Masimba
HOLDINGS LIMITED

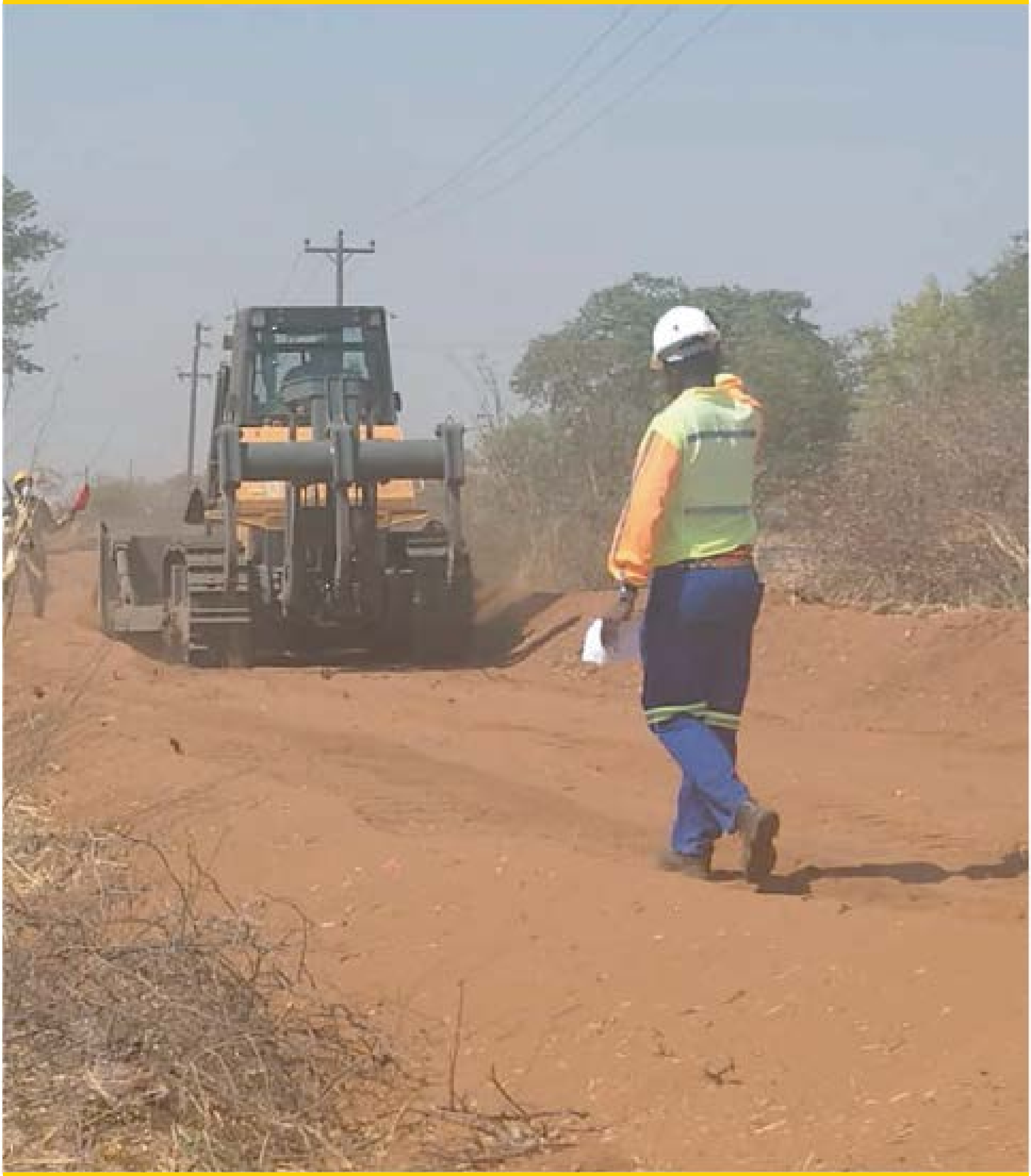
Annual Report 2017

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

MASIMBA HOLDINGS LIMITED

- Masimba Construction Zimbabwe (Operating division) (100%)
  - Civil engineering and building construction
- Masimba Properties (Zimbabwe) Limited (100%)
  - Property development

Consolidated Financial Highlights

	2017 US$	2016 US$
Consolidated summary		
Revenue	27 451 196	19 139 918
Profit before interest and tax	1 291 617	626 725
Profit attributable to ordinary shareholders	698 738	507 055
Total assets (US$)	**33 156 176**	**24 442 417**
Cash generated by operations	2 247 643	591 511
Ordinary share performance (US cents)		
Basic earnings per ordinary share	0.31	0.23
Headline earnings per ordinary share	0.22	0.21
Diluted earnings per share	0.30	0.23
Cash equivalent earnings per share	0.57	0.74
Market price per share	7.20	1.70
Financial statistics		
Profit before interest and tax on revenue	4.71%	3.64%
Return on average capital employed	8.31%	4.21%

Chairman's Statement

G. Sebborn

Chairman

"The new administration has committed to reviving the stagnant economy by way of a raft of policy reforms and engaging local and international stakeholders."

INTRODUCTION

It is my pleasure to present to you the financial results for Masimba Holdings Limited for the year ended 31 December 2017.

OPERATING ENVIRONMENT

The operating environment continued on a decline for the significant part of the financial period. Net foreign direct investment was elusive with total investments received in the year amounting to approximately $343 million versus a comparative of $235.4 million. Tight liquidity and shortages in foreign currency adversely affected materials pricing and supply thereof, which in turn negatively impacted projects execution.

Towards the end of the financial year, there was a major shift in the political environment, which ushered in a new administration led by His Excellency, President ED Mnangagwa. The new administration has committed to reviving the stagnant economy by way of a raft of policy reforms and engaging local and international stakeholders. In addition, the government has undertaken to holding of free, fair, peaceful and credible elections later this year, this being a key milestone towards achieving economic revival.

OPERATIONS

The operations of Masimba Holdings Limited comprise Civil Engineering and Buildings Construction, Structural Steel Fabrication and Property Development.

The Group's Turnover and Earnings Before Interest, Taxation, Depreciation and Armotisation (EBITDA) improved to US$27,451,196 (2016: US$19,139,918) and US$2,401,788 (2016: US$1,713,168) respectively.

The growth in Turnover of 43% was mainly driven by the private sector, particularly in the mining and housing infrastructure sectors. The business recorded a resurgence in projects that have significantly higher values and longer tenure, which have positively influenced resource allocation and optimization. Earnings Before Interest and Taxation improved to US$1,291,617 (2016: US$626,725) owing largely to cost containment and project management strategies.

The financial position of the business strengthened to US$33,162,987 (2016: US$24,442,417) due to the positive profitability and capital expenditure incurred in the reporting period.

Chairman's Statement (continued)

Contracts in progress, contracts receivables and other receivables at US$15,120,296 (2016: US$10,125,492) grew by 49% compared to a 43% growth in revenue volumes. The increase in trade and subcontractors payables of 52% was driven by the growth in trading volumes and significant advance payments received from clients towards the end of the reporting period. In line with the business strategy of managing risk and value creation, advance payments received on contracts were applied to the pre-purchase of materials and services to support the construction projects. Resultantly, cash and cash equivalent balances increased to US$1,294,967 (2016: US$780,267) at the end of the year.

CAPITAL EXPENDITURE

In the period under review, US$2,983,430 (2016: US$1,972,227) was invested in plant and equipment. This brings the capital expenditure over the past three years to US$5,155,553, thus positioning the business to exploit the many prevailing and anticipated construction opportunities. This capital expenditure was financed through a combination of internal resources and external borrowings. Group borrowings at US$1,899,125 (2016: US$705,834) remain well under control.

OCCUPATIONAL HEALTH & SAFETY ASSESSMENT SYSTEMS (OHSAS)

Our strict Zero Harm strategy resulted in the reduction of Lost Time Injury Frequency Rate to 0.46 (2016: 1.04), which is below the international benchmark of 1. In October 2017, the company received the Building & Construction Sectoral and the Civil Engineering Contractors National Gold Awards at the National Social Security Authority Safety and Health at Work annual event.

MASIMBA IN THE COMMUNITY

The company invested US$37,615 in various charitable projects that are key to the communities it operates in.

PROSPECTS

A certain level of optimism has been created by the recent political developments and it is generally expected that this will lead to many infrastructure growth opportunities. The company has put in place capacity building and resourcing strategies, among others, in order to exploit these opportunities.

DIVIDEND DECLARATION

In view of the profit For the year ended 31 December 2017, coupled with the ability of the business to generate cash, the Board is proposing a final dividend of US0.15 cents per share.

DIRECTORATE

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

APPRECIATION

I wish to extend my appreciation to our valued customers, suppliers and other key stakeholders for their continued support.

Lastly, I extend my appreciation to my fellow Board members for their valuable contributions and to our Executives and Staff for their commitment and dedication to delivering value.

G. Sebborn

27 March 2018

Strategic Foundations

Our vision
Building an African Legacy.

Why do we exist?
To create value all the time.

Our aspirations
Top of client's 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.

