



Financial Highlights

	Change	Inflation Adjusted		Historical Cost	
		Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL
Revenue	52%	9,626,793,201	6,321,175,173	7,052,676,723	2,060,968,438
EBT	319%	5,309,063,117	1,266,907,571	6,311,666,326	450,797,348
EBITDFVA	66%	2,853,259,342	1,714,448,051	2,386,099,641	544,507,275
EBITDFVA/Turnover	9%	30%	27%	34%	26%
Basic earnings per share (cents)	431%	1,872	352	2,080	126
Diluted earnings per share (cents)	431%	1,872	352	2,080	126
Headline earnings per share (cents)	216%	1,112	352	775	124
Order book (millions)	-	-	-	145	82

REVIEWED ABRIDGED CONSOLIDATED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2022

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to present my report for the half year ended 30 June 2022. The Group's primary financial statements are adjusted for inflation in terms of International Accounting Standards (IAS) 29 - Financial Reporting in Hyperinflationary Economies. Historical cost financial statements have been issued for information purposes only.

OPERATING ENVIRONMENT

The operating environment remained unstable characterised by continued and increasing disparities between the official and alternative market foreign exchange rates which blur the interpretation of Financial Statements. The local currency depreciated by 237.1% against the USD while year-on-year inflation closed the period at 191.6%. Further, the local challenges have been compounded by the Russia - Ukraine conflict which has resulted in imported inflation on the back of disruptions in supply chain, in particular energy and grain.

However, on a positive note, COVID-19 cases during the review period have continued to decline, which subsequent to period end, resulted in the Government further relaxing COVID-19 related protocols.

FINANCIAL PERFORMANCE

Revenue for the six-month period in inflation adjusted and historical terms at ZWL9.6 billion and ZWL7.1 billion was ahead of comparative period by 52% and 242% respectively, mainly attributable to a firm order book in mining, infrastructure and roads segments. Due to a diversified project portfolio, the revenue earned in United States dollars improved to 55% (2021: 35%) as a proportion of the total revenue. The associated foreign currency denominated revenues and costs are converted to Zimbabwe dollars based on the Reserve Bank of Zimbabwe auction rates.

In inflation adjusted and historical terms, Profit Before Tax grew (PBT) by 319% to ZWL5.3 billion (2021: ZWL1.3 billion) and 1,300% to ZWL6.3 billion (2021: ZWL451 million), respectively. The positive performance was underpinned by production efficiencies and exchange gains emanating from a net foreign currency asset position and fair value adjustment on investment properties.

The total assets position as at reporting date closed at ZWL28 billion (2021: ZWL25 billion) in inflation adjusted terms and under historic cost convention was at ZWL27.8 billion (2021: ZWL11.4 billion). The growth is attributable to revaluation of plant and equipment and investment property resulting in revaluation surplus of ZWL6.2 billion (2021: Nil) and fair value gain of ZWL2.4 billion (2021: Nil) under inflation adjusting reporting. In historical terms revaluation surplus and fair value gains were ZWL9.3 billion (2021: Nil) and ZWL4.2 billion (2021: Nil), respectively. The current ratio at 1.25:1 (2021: 1.07:1) was satisfactory. In addition, the growth is emanating from exchange gains attributable to a net foreign currency asset position at reporting date.

Cash generated by operating activities declined to ZWL194 million (2021: ZWL775 million), while in historical terms it improved to ZWL861 million (2021: ZWL271 million). The decline in cash generated by operating activities was due to the impact of delayed payments resulting from contractual fiscal policy. The outflow in operating cashflow was mainly attributable to the increased working capital demand to execute the growing order book. Capital expenditure incurred in the period to support the firm order book amounted to ZWL1.4 billion (2021: ZWL1.7 billion) (historical ZWL824 million 2021: ZWL667 million).

OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SYSTEM (OHSAS)

The Group is certified to the International Organisation for Standardisation (ISO) 9001: 2015 Quality Management System, ISO14001: 2015 Environmental Management System and ISO45001: 2018 Occupational Health and Safety Management System Standards.

