 2016.
- **Amendment to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearers Plants -** The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.
- **Amendments to IAS 27 Equity Method in Separate Financial Statements:** The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:
  - at cost;
  - in accordance with IFRS 9 (or IAS 39 for entities

Accounting Policies (continued)

For The Year Ended 31 December 2015

2.2 New and revised IFRSs in issue but not mandatorily effective and not adopted at reporting date (continued)

that have not yet adopted IFRS 9); or

- using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

The same accounting must be applied to each category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

2.3 Application of new and revised International Financial Reporting Standards (IFRSs)

- **Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture:** The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.
- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investors' financial statements.

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception:** The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value. The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

In addition, amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries and clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities. The amendment is effective for annual periods beginning on or after 1 January 2016

Management anticipate that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Group in the period of initial application, with the exception of IFRS 15 Revenue from Contracts with Customers. Management is still evaluating the impact of the standard on the Group's financial statements.

Accounting Policies (continued)

For The Year Ended 31 December 2015

3. Summary of significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards, promulgated by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by IASB.

3.2 Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Zimbabwe Companies Act (Chapter 24:03) and related statutory instruments. With the exceptions noted as in policy 2.2 above, "Application of new and revised IFRSs", the accounting policies set out below have been consistently applied from the previous year and throughout the current year.

These financial statements are presented in United States dollars (US$) being the functional and reporting currency of the primary economic environment in which the Company operates.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on managements' best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of International Financial Reporting Standards (IFRSs) that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in Note 31.

3.3 Basis of consolidation

The consolidated financial statements of the Group incorporates structured entities controlled by the Group and its subsidiaries. Control is achieved when the Company:-

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:-

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- potential voting rights held by the Company, other vote holders or other parties
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous Shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficient balance.

3. Summary of significant accounting policies (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consideration.

3.3.1 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition - date of fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group, in exchange for the control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at the fair value except that:-

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquirer's share-based payments awards are measured in accordance with IFRS 2 Share-based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non- current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

3.5 Interests in joint ventures

When a Group entity undertakes its activities directly under joint arrangements, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity, in which each venture has an interest, are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Accounting Policies (continued)

For The Year Ended 31 December 2015

3. Summary of significant accounting policies (continued)

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see note 3.4 above).

When a Group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interest in the jointly controlled entity that are not related to the Group.

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.6.1 Long-term and construction contracts

Where the outcome of a long-term and construction contract can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the statement of financial position date, as measured by the proportion that contract costs incurred for work to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that collection is probable and the amounts can be measured reliably. Anticipated losses to completion are recognised immediately as an expense in contract costs.

Where the outcome of the long-term and construction contracts cannot be reliably determined, contract revenues are recognised to the extent that the recoverability of incurred costs is probable. Contract costs are recognised as expenses in the period in which they are incurred.

When contract costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profit less recognised losses, the surplus is shown as the amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

3.6.2 Dividend and interest revenue

Dividend revenue from investments is recognised when the Shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.6.3 Rental income

Rental income from investment properties is recognised on a straight line basis over the term of the relevant lease.

3.7 Property, plant and equipment

Property, plant and equipment are tangible assets that the Group holds for its own use or for rental to others and which the Group expects to use for more than one period. The consumption of property, plant and equipment is reflected through a depreciation charge designed to reduce the asset to its residual value over its useful life.

3.7.1 Measurement

Property, plant and equipment are initially shown at cost less the related depreciation. It is the policy of the Group to revalue its property, plant and equipment frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation increase arising is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve of that asset.

3. Summary of significant accounting policies (continued)

3.7.2 Subsequent costs

Subsequent costs are included in an asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

3.7.3 Components

The amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant components and where they have different useful lives, are recorded and depreciated separately. The remainder of the cost, being the parts of the item that are individually not significant or have similar useful lives, are grouped together and depreciated as one component.

3.7.4 Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following average useful lives are used in the calculation of depreciation:-

Land is not depreciated		
Buildings	40 years	On a straight – line basis
Plant and equipment	4-10 years	On a straight – line basis
Motor vehicles	5 years	On a straight – line basis
Other Assets	3-10 years	On a straight – line basis

3.7.5 Useful lives and residual values

The property, plant and equipment's residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The estimated useful life is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors such as number of shifts for which the asset is to be used and the repair and maintenance program and technological obsolescence arising from changes and residual value.

3.8 Impairment of assets

At each statement of financial position date the Group assesses whether there is any indication that an asset maybe impaired. If any such indication exists, the asset is tested for impairment by estimating the recoverable amount of the related asset. Irrespective of whether there is any indication of impairment, an intangible asset with an indefinite useful life, intangible assets not yet available for use and goodwill acquired in a business combination, are tested for impairment on an annual basis.

When performing impairment tests, the recoverable amount is determined for the individual asset for which an objective indication of impairment exists. If the asset does not generate cash flows from continuing use that are largely independent from other assets or group of assets, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.9 Taxation and deferred taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.9.1 Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted by the statement of financial position date.

3.9.2 Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if

3. Summary of significant accounting policies (continued)

the temporary difference arises from goodwill or from the initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

3.9.3 Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except where the goods supplied are exempted or zero rated. The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

3.10 Contracts in progress and contract receivables

The valuation of contracts in progress takes account of all direct expenditure on contracts, less payment on account and provision for possible losses to completion. Profits or losses on contracts are recognised with reference to the stage of completion, which is determined by taking into account the proportion of work executed and the nature of each contract. Anticipated losses to completion are deducted.

3.10.1 Advance payments received

Advance payments received are assessed on initial recognition to determine whether it is probable that they will be repaid in cash or another financial asset. If it is probable that the advance payments will be repaid with goods or services, the liability is carried at historic cost.

3.11 Inventories

Inventories comprise finished goods and manufactured components. They are valued at the lower of cost or net realisable value generally determined on a moving average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.12 Foreign currency translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars, which is the functional currency of the Group and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at

3. **Summary of significant accounting policies (continued)**

the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:-

- exchange differences which relate to assets under construction for future productive use,
- exchange differences which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings,
- exchange differences on transactions entered into in order to hedge certain foreign currency risks, and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollars(US$) using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign operation (i.e. disposal of a Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit and loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non controlling interest and are not recognised in profit and loss. All partial disposals i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.13.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Income is recognised on an effective interest basis

3. **Summary of significant accounting policies (continued)**

for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:-

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:-

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated statement of profit or loss and other comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are

3. Summary of significant accounting policies (continued)

not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:-

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of sixty (60) days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of

3. Summary of significant accounting policies (continued)

the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.13.2 Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Compound instruments
The component parts of compound instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium/other equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits/other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

3. Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:-

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

  A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:-

Such designation eliminates or significantly reduces a measurement or recognition inconsistency.