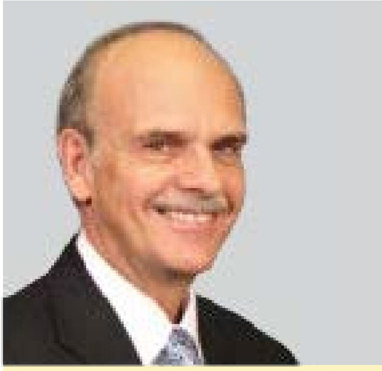
Our brand expression
Excellence delivered.

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.

Directorate



Gregory Sebborn
Chairman, Non-Executive Director

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. 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 has held this position 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 also a past President of the Institute of Chartered Accountants of Zimbabwe and currently, he is a Non-Executive Director of FBC Holdings Limited.

Agnes Makamure
Finance Director

Agnes is currently the Finance Director, a position she has held since August 2015. She is a Chartered Accountant (Zimbabwe).

Mark Mario Di Nicola
Non-Executive Director

Mark has over 25 years 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 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, Wilderness Safaris (Private) Limited and Inline (Private) Limited.

Corporate Governance

The Board of Directors

The Board of Masimba Holdings Limited is committed to adhering to 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 Directors made up of four Non-Executives and two 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 11 of this report. There are procedures which allow Directors to avail themselves for 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 with clearly defined 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 area 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 and 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 and Risk Committee on matters arising from this review.

Changes to the Board

There were no changes to the Board in the current year.

Directors

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

- Mr Gregory Sebborn
- Mr Canada Malunga
- Mrs Agnes Makamure
- Mr Malcolm William McCulloch
- Mr Mark Mario Di Nicola
- Mr Paddy Tongai Zhanda

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 deliberations and findings.

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.

Corporate Governance (continued)

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 Tongai Zhanda, a Non-Executive Director, chairs this Committee which deals with compliance, internal controls 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 observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the business operates.

Going Concern

The Board confirms that the Company has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the basis that the Company is a going concern.

Auditor

A resolution will be proposed at the Annual General Meeting to appoint Grant Thornton as Auditor of the Company for the ensuing year.

Paddy Tongai Zhanda
Chairman - Audit and Risk Committee

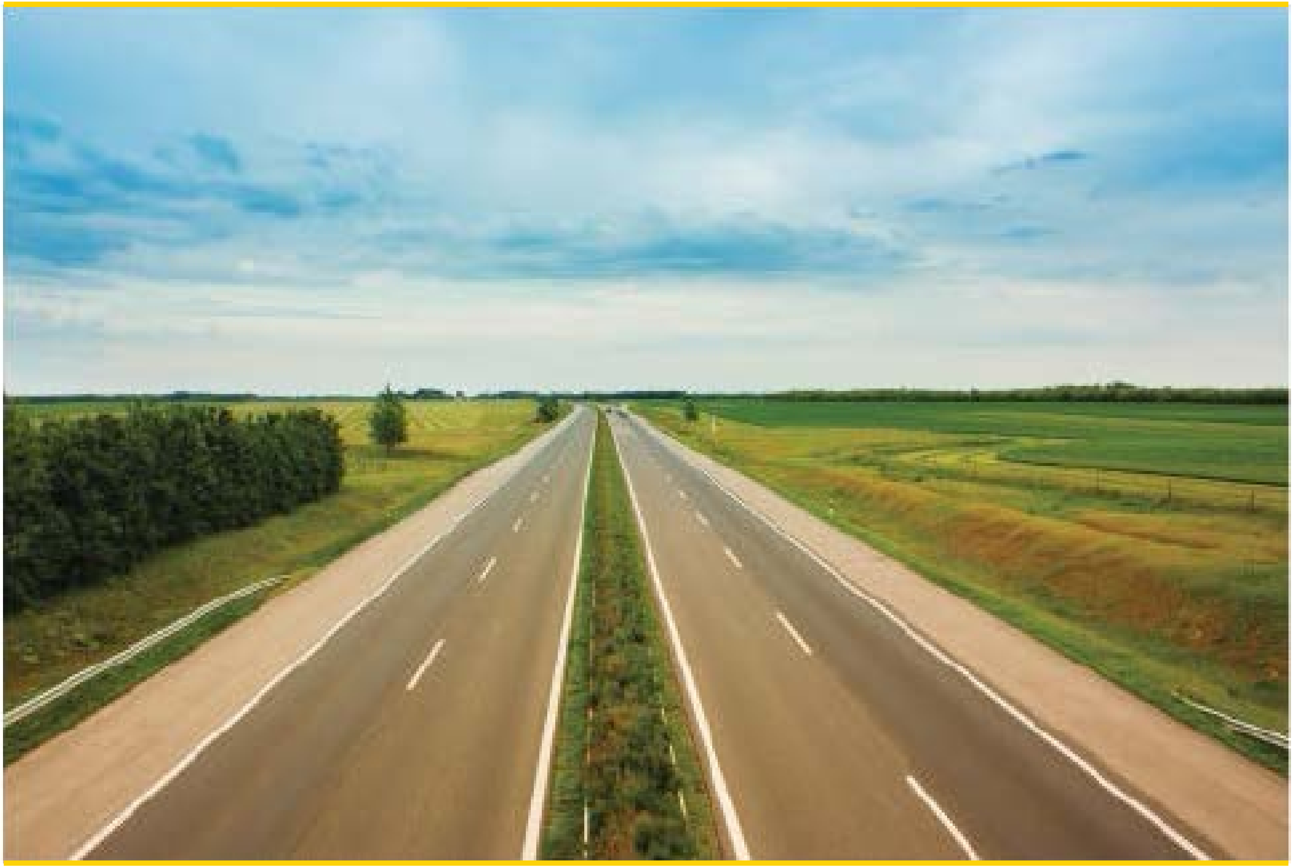
27 March 2018

Record of Attendance

Directors' Meetings for the 2017 Financial Year

Board Member ↓	Position ↓	Board	AGM**	Audit	REMCO*
	No. of Meetings ⟶	**4**	**1**	**4**	**4**
Mr Gregory Sebborn	Non-Executive Director and Chairman	4/4	1/1	4/4	4/4
Mr Canada Malunga	Chief Executive Officer	4/4	1/1	4/4	4/4
Mrs Agnes Makamure	Finance Director	4/4	1/1	4/4	N/A
Mr Mark Mario Di Nicola	Non-Executive Director	4/4	0/1	N/A	N/A
Mr Malcolm William McCulloch	Non-Executive Director	4/4	0/1	N/A	4/4
Mr Paddy Tongai Zhanda	Non-Executive Director	4/4	0/1	4/4	N/A

REMCO* refers to Remuneration Committee
AGM** refers to Annual General Meeting

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Five Year Review

	2017 US$	2016 US$	2015 US$	2014 US$	2013* US$
Summarised Income Statements					
Revenue	**27 451 196**	**19 139 918**	**10 039 549**	**14 848 743**	**62 314 449**
EBITDA** and fair value adjustments	2 361 288	1 713 168	244 933	244 933	4 298 011
Depreciation	(1 110 171)	(1 086 443)	(1 126 745)	(1 156 370)	(2 968 120)
Fair value adjustments	40 500	-	(347 807)	(25 000)	(357 000)
Profit/(Loss) before interest and tax	1 291 617	626 725	(1 229 619)	(936 437)	972 891
Share of profit from joint venture	-	22 687	-	-	-
Net interest (paid)/received	(117 448)	46 681	(78 131)	(344 253)	(521 299)
Profit/(Loss) before tax	1 174 169	696 093	(1 307 750)	(1 280 690)	451 592
Income tax	(475 431)	(189 038)	932 984	272 386	(512 004)
Profit/(Loss) after tax from continuing operations	658 238	507 055	(374 766)	(1 008 304)	(60 412)
Discontinued operations					
Profit from discontinued operations	-	-	203 403	455 881	-
Profit/(Loss) attributable to ordinary shareholders	**658 238**	**497 083**	**(171 363)**	**(552 423)**	**(60 412)**
Summarised Statements of Financial Position					
Non-current assets	15 490 128	12 518 037	11 169 374	16 550 504	17 369 798
Bank balances and cash	1 294 967	780 267	737 173	1 729 139	2 476 137
Other current assets	16 371 081	11 144 113	9 137 406	15 689 538	17 604 434
Total assets	**33 156 176**	**24 442 417**	**21 043 953**	**33 969 181**	**37 450 369**
Ordinary Shareholders funds	14 038 405	12 311 543	11 790 662	20 112 053	20 594 178
Liabilities	19 117 771	12 130 874	9 253 291	13 857 128	16 856 191
Total equity and liabilities	**33 156 176**	**24 442 417**	**21 043 953**	**33 969 181**	**37 450 369**

*Financial period is eighteen (18) months

**EBITDA: Earnings Before Interest Taxation Depreciation Impairment and Armotisation

Ratios and Statistics

	2017	2016
Earnings (US cents)		
Basic earnings per ordinary share	0.31	0.23
Headline earnings per ordinary share	0.22	0.21
Diluted earnings per ordinary share	0.30	0.23
Cash equivalent earnings per ordinary share	0.57	0.74
Dividends per ordinary shares	0.15	0.41
Dividend cover (times)	2.01	0.56
Profitability		
PBIT on revenue (%)	4.71%	3.27%
PBIT on average capital employed excluding cash (%)*	8.90%	5.55%
PAT on average ordinary Shareholders funds (%)*	5.30%	4.21%
Productivity		
Overhead to revenue ratio (%)	13%	16%
Payroll cost to turnover (US cents)	6.59	8.33
Total average assets (excluding bank balances and cash) (US$)	1.01	1.15
Finance		
Total liabilities as a percentage of permanent capital	123.51%	98.53%
Current assets to current liabilities	1.11	1.13
Share performance		
Ordinary shares in issue (US$m)	2,320	2,205
Share price at year end (US cents)	7.20	1.70
Market capitalisation (US$m)	16.71	3.75
Other		
Number of employees as at year end	858	575

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 of ordinary shares in issue.
PAT	Profit After Tax (PAT) attributable to ordinary shareholders.
PBIT	Profit Before Interest and Tax.
PBT	Profit Before Tax.
Net asset value	Ordinary Shareholders funds.
Permanent capital	Ordinary Shareholders funds.
Total liabilities	Borrowings, finance lease and non-interest bearing debt.

