



Abridged Audited Financial Results

For the Year Ended 31 December 2020

Financial Highlights					
		Inflatio	n Adjusted	Historic	al Cost
	Change	2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
Revenue	248%	5,220,083,423	1,498,657,461	4,204,426,740	186,545,117
EBT EBITDFVA	7% 125%	361,129,050 1,075,893,350	336,689,931 477,331,786	751,845,846 562,916,938	122,614,185 69,448,718
EBITDFVA/Turnover Basic Earnings Per Share (cents)	-35% 113%	20% 135.48	31% 63.79	13% 243.05	37% 41.94
Diluted Earnings Per Share (cents)	113%	135.48	63.79	243.05	41.94
Headline Earnings Per Share (cents)	573%	359.74	53.38	117.90	10.72

AUDITOR'S OPINION

These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020 which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing (ISAs). The auditor has issued an adverse audit opinion on the consolidated financial statements with respect to noncompliance with International Accounting Standard (IAS) 21: The Effect of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 29: Financial Reporting in Hyperinflationary Economies, and the extent to which fair values for assets, transactions and liabilities presented in the consolidated financial statements are affected by the prevailing economic environment.

The auditor has included a section on key audit matters which were in respect to the revenue recognition and valuation of construction projects.

The auditor's report on the consolidated financial statements, which form the basis of these financial results, is available for inspection at the Group's registered office.

tor's report is Farai Chibisa (PAAB Number 0547).

PRELIMINARY ANNOUNCEMENT TO SHAREHOLDERS

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to present to you the Masimba Holdings Limited (the Group) audited consolidated financial results for the year ended 31 December 2020.

OPERATING ENVIRONMENT

The operating environment in the first half of the year was largely characterised by foreign currency shortages and continued hyperinflation. The challenging operating environment was further compounded with the outbreak of the COVID-19 pandemic which culminated in the declaration of a Public Health Emergency Concern. Resultantly, since 17 March 2020, the country has been at differing stages of lockdown which have varying effects on business operations. The introduction of the foreign currency auction system on 23 June 2020 has, however, contributed significantly towards stabilising price inflation and the foreign exchange rates.

FINANCIAL PERFORMANCE OVERVIEW

The Group recorded revenues of ZWL5,220,083,423 (2019: ZWL1,498,657,461) for the year ended 31 December 2020. This represented a growth of 248% attributable to the strong order book that prevailed throughout the year. The roads and mining segments were the main revenue drivers in the period. Earnings Before Interest, Taxes, Depreciation and Fair Value Adjustments (EBITDFVA) at ZWL1,075,893,350 (2019: ZWL477,331,786) grew by 125%. The earnings growth was mainly driven by improved operational efficiencies on contracting projects, fair value gains realised on the revaluation of investment properties and exchange gains arising from a net foreign currency asset position.

The Financial position of the Group strengthened to ZWL4,637,625,707 (2019: ZWL2,059,909,657) due to improved profitability and adoption of a value preservation strategy implemented through the acquisition of property, plant and equipment. The investment property book as at 31 December 2020 increased to ZWL403,694,621 (2019: ZWL293,417,950) while capital expenditure on plant and equipment was ZWL213,752,666 (2019: ZWL591,959,671).

The Group's net working capital improved to ZWL454,934,491 (2019: ZWL316,951,651), while Borrowings increased to ZWL129,239,668 (2019: ZWL19,207,128), mainly to support strategic capital investments and working capital.

Cash generated from operations amounted to ZWL383,150,467 (2019: ZWL589,696,298). Cash utilised in investing activities amounted to ZWL306,416,804 (2019: ZWL589,737,378) and was mostly expended on capital equipment. The three year cumulative capital expenditure of US\$7,406,892 has enabled the Group to execute large scale infrastructure projects.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY MANAGEMENT SYSTEM

The Group retained its three International Organisation of Standardisation (ISO) certifications in the period under review, namely ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System.

In line with the Zero Harm strategic goal, the Group celebrated two million Lost Time Injury Free hours in December 2020.