Would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

  Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the consolidated income statement

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:-

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

3.14 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. Summary of significant accounting policies (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3.15 Share based payments

Senior Executives of the Group receive remuneration in the form of share based payments, whereby they receive equity instruments as consideration for rendering services. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions other than those linked to the price of the shares of the Group. The cost of equity settled transactions is recognised, together with corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Details regarding the determination of the fair value of equity settled share based transactions are set out in note 11.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (Share Based Payment reserve).

3.16 Investment properties

Investment property is property held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis. Initially, investment property is measured at its cost, including transaction costs.

Subsequent to initial measurement, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the period in which the property is de-recognised.

3.17 Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Provisions and contingencies

3.18.1 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to

3. Summary of significant accounting policies (continued)

settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3.18.2 Contingent liabilities
A contingent liability is a possible obligation that arises from past events and existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

3.18.3 Contingent assets
A contingent asset is a possible asset that arises from past events and existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. In the ordinary course of business, the Group may pursue a claim against a subcontractor or client. Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the flow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised on the statement of financial position.

3.19 Employee benefits

3.19.1 Defined contribution plans
The Group operates pension schemes in terms of the Pension and Provident Funds Act and current contributions to defined contribution schemes are charged against income as incurred. The Group also participates in the National Social Security Authority scheme. Under defined contribution plans, the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

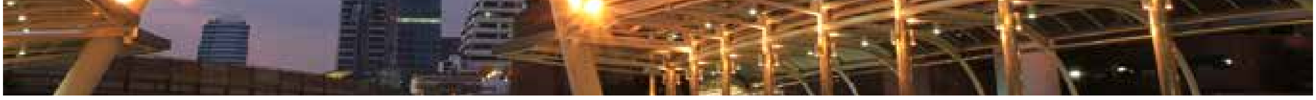
3.19.2 Short term employee benefits
Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees of the Group.

3.19.3 Termination benefits
Termination benefits are payable when employment is terminated by the Group before retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than twelve (12) months after the statement of financial position date are discounted to present value.

3.19.4 Retirement benefit costs
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3.20 Related parties
Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Executive and Non-Executive Directors.



Accounting Policies (continued)

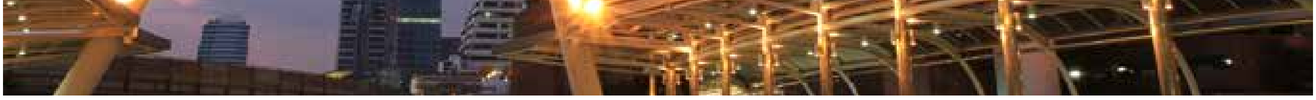
For The Year Ended 31 December 2015

3. Summary of significant accounting policies (continued)

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

3.21 Dividend *in specie*

The Group measures a liability to distribute non-cash assets as dividend to its owners at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable being recognised in equity as adjustments to the amount of the distribution. When Group settles the dividend payable, it recognises the difference, if any between the carrying amount of the assets distributed and the carrying amount of the dividend payable in profit or loss.



Notes To The Financial Statements

For The Year Ended 31 December 2015

4 Property, plant and equipment

	Freehold Land & Buildings US$	Plant & Machinery US$	Motor Vehicles US$	Furniture & Office Equipment US$	Total US$
COST/VALUATION					
Balance at 31 December 2013	**5,065,000**	**10,863,335**	**1,924,010**	**478,474**	**18,330,819**
Additions	-	1,255,624	76,812	42,120	1,374,556
Revaluation	10,000	(34,687)	-	-	(24,687)
Disposals	-	(36,171)	(79,397)	(3,235)	(118,803)
Balance at 31 December 2014	**5,075,000**	**12,048,101**	**1,921,425**	**517,359**	**19,561,885**
Additions		142,303	58,113	10,480	210,896
Additions-Proplastics		66,908		3,730	70,638
Revaluation	(20,000)	-	-	-	(20,000)
Disposals	(45,000)	(1,048)	(32,792)	-	(78,840)
Disposals-Proplastics	-	(2,214)	-	-	(2,214)
Disposals-Unbundling	(1,420,000)	(5,761,391)	(514,226)	(269,466)	(7,965,083)
Balance at 31 December 2015	**3,590,000**	**6,492,659**	**1,432,520**	**262,103**	**11,777,282**
ACCUMULATED DEPRECIATION					
Balance at 31 December 2013	**-**	**4,674,642**	**1,076,742**	**326,141**	**6,077,525**
Depreciation expense	102,025	1,420,160	281,437	76,618	1,880,240
Eliminated on disposal	-	(19,702)	(63,575)	(3,271)	(86,548)
Eliminated on revaluation	(102,025)	-	-	-	(102,025
Balance at 31 December 2014	**-**	**6,075,100**	**1,294,604**	**399,488**	**7,769,192**
Depreciation expense	84,063	769,343	226,616	46,723	1,126,745
Depreciation expense-Proplastics	14,792	295,179	29,160	11,682	350,813
Eliminated on disposal	(750)	(784)	(13,254)	-	(14,788)
Eliminated on disposal-Proplastics	-	(885)	-	-	(885)
Eliminated on disposal-Unbundling	(14,792)	(2,783,717)	(354,596)	(222,269)	(3,375,374)
Eliminated on revaluation	(83,313)	-	-	-	(83,313)
Balance at 31 December 2015	**-**	**4,354,236**	**1,182,530**	**235,624**	**5,772,390**
CARRYING AMOUNT					
Balance at 31 December 2013	**5,065,000**	**6,188,693**	**847,268**	**152,333**	**12,253,294**
Balance at 31 December 2014	**5,075,000**	**5,973,001**	**626,821**	**117,871**	**11,792,693**
Balance at 31 December 2015	**3,590,000**	**2,138,423**	**249,990**	**26,479**	**6,004,892**

4.1 Encumbrances on property, plant and equipment

Freehold land and buildings with a carrying amount of approximately $5.4 million have been pledged to secure borrowings of the Group. This was done by way of a deed of hypothecation for $5.4 million in favour of its bankers over stand number 2118 Gwelo Township, stand number 44 Willowvale Township of Lot 8 of 6 of Willowvale and stand number 20A Ardbennie Industrial Township. Movable property is encumbered as shown in note 12.

4 Property, plant and equipment (continued)

4.2 Revaluation

In 2015 the Directors engaged an independent valuer, Integrated Properties (Private) Limited, and revalued all freehold land and buildings of the Group. The effective date of the revaluation was 31 December 2015.