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

Directors' Report

The Directors have the pleasure of presenting their Audited Financial Statements of the Group for the year ended 31 December 2017. In the report "Group" refers to Masimba Holdings Limited and its subsidiary companies.

Period's Results

	US$
Profit attributable to shareholders	698,738
Dividend	(348,030)
Net transfer against reserves	**350,708**

Capital Expenditure

Capital expenditure for the period to 31 December 2017 amounted to US$2,983,430. The budgeted capital expenditure for the period to 31 December 2017 was US$2,130,226. The additional capital expenditure was incurred on specific projects.

Share Capital

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

Issued share capital of the Group is US$2,320,199 as at December 2017 (2016: US$2,204,937) and comprised of 232,019,894 (2016: 220,493,732) ordinary shares of the nominal amount of US$0,01 each. The increase in issued share capital is attributable to 11,526,162 ordinary shares that were issued as a scrip dividend during the year.

Auditor

The Auditor of the Group is Grant Thornton Chartered Accountants. Shareholders will be asked at the forthcoming Annual General Meeting to approve their remuneration in respect of the past audit and to appoint an 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 that held office in 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, Group Finance Director;
- Mr Mark Mario Di Nicola, Non-Executive Director and
- Mr Paddy Tongai Zhanda, Non-Executive Director.

Messrs. Malcolm William McCulloch and Mark Mario Di Nicola 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 ensuing year.

Directors Fees

Shareholders will be asked to approve the remuneration of the Directors for their services as Directors during the past year. Your Board recommends that an amount of US$62,500 (2016: US$62,500) be paid, to be divided amongst themselves at their discretion.

The Masimba Holdings Limited 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 2017 are shown on note 11 of the Consolidated 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 Auditor, Grant Thornton, has audited the financial statements and their report is on page 17 of this Annual Report.

Directors' Report (continued)

The Directors are also responsible for the systems of internal control. These 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. These systems of internal control also prevent and detect material misstatement and loss. The 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. The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for the foreseeable future.

The Group's financial statements which are set out on pages 21 to 63 were, in accordance with their responsibilities, approved by the Board of Directors on 27 March 2018 and are signed on its behalf by:

……………………………………….

G. Sebborn
Chairman
27 March 2018

……………………………………….

C. Malunga
Chief Executive Officer
27 March 2018

These consolidated financial statements were prepared under the supervision of:

……………………………

A. Makamure CA (Z)
Registered Public Accountant (PAAB No: 03528)
Group Finance Director

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

To the members of Masimba Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Masimba Holdings Limited set out on pages 21 to 63, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Masimba Holdings Limited as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition and valuation of construction projects. • The Group is involved in complex construction projects for which it applies the percentage of completion method. • The amount of revenue and profit recognised in a year on projects is dependent, among other things, on the actual costs incurred, the assessment of the percentage of completion for contracts and the forecast contract revenue and costs to complete for each project. • The amount of revenue and profit is influenced by the valuation of variation orders and claims. • This often involves a high degree of judgment due to the complexity of projects, uncertainty regarding costs to complete, and uncertainty about the outcome of discussions with clients on variation orders and claims. • Revenue recognition and valuation of construction projects were identified as risk areas requiring special audit consideration.	Our audit procedures included the following: • Evaluation of the significant judgments made by management, amongst others based on an examination of the associated project documentation. • Discussions with finance and technical staff of the Group on the status of projects under construction. In addition, we visited some projects under construction. • Tests of controls that the Group has put in place over the process to record contract revenues, contract costs, and the calculation of the stage of completion. • Discussed the status of legal proceedings in respect of construction contracts, examined various documents in this respect and obtained lawyer's letters. • We satisfied ourselves that the Group's revenue recognition and valuation of construction projects is appropriate.

Chartered Accountants
Member of Grant Thornton International Ltd
A list of partners may be Inspected at the above address

INDEPENDENT AUDITOR'S REPORT(continued)

Income taxes and deferred tax In the context of our audit of the Group's financial statements, income taxes and deferred tax were considered to be key audit matters because they entail significant management judgement as summarized below. Income taxes: • The assessment process for income taxes is complex and the amounts involved are material to the consolidated financial statements, taken as a whole. • In determining the amounts to be taxed, the Group makes judgments and estimates in relation to tax issues. Deferred tax: • The Group has a significant deferred tax liability, mainly resulting from: o Property plant and equipment; and o Contracts in progress (uncertified work and claims). • As disclosed in note 14, the Group has recognized a deferred tax liability in these financial statements.	• We involved our tax specialist to evaluate the recognition and measurement of tax liabilities. • We tested the completeness and accuracy of the amounts reported for current tax through review of correspondence with tax authorities and tax returns submitted during the year. • In this area, our audit procedures included, among others, using our own tax specialists to assist us in assessing the appropriateness of the level of deferred tax liability balance recognized in the balance sheet. • Based on our procedures performed we consider management's key assumptions to be within a reasonable range. • We also assessed the adequacy of the tax disclosures in the financial statements.
Allowance for credit losses • The Group has contracts receivables in respect of certified work (Refer to note 8 to the consolidated financial statements). • The current economic environment is characterized by liquidity challenges, and as such allowances for credit losses is an area requiring management to make significant judgement on whether billed amounts on construction contracts represent consideration receivable. This was therefore considered a key audit matter.	• We evaluated the assessment made by management of the allowance for credit losses to test adequacy. • To ascertain the adequacy of the allowance for credit losses, we performed an independent assessment of the allowance for credit losses and compared our results to the management estimate. • The assessment was made on a debtor by debtor basis. • We found that management applied sensible judgements in assessing the adequacy of the allowance for credit losses.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Chairman's Statement, as required by the Companies Act (Chapter 24:03), which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT(continued)

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT(continued)

Report on Other Legal and Regulatory Requirements

In our opinion, the consolidated financial statements have been properly prepared in compliance with the requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments SI 33/99 and SI 62/96.

The engagement partner on the audit resulting in this independent auditor's report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner
Registered Public Auditor (PAAB No: 0547)

Grant Thornton 27 March 2018
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

Consolidated Statement of Financial Position

as at 31 December 2017

	Notes	2017 US$	2016 US$
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	8 727 868	6 731 970
Investment property	**5**	4 616 000	4 467 500
Investments	**6**	2 146 260	1 318 567
Total non-current assets		**15 490 128**	**12 518 037**
Current assets			
Cash and cash equivalents	**7**	1 294 967	780 267
Contracts in progress and contracts receivables	**8**	9 734 620	6 545 933
Trade and other receivables	**9**	5 372 084	3 579 559
Inventories	**10**	1 200 575	954 819
Tax refundable		63 802	63 802
Total current assets		**17 666 048**	**11 924 380**
Total assets		**33 156 176**	**24 442 417**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**11**	2 320 199	2 204 937
Share premium		402 987	260 063
Reserves		9 475 558	8 396 930
Retained earnings		1 839 661	1 449 613
Total equity		**14 038 405**	**12 311 543**
Non-current liabilities			
Interest bearing borrowings	**12**	910 000	315 567
Finance lease liabilities	**13**	499 130	-
Deferred tax	**14**	1 778 972	1 250 731
Total non-current liabilities		**3 188 102**	**1 566 298**
Current liabilities			
Interest bearing borrowings	**12**	205 853	390 267
Finance lease liabilities	**13**	284 142	
Trade and other payables	**15**	13 154 104	8 125 280
Subcontractors	**16**	2 285 570	2 049 029
Total current liabilities		**15 929 669**	**10 564 576**
Total equity and liabilities		**33 156 176**	**24 442 417**

G. Sebborn
Chairman
27 March 2018

C. Malunga
Chief Executive Officer
27 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Year ended 31 December 2017

	Notes	2017 US$	2016 US$
Revenue	**17**	27 451 196	19 139 918
Cost of sales		(23 254 004)	(15 828 021)
Gross profit		**4 197 192**	**3 311 897**
Fair value adjustment		40 500	-
Other operating income	**18**	612 322	361 927
Administrative expenses	**19**	(3 558 397)	(3 047 099)
Profit before interest and tax		**1 291 617**	**626 725**
Share of profit from joint venture		-	22 687
Interest received		-	86 302
Finance costs		(117 448)	(39 621)
Profit before tax	**20**	**1 174 169**	**696 093**
Income tax	**21**	(475 431)	(189 038)
Profit for the year		**698 738**	**507 055**
Other comprehensive income, net of income tax:			
Gain on revaluation of property, plant and equipment	**4**	167 687	-
Movement in available for sale investments	**6**	963 095	616 898
Deferred tax relating to other comprehensive income	**14**	(52 810)	(6 169)
Other comprehensive income, net of income tax		**1 077 972**	**610 729**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1 776 710**	**1 117 784**
Earnings per share			
Number of shares		232 019 894	220 493 732
Basic earnings per share (cents)	**22**	0.31	0.23
Diluted earnings per ordinary share (cents)	**22**	0.30	0.23