CORPORATE SOCIAL RESPONSIBILITY

The Group endeavours to improve the welfare of the communities in which it operates in. In this regard, and as a general guideline, all general workers are employed from the local community in which the project is being executed. In the current year, an amount of ZWL51,184,210 was expended on wages to local community employees.

In March 2020 Masimba participated in the COVID-19 outreach program by contributing diesel and roller meal to support families in the Manicaland, Matabeleland and Midlands provinces. The Group also partnered the Business Fighting COVID-19 Trust and donated grocery hampers to the COVID-19 ward staff at Parirenyatwa Hospital. In addition, the Group constructed a surfaced access road leading to the Chimanimani hospital. In order to improve the welfare of the Nyakomba irrigation community, the Group donated a tractor to be used by the local community in land preparation and other general agriculture logistics. The total amount that the Group applied towards various Corporate Social Investments in the twelve months period amounted to ZWL14,828,249.

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 of Zimbabwe in honouring and employing the top Civil Engineering students, training Apprentices and Chartered Accountants, respectively. As at 31 December 2020, the Group had 14 students under these development programs.

The Group continues to implement and observe the Government of Zimbabwe and World Health Organisation approved COVID-19 quidelines throughout its operations to safeguard the health and welfare of staff, customers, suppliers, and all stakeholders. The Group has a robust COVID-19 Management Committee that includes a medical practitioner. In addition, and as part of the Group's business continuity plan, financing, capital investment and working capital models are regularly reviewed

For the period under review, the Group lost 3,087 manhours and incurred a total of ZWL2,408,892 in compliance with the COVID-19 guidelines. While the COVID-19 pandemic did not materially impact the Group's liquidity and solvency in 2020, it is however not possible to assess, with absolute certainty, its potential impact on the financial performance for the year ending 31 December 2021.

OUTLOOK

The foreign currency auction system has contributed to a stable operating environment, the continued improvement of which provides opportunities for implementation of long term infrastructure projects. However, we urge the authorities to pursue appropriate policies that will mitigate the pricing arbitrage risks. In addition, the success of the roll out of the COVID-19 vaccination programme globally and Zimbabwe in particular, will provide a more conducive environment for efficient business operations.

The Group, as at reporting date, had a solid order book that included Roads, Mining and Housing Infrastructure and its execution thereof will largely be dependent on the sustenance of the current operating conditions as alluded to above. The order book is evenly balanced between the public and private sectors. The Board remains alive to the current risks and opportunities and will maintain its Value and Growth strategy in 2021.

DIVIDEND The Board, having considered the business's profitability, its future cashflows, and the potential economic impact of COVID-19 on its operations, has proposed a final cash dividend for the year ending 31 December 2020 of ZWL41.80 cents (2019: ZWL0.83

DIRECTORATE

There were no changes to the Directorate in the period under review.

On behalf of the Board, I wish to express my sincere gratitude to our valued customers, suppliers and stakeholders, as well as the executives and staff for their unwavering commitment to the Masimba brand throughout the period.

G. Sebborn 14 April 2021

DIVIDEND DECLARATION NOTICE

Notice is hereby given that the Masimba Holdings Limited Board has declared a final cash dividend for the year ended 31 December 2020 of ZWL41.80 cents per share. The dividend will be payable in full to all Shareholders of the Company registered at the close of business on 30 April 2021.

The payment of the dividend will take place on or about 7 May 2021. The applicable shareholders' tax will be deducted from the

The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 27 April 2021 and ex-dividend as from 28 April 2021.

BY ORDER OF THE BOARD



Pearl Mutiti Company Secretary 14 April 2021

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Abridged Consolidated Statement of Profit or Loss