5 Investment Property

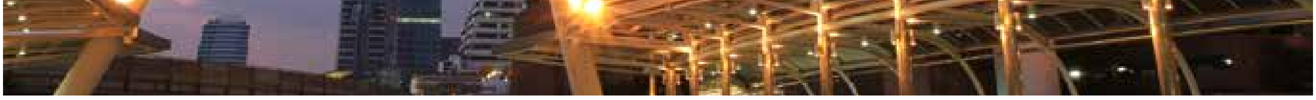
	2015 US$	2014 US$
At fair value		
Balance at beginning of year	4,757,307	5,116,000
Loss on property revaluation	(347,807)	(25,000)
Additions	76,000	136,307
Disposals	-	(470,000)
Balance at end of year	**4,485,500**	**4,757,307**

The fair value of investment property has been arrived at on the basis of a valuation carried out at 31 December 2015 by independent professional valuers, Integrated Properties (Private) Limited. In arriving at the market value, the implicit investment approach based on the capitalisation of income was applied. This method is based on the principle that rentals, capital and income generated by owner occupied assets are interrelated. The effective date of revaluation was 31 December 2015.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:-

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

  The value produced by a model or other valuation technique may be adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value on the statement of financial position.



Notes To The Financial Statements (continued)

For The Year Ended 31 December 2015

5. Investment property (continued)

The following table presents assets and liabilities recognised at fair value in the statement of financial position of the Group:-

2015				
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total carrying amount US$**
Freehold land & buildings	-	3,590,000	-	3,590,000
Investment property	-	4,485,000	-	4,485,000

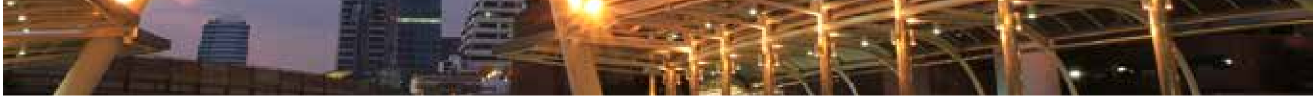
There were no transfers between level 1 and level 2 during the current year.

The property rental income earned by the entity from its investments property, all of which is leased out under operating leases, amounted to US$173,166 (2014: US$201,199). Direct operating expenses arising on the investment property amounted to US$198,348 (2014: US$271,560).

6. Investments

	2015 US$	**2014 US$**
Long term investments		
Financial assets carried at fair value through other comprehensive income	678,982	504
	678,982	**504**
Short term investments		
Financial assets held to maturity	1,620,000	-
	1,620,000	**-**

Fair value investments are dated at fair value with the change being recognised in other comprehensive income for available for sale equity investments and profit and loss for financial assets held to maturity.



Notes To The Financial Statements (continued)

For The Year Ended 31 December 2015

6. Investments (continued)

Short term investments are Government Treasury Bills issued at 5% interest per annum and maturing on 8 October 2016.

	2015 US$	2014 US$
Movement in the book amount for the year		
Balance at the beginning of year	504	504
Additions during the period	212,098	-
Share of profit from joint venture	12,715	
Fair value adjustment	453,665	-
Balance at the end of year	**678,982**	**504**

Masimba Holdings Limited, directly and indirectly, has investments in the following subsidiaries with a total carrying amount as at 31 December 2015 of $6,590,740 (2014: $17,025,535)

Company	Status	2015	2014
		Percentage Held %	
Axwort Investments (Private) Limited	Dormant	100	100
Caridorn Abrasives (Private) Limited	Dormant	100	100
Chimene Investments (Private) Limited	Dormant	100	100
Huldwash Investments (Private) Limited	Dormant	100	100
Masimba Corporate Services (Private) Limited	Dormant	100	100
Masimba Estates Limited	Trading	100	100
Masimba Industries (Private) Limited	Dormant	100	100
Masimba Properties Limited	Trading	100	100
Mobile Steel Construction (Private) Limited	Dormant	100	100
Prespeen Investments (Private) Limited	Dormant	100	100
Regional Contracting Services Limited	Dormant	100	100
Rintl Investments (Private) Limited	Dormant	100	100
Stemrich Investments (Private) Limited	Dormant	100	100
Wareput Investments (Private) Limited	Dormant	100	100
Westminster (Proprietary) Limited	Dormant	100	100

Notes To The Financial Statements (continued)

For The Year Ended 31 December 2015

7. Foreign assets

Net asset values attributable to the entity are situated in the following country-

	2015 US$	2014 US$
Mauritius		
Cash and cash equivalents	8,648	8,648
	8,648	**8.648**

8. Contracts in progress and contract receivables

	2015 US$	2014 US$
Contracts receivables in respect of certified work	1,482,491	2,793,921
Contracts receivables in retentions	792,088	1,364,811
Contracts work in progress	2,820,818	2,225,212
	5,095,397	**6,383,944**

9. Trade and other receivables

	2015 US$	2014 US$
Trade	869,003	2,384,889
Prepayments	847,397	736,424
Other	241,329	766,676
	1,957,829	3,887,989
Gross trade receivables	1,060,170	3,171,736
Less: allowance for credit losses	(191,167)	(786,847)
	869,003	2,384,889
Prepayments	950,157	1,091,997
Deposits	-	102,503
Other receivables	138,669	308,600
	1,957,829	**3,887,989**

The average credit period for trade receivables is sixty (60) days. No interest is charged on the overdue trade receivables. The entity has recognised an allowance for credit losses against all receivables on a case by case basis.

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Group has not recognised an allowance for credit losses because there has not been a significant change in the credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by it to the counterparty.

Ageing of past due but not impaired trade receivables	2015 US$	2014 US$
60 days	-	355,261
61-90 days	39,868	58,218
91 days +	695,802	1,156,254
	735,670	**1,569,733**

9. Trade and other receivables (continued)

	2015 Days	2014 Days
Debtor days	53	31
Movement in the allowance for credit losses	**US$**	**US$**
Balance at the beginning of the year	786,847	276,561
Net movement in provision for the year	(595,680)	510,286
Bad debts written off	-	-
Balance at the end of the year	**191,167**	**786,847**

Book debtors are encumbered as shown in note 12.

In determining trade recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risks is limited due to the customer base being large and unrelated.

The Directors consider that the carrying amount of trade receivables approximates their fair values.

Ageing of impaired trade receivables	2015 Days	2014 Days
180+ days	**191,167**	**512,692**

10. Inventories

	2015	2014
Raw materials and consumable stores	-	2,502,365
Work in progress	-	796,657
Finished goods and manufactured components	400,472	2,258,679
Provision for slow moving stock	-	(192,594)
	400,472	5,365,107

The cost of write down of inventories recognised as an expense during the period was US$ NIL (2014: NIL).