Consolidated Statement of Changes in Equity

for the Year ended 31 December 2017

	Share Capital US$	Share Premium US$	Non Distributable Reserves US$	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 1 January 2016	**2 204 937**	**260 063**	**3 788 690**	**2 862 591**	**1 034 146**	**(34 241)**	**5 770**	**449 125**	**1 219 581**	**11 790 662**
Profit for the year	-	-	-	-	-	-	-	-	507 055	507 055
Other comprehensive income for the year	-	-	-	-		-	-	610 729	-	610 729
Share based payments	-	-	-	-	-	-	(1 570)	-	-	(1 570)
Dividend paid	-	-	-	-	-	-	-	-	(595 333)	(595 333)
Transfer on unbundling	-	-	(318 310)	-	-	-	-	-	318 310	-
Balance at 31 December 2016	**2 204 937**	**260 063**	**3 470 380**	**2 862 591**	**1 034 146**	**(34 241)**	**4 200**	**1 059 854**	**1 449 613**	**12 311 543**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**698 738**	**698 738**
Other comprehensive income for the year	-	-	-	-	124 508	-	-	953 464	-	1 077 972
Share based payments	-	-	-	-	-	-	656	-	-	656
Issue of shares	115 262	142 924	-	-	-	-	-	-	-	258 186
Dividend paid	-	-	-	-	-	-	-	-	(308 690)	(308 690)
Balance at 31 December 2017	**2 320 199**	**402 987**	**3 470 380**	**2 862 591**	**1 158 654**	**(34 241)**	**4 856**	**2 013 318**	**1 839 661**	**14 038 405**

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

Consolidated Statement of Cash Flows

for the Year ended 31 December 2017

	Notes	2017 US$	2016 US$
Cash flows from operating activities			
Profit Before Interest and Tax		**1 291 617**	**626 725**
Adjustments for:			
Depreciation of non-current assets	**4**	1 110 171	1 086 443
Fair value adjustment of investment property	**5**	(40 500)	-
Bad debts		51 520	-
Reclassification of trade and other receivables to investment property		(120 000)	
Expense/(Income) recognised in respect of equity-settled share based payments		656	(1 570)
Profit on disposal of property, plant and equipment	**18**	(18 159)	(48 317)
Profit on disposal of investment property	**18**	(2 000)	(2 000)
Dividends received	**18**	(42 344)	(42 221)
Discount allowed on investments		-	131 400
Other non-cash items		95 733	-
Operating cash flow before changes in working capital		**2 326 694**	**1 750 460**
Changes in working capital:			
Increase in contracts in progress and contract receivables		(3 188 687)	(1 450 536)
Increase in trade and other receivables		(1 792 525)	(1 621 730)
Increase in inventory		(245 756)	(554 347)
Increase in trade and other payables and sub-contractors		5 265 365	2 429 318
Cash generated from operating activities		**2 365 091**	**553 165**
Net interest (paid)/received		(117 448)	46 681
Income taxes paid		-	(8 335)
Net cash flows generated from operating activities		**2 247 643**	**591 511**
Cash flows from investing activities			
Payments for property, plant and equipment to maintain operations		(2 983 430)	(1 972 227)
Proceeds from the disposal of property, plant and equipment		63 207	207 023
Proceeds from the disposal of short term investments		-	1 488 600
Proceeds from the disposal of investment property		5 699	20 000
Dividends received		42 344	42 221
Net cash flows utilised in investing activities		**(2 872 180)**	**(214 383)**
Cash flows from financing activities			
Increase in borrowings		410 019	261 299
Increase in finance lease		783 272	-
Dividends paid		(54 054)	(595 333)
Net cash flows generated/(utilised) in financing activities		**1 139 237**	**(334 034)**
Net increase in cash and cash equivalents		**514 700**	**43 094**
Cash and cash equivalents at the beginning of the year		780 267	737 173
Cash and cash equivalents at the end of the year	**7**	**1 294 967**	**780 267**

Company Statement of Financial Position
as at 31 December 2017

	Notes	2017 US$	2016 US$
ASSETS			
Non-current assets			
Property, plant and equipment	4	5 142 868	3 224 907
Investments	6	8 449 820	7 622 127
Total non-current assets		**13 592 688**	**10 847 034**
Current assets			
Cash and cash equivalents	7	1 237 931	690 922
Contracts in progress and contracts receivables	8	9 734 620	6 545 933
Trade and other receivables	9	5 282 273	3 110 227
Inventories	10	1 200 575	954 819
Tax refundable		134 534	134 534
Total current assets		**17 589 933**	**11 436 435**
Total assets		**31 182 621**	**22 283 469**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	2 320 199	2 204 937
Share premium		402 987	260 063
Reserves		8 047 673	7 093 553
Retained earnings		468 333	(64 866)
Total equity		**11 239 192**	**9 493 687**
Non-current liabilities			
Interest bearing borrowings	12	910 000	315 567
Finance lease liabilities	13	499 130	-
Deferred tax	14	1 067 260	664 644
Total non-current liabilities		**2 476 390**	**980 211**
Current liabilities			
Interest bearing borrowings	12	205 853	390 267
Finance lease liabilities	13	284 142	-
Trade and other payables	15	12 894 425	7 874 092
Subcontractors	16	2 285 570	2 049 029
Related party balances	29.2	1 797 049	1 496 183
Total current liabilities		**17 467 039**	**11 809 571**
Total equity and liabilities		**31 182 621**	**22 283 469**

G. Sebborn
Chairman
27 March 2018

C. Malunga
Chief Executive Officer
27 March 2018

Company Statement of Profit or Loss and Other Comprehensive Income

for the Year ended 31 December 2017

	Notes	2017 US$	2016 US$
Revenue	17	27 451 196	19 139 918
Cost of sales		(23 254 004)	(15 828 021)
Gross profit		**4 197 192**	**3 311 897**
Other operating income	18	411 925	165 419
Administrative expenses	19	(3 256 795)	(2 836 952)
Profit before interest and tax		**1 352 322**	**640 364**
Share of profit from joint venture		-	22 687
Interest received		-	86 302
Finance costs		(117 448)	(39 621)
Profit before tax	20	**1 234 874**	**709 732**
Income tax	21	(392 985)	(168 112)
Profit for the year		**841 889**	**541 620**
Other comprehensive income, net of income tax:			
Movement in available for sale investments	6	963 095	616 898
Deferred tax relating to other comprehensive income	14	(9 631)	(6 169)
Other comprehensive income, net income of tax		**953 464**	**610 729**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1 795 353**	**1 152 349**
Earnings per share			
Number of shares		232 019 894	220 493 732
Basic earnings per share (cents)	22	0.37	0.25
Diluted earnings per ordinary share (cents)	22	0.36	0.24

Company Statement of Changes in Equity

for the Year ended 31 December 2017

	Share Capital US$	Share Premium US$	Non Distributable Reserves US$	Foreign Currency Translation Reserve US$	Share Based Payment Reserve US$	Investment Fair Value Reserve US$	Retained Earnings US$	Total US$
Balance at 1 January 2016	**2 204 937**	**260 063**	**2 862 771**	**3 485 035**	**5 770**	**449 128**	**(329 463)**	**8 938 241**
Profit for the year	-	-	-	-	-	-	541 620	541 620
Other comprehensive income for the year	-	-	-	-	-	610 729	-	610 729
Share based payments	-	-	-	-	(1 570)	-	-	(1 570)
Dividend paid	-	-	-	-	-	-	(595 333)	(595 333)
Transfer on unbundling	-	-	(318 310)	-	-	-	318 310	-
Balance at 31 December 2016	**2 204 937**	**260 063**	**2 544 461**	**3 485 035**	**4 200**	**1 059 857**	**(64 866)**	**9 493 687**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**841 889**	**841 889**
Other comprehensive income for the year	-	-	-	-	-	953 464	-	953 464
Share based payments	-	-	-	-	656	-	-	656
Issue of shares	115 262	142 924	-	-		-	-	258 186
Dividend paid	-	-	-	-	-	-	(308 690)	(308 690)
Balance at 31 December 2017	**2 320 199**	**402 987**	**2 544 461**	**3 485 035**	**4 856**	**2 013 321**	**468 333**	**11 239 192**

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

Company Statement of Cash Flows
for the Year ended 31 December 2017

	Notes	2017 US$	2016 US$
Cash flows from operating activities			
Profit Before Interest and Tax		**1 352 322**	**640 364**
Adjustments for:			
Depreciation of non-current assets	**4**	1 020 421	1 003 506
Bad debts		51 520	-
Expense/(Income) recognised in respect of equity-settled share based payments		656	(1 570)
Profit on disposal of property, plant and equipment	**18**	(18 159)	(48 317)
Dividends received	**18**	(42 344)	(42 221)
Discount allowed on investments		-	131 400
Other non-cash items		87 431	-
Operating cash flow before changes in working capital		**2 451 847**	**1 683 162**
Changes in working capital:			
Increase in contracts in progress and contract receivables		(3 188 687)	(1 450 536)
Increase in trade and other receivables		(2 172 046)	(1 159 220)
Increase in inventory		(245 756)	(554 347)
Increase/(Decrease) in related party balances		300 867	(248 732)
Increase in trade and other payables and sub-contractors		5 256 874	2 302 838
Cash generated from operating activities		**2 403 099**	**573 165**
Net interest (paid)/received		(117 448)	46 681
Income taxes paid		-	(8 335)
Net cash flows generated from operating activities		**2 285 651**	**611 511**
Cash flows from investing activities			
Payments for property, plant and equipment to maintain operations		(2 983 430)	(1 972 227)
Proceeds from the disposal of property, plant and equipment		63 207	207 023
Proceeds from the disposal of short term investments		-	1 488 600
Dividends received		42 344	42 221
Net cash flows generated/utilised in investing activities		**(2 877 879)**	**(234 383)**
Cash flows from financing activities			
Increase in borrowings		410 019	261 299
Increase in finance lease		783 272	-
Dividends paid		(54 054)	(595 333)
Net cash flows utilised in financing activities		**1 139 237**	**(334 034)**
Net increase in cash and cash equivalents		**547 009**	**43 094**
Cash and cash equivalents at beginning of the year		690 922	647 828
Cash and cash equivalents at end of the year	**7**	**1 237 931**	**690 922**

Accounting Policies
for the Year ended 31 December 2017

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.