for the Year Ended 31 December 2020

		Inflatio	n Adjusted	Histori	cal Cost
	Notes	2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
Revenue		5,220,083,423	1,498,657,461	4,204,426,740	186,545,117
Profit before interest and depreciation					
and fair value adjustments		1,075,893,350	477,331,786	562,916,938	69,448,718
Fair value adjustment		27,146,803	164,798,251	262,656,835	60,793,584
Depreciation		(100,783,129)	(74,600,618)	(67,544,814)	(7,076,337)
Operating profit		1,002,257,024		758,028,960	123,165,965
Net interest paid		(8,079,710)	(4,265,353)	(6,183,114)	(551,780)
Net monetary loss		(633,048,264)	(226,574,135)	-	-
Profit before tax	3.1	361,129,050	336,689,931	751,845,846	122,614,185
Tax	3.2	(33,743,309)	(182,858,718)	(164,516,985)	(21,265,095)
Profit for the year		327,385,741	153,831,213	587,328,861	101,349,090
Number of shares in issue (millions)		241.7	241.7	241.7	241.7
Basic earnings per share (cents)		135.48	63.66	243.05	41.94
Diluted earnings per share (cents)		135.48	63.66	243.05	41.94
Headline earnings per share (cents)		359.74	53.38	117.60	10.72

Abridged Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

Tor the real Ended of December 2020	Inflation	n Adjusted	Histori	cal Cost
	2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
Profit for the period	327,385,741	153,831,213	587,328,861	101,349,090
Other comprehensive income:				
Gain on revaluation of property, plant and equipment	111,950,663	-	737,392,440	127,995,887
Movement in available for sale investments	95,602,875	41,158,762	137,277,436	9,175,231
Deferred tax charge on other comprehensive income	(33,579,835)	(411,586)	(95,060,422)	(34,283,911)
Other comprehensive income for the period, net of tax	173,973,703	40,747,176	779,609,454	102,887,207
Total comprehensive income for the year	501,359,444	194,578,389	1,366,938,315	204,236,297

Abridged Consolidated Statement of Financial Position as at 31 December 2020

		Inflatio	n Adjusted	Histori	cal Cost
		2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
ASSETS					
1 3/1 1 1	3.3	981,970,161	757,571,799	981,970,161	168,880,112
	3.4	403,694,621	293,417,950	403,694,621	65,409,584
Investments	3.5	162,234,045	53,629,893	162,234,045	11,955,332
		1,547,898,827	1,104,619,642	1,547,898,827	246,245,028
Current assets					
Cash and cash equivalents		237,916,435	53,049,371	237,916,435	11,825,920
Contracts in progress and		. =			4=0.444.000
	3.6	2,734,025,282	773,546,605	2,734,025,282	172,441,262
Inventories		117,785,163		59,887,751	8,743,351
		3,089,726,880	955,290,015	3,031,829,468	193,010,533
Total assets		4,637,625,707	2,059,909,657	4,579,728,295	439,255,561
FOURTY AND LIABILITIES					
EQUITY AND LIABILITIES		05 005 057	05 005 057	0.440.507	0.440.507
Share capital		65,365,057		2,416,537	2,416,537
Share premium Reserves		24,603,941	24,603,941	1,006,892	1,006,892
Retained earnings		985,116,641 589,003,730	811,142,938 261,617,989	913,356,357 689,412,171	133,746,903 102,083,310
Retained earnings			1,162,729,925	1,606,191,957	239,253,642
		1,004,000,000	1,102,120,020	1,000,101,001	200,200,042
Non-current liabilities					
Interest bearing borrowings 3	3.7	25,121,361	10,311,067	25,121,361	2,298,573
Finance lease 3	3.8	-	1,123,366	-	250,424
Deferred tax		313,622,588	247,406,937	313,622,588	55,152,675
		338,743,949	258,841,370	338,743,949	57,701,672
Current liabilities					
9 9	3.7	104,118,307	, ,	104,118,307	1,983,136
	3.8	41,672	,	41,672	182,227
Accounts payable	3.9	2,530,632,410	628,624,856	2,530,632,410	140,134,884

2,634,792,389 638,338,362 2,634,792,389

4,637,625,707 2,059,909,657 4,579,728,295

Total equity and liabilities

142,300,247

439,255,561





Abridged Audited Financial Results

For the Year Ended 31 December 2020

Historical Cost

Inflation Adjusted

Abridged Consolidated Statement of Cashflows for the Year Ended 31 December 2020

	Inflatio	on Adjusted	Histo	orical Cost
	2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
Net cashflow generated by operating activities	383,150,467	589,696,298	330,517,007	33,301,729
Net cashflow utilised by investing activities	(306,416,804)	(589,737,378)	(228,993,472)	(26,075,491)
Net cashflow generated from/(utilised by)	108,133,401	(52,482,501)	124,566,980	810,800
Increase/(decrease) in cash and cash equivalents	184,867,064	(52,523,581)	226,090,515	8,037,038