Lost Time Injury Frequency Rate (LTIFR) improved to zero from December 2021 rate of 0.50. The Group also achieved three million LTIFR hours in the period under review.

IMPACT OF COVID-19

The Group continues to follow COVID-19 guidelines as authorised by the Government of Zimbabwe and the World Health Organisation throughout its activities to protect the health and welfare of its employees, clients, suppliers and other stakeholders. The Group has systems in place to ensure that its employees receive the booster shot by the end of September 2022.

For the period under review, the Group lost 2,448-man hours (2021: 2,673-man hours) and incurred direct COVID-19 related costs of ZWL18.7 million (2021: ZWL23.9 million).

While COVID-19 cases continue to decline the Board remains on high alert to any future pandemics. COVID-19 did not have a material impact on the Group's liquidity and solvency positions in the period under review. It is, however, not possible to assess with absolute certainty its impact on the financial performance for the year ending 31 December 2022.

CORPORATE SOCIAL INVESTMENT

The Group's Corporate Social Investment strategy is community driven. To that end, as a minimum guideline, general workers are hired from the local communities where the projects are undertaken. As at reporting date, the proportion of local employees was 61% (2021: 64%). In the period under review, construction of a classroom block at Kwirire Primary School in Chimanimani commenced and is projected to be completed by end of the financial year.

The Group further contributes to strengthening communities through education and has partnered the University of Zimbabwe's Faculty of Engineering, the Apprenticeship Board and the Institute of Chartered Accountants in honouring and employing the top Civil Engineering students, training Apprentices and Chartered Accountants, respectively. As at 30 June 2022, the Group had 30 (2021: 28) students under these development programs.

OUTLOOK

The Government has implemented a variety of measures aimed at containing inflationary pressures in the economy. I, however, urge that these measures be underpinned by a consistent application of policies so that they can achieve the much desired results. While the economic outlook is forecast to remain constrained, the current state of infrastructure development presents opportunities for the business in future.

The Group has a firm diversified order book valued at USD145 million (2021: USD83 million) with tenures of between three months to eighteen months. The book is well balanced and diversified between public and private sectors. However, execution thereof may be hampered by pricing distortions emanating from an inefficient foreign currency allocation system and prevailing hyperinflation.

Notwithstanding the challenges in the environment, the Board remains cautiously optimistic and will implement strategies to preserve the Group's value and delivery capabilities.

DIVIDEND

The Board, having evaluated the cashflow associated with the growing order book, deteriorating cashflow cycle coupled with the need to strengthen capacity, has resolved not to declare an interim dividend.

DIRECTORATE

I am pleased to announce the appointment of Mrs. Sharon Bwanya who joined the Board as a Non-Executive Director effective 20 June 2022. Sharon is the Group General Counsel for the Masawara Group, an investment holding entity that operates across various African countries.

APPRECIATION

I wish to extend my appreciation to all our valued stakeholders for the continued support to the Masimba Group. I would also like to express my gratitude to the Board, Management and Staff for their collective contributions to the notable performance despite a challenging operating environment.



Greg Sebborn
Chairman

15 September 2022

Independent External Auditor's Statement

These abridged interim consolidated financial statements for the six months ended 30 June 2022 have been reviewed by Messrs. Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion was issued thereon. This review conclusion is qualified with respect to non-compliance with International Accounting Standard (IAS) 21 'The Effects of Changes in Foreign Exchange Rates' and International Financial Reporting Standard (IFRS) 13 'Fair Value Measurement' on the valuation of property, plant and equipment.

The review conclusion has been made available to Management and Those Charged with Governance of the Group. The Independent Review Report on the abridged interim consolidated financial statements is available for inspection at the Group's registered office.

The Engagement Partner on the review resulting in this review conclusion is Edmore Chimhova (PAAB Number 0470).