1.2 Functional and Presentation Currency

The abridged financial statements are presented in United States Dollars (US$), being the functional and reporting currency of the primary economic environment in which the Group operates. Please refer to the use of estimates and judgements paragraph below which details the considerations made in determining the Group's functional currency.

Use of Estimates and Judgements

Determination of Functional Currency

The shortage of cash and funded Nostro bank accounts saw the emergence of different prices for goods and services settled via Real Time Gross Settlement System (RTGS), Point of Sale (POS) and mobile money. As a result of this and other factors, management had to make an assessment as to whether the use of the US$ as the Group's functional currency is still appropriate. The different modes of settlement does not result in change in the functional currency. Management concluded that the US$ is still the functional currency.

2. New and Revised IFRS in Issue but not Mandatorily Effective and not Adopted at the 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 Instruments: Recognition and Measurement. It addresses the classification and measurement of financial assets and introduces an 'expected credit los's model for the impairment of financial assets, effective for periods beginning on or after 1 January 2018.

- **IFRS 15 Revenue from Contracts with Customers:** Issued in May 2015 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. IFRS 15 is effective for periods beginning on or after 1 January 2018.

- **IFRS 16 Leases**: IFRS will replace IAS17 and related interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

  IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information.

- **IFRS 2 Classification and Measurement of Share Based Payment Transactions:** The IASB issued amendments to IFRS 2 share based payment in relation to the classification and measurement of share based transactions. The amendments address three main areas:

  - the effects of vesting conditions on the measurement of a cash-settled share based payment transaction.
  - the classification of a share based payment transaction with net settlement features for withholding tax obligations.
  - the accounting where a modification to the terms and cnditions of a share based payment transaction change its classification from cash-settled to equity settled.

- **IFRS 2 Classification and Measurement of Share Based Payment Transactions: (continued)**

The changes are effective for periods beginning on or after 1 January 2018.

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration:** The interpretation issued on 8 December 2016 addresses foreign currency transactions or parts of transactions where:
  - there is consideration that is denominated or priced in a foreign currency;
  - the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion: The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the nonmonetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

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 (IFRSs), promulgated by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by IASB.

3.2 Basis of Preparation

The Consolidated 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. 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 management's 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 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 32.

Basis of Consolidation

3.3 The Consolidated Financial Statements incorporate the financial statements of the Company (including structured entities) controlled by the Company 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:-

3.3 Basis of Consolidation (continued)

- 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 Shareholder's 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.

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 interest 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:-

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- 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;

3.4 Business Combinations (continued)

- 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.

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 contract 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 recognized 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 under advances received. Amounts billed for work performed but not yet paid by the customer are included in the Consolidated Statement of Financial Position under contracts in progress and contracts receivables.

3.6.2 Dividend and Interest Revenue

Dividend revenue from investments is recognised when the Shareholders 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 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.

3.7.2 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 on a straight line basis:-

Buildings	40 years
Plant and equipment	4 - 10 years
Motor vehicles	5 years
Other assets	3 - 10 years
Land is not depreciated	

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 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.

3.9.2 Deferred Taxation (continued)

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.

3.10.1Advance 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 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

3.12. Foreign Currency Translation (continued)

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 recognized 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.

3.13.1Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or los's (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivable's. 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 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

Financial Assets at FVTPL (continued)

- 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 re-measurement 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 losse's 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 (AFS) Financial Assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as:-

- loans and receivables;
- held-to-maturity investments; or
- 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 the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of AFS 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.

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 are non-derivative financial assets with fixed or determinable payments that are 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 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 issue 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-organisation; 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

Impairment of Financial Assets (continued)

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 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 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

De-recognition of Financial Assets (continued)

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.

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
- 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 that 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

Financial Liabilities (continued)

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 losse’s line item in the consolidated income statement.

Other Financial Liabilites

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

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17.

Lessor accounting is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

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’).

3.15. Share Based Payments (continued)

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 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.

3.18.2 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.

3.18.3 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.

3.18.4 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 months after the statement of financial position date are discounted to present value.

3.19.4 Retirement Benefits 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 activies of the Group, directly or indirectly, includ-ing all Executive and non-Executive Directors.

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 the 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 CONSOLIDATED FINANCIAL STATEMENTS

for the Year ended 31 December 2017

4. Property, Plant and Equipment

Group	Freehold Land & Buildings US$	Plant & Machinery US$	Motor Vehicles US$	Furniture & Office Equipment US$	Total US$
COST/VALUATION					
Balance at 31 December 2015	**3 590 000**	**6 492 659**	**1 432 520**	**262 103**	**11 777 282**
Additions	-	1 666 594	259 060	46 573	1 972 227
Disposals	-	-	(480 760)	(817)	(481 577)
Balance 31 December 2016	**3 590 000**	**8 159 253**	**1 210 820**	**307 859**	**13 267 932**
Additions	-	2 595 909	292 934	94 587	2 983 430
Revaluation - elimination on revaluation	(3 590 000)	-	-	-	(3 590 000)
Revaluation - net replacement value	3 585 000	-	-	-	3 585 000
Disposals	-	(317 934)	(324 938)	-	(642 872)
Balance 31 December 2017	**3 585 000**	**10 437 228**	**1 178 816**	**402 446**	**15 603 490**
ACCUMULATED DEPRECIATION					
Balance at 31 December 2015	**-**	**4 354 236**	**1 182 530**	**235 624**	**5 772 390**
Depreciation charge for the year	82 937	815 671	168 736	19 099	1 086 443
Elimination on disposal	-	-	(322 055)	(816)	(322 871)
Balance 31 December 2016	**82 937**	**5 169 907**	**1 029 211**	**253 907**	**6 535 962**
Depreciation charge for the year	89 750	899 033	86 186	35 202	1 110 171
Elimination on revaluation	(172 687)	-	-	-	(172 687)
Elimination on disposal	-	(336 399)	(261 425)	-	(597 824)
Balance 31 December 2017	**-**	**5 732 541**	**853 972**	**289 109**	**6 875 622**
CARRYING AMOUNT					
Balance at 31 December 2015	**3 590 000**	**2 138 423**	**249 990**	**26 479**	**6 004 892**
Balance at 31 December 2016	**3 507 063**	**2 989 346**	**181 609**	**53 952**	**6 731 970**
Balance at 31 December 2017	**3 585 000**	**4 704 687**	**324 844**	**113 337**	**8 727 868**

Revaluation

In 2017 the Directors engaged two independent valuers, Integrated Properties (Private) Limited and Old Mutual Property Zimbabwe (Private) Limited, and revalued all freehold land and buildings of the Group. The effective date of the revaluation was 31 December 2017. Revaluation for the year amounted to US$167 687 (2016: US$Nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the Year ended 31 December 2017

4. Property, Plant and Equipment (continued)

Company	Plant & Machinery US$	Motor Vehicles US$	Furniture & Office Equipment US$	Total US$
COST/VALUATION				
Balance at 31 December 2015	**6 492 659**	**1 432 520**	**262 103**	**8 187 282**
Additions	1 666 594	259 060	46 573	1 972 227
Disposals	-	(480 760)	(817)	(481 577)
Balance 31 December 2016	**8 159 253**	**1 210 820**	**307 859**	**9 677 932**
Additions	2 595 909	292 934	94 587	2 983 430
Disposals	(317 934)	(324 938)	-	(642 872)
Balance 31 December 2017	**10 437 228**	**1 178 816**	**402 446**	**12 018 490**
ACCUMULATED DEPRECIATION				
Balance at 31 December 2015	**4 354 236**	**1 182 530**	**235 624**	**5 772 390**
Depreciation charge for the year	815 671	168 736	19 099	1 003 506
Elimination on disposal	-	(322 055)	(816)	(322 871)
Balance 31 December 2016	**5 169 907**	**1 029 211**	**253 907**	**6 453 025**
Depreciation charge for the year	899 033	86 186	35 202	1 020 421
Elimination on disposal	(336 399)	(261 425)	-	(597 824)
Balance 31 December 2017	**5 732 541**	**853 972**	**289 109**	**6 875 622**
CARRYING AMOUNT				
Balance at 31 December 2015	**2 138 423**	**249 990**	**26 479**	**2 414 892**
Balance at 31 December 2016	**2 989 346**	**181 609**	**53 952**	**3 224 907**
Balance at 31 December 2017	**4 704 687**	**324 844**	**113 337**	**5 142 868**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the Year ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
		US$	US$	US$	US$
5	**Investment Property**				
	At fair value				
	Balance at the beginning of the year	4 467 500	4 485 500	-	-
	Fair value adjustment	40 500	-	-	-
	Additions	126 000	-	-	-
	Disposals	(18 000)	(18 000)	-	-
	Balance at the end of the year	**4 616 000**	**4 467 500**	**-**	**-**

The fair value of investment property has been arrived at on the basis of a valuation carried out at 31 December 2017 by independent professional valuers, Integrated Properties (Private) Limited and Old Mutual Property Zimbabwe (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 2017.