11. Share capital and reserves

	2015 US$	2014 US$
Authorised and issued share capital		
Authorised		
875,000,000 ordinary shares of US$0.01 each	8,750,000	8,750,000
Issued		
220,493,732 (2014: 220,493,732) ordinary shares of US$0,01 each	2,204,937	2,204,937

Unissued share capital

This is share capital which Directors may allot, grant options over or deal with at their discretion (in terms of the Articles of Association) subject to the limitations of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange, without further restrictions.

Unissued share capital	6,545,063	6,545,063

Shares under options

The Directors are empowered to grant share options to senior Executives of the Group up to a maximum of 20,000,000 (2014: 20,000,000) share options. The options are granted for a period of five (5) years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of share options outstanding as at 31 December 2015 were as follows:-

	2015 Shares	2014 Shares
Balance at the beginning of year	6,300,000	3,900,000
Granted during the year	-	6,300,000
Forfeited during the year	(1,250,000)	(3,900,000)
Exercised during the year	-	-
Balance at end of year	**5,050,000**	**6,300,000**

11. Share capital and reserves (continued)

A valuation was carried out by the Directors as at 31 December 2015. The estimated fair values of options granted were determined using Black Scholes model in accordance with IFRS 2 with the following inputs and assumptions:-

	2015	2014
Grant date share price (US$)	0.121	0.121
Exercise price (US$)	0.121	0.121
Expected volatility	48.85%	48.85%
Dividend yield	0.00%	0.00%
Risk-free interest rate	8.00%	8.00%

Valuation Inputs

Exercise price
The scheme rules state that the price for the shares comprised in an option shall be the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted.

Expected volatility
Expected volatility is a measure of the amount by which the price is expected to fluctuate during a period, for example between grant date and the exercise date.

Volatility was calculated as the standard deviation of log normal daily returns for the period starting 16 July 2013 to 15 July 2014.

Expected dividends
When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividends expected to be paid during the vesting period. This is because the payment of dividends reduces the value of a company.

Risk free rate of return
A risk free rate of return is the interest rate an investor would expect to earn on an investment with no risk which is usually taken to be a Government issued security. It is the interest rate earned on a riskless security over a specified time horizon. The risk free rate return is based on 8% Fixed Rate Infrastructure Development Bonds 2014 issued by the Infrastructure Development Bank of Zimbabwe.

All options expire, if not exercised five (5) years after the date of grant.

Non-distributable reserves
This is the residual figure of assets and liabilities arising from the change in functional currency.

12. Borrowings

	2015 US$	2014 US$
Secured borrowings at amortised costs		
Bank borrowings	444,535	1,583,334
Current	222,267	1,166,667
Non-current	222,268	416,667
	444,535	**1,583,334**

The short term loans have a tenure of three (3) months and long term loans have a tenure of two (2) years. The loans accrue interest at an effective rate of 7% (2014: 10%) per annum. These loans are fully secured against immovable property and a notorial general covering bond over movable assets, including a cession of book debts, refer to note 4.1 and note 9.

13. Deferred tax

	2015 US$	2014 US$
Balance at the beginning of year	2,406,933	2,575,572
Charge to income statement	(17,551)	(186,617)
Charge/(credit) to other comprehensive income	(3,340)	17,978
Transfers on Unbundling	(379,719)	-
Balance at the end of year	**2,006,323**	**2,406,933**
Comprising of:		
Accelerated wear and tear	1,113,299	1,912,697
Uncertified work and claims	1,299,352	572,992
Retention	284,355	117,447
Unrealised exchange gains	-	1,605
Prepayments	59,169	58,837
Revenue received in advance	(50,580)	(20,148)
Fair value adjustments	4,537	(1,250)
Allowances for credit losses	(49,225)	(202,613)
Provision for slow moving stock	-	(49,593)
Revaluation of property, plant and equipment	(3,340)	17,978
Maintenance provision	(34,995)	(34,955)
Assessed loss	(511,384)	-
Other	(104,865)	33,936
	2,006,323	**2,406,933**

14. Trade and other payables

	2015 US$	2014 US$
Trade	411,100	1,641,134
Accruals	163,910	499,684
Provisions	2,233,882	2,744,627
Unearned Revenue (Advance receipts from customers)	1,802,333	1,938,577
Other	344,220	343,040
	4,955,445	7,167,062

The average credit period on purchases of goods and services from suppliers is sixty (60) days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms.

The Directors consider that the carrying amount of trade payables approximates their fair values.

15. Sub-contractors

Balance as at year end	2,789,546	2,699,799

Contracts in progress and contract receivables include claims against clients in respect of sub-contractor liabilities. These liabilities are only settled when payment has been received from clients.

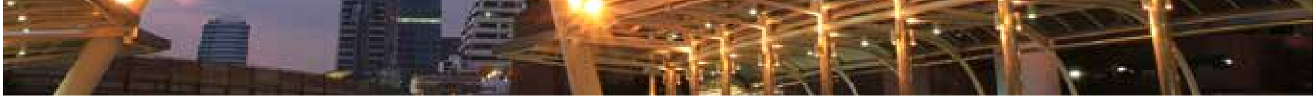
16. Revenue

The following is an analysis of the entity's revenue for the period:-

	2015 US$	Restated 2014 US$
Construction contract revenue	10,039,549	14,848,743

17. Other operating Income

Rental income	173,166	201,199
Exchange gain	(15,848)	(359)
Scrap and service sales	26,765	30,126
Sundry income	2,656	40,514
Profit/(loss) on disposal of property, plant and equipment	11,256	10,449
Profit on disposal of investment property	-	5,000
	197,995	**286,929**



Notes To The Financial Statements (continued)

For The Year Ended 31 December 2015

18. Administration expenses	**2015 US$**	**Restated 2014 US$**
Advertising and promotions	2,856	22,602
Audit fees	42,000	94,278
Bad debt	47,255	6,365
Bank charges	95,688	204,150
Communication	26,272	43,492
Computer printing and stationery	33,421	37,434
Corporate social investment	9,817	30,855
Depreciation	214,587	293,829
Directors' fees	60,000	42,500
Insurance	46,629	81,202
Licenses and levies	23,909	27,508
Others	344,238	531,413
Premises	52,079	36,977
Professional and subscriptions	93,792	71,712
Training and recruitment	7,919	48,315
Travel and accommodation	56,526	67,928
Utilities	66,713	83,524
Staff	1,701,228	2,123,641
	2,924,929	**3,811,111**