Abridged Consolidated Statement of Profit or Loss for the Half Year Ended 30 June 2022

Notes	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL
Revenue	9,626,793,201	6,321,175,173	7,052,676,723	2,060,968,438
Profit before depreciation and fair value adjustment	2,853,259,342	1,714,448,051	2,386,099,641	544,507,275
Fair value adjustment	2,434,154,207	-	4,186,419,665	-
Depreciation	(277,920,617)	(233,337,964)	(211,348,490)	(74,325,945)
Operating profit	5,009,492,932	1,481,110,087	6,361,170,816	470,181,330
Net interest paid	(76,603,794)	(59,927,147)	(49,504,490)	(19,383,982)
Net monetary gain/(loss)	376,173,979	(154,275,369)	-	-
Profit before tax	5,309,063,117	1,266,907,571	6,311,666,326	450,797,348
Income tax expense	(786,005,358)	(415,479,238)	(1,285,759,347)	(146,285,160)
Profit for the period	4,523,057,759	851,428,333	5,025,906,979	304,512,188
Number of shares in issue (millions)	242	242	242	242
Basic earnings per share (cents)	1,872	352	2,080	126
Diluted earnings per share (cents)	1,872	352	2,080	126
Headline earnings per share (cents)	1,112	352	775	124

Abridged Consolidated Statement of Comprehensive Income for the Half Year Ended 30 June 2022

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL
Profit for the period	4,523,057,759	851,428,333	5,025,906,979	304,512,188
Other comprehensive income:				
Gain on revaluation of property, plant and equipment	6,218,748,088	-	9,280,378,882	-
Fair value adjustment on financial assets carried at fair value through other comprehensive income	(137,862,364)	985,011,569	39,758,206	337,838,808
Deferred tax charge on other comprehensive income	(1,982,129,709)	(9,850,116)	(1,998,186,757)	(3,378,388)
Other comprehensive income for the period, net of tax	4,098,756,015	975,161,453	7,321,950,331	334,460,420
Total comprehensive income for the period	8,621,813,774	1,826,589,786	12,347,857,310	638,972,608

Abridged Consolidated Statement of Financial Position as at 30 June 2022

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	12,049,745,790	4,719,400,769	12,049,745,790	2,155,790,373
Investment property	5,630,782,376	3,133,405,427	5,630,782,376	1,431,318,421
Investments	189,122,835	326,985,199	189,122,835	149,364,629
	17,869,651,001	8,179,791,395	17,869,651,001	3,736,473,423
Current assets				
Inventories	864,102,825	406,327,543	625,545,839	185,607,675
Contracts in progress and accounts receivables	8,120,024,320	12,524,656,727	8,120,024,320	5,721,178,540
Cash and cash equivalents	1,480,511,131	3,851,755,397	1,480,511,131	1,759,455,832
	10,464,638,276	16,782,739,667	10,226,081,290	7,666,242,047
Total assets	28,334,289,277	24,962,531,062	28,095,732,291	11,402,715,470
EQUITY AND RESERVES				
Share capital	230,011,052	230,011,052	2,416,537	2,416,537
Share premium	86,578,037	86,578,038	1,006,892	1,006,892
Reserves	7,226,162,968	3,127,406,954	8,800,556,128	1,478,605,798
Retained earnings	8,302,816,677	3,911,463,129	6,803,032,191	1,877,894,808
	15,845,568,734	7,355,459,173	15,607,011,748	3,359,924,035
Non-current liabilities				
Deferred tax	4,124,744,560	1,929,050,552	4,124,744,560	881,177,254
	4,124,744,560	1,929,050,552	4,124,744,560	881,177,254
Current liabilities				
Interest bearing borrowings	124,811,764	725,271,918	124,811,764	331,299,310
Accounts payable	8,239,164,219	14,952,749,419	8,239,164,219	6,830,314,871
	8,363,975,983	15,678,021,337	8,363,975,983	7,161,614,181
Total equity and liabilities	28,334,289,277	24,962,531,062	28,095,732,291	11,402,715,470

Abridged Consolidated Statement of Cash Flows for the Half Year Ended 30 June 2022

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 30 June 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 30 June 2021 ZWL
Net cash flows (utilised in)/generated from operating activities	(194,017,862)	774,545,770	861,373,417	270,949,517
Net cash flows utilised in investing activities	(1,445,062,039)	(793,443,925)	(833,766,342)	(258,840,805)
Net cash flows (utilised in)/generated from financing activities	(732,164,365)	(13,195,414)	(306,551,775)	26,104,529
(Decrease)/increase in cash and cash equivalents	(2,371,244,266)	(32,093,571)	(278,944,700)	38,213,241




**Abridged Consolidated Statement of Changes in Equity
for the Half Year Ended 30 June 2022**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
Shareholders' equity at the beginning of the period	7,355,459,173	5,855,711,981	3,359,924,035	1,606,191,957
Other comprehensive income	4,098,756,015	627,202,233	7,321,950,331	1,006,644,816
Dividend paid	(131,704,213)	(1,284,062,209)	(100,769,597)	(548,168,851)
Profit for the period	4,523,057,759	2,156,607,168	5,025,906,979	1,295,256,113
Shareholders' equity at the end of the period	15,845,568,734	7,355,459,173	15,607,011,748	3,359,924,035

SUMMARY OF INFORMATION
1 Basis of presentation
Statement of compliance

The abridged interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Group's latest annual financial statements.

2 Functional and presentation currency

The abridged interim consolidated financial statements are presented in Zimbabwe dollars (ZWL), being the functional and reporting currency of the primary economic environment in which the Group operates.

2.1 Inflation adjustment

These results have been prepared under the current cost basis in line with the provisions of IAS 29: Financial Reporting in Hyperinflationary Economies. The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement effective 01/2019). The Directors have applied the guidelines provided by the PAAB and made various assumptions to prepare the inflation adjusted financial statements. The Group adopted the Zimbabwe Consumer Price Index (CPI) as a general price index to restate transactions and balances as appropriate. Non-monetary assets and liabilities have been restated to reflect the changes in the general price index. Monetary assets and liabilities and non-monetary assets and liabilities carried at revalued amounts have not been restated as they are presented at the measuring unit prevailing at the end of the reporting period. Items recognised in the Statement of Profit or Loss have been restated by applying the change in the general price index from the dates when the transactions were initially earned or incurred.

The conversion factors used to restate the Group's financial results are as follows:

Date	Indices	Conversion factor
30-Jun-22	8,707.35	1.00
31-Dec-21	3,977.46	2.19
31-Dec-20	2,474.51	3.52

3. Notes to the abridged interim consolidated financial statements

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL	Reviewed 30 June 2022 ZWL	Reviewed 30 June 2021 ZWL
3.1 Profit before tax				
Profit before tax is shown after charging/(crediting) the following items:				
Depreciation	277,920,617	233,337,964	211,348,490	74,325,945
Staff costs	596,453,202	225,718,167	423,604,793	74,263,069
3.2 Income tax				
Current tax	(39,981,218)	(1,750,259)	(39,981,218)	(600,303)
Deferred tax	(746,024,140)	(413,728,979)	(1,245,778,129)	(145,684,857)
	(786,005,358)	(415,479,238)	(1,285,759,347)	(146,285,160)

Tax reconciliation

	Inflation Adjusted	Historical Cost
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
Profit before tax	5,309,063,117	1,266,907,571
Tax at standard rate	(1,312,400,403)	(313,179,551)
Adjusted for:		
Effects of other permanent differences	250,289,560	12,345,200
Effects of income taxed at special rates	276,105,485	(114,644,888)
	(786,005,358)	(415,479,238)

3.3 Property, plant and equipment

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
Movement for the year:				
Balance at the beginning of the period	4,719,400,769	4,793,077,496	2,155,790,373	981,970,161
Capital expenditure	1,389,520,464	1,675,852,555	824,926,620	667,437,862
Depreciation	(277,920,617)	(1,808,895,570)	(211,348,490)	(169,858,796)
Carrying amount of disposals	(2,914)	(40,054,667)	(1,596)	(16,357,320)
Revaluation gain	6,218,748,088	99,420,955	9,280,378,882	692,598,466
Balance at the end of the period	12,049,745,790	4,719,400,769	12,049,745,790	2,155,790,373

The Directors performed an internal revaluation of property, plant and equipment as at reporting date on the basis of open market replacement basis.

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
3.4 Investment property				
Movement for the year:				
Balance at beginning of the period	3,133,405,427	1,420,548,361	1,431,318,421	403,694,621
Fair value adjustment	2,434,154,207	841,767,084	4,186,419,665	721,850,336
Additions	105,851,010	871,089,982	54,498,333	305,773,464
Disposals during the period	(42,628,268)	-	(41,454,043)	-
Balance at end of the period	5,630,782,376	3,133,405,427	5,630,782,376	1,431,318,421

Integrated Properties (Private) Limited conducted an independent valuation of the investment property as at 30 June 2022 using fair value basis.

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
3.5 Financial Assets carried at fair value through other comprehensive income				
Movement for the year:				
Balance at beginning of the period	326,985,199	326,985,199	149,364,629	149,364,629
Fair value adjustment	(137,862,364)	-	39,758,206	-
Balance at end of the period	189,122,835	326,985,199	189,122,835	149,364,629

3. Notes to the abridged interim consolidated financial statements (cont'd)

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
3.6 Contracts in progress and accounts receivables				
Contract receivables and contract work in progress	3,973,371,787	8,542,764,210	3,973,371,787	3,902,276,951
Trade receivables	11,296,905	39,511,830	11,296,905	18,048,737
Prepayments	4,185,547,607	4,051,397,067	4,185,547,607	1,850,650,797
Deposits and other receivables	23,858,799	53,093,676	23,858,799	24,252,833
	8,194,075,098	12,686,766,783	8,194,075,098	5,795,229,318
Less: Allowance for doubtful receivables	(74,050,778)	(162,110,056)	(74,050,778)	(74,050,778)
	8,120,024,320	12,524,656,727	8,120,024,320	5,721,178,540
3.7 Interest bearing borrowings				
Short term loans	124,811,764	725,271,918	124,811,764	331,299,310
	124,811,764	725,271,918	124,811,764	331,299,310

The short-term loans have a tenor of between three to six months and accrue interest at an effective rate of 200% 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.

	Inflation Adjusted		Historical Cost	
	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL	Reviewed 30 June 2022 ZWL	Audited 31 Dec 2021 ZWL
3.8 Accounts Payable				
Trade payables	283,461,586	125,543,127	283,461,586	57,347,252
Unearned revenue				
(Advance receipts from customers)	1,985,051,580	3,458,903,902	1,985,051,580	1,580,003,924
Contract accruals and other payables	4,120,302,384	9,353,908,018	4,120,302,384	4,272,801,961
Tax liabilities	42,307,231	1,343,840	42,307,231	613,857
Subcontractor liabilities	1,808,041,438	2,013,050,532	1,808,041,438	919,547,877
	8,239,164,219	14,952,749,419	8,239,164,219	6,830,314,871
3.9 Contingent liabilities				
Bank guarantees on construction contracts in respect of performance, advance payments, retentions and bids.	5,693,103,816	1,306,957,563	5,693,103,816	597,009,381

4. Going concern

In assessing the going concern ability of the Group, the Directors have taken into account the Group's order book together with the cashflow forecast for a period of at least 12 months and concluded that the Group will continue to operate as a going concern and believe that preparation of these abridged interim consolidated 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 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 abridged interim consolidated financial statements.

The war in Ukraine and related events have contributed significantly to global economy uncertainty and volatility. Many sectors in the economy have already faced impacts of supply-chain disruptions as a result of the war, including shortages of materials, higher costs of energy, commodities and freight, and increased transportation delays. In response to this risk, Masimba Holdings Limited increased its supplier base as well as continuous key supplier engagement as a mitigatory measure.