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/asset**

- **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/asset valuation. This category includes instruments/assets 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.

5. Investment Property (continued)

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

	2017			
	Level 1 US$	Level 2 US$	Level 3 US$	Total Carrying Amount US$
Freehold land and buildings	-	3 585 000	-	3 585 000
Investment property	-	4 616 000	-	4 616 000

There were no transfers between level 1 and level 2 in 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$263,744 (2016: US$255,370). Direct operating expenses arising on the investment property amounted to US$301,603 (2016: US$268,440).

5.1 Encumbrances on Property, Plant and Equipment and Investment Property

Freehold land and buildings with a carrying amount of approximately US$3 million have been pledged to secure borrowings of the Group as well as investment property of approximately US$3,46 million. This was done by way of a deed of hypothecation for US$6,46 million in favour of its bankers over stand number 2118 Gwelo Township, stand number 44 Willowvale Township of Lot 8 of 6 of Willowvale, stand number 4496, 4 Douglas Road, and stand number 20A Ardbennie Industrial Township. Moveable property is encumbered as shown in note 12.

6. Investments

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
6.1 Long Term Investments				
Financial assets carried at fair value	2 146 260	1 183 165	2 146 260	1 183 165
Investments in subsidiaries	-	-	6 303 560	6 303 560
Investment in joint venture	-	135 402	-	135 402
	2 146 260	**1 318 567**	**8 449 820**	**7 622 127**

Financial assets that are disclosed under long term investments are stated at fair value with the changes in fair value being recognised in other comprehensive income.

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
Financial assets carried at fair value				
Balance at the beginning of the year	1 183 165	566 267	1 183 165	566 267
Fair value adjustment	963 095	616 898	963 095	616 898
Balance at the end of the year	**2 146 260**	**1 183 165**	**2 146 260**	**1 183 165**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the Year ended 31 December 2017

Investments in Subsidiaries

The investments in subsidiaries relate to the company's 100% shareholding in Masimba Properties (Zimbabwe) Limited, Masimba Estates (Zimbabwe) Limited, Axwort Investments (Private) Limited and Caridorn Abrasives (Private) Limited. Subsidiaries are accounted for at fair value.

Investment in Joint Venture

The investment in the joint venture related to the company's 50% shareholding in Reinforcing Steel Contractors Zimbabwe (Private) Limited (RSCZ). The investment was disposed of at the beginning of the reporting period. The company was jointly owned by Kosto Holdings Limited of Mauritius and Masimba Holdings Limited. The joint venture was accounted for using the equity method.

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
Balance at the beginning of the year	135 402	112 715	135 402	112 715
Disposals during the year	(135 402)	-	(135 402)	-
Share of profit from joint venture	-	22 687	-	22 687
	-	**135 402**	**-**	**135 402**

Masimba Holdings Limited, directly and indirectly, has investments in the following subsidiaries with a total carrying amount as at 31 December 2017 of US$6,303,560 (2016: US$6,303,560).

Company	**Status**	**2017**	**2016**
		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 (Zimbabwe) Limited	Dormant	100	100
Masimba Industries (Private) Limited	Dormant	100	100
Masimba Properties (Zimbabwe) 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

7. Cash and Cash Equivalents

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
Bank and cash balances	1 294 967	780 267	1 237 931	690 922

Cash and cash equivalents are recognised at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances held with our bankers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the Year ended 31 December 2017

		Group		Company	
8.	**Contracts in Progress and Contract Receivables**	**2017 US$**	**2016 US$**	**2017 US$**	**2016 US$**
	Contracts receivables in respect of certified work	3 358 767	1 980 677	3 358 767	1 980 677
	Contracts receivables in retentions	1 440 535	790 008	1 440 535	790 008
	Contracts work in progress	4 935 318	3 775 248	4 935 318	3 775 248
		9 734 620	**6 545 933**	**9 734 620**	**6 545 933**
9.	**Trade and Other Receivables**				
	Trade	452 279	702 670	425 968	529 681
	Other	4 919 805	2 876 889	4 856 305	2 580 546
		5 372 084	**3 579 559**	**5 282 273**	**3 110 227**
	Gross trade receivables	658 647	890 030	605 656	700 620
	Less: allowance for credit losses	(206 368)	(187 360)	(179 688)	(170 939)
		452 279	**702 670**	**425 968**	**529 681**
	Prepayments	4 471 306	2 237 256	4 430 454	2 237 256
	Other receivables	448 499	639 633	425 851	343 290
		5 372 084	**3 579 559**	**5 282 273**	**3 110 227**

The average credit period for trade receivables is sixty 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

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
61-90 days	49 257	34 052	33 528	28 457
91 days+	403 022	668 618	392 440	501 224
	452 279	**702 670**	**425 968**	**529 681**
	2017 days	**2016 days**	**2017 days**	**2016 days**
Debtor days	45	52	45	52
Movement in the allowance for credit losses				
Balance at the beginning of the year	187 360	191 167	170 939	170 939
Net movement in provision for the year	19 008	(3 807)	8 749	-
Balance at the end of the year	**206 368**	**187 360**	**179 688**	**170 939**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the Year ended 31 December 2017

Ageing of past due but not impaired trade receivables (continued)

Book debtors are encumbered as shown in note 12 to these financial statements.

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

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
180+ days	206 368	187 360	179 688	170 939

10. Inventories

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
Finished goods	1 200 575	954 819	1 200 575	954 819

The cost of write-down of inventories recognised as an expense during the period was US$13,418 (2016: US$NIL).

11. Share Capital and Reserves

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
Authorised and issued share capital				
Authorised				
875,000,000 ordinary shares of US$0.01 each.	8 750 000	8 750 000	8 750 000	8 750 000
Issued				
232,019,894 (2016: 220,493,732) ordinary shares of US$0.01 each.	2 320 199	2 204 937	2 320 199	2 204 937

During the year the Board of Directors paid out dividend in the form of cash and a scrip issue and as a result 11,526,200 ordinary shares were issued to ordinary shareholders.

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.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$	**US$**	**US$**	**US$**
Unissued share capital	6 429 801	6 545 063	6 429 801	6 545 063

The Directors are empowered to grant share options to senior Executives of the Group up to a maximum of 20,000,000 (2016: 20,000,000) share options. The options are granted for a period of five 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 2017 were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$	**US$**	**US$**	**US$**
Balance at the beginning of year	3 500 000	5 050 000	3 500 000	5 050 000
Granted during the year	-	-	-	-
Forfeited during the year	-	(1 550 000)	-	(1 550 000)
Exercised during the year	-	-	-	-
Balance at the end of year	**3 500 000**	**3 500 000**	**3 500 000**	**3 500 000**

A valuation was carried out by the Directors as at 31 December 2017. The estimated fair values of options granted were determined using Black Scholes model in accordance with IFRS 2 with the following inputs and assumptions:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$	**US$**	**US$**	**US$**
Grant date share price (US$)	0.121	0.121	0.121	0.121
Exercise price (US$)	0.121	0.121	0.121	0.121
Expected volatility	48.85%	48.85%	48.85%	48.85%
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	8%	8%	8%	8%

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 2015.

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 2015 issued by the Infrastructure Development Bank of Zimbabwe.

All options expire, if not exercised five 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.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$	**US$**	**US$**	**US$**
12. Interest Bearing Borrowings				
Secured borrowings at amortised costs				
Non-current	910 000	315 567	910 000	315 567
Current	205 853	390 267	205 853	390 267
	1 115 853	**705 834**	**1 115 853**	**705 834**

The short term loans have a tenure of three months and long term loans have a tenure of two years. The loans accrue interest at an effective rate of 7% (2016: 7%) per annum. These loans are fully secured against immovable property and a notarial general covering bond over movable assets, including a cession of book debts. (Refer to note 5.1)

	Group			Company		
13. Finance Lease	**Up to 1 year**	**2 to 5 years**	**Total**	**Up to 1 year**	**2 to 5 years**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Minimum lease payments:						
Principal	284 142	499 130	783 272	284 142	499 130	783 272
Interest	51 043	34 477	85 520	51 043	34 477	85 520
	335 185	**533 607**	**868 792**	**335 185**	**533 607**	**868 792**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the Year ended 31 December 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	US$	**US$**	**US$**	**US$**
14. Deferred Tax				
Balance at the beginning of year	1 250 731	1 057 596	664 644	826 587
Charge/(credit) to income statement	475 431	186 966	392 985	(168 112)
Charge to other comprehensive income	52 810	6 169	9 631	6 169
Balance at the end of year	**1 778 972**	**1 250 731**	**1 067 260**	**664 644**
Comprising of:	1 238 760	983 001	504 580	412 670
Uncertified work and claims	1,130,512	894 004	1,130,512	894 004
Net retention	276 697	167 624	276 697	167 624
Prepayments	-	48 444	-	26 333
Revenue received in advance	(179 545)	(105 773)	(179 545)	(105 773)
Movement in available for sale investments	9 631	6 169	9 631	6 169
Allowances for credit losses	(53 140)	(48 245)	(46 270)	(44 017)
Revaluation of property, plant and equipment	43 179	-	-	
Maintenance provision	(69 674)	(70 809)	(69 674)	(70 809)
Assessed loss and other	(617 448)	(623 684)	(558 671)	(621 557)
	1 778 972	**1 250 731**	**1 067 260**	**664 644**
15. Trade and Other Payables				
Trade	1 511 972	760 486	1 510 821	757 961
Accruals	167 319	96 615	13 926	20 725
Provisions	3 196 978	1 390 942	3 192 606	2 249 793
Unearned revenue (Advance receipts from customers)	6 926 767	4 107 674	6 926 767	4 107 674
Other	1 351 068	1 769 563	1 250 305	737 939
	13 154 104	**8 125 280**	**12 894 425**	**7 874 092**

The average credit period on purchases of goods and services from suppliers is fourteen 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.

	Group		Company	
16. Subcontractors	**2017**	**2016**	**2017**	**2016**
	US$	**US$**	**US$**	**US$**
Balance as at year end	2 285 570	2 049 029	2 285 570	2 049 029

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the Year ended 31 December 2017

	Notes	Group 2017 US$	Group 2016 US$	Company 2017 US$	Company 2016 US$
17. Revenue					
Construction contract revenue		27 451 196	19 139 918	27 451 196	19 139 918
18. Other Operating Income					
Rental income		263 744	255 370	67 500	-
Exchange gain/(loss)		35 240	(23 115)	35 240	(23 115)
Scrap and services sales		4 549	5 875	4 549	5 875
Sundry income		246 286	31 259	244 133	92 121
Dividend received		42 344	42 221	42 344	42 221
Profit on disposal of property, plant and equipment		18 159	48 317	18 159	48 317
Profit on disposal of investment property		2 000	2 000	-	-
		612 322	**361 927**	**411 925**	**165 419**
19. Administrative Expenses					
Advertising and promotions		15 301	16 116	15 301	16 116
Audit fees		42 973	39 245	40 477	36 870
Bad debts		51 520	-	51 520	-
Bank charges		267 596	102 319	266 966	101 784
Communication		60 436	47 075	60 436	47 075
Computer printing and stationery		66 047	33 694	65 949	33 694
Corporate social investment		37 615	4 328	37 615	4 328
Depreciation		161 294	202 872	71 544	119 934
Directors fees		62 500	62 500	62 500	62 500
Insurance		57 754	47 556	46 162	35 967
Licenses and levies		51 989	28 738	51 989	28 738
Professional and subscriptions expenses		256 917	26 208	209 423	26 208
Property expenses		28 631	78 720	58 866	4 328
Training and recruitment		33 691	18 998	33 691	18 998
Travel and accommodation		44 872	38 123	44 871	38 123
Utilities		101 246	131 966	16 346	113 648
Staff		1 808 153	1 593 965	1 808 153	1 593 965
Others		409 862	574 676	314 986	554 676
		3 558 397	**3 047 099**	**3 256 795**	**2 836 952**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the Year ended 31 December 2017

	Notes	Group 2017 US$	Group 2016 US$	Company 2017 US$	Company 2016 US$
20. Profit Before Tax					
Profit before tax for the year has been arrived at after charging the following:					
Depreciation		1 110 171	1 086 443	1 020 421	1 003 506
Share option expense/(income)		656	(1 570)	656	(1 570)
Pension		286 701	326 899	286 701	250 108
Compensation to key management	**20.1**	727 091	686 949	727 091	686 949
20.1 Compensation to Key Management					
For services as Directors		62 500	62 500	62 500	62 500
For managerial services		664 591	624 449	664 591	624 449
		727 091	**686 949**	**727 091**	**686 949**
21. Income Tax					
21.1 Income Tax:					
Current income tax		-	(2 072)	-	-
Deferred tax movement		(475 431)	(186 966)	(392 985)	(168 112)
Income tax		**(475 431)**	**(189 038)**	**(392 985)**	**(168 112)**
21.2 Tax Reconciliation:					
Profit before tax		1 174 169	696 093	1 234 874	709 732
Tax at standard rate		(302 348)	(179 244)	(317 980)	(182 756)
Adjusted for:					
Effects of expenses not deductible for tax		(77 321)	(13 380)	(107 602)	(14 357)
Effects of other permanent differences		(95 762)	(12 149)	32 597	29 001
Effects of income taxed at special rates		-	15 735	-	-
Effective tax expense		**(475 431)**	**(189 038)**	**(392 985)**	**(168 112)**

22. Earnings Per Share

Basic Earnings 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 which participated in the results of the Group.

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:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Earnings	**US$**	**US$**	**US$**	**US$**
Profit attributable to the equity holders of the Company	698 738	507 055	841 889	541 620
Number of Shares				
Weighted average number of shares in issue used in the determination of:				
Basic	227 217 327	220 493 732	227 217 327	220 493 732
Diluted	230 717 327	223 479 384	230 717 327	223 479 384
Profit per Share (US Cents):				
Basic	0.31	0.23	0.37	0.25
Diluted	0.30	0.23	0.36	0.24

23. Retirement Benefit Costs

Pension Funds

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

23.1 Masimba Holdings Limited Retirement Fund

All entity employees with the exception of those participating in the funds detailed in 23.2 below to 23.3 on page 57 are members of this Fund administered by Old Mutual Life Assurance Company. The Fund is a defined contribution scheme. All members joining the Fund automatically participate on the defined contribution pension benefit basis.

As at 31 December 2017 there were 59 (2016: 51) members in the scheme.

23.2 Construction Industry Pension Fund

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

23.3 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.

	Group		Company	
	2017 US$	2016 US$	2017 US$	2016 US$
23.4 Pension costs recognised as an expense for the year				
Masimba Holdings Limited Retirement Fund	73 627	55 386	73 627	55 386
National Social Security Authority	108 530	89 370	108 530	89 370
Other Funds	104 544	182 143	104 544	182 143
	286 701	326 899	286 701	326 899

24. Capital Commitments

Capital expenditure authorised, but not contracted for, is US$2,130,226 (2016: US$2,065,336). The expenditure is to be financed from internal resources and existing facilities.

25. Directors Interests

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

	Group		Company	
	31 December 2017 shares	31 December 2016 shares	31 December 2017 shares	31 December 2016 shares
C. Malunga	1 206 945	1 135 956	1 206 945	1 135 956
Zumbani Capital (Private) Limited	109 132 851	102 713 272	109 132 851	102 713 272

Messrs. C. Malunga, M. M. Di Nicola, M. W. McCulloch and P. T. Zhanda (Jnr.) have an indirect shareholding in Zumbani Capital (Private) Limited.

26. Borrowing Powers

Authority is granted in the Articles of Association for Directors to borrow a sum not exceeding 300% of the Ordinary Shareholder's Funds without the prior sanction of an ordinary resolution of the Company

27. 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.

28. Contingent Liabilities and Contingent Assets

28.1 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 condition of the Group.

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
28.2 Bank guarantees in issue as at year end:				
Performance bonds	3 687 537	5 377 353	3 687 537	5 377 353
Advance payment bonds	5 331 433	3 443 586	5 331 433	3 443 586
Retention bonds	569 367	1 042 991	569 367	1 042 991
	9 588 337	**9 863 930**	**9 588 337**	**9 863 930**

29. Related Party Disclosures

The Group's related parties include common directorship and key management as described below:

29.1 Related Party Transactions

			Group		Company	
			2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
Related Party	**Relationship**	**Nature of Transactions**				
Reinforcing Steel Contractors Zimbabwe (Private) Limited	Common directorship/ Shareholding	Purchase of materials	891 241	149 541	891 241	149 541
Key management	Key management personnel	Remuneration, loans, advances and fees	763 391	694 292	763 391	694 292
Proplastics Limited	Common directorship/ Shareholding	Purchase of materials	481 508	834 659	481 508	834 659
Inline Trading (Private) Limited	Common directorship	Consultancy services	29 105	-	29 105	-
			2 165 245	**1 678 492**	**2 165 245**	**1 678 492**

29.2 Year End Balances Arising from Transactions with Related parties

Included in the other receivables and trade payables balances are related party balances that resulted from transactions that occurred between Masimba Holdings Limited and its related parties.