Abridged Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Inflation Adjusted His		HISTO	istorical Cost	
	2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL	
Shareholders' equity at the beginning of the period Share based payments reserve	1,162,729,925	461,126,099 (127,403)	239,253,642	16,548,678 (4,572)	
Other comprehensive income	173,973,703	40,747,176	779,609,454	102,887,207	
Foreign currency translation reserve	-	517,696,776	-	20,631.992	
Dividend paid	-	(24,242,456)	-	(2,844,930)	
Issue of shares	-	13,698,520	-	686,177	
Profit for the period	327,385,741	153,831,213	587,328,861	101,349,090	
Shareholders' equity at the end of the period	1,664,089,369	1,162,729,925	1,606,191,957	239,253,642	

Inflation Adjusted

Historical Cost

Summary of Information

Basis of presentation

The Group's financial statements have been prepared under policies consistent with the requirements of the Companies and Other Business Entities Act (Chapter 24:31). The financial statements have been prepared under the current cost convention in accordance with International Accounting Standard 29: Reporting in Hyperinflationary Economies. The principal accounting policies of the Group have been applied consistently in all material respects with those from previous years. These financial statements have been prepared under the assumption that the Group will continue operating as a going concern.

2. IAS 29: Reporting in Hyperinflationary Economies

These financial statements have been prepared with the aim to comply with the requirements of IAS 29: Reporting in Hyperinflationary Economies. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. Monetary assets and liabilities and non-monetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for year ended 31 December 2020 and the comparative period. All items in the statement of cash flows are expressed based on the restated financial information for the period. The factors used in the periods under review are as follows:-

Period	Index	Conversion factor
31 December 2020	2,474.51	1.00
31 December 2019	551.63	4.49
31 December 2018	88.81	27.86

3. Notes to the Abridged Consolidated Financial Statements

Balance at the end of the period

		Inflation Adjusted		Historical Cost	
		2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
3.1	Profit before tax Profit before tax is shown after				
	charging the following items:				
	Depreciation Staff costs	100,783,129 350,691,388	74,600,618 86,276,744	67,544,814 305,265,061	7,076,337 10,277,492
3.2	Taxation				
·	Current tax	(1,107,494)	-	(1,107,494)	_
	Deferred tax	(32,635,815)	(182,858,718)	(163,409,491)	(21,265,095)
		(33,743,309)	(182,858,718)	(164,516,985)	(21,265,095)
	Tax reconciliation				
	Profit before tax	361,129,050	336,689,931	751,845,845	122,614,185
	Tax at standard rate Adjusted for:	(89,271,101)	(86,697,661)	(193,600,305)	(31,573,153)
	Effects of expenses not deductible for tax	(33,369,655)	(51,781,357)	(40,188,951)	4,798,096
	Effects of other permanent differences	88,897,087	_(44,379,700)	69,272,271	5,509,962
		(33,743,309)	(182,858,718)	(164,516,985)	(21,265,095)
3.3	Property, plant and equipment				
3.3	Movement for the year:				
	Balance at the beginning of the period	757,571,799	242,175,878	168,880,112	8,691,387
	Capital expenditure	213,752,666	591,959,671	147,903,112	26,286,638
	Depreciation	(100,783,129)	(74,600,618)	(67,544,814)	(7,076,337)
	Carrying amount of disposals	(521,838)	(1,963,132)	(4,660,688)	(10)
	Foreign currency translation reserve	-	-	-	12,982,546
	Revaluation - recognition on revaluation	111,950,663	-	670,388,278	112,734,503
	Depreciation - elimination on revaluation	-	-	67,004,161	15,261,385

Land and buildings were revalued at the end of December 2020 by independent valuers on the open market basis. Other property, plant and equipment were revalued by translating the USD carrying amount into ZWL by applying the closing interbank rate.