19. Loss before taxation

Loss before taxation has been arrived at after taking into account the following items which have not been disclosed separately:-	**2015 US$**	**Restated 2014 US$**
Depreciation	1,126,745	1,156,370
Share option expense	3,200	10,939
Pension	277,577	443,463
Compensation to key management	1,040,586	1,058,851

20. Taxation

Current income tax	(27,125)	(16,054)
Capital gains tax	-	(23,750)
Deferred tax movements as previously reported	17,551	312,190
Tax per income statement	(9,574)	272,386
Reconciliation of current income taxation		
Loss before tax	(1,294,501)	(1,280,690)
Tax at standard rate	333,334	329,778
Adjusted for:		
Effects of expenses not deductible for tax	(45,625)	(64,546)
Effects of other permanent differences	(279,893)	8,404
Effects of income taxed at special rates	(17,390)	(1,250)
Effective tax (expense)/credit	**(9,574)**	**272,386**

21. Earnings per share

Basic earning basis
The calculation is based on the profit attributable to ordinary shareholders and the number of shares in issue at the end of the year.

Diluted earnings basis
The calculation is based on the profit attributable to ordinary shareholders and the number of shares in issue after adjusting to assume conversion of share options not yet exercised.

The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary shareholders of the Company is based on the following data:-

	2015 US$	2014 US$
Earnings		
Loss attributable to the equity holders of the Company	(1,100,672)	(552,423)
Number of shares		
Weighted average number of shares in issue used in the determination of:		
Basic	220,493,732	220,493,732
Diluted	220,493,732	223,479,384
Loss per share (US cents):		
Basic	(0.50)	(0.25)
Diluted	(0.50)	(0.25)

22. Retirement benefit costs

Pension funds
The Group operations and all permanent employees contribute to one of the funds detailed below:-

22.1 Masimba Holdings Limited Retirement Fund
All employees with the exception of those participating in the funds detailed in 22.2 to 22.3 below are members of this Fund which is administered by Old Mutual. The Fund is a defined contribution scheme.

As at 31 December 2015, there were 123 (2014: 164) members in the scheme.

22.2 Construction Industry Pension Fund
This Fund is a defined contribution scheme and encompasses employees generally subject to an industrial agreement.

22.3 National Social Security Authority
The entity and its employees contribute to the National Social Security Authority. This is a social security scheme promulgated under the National Social Security Act 1989. The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

22. Retirement Benefit Costs (continued)

22.4 Pension costs recognised as an expense for the year

	2015 US$	Restated 2014 US$
Masimba Holdings Limited Retirement Fund	167,611	284,776
National Social Security Authority	19,049	97,799
Construction Industry Pension Fund	90,917	60,888
	277,577	**443,463**

23. Capital commitments

Capital expenditure authorised, but not contracted for, is US$664,474 (2014: US$1,452,387). The expenditure is to be financed from internal resources and existing facilities.

24. Directors' interests

The Directors directly/indirectly hold the following number of shares in the Company:-

	31 December 2015 shares	31 December 2014 shares
Mr. Michael Tapera	-	2,053
Mr. Canada Malunga	1,135,956	1,135,956
Zumbani Capital	102,713,272	102,713,272

Messrs. Canada Malunga, Malcolm William McCulloch, Mark Mario Di Nicola, Paddy T. Zhanda (Jnr.) have an indirect shareholding in Zumbani Capital (Private) Limited.

25. Borrowing powers

Authority is granted in the Articles of Association for Directors to borrow a sum not exceeding 300% of the ordinary Shareholders' funds without the prior sanction of an ordinary resolution of the Company.

26. Insurance cover

In the opinion of the Directors, the Group's assets are adequately insured at full replacement cost of current condition and age of the asset.

27. Contingent liabilities and contingent assets

27.1 The Group is from time to time involved in various disputes, claims and legal proceedings arising in the ordinary course of the business. The Board does not believe that adverse decisions in any pending proceedings or claims against the Group will have a material effect on the future financial conditions of the Group.

27.2 Bank guarantees in issue as at year end:-

	2015 US$	2014 US$
Performance bonds	337,903	810,233
Advance payment bonds	296,819	-
Retention bonds	-	117,591
	634,722	**927,824**

28. Related party disclosures

Balances and transactions between entities within the Group have been eliminated on consolidation and are not disclosed in this note.

The remuneration of Directors and other members of key management during the year was as follows:

	2015 US$	Restated 2014 US$
Short term benefits	1,040,586	1,058,851
Share based benefits	3,200	10,939
The following amounts are in respect of Directors' emoluments:-		
For services as Directors	60,000	42,500
For managerial services	980,586	1,016,351

The remuneration of Directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

	2015 US$	2014 US$
Loans and advances to Directors and key Executives	90,743	156,285

Terms and Conditions: The loan amount limit ranges from 100% to 130% of annual salary and is subject to cash flow and Remuneration Committee approval. The annual interest rate is the lower of 50% of minimum Bank lending rate and 150% of the income tax deemed interest rate. The repayment period is six (6) months to two (2) years.

29. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial assets, financial liability and equity instruments, are disclosed per note 3.

(b) Categories of financial instruments

	2015 US$	2014 US$
Financial Assets		
Cash and cash equivalents	737,173	1,729,139
Loans and receivables and contract receivables	7,053,226	10,546,089
Short term investments	1,620,000	-
Financial assets carried at fair value	678,982	504
Financial Liabilities		
Borrowings and payables	8,189,526	11,499,728

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities approximate the carrying values in the statement of financial position as at 31 December 2015.

30. Financial risk management

The entity's financial liabilities comprise bank loans and overdrafts and trade and other payables. The main purpose of these financial instruments is to raise finance for the entity's operations. The entity has various financial assets such as trade receivables, cash and short term deposits which arise directly from its operations. The entity does not use derivative financial instruments in its management of foreign currency risk. Derivative financial instruments are not held or issued for trading purposes.

The main risks arising from the entity's financial instruments are cash flow risk, foreign currency risk, interest rate risk, credit risk and liquidity risk. Senior Executives of the Group meet on a regular basis to review and agree on policies to manage each of these risks. Treasury management strategies together with currency and interest rate exposures are re-evaluated against revised economic forecasts. Compliance with the Group policies and exposure limits are reviewed at Audit and Risk Committee meetings.

30.1 Foreign exchange risk management

The Group undertakes certain transactions denominated in currencies other than the United States Dollars (US$) hence exposure to exchange rate fluctuations arises.

The Group's net foreign asset /liability exposure as at year end, determined at the fair market rate of US$1: ZAR15,49; US$1: EUR 0.89; US$1: GBP 0.66, is summarised as:-

	Currency	Foreign Balance Outstanding	2015 US$ Equivalent	Foreign Balance Outstanding	2014 US$ Equivalent
Receivables	ZAR	-	-	136,250	11,373
Bank Balances	ZAR	6,556	423	35,245	2,942
Payables	ZAR	-	-	(1,784,382)	(148,947)
Payables	GBP	-	-	(815)	(1,294)
Receivables	EUR	-	-	10,612	13,266
			423		**(122,660)**

Given the amounts and types of currency held, the Group has no significant exposure to foreign currency risk at year end.

Abbreviation of currencies:-

ZAR - South African Rand
US$ - United States Dollar
EUR - Euro Dollar

Fair values of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements. Assets and liabilities denominated in currencies other than the US$ which were on hand at the statement of financial position date have been valued for the purpose of these financial statements at official rates of exchange as the Directors are of the opinion that the official rate fairly reflects the value of such assets and liabilities for accounting purposes as required by IAS 21: The Effects of Changes in Foreign Exchange Rates.

30. Financial risk management (continued)

30.2 Interest risk

The entity's treasury policy limits exposure to interest rate fluctuations by adopting a non-speculative approach to managing interest rate risk and only deals in approved financial instruments. Implementation of treasury policy ensures limited exposure to funding instruments while investment instruments are those which provide risk free returns at variable interest rates and mature within one year.

30.3 Credit risk

Financial assets which potentially subject the entity to concentration of credit risk consist principally of cash, short-term deposits and trade receivables. The entity's surplus cash equivalents and short-term deposits are placed with high quality creditworthy financial institutions. The trade receivables are presented net of the allowance for credit losses and comprise a large, widespread customer base and the Group monitors the performance and financial condition of its customers so that the exposure to bad debts is not significant.

30.4 Liquidity risk

The entity monitors its risk of shortage of funds using a liquidity planning tool. The entity considers the maturity of both its financial investments and financial assets (e.g. receivables) and projected cash flows from operations. The entity's main objective is to maintain short term bank loans at a manageable level.

30.5 Capital risk management

The entity manages its capital structure to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of debt and equity.

The capital structure of the entity consists of debt, which includes borrowings disclosed in Note 12, interest bearing borrowings and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

The Group's Audit and Risk Committee reviews the capital structure on a quarterly basis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Committee, the entity will balance its overall structure through payments of dividends, new share issues and share buy backs as well as the issue of new debt or the redemption of existing debt.

31. Critical accounting estimates and judgments

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The most significant estimates and assumptions made in the preparation of these consolidated financial statements are discussed below:-

Revenue recognition and contract accounting

The entity uses certain assumptions and key factors in the management of and reporting for its contracting arrangements. These assumptions are material and relate to:-

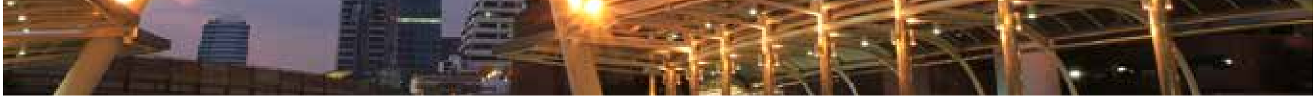
- The estimation of costs to completion and the determination of the percentage of completion;
- The recoverability of under claims;
- The recognition of penalties and claims on contracts; and
- The recognition of contract incentives.

Management is satisfied that at year end the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

Other estimates

The Directors also make estimates for:-

- The calculation of the provision for credit losses. In determining recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Group therefore recognises an allowance for credit losses against receivables on a case by case basis.
- The determination of useful lives and residual values of items of property, plant and equipment. (Refer to property, plant and equipment accounting policy note 3.7)
- The determination of the fair value of share options. (Refer to note 11).



Notes To The Financial Statements (continued)

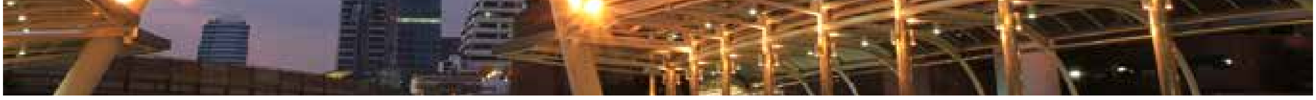
For The Year Ended 31 December 2015

32. Joint Ventures

32.1 Details of material joint ventures

Name of Joint Venture	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest voting rights held by Masimba 31 Dec 2015 %	31 Dec 2014 %
Masimba Construction Zimbabwe and Reliance (Private) Limited	JMN Airport	Zimbabwe	60	60
Masimba Construction Zimbabwe and Kuchi Construction (Private) Limited	NUST Library	Zimbabwe	50	50
Masimba Construction Zimbabwe and Integrated Construction Projects (Private) Limited	Raw Water Pipeline	Zimbabwe	-	50
Masimba Construction Zimbabwe and Integrated Construction Projects (Private) Limited	Unki Housing and Concrete Works	Zimbabwe	-	50
Masimba Construction Zimbabwe and Tencraft (Private) Limited	Tuli River Bridge	Zimbabwe	50	50

The above joint ventures are accounted for using the equity method in these consolidated financial statements.



Notes To The Financial Statements (continued)

For The Year Ended 31 December 2015

32 Joint Ventures (continued)

The summarised financial information in respect of the Group's material joint venture is set out below.

	2015 US$	2014 US$
Non-current assets	1,352	2,032
Current assets	3,806,336	4,940,450
Current liabilities	3,333,968	3,936,120
The above amounts of assets and liabilities include the following:-		
Cash and cash equivalent	27,851	247,466
Short term investments	2,700,000	-
Revenue	288,981	100,192
Loss for the period	(38,254)	16,297
Other comprehensive income	-	-
Total comprehensive (loss)/income for the period	(38,254)	16,297
The above (loss)/profit for the year includes the following items:-		
Depreciation and amortisation	340	340

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture is recognised in the consolidated financial statements.

	2015 US$	2014 US$
Net assets of joint ventures	473,720	1,006,362
Proportion of the Company's ownership interest in the joint venture	53%	57%
Carrying amount of the Group's interest in the joint venture	248,703	573,626

33. Discontinued operations

On 29 May 2015 the Company disposed off its manufacturing division, Proplastics, through distribution of its net assets in the form of a dividend *in specie* to Masimba Holdings Limited shareholders. Proplastics Limited subsequently listed on the Zimbabwe Stock Exchange on 8 June 2015.

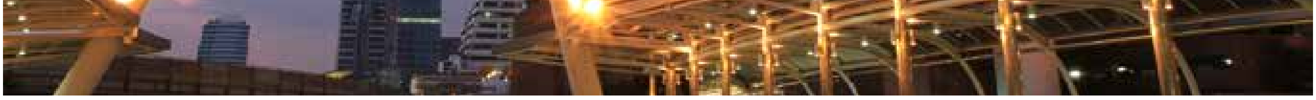
The manufacturing segment was not classified as held for distribution or as a discontinued operation in prior year. The comparative consolidated statement of profit or loss and other comprehensive income and statement of cash flows have been restated to show the discontinued operation separately from continuing operations.

Results of discontinued operation

	5 months to May 2015 US$	**12 months to December 2014 US$**
Revenue	5,337,579	13,328,216
Expenses	(5,063,635)	(12,702,532)
Results from operating activities	273,944	625,684
Income tax	(70,541)	(169,803)
Profit from discontinued operations	**203,403**	**455,881**

Cash flows from discontinued operation

	May 2015 US$	**December 2014 US$**
Net cash generated from operating activities	452,967	1,267,051
Net cash used in investing activities	(67,378)	(1,250,769)
Net cash flow for the period	**385,589**	**16,282**



Notes To The Financial Statements (continued)

For The Year Ended 31 December 2015

33. Discontinued operation (continued)

Effect of disposal on the financial position of the Group	**May 2015 US$**
Property, plant and equipment	4,589,710
Total non-current assets	**4,589,710**
Cash and cash equivalents	539,458
Trade receivables and other receivables	2,647,425
Inventories	4,026,041
Total current assets	**7,212,924**
Total assets	**11,802,634**
Deferred tax liabilities	595,461
Trade and other payables	2,520,380
Total liabilities	**3,115,839**
Net assets and liabilities	**8,686,795**
Dividend-*in-specie*	**8,686,795**

34. Going concern

The Directors have assessed and are satisfied that the financial statements comply with International Financial Reporting Standards on a going concern basis despite the successive recurring losses. Given the significant improvement in the level of business activities following a successful implementation of own initiated projects and general improvement in the built environment, the directors are of the opinion that the company has adequate resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis.

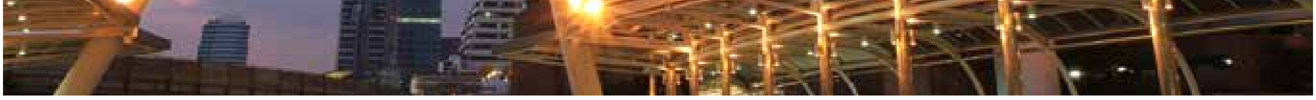
The Directors acknowledge that under the current economic environment a continuous assessment of the ability of the entity to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

35. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2016.

36. Subsequent events

The Directors are not aware of any events subsequent to the reporting date that may have a significant impact on the financial statements.



Shareholders' Analysis
As at 31 December 2015

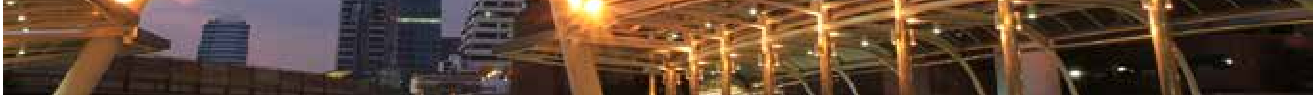
Range	Number of Shareholders	% of Holders	Holdings	% of Issued Shares
1- 500	125	13.94	24,550	0
501-1,000	106	11.83	73,608	0
1,001 – 5,000	293	32.70	783,092	0.3
5,001 -10,000	113	12.61	822,537	0.4
10,001 – 50,000	132	14.73	2,775,954	1.3
50,001 and over	127	14.19	216,013,991	98
	896	**100**	**220,493,732**	**100**

Major Shareholders

Rank	Shareholder	Number of Shares	% of Total
1	Zumbani Capital (Private) Limited	102,713,272	46.58
2	Old Mutual Life Assurance Company of Zimbabwe Limited	28,389,965	12.88
3	Stanbic Nominees (Private) Limited (NNR)	16,222,504	7.36
4	Stanbic Nominees (Private) Limited	12,253,474	5.56
5	Standard Chartered Nominees (Private) Limited	8,706,646	3.95
6	Standard Chartered Nominees (Private) Limited (NNR)	5,470,162	2.48
7	Moray Investments Holdings Limited	4,000,000	1.81
8	Turner, Roy	3,062,888	1.39
9	National Social Security Authority	2,540,728	1.15
10	Communications & Allied Industry Pension Fund	1,737,234	0.79
		185,096,873	**83.95**

Analysis by Category

	2015	2014
	%	%
Bank, insurance companies and nominees	20.55	19.09
Pension funds, Trust/Property companies	13.13	11.02
Resident individuals and other corporate companies	55.53	55.41
Foreign companies	10.79	14.48
	100	**100**



Notice to Shareholders

Notice is hereby given that the Forty-first Annual General Meeting of the Members of Masimba Holdings Limited for the year ended 31 December 2015 will be held at the Registered Office of the Company at 44 Tilbury Road, Willowvale, Harare, Zimbabwe, on Tuesday 24 May 2016 at 1500 hours.

1. **ORDINARY BUSINESS**

1.1 **Approval of Financial Statements and Reports**

To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2015, including the Directors' and Independent Auditor's reports thereon.

1.2 **Approval of Directors' Fees**

Approval of Directors' fees for the year ended 31 December 2015.

1.3 **Election of Directors**

In accordance with Article 114 of the Company's Articles of Association, Messrs. Canada Malunga and Malcolm William McCulloch retire by rotation at the Company's Annual General Meeting and being eligible, offer themselves for re-election.

Mr. Mark Mario Di Nicola and Mrs. Agnes Makamure have been appointed as Directors of the Company and in terms of Article 115 of the Articles of Association they retire at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election.

1.4 **Appointment of Directors**

To appoint Mr. Mark Mario Di Nicola and Mrs. Agnes Makamure to the Board.

1.5 **Auditors**

1.5.1 To approve the Auditors' remuneration for the previous year.

1.5.2 To consider the appointment of Messrs. Grant Thornton as Auditors for the ensuing year.

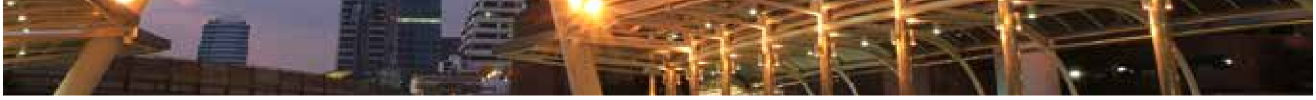
1.6 **Any Other Business**

To transact such other business as may be transacted at an Annual General Meeting.

By Order of the Board
MASIMBA CORPORATE SERVICES (PRIVATE) LIMITED
(Secretaries)

3 May 2016

NOTE: A member entitled to attend and vote at the Annual General Meeting of Shareholders may appoint a proxy to attend, and speak, and on poll vote in his stead. A proxy need not to be a member of the Company. Forms of proxy must be lodged at the Registered Office of the Company not less than forty eight (48) hours before the time of holding of the meeting.

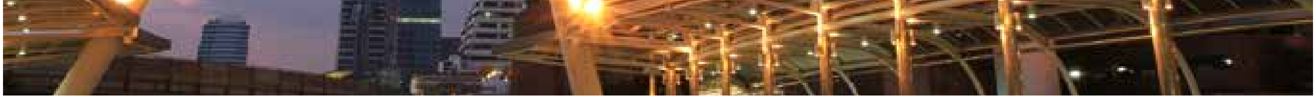


Shareholders’ Diary

April 2016	Forty-first Annual Report to be published and mailed to Shareholders
24 May 2016	Forty-first Annual General Meeting of Shareholders, 44 Tilbury Road, Willowvale, Harare
September 2016	Interim Press Results, Analyst Briefing
December 2016	Financial Year End
March 2017	Preliminary Announcement to Shareholders and Analysts’ Briefing
April 2017	Forty-second Annual Report to be published and mailed to Shareholders
May 2017	Forty-second Annual General Meeting of Shareholders, 44 Tilbury Road, Willowvale, Harare

CORPORATE AND ADVISORY INFORMATION

Company Registration Number	2784/74
Business Address and Registered Office **Postal Address** **Telephone** **Email** **Fax** **Website**	44 Tilbury Road, Willowvale, Harare, Zimbabwe P.O. Box CY490, Causeway, Harare, Zimbabwe +263 4 611641-5 or 611741-7 enquiries@masimbagroup.com +263 4 612986 www.masimbagroup.com
Share Transfer Secretaries **Telephone**	First Transfer Secretaries 1 Armagh Road, Eastlea Harare, Zimbabwe +263 4 782869-72
Auditors	Grant Thornton 135 Enterprise Road Highlands Harare, Zimbabwe
Bankers	Standard Chartered Bank Zimbabwe Limited Africa Unity Square Branch Nelson Mandela Avenue Harare, Zimbabwe FBC Banking Corporation Limited FBC Centre, 45 Nelson Mandela Avenue Harare, Zimbabwe
Lawyers	Atherstone & Cook Legal Practitioners 6th Floor, Mercury House 24 George Silundika Avenue Harare, Zimbabwe



Proxy Form

For the Forty-first Annual General Meeting to be held at 44 Tilbury Road, Willowvale, Harare, Zimbabwe, on Tuesday 24 May 2016 at 1500 hours

I/We ....

(Name in block letters)...

of...

being the holder of...shares in the Company hereby appoint:

1...of ....or failing him/her

2...of ....or failing him/her

3. the Chairman of the AGM
as my/our proxy to act for me/us at the AGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

Resolutions	**For**	**Against**	**Abstain**
1. Ordinary Resolution number 1 Adoption of the 2015 Annual Financial Statements and Directors' and External Auditor's Reports thereon			
2. Ordinary Resolution number 2 Approval of Directors' Remuneration			
3. Ordinary Resolution number 3 Election of Directors			
4. Ordinary Resolution number 4 Appointment of Directors			
5. Ordinary Resolution number 5 Approval of Audit Fees			
6. Ordinary Resolution number 6 Appointment of External Auditor			

Every person present and entitled to vote at the AGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at... on 2016

Signature(s) ....

Assisted by ....

Full name(s) of signatory/ies if signing in a representative capacity (see note 2). **(PLEASE USE BLOCK LETTERS).**

....

Notes to the form of proxy

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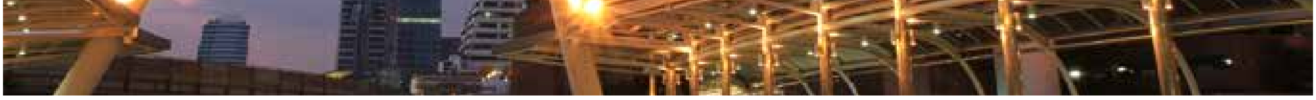


Instructions for Signing and Lodging This Form Of Proxy

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the AGM", but any such deletion must be initialled by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.

2. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of the entire Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy, or cast them in the same way.

3. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.

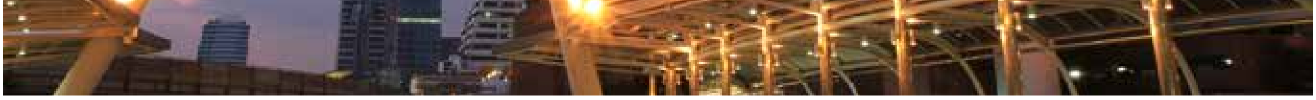
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:-

   i. under a power of attorney
   ii. on behalf of a company

   unless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than forty-eight (48) hours before the meeting.

5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. In order to be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the AGM.
9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are exactly the same as those on the share register.
10. Please be advised that the number of votes a member is entitled to will be determined by the number of shares recorded on the Share Register by 1600 hours on Monday 23 May 2016.

OFFICE OF THE TRANSFER SECRETARIES	**REGISTERED OFFICE OF THE COMPANY**
First Transfer Secretaries (Private) Limited	44 Tilbury Road,
1 Armagh Road, Eastlea	Willowvale
Harare	Harare
Zimbabwe	Zimbabwe



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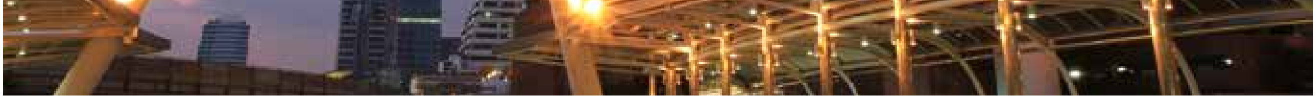

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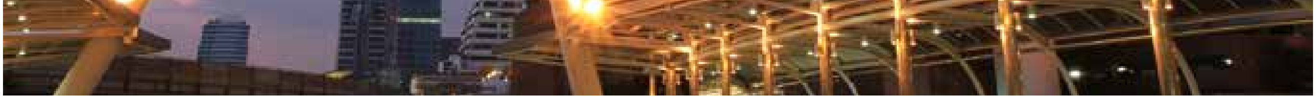

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Masimba
HOLDINGS LIMITED