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
Related party receivables				
Reinforcing Steel Contractors Zimbabwe (Private) Limited	5 487	7 834	5 487	7 834
Proplastics Limited	75 483	81 478	75 483	81 478
	80 970	**89 312**	**80 970**	**89 312**
Related party payables				
Reinforcing Steel Contractors Zimbabwe (Private) Limited	69 524	78 117	69 524	78 117
Proplastics Limited	180 512	213 196	180 512	213 196
Masimba Properties (Zimbabwe) Limited	-	-	1 797 049	1 496 183
	250 036	**291 313**	**2 047 085**	**1 787 496**

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

29.3 Transactions with Key Management Personnel

Key management of the Group are the Board of Directors and senior management personnel. Key management's remuneration include the following expenses:

		Group		Company	
	Notes	**2017 US$**	**2016 US$**	**2017 US$**	**2016 US$**
Compensation to key management	**20.1**	727 091	686 949	727 091	686 949
Share based benefits		656	(1 570)	656	(1 570)
The remuneration of Directors and senior management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.					
Loans and advances to Directors		35 644	8 913	35 644	8 913

Terms and Conditions:

The loan amount limit ranges from 100% to 130% of annual salary and is subject to 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 months to two years.

30. 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, finacial liability and equity instruments, are disclosed per policy 3.

(b) Categories of Financial Instruments

	Group		Company	
	2017	**2016**	**2017**	**2016**
Financial Assets	**US$**	**US$**	**US$**	**US$**
Cash and cash equivalents	1 294 967	780 267	1 237 931	690 922
Loans and receivables and contract receivables	15 106 704	10 125 492	15 016 893	9 656 160
Financial assets carried at fair value	2 146 260	1 183 165	2 146 260	1 183 165
Financial Liabilities				
Borrowings and payables (excluding related parties)	17 338 799	10 880 143	17 079 120	10 628 955

(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 2017.

31. Financial Risk Management

The Group's financial liabilities comprise bank loans, an overdraft and trade and other payables. The main purpose of these financial instruments is to raise finance for the entity's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations. The Group 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.

31.1 Foreign Exchange Risk Management

The Group undertakes certain transactions denominated in currencies other than the 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: ZAR12.3000, is summarised as:-

	Currency	**Foreign Balance**	**2017 US$ Equivalent**	**Foreign Balance**	**2016 US$ Equivalent**
Bank Balances	ZAR	26 113	2 123	30 081	1 944

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

Abbreviation of Currency
ZAR - South African Rand

31.2 Foreign Exchange Risk Management (continued)

Fair Value of Financial Instruments

The estimated net fair value 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.

31.3 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.

31.4 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 credit worthy financial institutions. The trade receivables are presented net of the allowance for credit losses and comprise a large and widespread customer base. The Group monitors the performance and financial condition of its customers so that the exposure to bad debts is not significant.

31.5 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 object is to maintain short term bank loans at a manageable level.

31.6 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 interest bearing borrowings and finance leases as disclosed in notes 12 and 13 respectively 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.

32. 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 on page 62.

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 Made

The entity also makes 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 3.7)
- The determination of the fair value of share options. (Refer to note 11).
- The determination of functional currency. (Refer to functional and presentation currency policy 1.2)

33. Joint Operations

Details of material joint operations

	Principal Activity	Place of Incoporation and Principal Place of Business	Proportion of Ownership Interest Voting Rights held by Masimba 31 Dec 2017 %	31 Dec 2016 %
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 Tencraft (Private) Limited	Tuli River Bridge	Zimbabwe	50	50

The above joint operations are accounted for using the proportional consolidation method in these consolidated financial statements.

The summarised financial information in respect of the Group's joint operations is set out below:-

	Group		Company	
	2017 US$	**2016 US$**	**2017 US$**	**2016 US$**
Current assets	1 361 801	2 669 508	1 361 801	2 669 508
Current liabilities	(1 203 504)	(2 308 222)	(1 203 504)	(2 308 222)
The above amounts of assets and liabilities include the following:-				
Cash and cash equivalent	-	10 664	-	10 664
Revenue	-	1 220 563	-	1 220 563
(Loss)/Profit for the year	(21 407)	826 391	(21 407)	826 391
The above (loss)/profit for the year includes the following items:-				
Depreciation and amortisation	-	-	-	-

34. Going Concern

The Directors have assessed the ability of the entity to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe 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 Masimba Holdings Limited's Board of Directors and authorised for issue on 27 March 2018.

36. Declaration of Dividends

On 27 March 2018, the Directors declared a dividend of US$348 030 (that is, US0,15 cents per ordinary share) for the year ended 31 December 2017.

37. Events after the Reporting Date

At the date of approval of the financial statements on 27 March 2018, there were no material events after the reporting date that required separate disclosure in these financial statements except for the dividend declaration.

Shareholders Analysis
as at 31 December 2017

Shareholder Spread

Range	Number of Shareholders	% of Holders	Holdings	% of Issued Shares
1-500	158	17.19	28 325	0.01
501-1,000	106	11.53	73 673	0.03
1,001-5,000	288	31.34	764 753	0.33
5,001-10,000	111	12.08	806 495	0.35
10,001-50,000	123	13.38	2 627 564	1.13
50,001 and over	133	14.48	227 719 084	98.15
	919	**100.00**	**232 019 894**	**100.00**

Major Shareholders

Rank	Shareholder	Number of Shares	% of Total
1	Zumbani Capital (Private) Limited	109 132 851	47.04
2	Old Mutual Life Assurance Company of Zimbabwe Limited	43 442 804	18.72
3	Stanbic Nominees (Private) Limited (NNR)	16 526 943	7.12
4	Stanbic Nominees (Private) Limited	13 313 683	5.74
5	Standard Chartered Nominees (Private) Limited	7 524 640	3.24
6	Standard Chartered Nominees (Private) Limited (NNR)	5 470 162	2.36
7	Turner, Roy	3 062 888	1.32
8	National Social Security Authority	2 540 728	1.10
9	Terera, Gregory	2 243 525	0.97
10	Communications and Allied Industry Pension Fund	1 737 234	0.75
		204 995 458	**88.36**

Analysis by Category

	2017 %	2016 %
Bank, insurance companies and nominees	21.65	20.77
Pension funds, Trust/Property companies	12.02	11.38
Resident individuals and other corporate companies	56.08	54.00
Foreign companies	10.25	13.85
	100.00	**100.00**

Notice to Shareholders

Notice is hereby given that the forty-third Annual General Meeting of the Members of Masimba Holdings Limited for the year ended 31 December 2017 will be held at the Registered Office of the Company at 44 Tilbury Road, Willowvale, Harare, Zimbabwe, on Thursday 31 May 2018 at 1230 hours.

ORDINARY BUSINESS

1. **Approval of Minutes**
   To approve the minutes of the Annual General Meeting held on 31 May 2017.

2. **Approval of Financial Statements and Reports**
   To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2017, including the Directors' and Independent Auditor's reports thereon.

3. **Approval of Directors' Fees**
   Approval of Directors' fees for the year ended 31 December 2017.

4. **Election of Directors**
   In accordance with Article 114 of the Company's Articles of Association, Messrs. Malcolm William McCulloch and Mark Mario Di Nicola retire by rotation at the Company's Annual General Meeting and being eligible, offer themselves for re-election.

5. **Dividend**
   To confirm the declaration of a final dividend of US0.15 cents per share for the year ended 31 December 2017.

6. **Auditor**
   6.1 To approve the remuneration of the Auditor for the previous year.
   6.2 To consider the appointment of Grant Thornton as Auditor for the ensuing year.

7. **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)

9 May 2018

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 hours before the time of holding of the meeting.

Directors: G Sebborn (Chairman), M M Di Nicola, A Makamure*, C Malunga*, M W McCulloch, P T Zhanda (Jnr.)

*Executives

Registered Office: 44 Tilbury Road, Willowvale, Harare, Zimbabwe

Website: www.masimbagroup.com

Shareholders Diary

10 May 2018	Forty third Annual Report to be published and mailed to Shareholders
31 May 2018	Forty third Annual General Meeting of Shareholders, 44 Tilbury Road, Willowvale, Harare
August 2018	Interim Press Results
December 2018	Financial Year End
March 2019	Preliminary Announcement to Shareholders
May 2019	Forty fourth Annual Report to be published and mailed to Shareholders
May 2019	Forty fourth Annual General Meeting to Shareholders, 44 Tilbury Road, Willowvale, Harare

CORPORATE AND ADVISORY INFORMATION

Company Registration Number	278/74
Business Address and Registered Office **Postal Address** **Telephone** **Email** **Website**	44 Tilbury Road, Willowvale, Harare, Zimbabwe P.O. Box CY490, Causeway, Harare, Zimbabwe +263 4 611641-5 or 611741-7 enquiries@masimbagroup.com 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 Praetor House 119 Josiah Chinamano Avenue Harare, Zimbabwe

Proxy Form

For the Forty third Annual General Meeting to be held at 44 Tilbury Road, Willowvale, Harare, Zimbabwe, on Thursday 31 May 2018 at 1230 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

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 Approval of Minutes from the Annual General Meeting held on 31 May 2017.			
2. Ordinary Resolution number 2 Adoption of the 2017 Annual Financial Statements and Directors and External Auditor's Reports thereon			
3. Ordinary Resolution number 3 Approval of Directors Renumeration			
4. Ordinary Resolution number 4 Election of Directors			
5. Ordinary Resolution number 5 Confirmation of Dividend			
6. Ordinary Resolution number 6 Approval of Audit Fees			
7. Ordinary Resolution number 7 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 2018

Signature(s)..

Assisted by..

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

....
Notes to the form of proxy

....

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 instruction 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 signatories.

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 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 forty eight 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 Wednesday 30 May 2018.

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

Notes

Notes

www.masimbagroup.com