981,970,161 757,571,799 981,970,161

		Inflatio	on Adjusted	Histo	orical Cost
		2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
3.4	Investment property				
	Balance at beginning of the period	293,417,950	128,619,699	65,409,584	4,616,000
	Additions	83,129,868	-	75,628,202	-
	Fair value adjustments	27,146,803	164,798,251	262,656,835	60,793,584
	Balance at end of the period	403,694,621	293,417,950	403,694,621	65,409,584

The investment property was revalued at the end of December 2020 by Independent valuers on the open market basis.

Notes to the Abridged Consolidated Financial Statements (continued)

		2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
3.5	Investments				
	Financial Assets carried at fair value through				
	other comprehensive income	162,234,045	53,629,893	162,234,045	11,955,332
	•	162,234,045	53,629,893	162,234,045	11,955,332
3.6	Contracts in progress and accounts receivable				
	Contract receivables and contract work in progress	2,131,012,212	441,265,745	2,131,012,212	98,368,245
	Trade receivables	4,461,044	8,563,557	4,461,044	1,909,013
	Prepayments	798,962,689	319,617,657	798,962,689	71,250,099
	Deposits and other receivables	4,143,173	4,451,207	4,143,173	992,276
		2,938,579,118	773,898,166	2,938,579,118	172,519,633
	Less: Allowance for doubtful receivables	(204,553,836)	(351,561)	(204,553,836)	(78,371)
		2,734,025,282	773,546,605	2,734,025,282	172,441,262
	The Group provides for receivables aged above 90 suggest that recovery of the amount is in doubt.	,	e by case basis	·	ent developments
			n Aujusteu	Пізі	Jilcai Cost
		2020 Audited	2019 Audited	2020 Audited	2019 Audited

The short term loans represent a reclassification to current liabilities as per IFRS 7. The loans have a tenure of two years and accrue interest at an effective rate of 35% 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.

ZWL

25,121,361

104,118,307

129,239,668

ZWL

10,311,067

8,896,062

19,207,129

ZWL

25,121,361 104,118,307

129,239,668

ZWL

2,298,573

1,983,136

4,281,709

3.8 Finance lease

Long term

Short term

3.7 Interest bearing borrowings

I	nflation Adjusted	
Up to 1 year	2 to 5 years	Total
41,672	_	41,672
1,563	-	1,563
43,235	-	43,235
817,444	1,123,366	1,940,811
164,297	41,040	205,336
981,741	1,164,406	2,146,147
	Historiaal Cost	
	Historical Cost	
Up to 1 year	2 to 5 years	Total
Up to 1 year 41,672		Total 41,672
41,672 1,563		41,672 1,563
41,672	2 to 5 years	41,672
41,672 1,563	2 to 5 years	41,672 1,563
41,672 1,563	2 to 5 years	41,672 1,563
41,672 1,563 43,235	2 to 5 years	41,672 1,563 43,235
41,672 1,563 43,235	2 to 5 years	41,672 1,563 43,235 432,651

Finance lease represents three finance leases acquired to refinance the acquisition of property, plant and equipment. Each finance lease attracts an interest rate of 33% per annum. The finance leases have a tenure of 36 months each.

		Inflation Adjusted		Historical Cost	
		2020 Audited ZWL	2019 Audited ZWL	2020 Audited ZWL	2019 Audited ZWL
3.9	Accounts payable				
	Trade	44,444,733	8,035,213	44,444,733	1,791,233
	Unearned revenue		, ,		, ,
	(Advance receipts from customers)	71,981,102	216,790,995	71,981,102	48,327,680
	Contract accruals and other payables	1,620,206,149	338,424,993	1,620,206,149	75,442,685
	Tax liabilities	1,247,446	627,804	1,247,446	139,952
	Subcontractor liabilities	792,752,981	64,745,852	792,752,981	14,433,334
		2,530,632,411	628,624,857	2,530,632,411	140,134,884
3.10	Contingent liabilities Bank guarantees on construction contracts in respect of performance, advance payments,				
	retentions and bids.	858,591,155	276,420,153	858,591,155	61,700,927

4. Going concern

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate.