2018
Annual Report

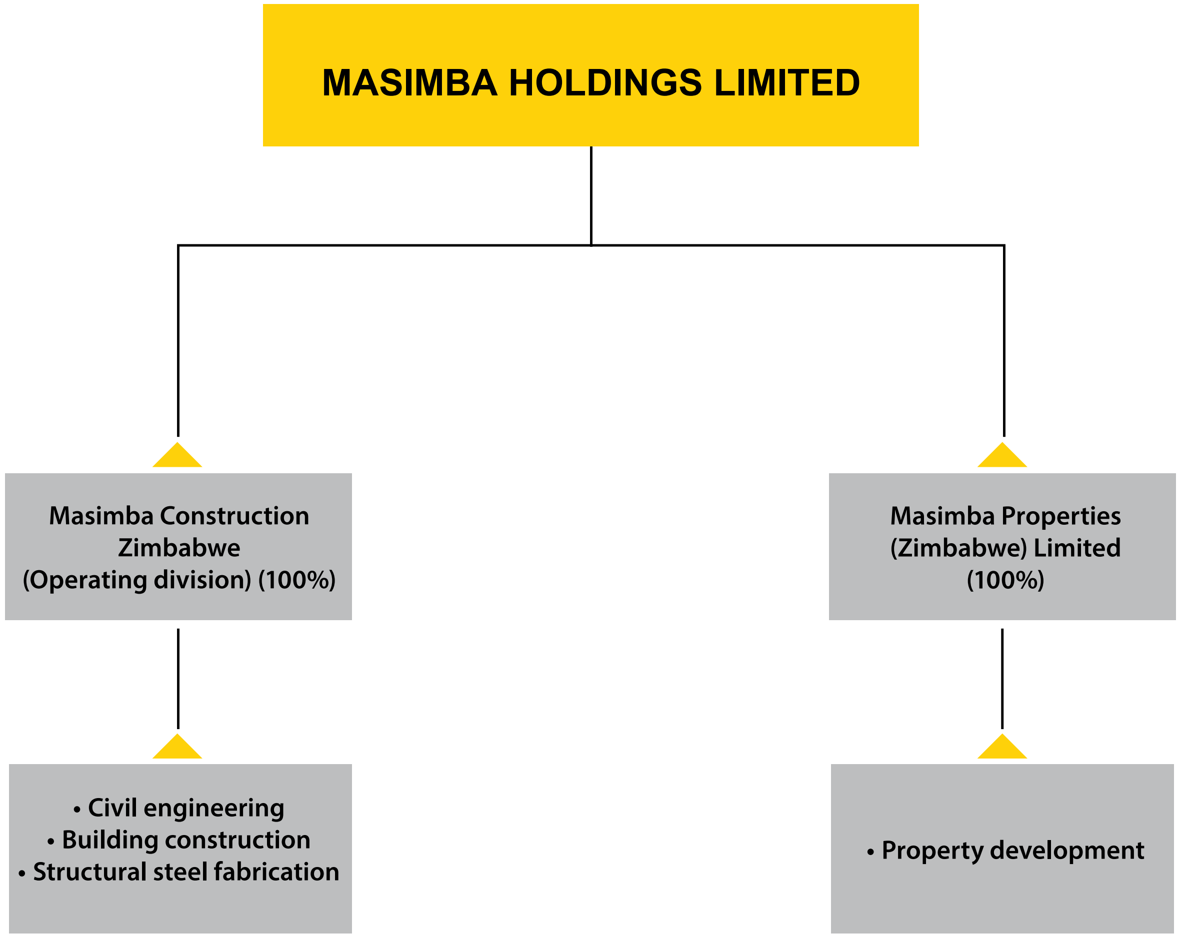
Masimba
HOLDINGS LIMITED

Group 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.

Group Structure



Consolidated Financial Highlights

	2018 US$	2017 US$
Consolidated summary		
Revenue	40 014 431	27 451 196
Profit before interest and tax	1 866 932	1 291 617
Profit attributable to ordinary Shareholders	1 177 519	698 738
Total assets (US$)	42 053 953	33 156 176
Cash generated by operations	3 231 584	2 247 643
Ordinary share performance (US cents)		
Basic earnings per ordinary share	0.50	0.31
Headline earnings per ordinary share	0.49	0.22
Diluted earnings per share	0.50	0.30
Cash equivalent earnings per share	1.62	0.57
Market price per share	7.56	7.20
Financial statistics		
Profit before interest and tax on revenue	4.67%	4.71%
Return on average capital employed	9.59%	8.31%

Chairman's Statement

G. Sebborn
Chairman

"The country's policy makers have made tough decisions on fuel and foreign currency pricing, which if supported by stringent fiscal discipline and sustainable lines of credit, among others, may lay a foundation for economic recovery."

INTRODUCTION

It is my pleasure to present to you the financial results for the year ended 31 December 2018.

OPERATING ENVIRONMENT

The operating environment remained constrained mainly due to the continued shortages of foreign currency in the formal market. Consequently, there was increased activity in the black market as companies procured foreign currency at very high premiums which reportedly peaked at about 600% in November 2018. The exorbitant pricing of foreign currency regrettably pushed inflation to unprecedented levels that were last recorded prior to the adoption of the multi-currency regime. The inflationary pressures had an adverse impact on current and potential projects resulting in significant business slowdown particularly in the last quarter of the year.

CHANGES IN FUNCTIONAL CURRENCY

While the Real Time Gross Settlement (RTGS) balances officially remained at par to the United States Dollar (US$) in the period, the prevalence of inflation as alluded to in the paragraph above, created varying distortions on the purchasing power of the RTGS balances and US$. In addition, the Reserve Bank of Zimbabwe (RBZ) officially separated the Exporters NOSTRO FCA (Nostro FCA US$) from the RTGS FCA (RTGS$) on 1 October 2018. These balances were, at law, to be maintained in separate accounts with effect from the same date. The "exchange rate" between the RTGS$ and Nostro FCA US$ ranged between 3 to 5 in December 2018. On 20 February 2019, the RBZ pronounced the RTGS$ as a local currency and added it to the already existing basket of multi-currencies. The Company had Net Assets directly denominated in Nostro FCA US$ of US$1 883 873 as at 31 December 2018. These Net Assets balances, which the Board believes are material, have been included in the Company's books at a rate of 1:1 between the Nostro FCA US$ and the RTGS$. On 21 March 2019 the Public Accountants and Auditors Board (PAAB) provided guidance regarding treatment of the inconsistency between International Accounting Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates and Statutory Instrument 33 of 2019. The Group, accordingly, presented the statutory financials for the period ending 31 December 2018 in US$ at par with the RTGS$ as required by the Statutory Instrument 41 of 2019. In addition, the Board considered the change in functional currency as a material non-adjusting subsequent event, whose impact is fully disclosed in note 37 of this report.

Due to the inconsistencies highlighted above, the Groups' Auditors issued an adverse opinion on the financial statements for the year ended 31 December 2018.

OPERATIONS

The Group recorded a Turnover of US$40 014 431 (2017: US$27 451 196) and Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) of US$3 254 621 (2017: US$2 361 288) for the year ending 31 December 2018. The Turnover growth of 46% came on the back of an

Chairman's Statement (continued)

improved order book. The 2018 order book was dominated by Retail & Commercial buildings, Agriculture, Mining, Housing and Roads infrastructure projects. Highlights of projects completed in 2018 are the Old Mutual Eastgate Market, CIPF Norton Mall and the Datvest Office Block in Harare. Meanwhile, commissioning of the Nyakomba Irrigation Infrastructure and the Sawanga Shopping Mall projects will be completed in the first quarter of 2019.

The Group's EBITDA increased by 38% from the comparative period due to the improved turnover growth and continued cost containment strategies. The profitability performance was compromised by the deterioration of overheads and cost escalations particularly in the second half of the year as the impact of the foreign currency shortages became more pronounced.

The financial position of the Group strengthened to US$42 053 953 (2017: US$33 156 176) due to the improved profitability of the business and the Board's deliberate decision to apply positive cashflows to capital expenditure in order to preserve value. Capital expenditure and capital work in progress incurred in the period amounted to US$1 853 414 (2017: US$2 983 430).

The Group's working capital ratios remained satisfactory and borrowing levels at US$1 772 473 (2017: US$1 899 125) were flat on the comparative period.

The overdue debt of US$1 231 109, highlighted in my last report, remains outstanding and has been secured against immovable properties. An agreement has been reached with the client to preserve the value of this debt. The debt was borne out of a commercial disagreement between our client and its financier. The Board believes that the said project is strategic and is commercially viable. It is likely to be resumed once the commercial dispute is resolved.

CAPITAL EXPENDITURE

The capital expenditure and capital work in progress incurred in the period amounting to US$1 853 414 (2017: US$2 976 649), was mainly for expansionary purposes and was financed by both internal and external resources. Total cumulative capital expenditure for the five-year period to 31 December 2018 amounted to US$6 675 991. The sustained investment in capital expenditure has increased the Group's technological and operational capability to engage more complex, diverse and large-scale projects going into the future.

OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SERIES (OHSAS)

I am pleased to advise that in the period under review the Company was successfully certified to the International Organisation for Standardization (ISO) 9001:2015 Quality Management System and retained its certifications under ISO 14001:2004 Environmental Management System, which was subsequently upgraded to ISO 14001:2015, and OHSAS 18001:2007. However, Lost Time Injury Frequency Rate declined to 1:42 (2017: 0.46) owing largely to two serious incidents that occurred during the year. Notwithstanding this setback, the Group is vigorously continuing with its Zero Harm programs.

MASIMBA IN THE COMMUNITY

The Group, in addition to its local communities' labour recruitment and procurement policies, invested US$120 985 (2017: US$37 615) in the period under review in various charitable projects that support the communities that it operates in. The Board is deeply saddened with the effects of Cyclone Idai that caused untold suffering and destruction to the communities of Chipinge and Chimanimani in March 2019.

The Company joined the government and other volunteer organisations in providing the desperately needed relief to these communities. To this end Masimba contributed roads construction plant and human resources that were part of the teams that focused on opening access roads.

PROSPECTS

The resolution of key economic indicators, in particular availability of foreign currency and improved investor confidence, will contribute significantly to the unlocking of major infrastructure projects in the country. The country's policymakers have made tough decisions on fuel and foreign currency pricing which if supported by stringent fiscal discipline and sustainable lines of credit, among others, may lay a foundation for economic recovery. The Group has put in place capacity building and resourcing strategies among other initiatives in order to take advantage of infrastructure development opportunities.

DIVIDEND DECLARATION

The Board, having considered the profitability of the business and its future cashflows, is proposing a final dividend of RTGS$0.35 cents (2017: US$0.15 cents) for the financial year ended 31 December 2018. This will be paid as cash or scrip dividend, the details of which will be provided in due course.

DIRECTORATE

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

APPRECIATION

On behalf of the Board I extend my appreciation to our valued customers, suppliers and other key stakeholders who have remained committed to the Masimba brand, as well as to the executives and staff for their dedication. I also wish to thank my colleagues on the Board for their continued and unwavering support.

G. Sebborn

12 April 2019

Strategic Foundations

Our Vision
Building An African Legacy.

Why Do We Exist?
To Create Value All The Time.

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

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

Scope of the Game
Civil Engineering. Buildings Construction. Structural Steel. Fabrication. Property Development.

Our Brand Expression
Excellence Delivered.

Our Strategic Pillars
Value. Growth. Governance.

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

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

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 Limited and Managing Director of Zimbabwe Platinum Mines. Gregory 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. From 2004 to 2010, he was at the helm of the Masimba Holdings Limited Group of Companies and is a past President of the Institute of Chartered Accountants of Zimbabwe. Canada is a Non-Executive Director at FBC Holdings Limited and African Distillers Limited.

Agnes Makamure
Finance Director

Agnes joined Masimba Construction Zimbabwe in 2008 as a Finance Manager. She was appointed to the position of Finance Director for Masimba Holdings Limited in August 2015. Agnes is a Chartered Accountant (Zimbabwe)and currently sits on the Board of ZB Financial Holdings Limited as a Non-Executive Director.

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, Inline (Private) Limited and Amalgamated African Ventures (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 an independent 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 12 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 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.

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

Corporate Governance (continued)

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;
- 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 controls 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 the 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.

Auditors

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

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Paddy Tongai Zhanda
Chairman - Audit and Risk Committee

12 April 2019

Record of Attendance

Directors Meetings for the 2017 Financial Year

Board Member↓	Position ↓	Board	AGM**	Audit	REMCO*
	No. of Meetings →	**4**	**1**	**3**	**3**
Mr Gregory Sebborn	Non-Executive Director and Chairman	4/4	1/1	3/3	3/3
Mr Canada Malunga	Chief Executive Officer	4/4	1/1	3/3	3/3
Mrs Agnes Makamure	Finance Director	4/4	1/1	3/3	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	3/3
Mr Paddy Tongai Zhanda	Non-Executive Director	4/4	0/1	3/3	N/A

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

Five-Year Review

	2018 US$	2017 US$	2016 US$	2015 US$	2014 US$
Summarised Income Statements					
Revenue	**40 014 431**	**27 451 196**	**19 139 918**	**10 039 549**	**14 848 743**
EBITDA* and fair value adjustments	3 254 621	2 361 288	1 713 168	244 933	244 933
Depreciation	(1 387 689)	(1 110 171)	(1 086 443)	(1 126 745)	(1 156 370)
Fair value adjustments	-	40 500	-	(347 807)	(25 000)
Profit/(Loss) before interest and tax	1 866 932	1 291 617	626 725	(1 229 619)	(936 437)
Share of joint venture profits	-	-	22 687	-	-
Net interest (paid)/received	(172 296)	(117 448)	46 681	(78 131)	(344 253)
Profit/(Loss) before tax	1 694 636	1 174 169	696 093	(1 307 750)	(1 280 690)
Income tax	(517 117)	(475 431)	(189 038)	932 984	272 386
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	**1 177 518**	**658 238**	**497 083**	**(171 363)**	**(552 423)**
Summarised statements of Financial Position					
Non-current assets	16 103 069	15 490 128	12 518 037	11 169 374	16 550 504
Bank balances and cash	3 788 881	1 294 967	780 267	737 173	1 729 139
Other current assets	22 162 003	16 371 081	11 144 113	9 137 406	15 689 539
Total assets	**42 053 953**	**33 156 176**	**24 442 417**	**21 043 953**	**33 969 182**
Ordinary Shareholders funds	16 548 678	14 038 405	12 311 543	11 790 662	20 112 053
Liabilities	25 505 275	19 117 711	12 130 874	9 253 291	13 857 128
Total equity and liabilities	**42 053 953**	**33 156 116**	**24 442 417**	**21 043 953**	**33 969 181**

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

Ratios and Statistics

	2018	2017
Earnings (US cents)		
Basic earnings per ordinary share	0.50	0.31
Headline earnings per ordinary share	0.49	0.22
Diluted earnings per ordinary share	0.50	0.30
Cash equivalent earnings per ordinary share	1.62	0.57
Dividends per ordinary share	0.35	0.15
Dividend cover (times)	1.44	2.01
Profitability		
PBIT on revenue (%)	4.67%	4.71%
PBIT on average capital employed excluding cash (%)*	9.59%	8.90%
PBIT on average ordinary Shareholders funds (%)*	11.28%	5.30%
Productivity		
Overhead to revenue ratio (%)	11.47%	12.97%
Payroll cost to turnover (cents)	6.24%	6.59
Total average assets (excluding bank balances and cash)	1.00	1.01
Finance		
Total liabilities as a percentage of permanent capital	154.12%	123.51%
Current assets to current liabilities	1.15	1.11
Share performance		
Ordinary shares in issue (US$m)	2,332	2,320
Share price at year end (US cents)	7.56	7.20
Market capitalisation (US$m)	17.63	16.71
Other		
Number of employees at year end	896	858

Definitions

Average	Arithmetic average between consecutive year ends.
Capital employed	Permanent capital, long term loans and deferred tax.
Cash equivalent earnings	Profit After Tax (PAT) adjusted for the effects of non-cash items.
Earnings per ordinary share	Earnings after tax net of non-operating items, divided by the weighted average ordinary shares in issue.
PAT	Profit after tax attributable to ordinary Shareholders.
PBIT	Profit before interest and tax.
PBT	Profit before taxation.
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.**

Bhima Redevelopment Ore Handling Civils Infrastructure Project in Ngezi

- The project involved civil works for two underground crushers, two underground ore passes, four underground reinforced concrete cross-over bridges, eight raisebores and twelve MCC buildings.
- In total, 7 000m^3 of concrete was placed and 10 000m^3 of backfill over a twelve month project duration.

Old Mutual Eastgate Market in Harare

- The Eastgate Market is a revolutionary concept by Old Mutual Zimbabwe Limited, a first of its kind in Zimbabwe. It is providing a total lettable area of 11,823m² consisting of about 350 stalls, 37 shops, 9 offices, 12 residential bachelor flats, 3 food outlets and 1 supermarket.
- The first phase of this project was commissioned and handed over on 17 September 2018.
- The Eastgate Market will provide a secure, affordable and convenient place for trade to about 400 small to medium entrepreneurs, thereby contributing to fiscal growth and decongestion of the Central Business District.

Nyakomba Irrigation Scheme in Nyanga North

- The project was constructed over a two-year period. It is anticipated to assist in the realisation of household food security and improved per capita income in this otherwise low agricultural productivity area.
- It is funded through a Grant Aid to the Government of Zimbabwe by the Japanese Government through the Japan International Corporation Agency (JICA).
- This project will add 146 hectares of irrigated land, bringing it to a total of 430 hectares.
- Construction of two new pump stations that are 11 metres below ground level.
- Reinforced concrete retaining walls for protecting two existing pump stations against high flood water levels.
- 11km of concrete irrigation canals.
- Concrete overnight farm pond with a carrying capacity of 620m³.
- Laying of steel pipes of 500-600mm diameter over a total length of 1,4km.
- A 4,8km PVC distribution pipeline of diameters 150mm-400mm.
- Construction of gravel farm roads with a total length of 4,9km.

Sawanga Shopping Mall in Victoria Falls

- The project commenced on 14 January 2018 and was constructed over a 15-month period.
- It is sitting on a 16.2 hectares plot with 7 730m² of lettable shopping area which comprises of an anchor tenant, Pick n Pay, 3 banks and 19 other shops.

Water Resevoir

Baobab Batonga Infrastructure Development in Kariba

- The project involves the construction of 7 065km surfaced roads, a 1.5km sewer line and 8.4km gravity water main pipeline that is supplied by a 5 000m³ water reservoir.
- On completion, the project will comprise of 111 low density stands in Baobab and 47 high density stands in the Batonga areas.
- The positioning of the roads and the stands in Baobab Hill overlooks Lake Kariba and provides a scenic view of the undulating terrain of Kariba.

Directors' Report

The Directors have the pleasure of presenting the Audited Financial Statements of the Group for the year ended 31 December 2018.

In the report "Group" refers to Masimba Holdings Limited and its subsidiary companies.

Period's Results

	US$
Profit attributable to Shareholders	2 844 521
Dividend	(816 138)
Net transfer against reserves	**2 028 383**

Capital Expenditure

Capital expenditure for the period to 31 December 2018 amounted to US$1 406 137. The budgeted capital expenditure for the period to 31 December 2018 was US$2 683 101.

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$2 331 824 as at December 2018 (2017: US$2 320 199) and comprised of 233 182 314 (2017: 232 019 894) ordinary shares of the nominal amount of US$0,01 each.

The increase in issued share capital is attributable to 1 162 500 ordinary shares that were issued under the Masimba Holdings Limited Senior Executive Option Scheme 2003.

Auditors

The Auditors 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 Auditors 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	Finance Director
Mr Mark Mario Di Nicola	Non-Executive Director
Mr Paddy Tongai Zhanda	Non-Executive Director

Mr Paddy Tongai Zhanda and Mrs Agnes Makamure retire by rotation on conclusion of the forthcoming Annual General Meeting. Both 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 (2017: 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 2018 are shown on note 11 of the consolidated financial statements.

Compliance with International Financial Reporting Standards

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs). Complying with IFRSs allows comparability with similar businesses and consistency in the interpretation of the financial statements.

Directors' Report (continued)

While full compliance with IFRSs has been possible in previous reporting periods, only partial compliance has been achieved in 2018. The IFRS Conceptual Framework provides that, in applying fair presentation to the financial statements, entities should go beyond consideration of the legal form of transactions and other factors impacting on the financial statements to also considering the underlying economic substance therein. International Financial Reporting Standards 21: The Effects of Changes in Foreign Exchange Rates (IAS 21) requires an entity to apply certain parameters in determining the functional currency of an entity for use in preparing financial statements. IAS 21 also requires an entity to make certain judgements around appropriate exchange rates to be applied between currencies where exchangeability through a legal exchange mechanism (such as a formal currency market) is not achievable. In instrument 33 of 2019 which, based on our legal interpretation, for accounting and other purposes, prescribes parity between the United States Dollar and local currency as at and up to the effective date of 22 February 2019, while also prescribing the manner in which certain balances in the financial statements should be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe.

In our opinion, the requirement to comply with Statutory Instrument 33 of 2019 has created inconsistencies with IAS 21, as well as with the principles embedded in the IFRS Conceptual Framework as also enunciated in the guidance issued by the Public Accountants and Auditors Board on 21 March 2019. This has resulted in accounting treatment being adopted in the 2018 financial statements that is different from what would have been adopted if the Group had been able to fully comply with IFRS. As such, the Board and management have been unable to produce financial statements which in their view would be true and fair and urge users of the financial statements to exercise due caution. Note 37 seeks to provide users with more information given the context and the aforementioned guidance.

Statement of Compliance

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements.

The Group's independent external auditors, Grant Thornton, have audited the financial statements and their report is on page 19 of this Annual Report.

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 23 to 58 were, in accordance with their responsibilities, approved by the Board of Directors on 12 April 2019 and are signed on its behalf by:

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G. Sebborn
Chairman
12 April 2019

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C. Malunga
Chief Executive Officer
12 April 2019

These consolidated financial statements were prepared under the supervision of:

……………………………

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

Grant Thornton

Independent Auditors' Report

To the members of Masimba Holdings Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Masimba Holdings Limited set out on pages 23 to 58, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cashflows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of Masimba Holdings Limited as at 31 December 2018, and its consolidated financial performance and its consolidated cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with International Accounting Standard 21 (IAS 21) - The Effects of Changes in Foreign Exchange Rates

As explained in Note 37, the Group was operating in a 'multi-tiered' pricing environment during the period under review, where settlement of transactions was dependent on the mode of payment, whether USD cash, electronic payment, mobile money or bond notes. This 'multi-tiered' pricing environment resulted in transactions bearing similarities to what one would expect with transactions that are undertaken in different currencies to which IAS 21, would apply. Under IAS 21, the Group should have applied a spot rate in accounting for transactions as they may have experienced premiums and discounts on the foreign exchange rate of 1:1 between RTGS balances and bond notes and the USD.

Had the Group complied with the requirements of IAS 21, many elements in the accompanying consolidated financial statements would have been materially affected. As a result, the impact of the entity's inability to comply with IAS 21 has been determined as significant. The effects on the consolidated financial statements of the failure to comply with IAS 21 are considered material and pervasive to the consolidated financial statements, taken as a whole.

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 Accountants' 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 adverse 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.

AREAS OF FOCUS	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 recognized 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 judgement 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:** • Reviewed that revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • 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.
IFRS 9 Expected credit risk allowance. The Group has contracts receivables in respect of certified work. This was considered area of focus as IFRS 9 is a new and complex accounting standard which requires significant judgment to determine the impairment reserve. Key areas of judgement included: • The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company's expected credit loss model; • The identification of exposures with a significant deterioration in credit quality; • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cashflows and forward looking macroeconomic factors (e.g. exchange rates, interest rates, gross domestic product growth, inflation); and • The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.	Our audit procedures in assessing management's allowance for credit losses included the following: • We performed an assessment of the modeling techniques and methodology used against the requirements of IFRS 9; • We assessed and tested the material modeling assumptions with a focus on the: • Key modeling assumptions adopted by the Company; • Basis for and data used to determine debtor's categories; and • Reliability of the historical data collected. • We examined a sample of exposures and performed procedures to evaluate the: • Timely identification of exposures with a significant deterioration in credit quality. • Expected loss calculation for exposures assessed on an individual basis. • We assessed the accuracy of the disclosures in the financial statements. Based on our audit work performed and the assumptions used by management the rates calculated were appropriate and reflected the current environment.
Income taxes and deferred tax Income taxes and deferred tax were considered to be key audit matters because they require 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 significant deferred tax liability, mainly resulting from: ➢ Property plant and equipment; and ➢ Contracts in progress (uncertified work and claims).	**Our audit procedures included the following:** • 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.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Statement and Company Secretary's Certificate, as required by the Companies Act (Chapter 24:03), which we obtained prior to the date of this auditors' 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.

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.

Report on other legal and regulatory requirements

In our opinion, except for the effects of the matters described in the basis for adverse 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 12 April 2019
Chartered Accountants (Zimbabwe)
Registered Public Auditors
HARARE

Consolidated Statement of Financial Position
as at 31 December 2018

	Notes	2018 US$	2017 US$
ASSETS			
Non-current assets			
Property, plant and equipment	4	8 691 388	8 727 868
Investment property	5	4 616 000	4 616 000
Investments	6.1	2 795 681	2 146 260
Total non-current assets		**16 103 069**	**15 490 128**
Current assets			
Cash and cash equivalents	7	3 788 881	1 294 967
Contracts in progress and contracts receivables	8	14 889 375	9 734 620
Trade and other receivables	9	5 468 065	5 372 084
Inventories	10	1 725 984	1 200 575
Tax refundable		78 579	63 802
		25 950 884	**17 666 048**
Total current assets		**42 053 953**	**33 156 176**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	2 331 824	2 320 199
Share premium		405 428	402 987
Reserves		10 232 276	9 475 558
Retained earnings		3 579 150	1 839 661
Total equity		**16 548 678**	**14 038 405**
Non-current liabilities			
Interest bearing borrowings	12	200 000	910 000
Finance lease liabilities	13	414 706	499 130
Deferred tax	14	2 312 928	1 778 972
Total non-current liabilities		**2 927 634**	**3 188 102**
Current liabilities			
Interest bearing borrowings	12	644 857	205 853
Finance lease liabilities	13	512 910	284 142
Trade and other payables	15	14 879 816	13 154 104
Sub-contractors	16	6 540 058	2 285 570
		22 577 641	15 929 669
Total equity and liabilities		**42 053 953**	**33 156 176**

G. Sebborn
Chairman of the Board of Directors

12 April 2019

C. Malunga
Chief Executive Officer

12 April 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2018

	Notes	2018 US$	2017 US$
Revenue	17	40 014 431	27 451 196
Cost of sales		(34 193 127)	(23 254 004)
Gross profit		**5 821 304**	**4 197 192**
Fair value adjustment		-	40 500
Other operating income	18	634 290	612 322
Administrative expenses	19	(4 588 661)	(3 558 397)
Profit before interest and tax		**1 866 932**	**1 291 617**
Finance costs		(172 296)	(117 448)
Profit before tax	20	1 694 636	1 174 168
Taxation	21	(517 117)	(475 431)
Profit for the year		**1 177 519**	**698 738**
Other comprehensive income, net of income tax:			
Gain on revaluation of property, plant and equipment		-	167 687
Movement in available for sale investments	6	1 683 841	963 095
Deferred tax relating to other comprehensive income	14	(16 839)	(52 810)
Other comprehensive income, net of tax		1 667 002	1 077 972
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2 844 521**	**1 776 710**
Earnings per share			
Number of shares		233 182 394	232 019 894
Basic earnings per share (cents)	22	0.50	0.31
Diluted earnings per ordinary share (cents)	22	0.50	0.30

Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2018

	Notes	Share capital US$	Share premium US$	Non-distributable reserve US$	Distributable reserve 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 2017		**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**
Profit for the year		-	-	-	-	-	-	-	-	1 177 519	1 177 519
Other comprehensive income for the year		-	-	-	-	-	-	-	1 667 002	-	1 667 002
Disposal of AFS Investments		-	-	-	-	-	-	-	(910 000)	910 000	-
Share based payments		-	-	-	-	-	-	(284)	-	-	(284)
Issue of shares		11 625	2 441	-	-	-	-	-	-	-	14 066
Dividend paid		-	-	-	-	-	-	-	-	(348 030)	(348 030)
Balance at 31 December 2018		**2 331 824**	**405 428**	**3 470 380**	**2 862 591**	**1 158 654**	**(34 241)**	**4 572**	**2 770 320**	**3 579 150**	**16 548 678**

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

Consolidated Statement of cashflows
for the Year Ended 31 December 2018

	Notes	2018 US$	2017 US$
Cashflows from operating activities			
Profit before interest and tax		**1 866 932**	**1 291 617**
Adjustments for:			
Depreciation of non-current assets	4	1 387 689	1 110 171
Fair value adjustment of investment property	5	-	(40 500)
Bad debts	19	26 329	51 520
Reclassification of trade and other receivables to investment property		-	(120 000)
(Income)/Expense recognised in respect of equity-settled share based payments		(284)	656
Loss/(Profit) on disposal of property, plant and equipment		54 929	-
Profit on disposal of investment property		-	(2 000)
Dividends received		(108 729)	(42 344)
Other non-cash items		(16 541)	95 733
Operating cashflow before changes in working capital		**3 210 325**	**2 344 853**
Changes in working capital:			
Increase in contracts in progress and contract receivables		(5 154 755)	(3 188 687)
Increase in trade and other receivables		(95 981)	(1 792 525)
Increase in inventory		(525 409)	(245 756)
Increase in trade and other payables and sub-contractors		5 980 200	5 265 365
Cash generated from operating activities		**3 414 380**	**2 383 250**
Net interest paid		(172 296)	(117 448)
Capital gains taxes paid		(10 500)	-
Net cashflows generated from operating activities		**3 231 584**	**2 265 802**
Cashflows from investing activities			
Payments for property, plant and equipment		(1 406 137)	(2 983 430)
Proceeds from the disposal of property, plant and equipment		-	63 207
Proceeds from disposal of available for sale investments		1 050 000	-
Purchase of shares		(15 580)	-
Proceeds from the disposal of investment property		-	5 699
Dividends received		108 729	42 344
Net cashflows utilised in investing activities		**(262 988)**	**(2 872 180)**
Cashflows from financing activities			
(Decrease)/Increase in borrowings		(126 652)	1 193 291
Dividends paid		(348 030)	(54 054)
Net cashflows (utilised)/generated from financing activities		**(474 682)**	**1 139 237**
Net increase in cash and cash equivalents		**2 493 914**	**514 700**
Cash and cash equivalents at beginning of the year		1 294 967	780 267
Cash and cash equivalents at end of year	7	**3 788 881**	**1 294 967**

Company Statement of Financial Position
as at 31 December 2018

	Notes	2018 US$	2017 US$
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	5 202 952	5 142 869
Investments	**6**	9 099 241	8 449 820
Total non-current assets		**14 302 193**	**13 592 688**
Current assets			
Cash and cash equivalents	**7**	3 767 747	1 237 931
Contracts in progress and contracts receivables	**8**	14 889 375	9 734 620
Trade and other receivables	**9**	5 061 410	5 282 273
Inventories	**10**	1 725 984	1 200 575
Current tax assets		134 534	134 534
Total current assets		**25 579 050**	**17 589 933**
Total assets		**39 881 243**	**31 182 621**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**11**	2 331 824	2 320 199
Share premium		405 428	402 987
Reserves		8 804 391	8 047 673
Retained earnings		2 235 282	468 333
Total equity		**13 776 925**	**11 239 192**
Non-current liabilities			
Interest bearing borrowings	**12**	200 000	910 000
Finance lease liabilities	**13**	414 706	499 130
Deferred tax	**14**	1 651 681	1 067 260
Total non-current liabilities		**2 266 387**	**2 476 390**
Current liabilities			
Interest bearing borrowings	**12**	644 857	205 853
Finance lease liabilities	**13**	512 910	284 142
Trade and other payables	**15**	14 262 778	12 894 425
Sub-contractors	**16**	6 540 057	2 285 570
Related party balances		1 877 329	1 797 049
Total current liabilities		**23 837 931**	**17 467 039**
Total equity and liabilities		**39 881 243**	**31 182 621**

Company Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2018

	Notes	2018 US$	2017 US$
Revenue	17	40 014 431	27 451 196
Cost of sales		(34 193 127)	(23 254 004)
Gross profit		**5 821 304**	**4 197 192**
Other operating income	18	404 222	411 925
Administrative expenses	19	(4 280 669)	(3 256 795)
Profit before interest and tax		**1 944 857**	**1 352 323**
Finance costs		(172 296)	(117 448)
Profit before tax	20	**1 772 561**	**1 234 874**
Taxation	21	(567 582)	(392 985)
Profit for the year		**1 204 979**	**841 889**
Other comprehensive income, net of income tax:			
Movement in available for sale investments	6	1 683 841	963 095
Deferred tax relating to other comprehensive income	14	(16 839)	(9 631)
Other comprehensive income, net of tax		**1 667 002**	**953 464**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2 871 981**	**1 795 353**
Earnings per share			
Number of shares		233 182 400	232 019 894
Basic earnings per share (cents)	22	0.52	0.37
Diluted earnings per ordinary share (cents)	22	0.51	0.36

Company Statement of Changes in Equity
for the Year Ended 31 December 2018

	Notes	Share capital US$	Share premium US$	Non-distributable 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**	**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
Profit for the year		-	-	-	-	-	-	1 204 979	1 204 979
Available for sale reserve		-	-	-	-	-	1 667 002	-	1 667 002
Disposal of AFS Investments		-	-	-	-	-	(910 000)	910 000	-
Share based payments		-	-	-	-	(284)	-	-	(284)
Issue of shares		11 625	2 441	-	-	-	-	-	14 066
Valuation adjustment - Hudwash		-	-	-	-	-	-	-	-
Dividend paid		-	-	-	-	-	-	(348 030)	(348 030)
Balance at 31 December 2018		**2 331 824**	**405 428**	**2 544 461**	**3 485 035**	**4 572**	**2 770 323**	**2 235 282**	**13 776 925**

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

Company Statement of Cashflows
for the Year Ended 31 December 2018

	Notes	2018 US$	2017 US$
Cashflows from operating activities			
Profit before interest and tax		**1 944 857**	**1 352 323**
Adjustments for:			
Depreciation of non-current assets	**4**	1 291 126	1 020 420
Bad debts	**19**	26 329	51 520
(Income)/Expense recognised in respect of equity-settled share based payments		(284)	656
Loss/(Profit) on disposal of property, plant and equipment		54 929	(18 159)
Dividends received		(108 729)	(42 344)
Other non-cash items		(1 762)	87 431
Operating cash flow before changes in working capital		**3 206 464**	**2 451 847**
Changes in working capital:			
Increase in contracts in progress and contract receivables		(5 154 755)	(3 188 687)
Decrease/(Increase) in trade and other receivables		220 863	(2 172 046)
Increase in inventory		(525 409)	(245 756)
Increase in related party balances		80 280	300 867
Increase in trade and other payables and sub-contractors		5 622 840	5 256 874
Cash generated from operating activities		**3 450 282**	**2 403 099**
Net interest paid		(172 296)	(117 448)
Capital gains taxes paid		(10 500)	-
Net cashflows generated from operating activities		**3 267 486**	**2 285 650**
Cashflows from investing activities			
Payments for property, plant and equipment:		(1 406 137)	(2 983 430)
Proceeds from the disposal of property, plant and equipment		-	63 207
Proceeds from disposal of available for sale investments		1 050 000	**-**
Purchase of shares		(15 580)	-
Dividends received		108 729	42 344
Net cashflows utilised in investing activities		**(262 988)**	**(2 877 879)**
Cashflows from financing activities			
(Decrease)/Increase in interest bearing borrowings		(126 652)	1 193 291
Dividends paid		(348 030)	(54 054)
Net cashflows (utilised)/received in financing activities		**(474 682)**	**1 139 237**
Net increase in cash and cash equivalents		**2 529 816**	**547 009**
Cash and cash equivalents at beginning of the year		1 237 931	690 922
Cash and cash equivalents at end of year		**3 767 747**	**1 237 931**

Accounting Policies for the Year Ended 31 December 2018

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 trade as 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 Adoption of New and Revised International Financial Reporting Standards (IFRSs)

2.1 New and Revised IFRS Affecting Amounts Reported and/or Disclosures in the Financial Statements
In the current year, the Group applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The amended standards, described below, did not have a material impact on the financial position or performance of the Group:-

IFRS 9, Financial Instruments, has replaced IAS 39: Financial Instruments Measurement and Recognition, it contains new requirements for the classification; measurement, impairment and hedge accounting for financial instruments. It introduces an "expected credit loss" model for the impairment of financial assets. The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Group has elected not to restate comparatives.

IFRS 15, Revenue from Contracts with Customers replaces the current IAS 11: Construction Contracts; IAS 18 : Revenue Recognition and the related interpretations from 1 January 2017. The basic principle of IFRS 15 is that an entity is required to recognise revenue when control of goods or services delivered transfers to the customer. IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue", however the Standard does not prohibit from using alternative descriptions in the statement of financial position.

2.2 New and Revised IFRS in Issue but not Mandatorily Effective and not Adopted at the Reporting Date
IFRS 16 Leases, effective for financial years commencing on or after 1 January 2019. The IFRS will replace IAS 17 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 lease liability.

IFRS 9, Prepayment Features with Negative Compensation, the amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the Solely Payments of Principal and Interest (SSPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment, in other words prepayment features with negative compensation do not automatically fail SPPI. This standard is effective for periods beginning on or after 1 January 2019.

Amendments to IAS 28 Long Term Interests in Associates and Joint Ventures.
The amendment clarifies that IFRS 9, including its impairments requirements applies to long term interests. Furthermore in applying IFRS 9 to long term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (thus adjustments to the carrying amount of long term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments apply retrospectively to annual reporting periods beginning on or after 1 January 2019, with earlier adoption being permissible.

Annual Improvement to IFRS Standards 2015-2017 Cycle Amendments IFRS 3 Business Combinations; IFRS 11 Joint Arrangements; IAS 12 Income Taxes and IAS 23 Borrowing Costs

IFRS 3 Business Combinations. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation the entity applies the requirements for a business combination achieved in stages including remeasuring its previously held interest in the joint operation at fair value. The previously held interests to be remeasured include any unrecognised assets; liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements. The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of a joint operation that is a business obtains joint control of such joint operation, the entity does not remeasure its previously held interests in the joint operations.

IAS 12 Income Taxes. The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transaction that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.
IAS 23 Borrowing Costs. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 10 Consolidated Financial Statements and IAS 28 (Amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
The amendments to IFRS 10 or IAS 28 deal with situations where there is a sale or contributions of assets between an investor and its associate or joint venture. Specifically, the amendment states that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of unrelated investor's interests in that associate or joint venture. Similarily gains or losses resulting from the remeasurement of investment is retained in any former subsidiary that has become an associate or joint venture that is accounted for using the equity method to fair value

Accounting Policies for the Year Ended 31 December 2018 (continued)

are recognised in the former parent's profit or loss only to the extent of the unrelated investors interests in the new associate or joint venture. Effective for periods beginning on or after 1 January 2019.

IFRIC 23 Uncertainity over Income Tax Treatments.
IFRIC 23 sets out how to determine the accounting tax position when there is uncertainity over income tax treatments. The interpretation is effective for annual periods beginning on or after 1 January 2019.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the Group's consolidated financial statements.

3 Summary of Significant Accounting Policies

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

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

These financial statements are presented in United States Dollars (US$) being the functional and reporting currency of the primary economic environment in which the Company operates. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on 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 International Financial Reporting Standards (IFRSs) that have a significant effect on the financial statements, and significant estimates made in the preparation of these consolidated financial statements are discussed in **Note 32.**

3.3 Basis of Consolidation
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:-

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficient balance.

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 cashflows relating to transactions between members of the Group are eliminated in full on consideration.

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Accounting Policies for the Year Ended 31 December 2018 (continued)

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

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

3.5 Interests in joint ventures
When a Group entity undertakes its activities directly under joint arrangements, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis.

Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably.

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

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

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. This method is an appropriate measure of the progress towards complete satisfaction of these perfomance obligations under IFRS 15. The Group becomes entitled to invoice customers on long term construction contracts based on achieving a series of perfomance related milestones. When a particular milestone is achieved the customer is sent the relevant statement of work signed by a third party assessor and an invoice for the related milestone payment.

Where the outcome of the long-term and construction contracts cannot be reliably determined, contract revenues are recognised to the extent that the recoverability of incurred costs is probable. Contract costs are recognised as expenses in the period in which they are incurred. When contract costs incurred to date plus recognised profit less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profit less 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, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under contracts in progress and contracts receivables.

3.6.2 Dividend and interest revenue
Dividend revenue from investments is recognised when the Shareholder's right to receive payment has been established.

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.

Accounting Policies for the Year Ended 31 December 2018 (continued)

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

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

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

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

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

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 may be 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 cashflows 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 cashflows 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 cashflows 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 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.

Accounting Policies for the Year Ended 31 December 2018 (continued)

3.9 Taxation and deferred taxation (continued)

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

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

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

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

3.12. Foreign currency translation
The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in United States Dollars, which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise except for:-

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States Dollars (US$) using exchange rates prevailing at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign operation (i.e. disposal of a Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit and loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interest and are not recognised in profit and loss. All partial disposals i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

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

Accounting Policies for the Year Ended 31 December 2018 (continued)

3.13. Financial instruments (continued)

3.13.1 Financial assets (continued)
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
- 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 losses' line item in the consolidated statement of profit or loss and other comprehensive income.

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

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

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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

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

Other foreign exchange gains and losses are recognised in other comprehensive income.

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are 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 cashflows 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, objectives 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 impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of sixty (60) days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Accounting Policies for the Year Ended 31 December 2018 (continued)

3.13. Financial instruments (continued)

3.13.1 Financial assets (continued)

Impairment of financial assets (continued)
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 cashflows, 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 cashflows 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 cashflows 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 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.

Accounting Policies for the Year Ended 31 December 2018 (continued)

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

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

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

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

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:-
- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. Details regarding the determination of the fair value of equity settled share based transactions are set out in note 11.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (Share Based Payment reserve).

3.16. Investment properties
Investment property is property held to earn rentals and/or for capital appreciation rather than for use in the production or supply of goods or services, for administrative purposes, or sale in the ordinary course of business. This classification is performed on a property-by-property basis. Initially, investment property is measured at its cost, including transaction costs. Subsequent to initial measurement, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

Accounting Policies for the Year Ended 31 December 2018 (continued)

3.16. Investment properties (continued)

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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

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.

3.18.1 Restructurings

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

3.18.2 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

3.18.3 Contingent assets

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

3.19. Employee benefits

3.19.1 Defined contribution plans

The Group operates pension schemes in terms of the Pension and Provident Funds Act and current contributions to defined contribution schemes are charged against income as incurred.

The Group also participates in the National Social Security Authority scheme. Under defined contribution plans, the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

3.19.2 Short term employee benefits

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

3.19.3 Termination benefits

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

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

3.19.4 Retirement benefit costs

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

3.20. Related parties

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions.

Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all Executive and non-Executive Directors.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018

4 Property, plant and equipment

Group	Freehold land and buildings US$	Plant and machinery US$	Motor vehicles US$	Furniture and office equipment US$	Total US$
COST/VALUATION					
Balance at 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 at 31 December 2017	**3 585 000**	**10 437 228**	**1 178 816**	**402 446**	**15 603 490**
Additions	-	977 345	324 273	104 519	1 406 137
Disposals	-	-	-	(84 702)	(84 702)
Balance at 31 December 2018	**3 585 000**	**11 414 573**	**1 503 089**	**422 263**	**16 924 925**
ACCUMULATED DEPRECIATION					
Balance at 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 disposals	-	(336 399)	(261 425)	-	(597 824)
Balance at 31 December 2017	**-**	**5 732 541**	**853 972**	**289 109**	**6 875 622**
Depreciation charge for the year	96 562	1 088 206	137 753	65 168	1 387 689
Elimination on disposals	-	(29 774)	-	-	(29 774)
Balance at 31 December 2018	**96 562**	**6 790 973**	**991 725**	**354 277**	**8 233 537**
CARRYING AMOUNT					
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**
Balance at 31 December 2018	**3 488 438**	**4 623 600**	**511 364**	**67 986**	**8 691 388**

4.1 Revaluation Note

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

4 Property, plant and equipment
Company

	Plant and machinery US$	Motor vehicles	Furniture and office equipment	Total
COST/VALUATION				
Balance at 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 at 31 December 2017	10 437 228	1 178 816	402 446	12 018 490
Additions	977 345	324 273	104 519	1 406 137
Disposals	(84 702)	-	-	(84 702)
Balance at 31 December 2018	**11 329 871**	**1 503 089**	**506 965**	**13 339 925**
ACCUMULATED DEPRECIATION				
Balance at 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	1 020 420
Depreciation on disposals	(336 399)	(261 425)	-	(597 824)
Balance at 31 December 2017	**5 732 541**	**853 972**	**289 109**	**6 875 621**
Depreciation charge for the year	1 088 206	137 753	65 168	1 291 126
Elimination on disposals	(29 774)	-	-	(29 774)
Balance at 31 December 2018	**6 790 973**	**991 724**	**354 276**	**8 136 973**
CARRYING AMOUNT				
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**	**5 142 869**
Balance at 31 December 2018	**4 538 898**	**511 365**	**152 689**	**5 202 952**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

5 Investment property

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
At fair value				
Balance at the beginning of the year	4 616 000	4 467 500	-	-
Fair value adjustment	-	40 500	-	-
Additions	-	126 000	-	-
Disposals	-	(18 000)	-	-
Balance at the end of the year	**4 616 000**	**4 616 000**	**-**	**-**

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's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

	2018			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total 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 during the current year.

The property rental income earned by the entity from its investments property, all of which is leased out under operating leases, amounted to US$204 122 (2017: US$263 744). Direct operating expenses arising on the investment property amounted to US$366 858 (2017: US$301 603).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

6 Investments

6.1 Long term investments

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Financial assets carried at fair value	2 780 101	2 146 260	2 780 101	2 146 260
Investments in subsidiaries	-	-	6 303 560	6 303 560
Investment in shares	15 580	-	15 580	-
	2 795 681	**2 146 260**	**9 099 241**	**8 449 820**

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.

Financial assets carried at fair value

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Balance at the beginning of the year	2 146 260	1 183 165	2 146 260	1 183 165
Additions during the period	15 580	-	15 580	-
Fair value adjustment	1 683 841	963 095	1 683 841	963 095
Disposal of shares	(1 050 000)	-	(1 050 000)	-
Balance at the end of the year	**2 795 681**	**2 146 260**	**2 795 681**	**2 146 260**

6.2 Investments in Subsidiaries

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

6.3 Investment in Joint Venture

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

Company	Status	2018	2017
		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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Balance at the beginning of the year	-	135 402	-	135 402
Disposals during the period	-	(135 402)	-	(135 402)
	-	-	-	-

7 Cash and cash equivalents

Local FCA Accounts	3 076 286	1 294 967	3 055 152	1 237 931
Exporters Nostro FCA Accounts	712 595	-	712 595	-
Bank and cash balances	**3 788 881**	**1 294 967**	**3 767 747**	**1 237 931**

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.

In October 2018, the Reserve Bank of Zimbabwe redenominated accounts into Local FCAs and Exporters Nostro FCA accounts.

8 Contracts in progress and contract receivables

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Contracts receivables in respect of certified work	3 980 019	3 358 767	3 980 019	3 358 767
Contracts receivables in retentions	1 707 541	1 440 535	1 707 541	1 440 535
Contracts work in progress	9 201 815	4 935 318	9 201 815	4 935 318
	14 889 375	**9 734 620**	**14 889 375**	**9 734 620**

9 Trade and other receivables

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Trade	919 009	452 279	614 591	425 968
Other	4 549 056	4 919 805	4 446 819	4 856 305
	5 468 065	**5 372 084**	**5 061 410**	**5 282 273**
Trade receivables				
Gross trade receivables	1 128 965	658 647	797 867	605 656
Less: allowance for credit losses	(209 956)	(206 368)	(183 276)	(179 688)
	919 009	**452 279**	**614 591**	**425 968**
Other receivables				
Prepayments	4 418 091	4 471 306	4 275 220	4 430 454
Other receivables	130 965	448 499	171 599	425 851
	5 468 065	**5 372 084**	**5 061 410**	**5 282 273**

The average credit period for trade receivables is fourteen (14) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

9 Trade and other receivables (continued)

Ageing of past due but not impaired trade receivables

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
61-90 days	355 080	49 257	278 749	33 528
91 days+	563 929	403 022	335 842	392 440
	919 009	**452 279**	**614 591**	**425 968**
	2017 days	**2017 days**	**2017 days**	**2017 days**
Debtor days	36	45	36	45

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Movement in the allowance for credit losses				
Balance at the beginning of the year	206 368	187 360	179 688	170 939
Net movement in provision for the year	3 588	19 008	3 588	8 749
Balance at the end of the year	**209 956**	**206 368**	**183 276**	**179 688**

Book debtors are encumbered as shown in Note 12.

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

The Directors have assessed the impact of adopting IFRS 9, Financial Instruments, Recognition and Measurement, on the Groups financial statements and the impact is considered to be immaterial.

Ageing of impaired trade receivables

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
180+ days	209 956	206 368	183 276	179 688

10 Inventories

Finished goods and manufactured components	1 725 984	1 200 575	1 725 984	1 200 575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

11 Share capital and reserves

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 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				
233 182 394 (2017: 232 019 894) ordinary shares of US$0.01 each.	2 331 824	2 320 199	2 331 824	2 320 199

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

Unissued share capital	6 418 176	6 429 801	6 418 176	6 429 801

Shares under options
The Directors are empowered to grant share options to senior Executives of the Group up to a maximum of 20 000 000 (2017: 20 000 000) share options. The options are granted for a period of five (5) years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of share options outstanding as at 31 December 2018 were as follows:

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Balance at the beginning of year	**3 500 000**	**3 500 000**	**3 500 000**	**3 500 000**
Granted during the year	-	-	-	-
Forfeited during the year	(100 000)	-	(100 000)	-
Exercised during the year	(1 162 500)	-	(1 162 500)	-
Balance at the end of year	**2 337 500**	**3 500 000**	**2 337 500**	**3 500 000**

A valuation was carried out by the Directors as at 31 December 2018. 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	
	2018 US$	2017 US$	2018 US$	2017 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	0.000	0%	0.000	0%
Risk-free interest rate	0.080	8%	0.080	8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

11 Share capital and reserves (continued)

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 (5) years after the date of grant.

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

12 Borrowings

	Group 2018 US$	Group 2017 US$	Company 2018 US$	Company 2017 US$
Secured borrowings at amortised costs				
Non-current	200 000	910 000	200 000	910 000
Current	644 857	205 853	644 857	205 853
	844 857	**1 115 853**	**844 857**	**1 115 853**

The short term loans have a tenure of three (3) months and long term loans have a tenure of two (2) years. The loans accrue interest at an effective rate of 7% (2017: 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 4.1.

13 Finance lease

Finance lease 2018	Group Up to 1 year US$	Group 2 to 5 years US$	Group Total US$	Company Up to 1 year US$	Company 2 to 5 years US$	Company Total US$
Minimum lease payments						
Principal	512 910	414 706	927 616	512 910	414 706	927 616
Interest	61 625	19 199	80 824	61 625	19 199	80 824
	574 536	**433 905**	**1 008 441**	**574 536**	**433 905**	**1 008 441**

Finance lease 2017	Group Up to 1 year US$	Group 2 to 5 years US$	Group Total US$	Company Up to 1 year US$	Company 2 to 5 years US$	Company Total US$
Minimum lease payments						
Principal	284 142	499 130	783 272	284 142	499 130	783 272
Interest	51 043	34 477	85 521	51 043	34 477	85 521
	335 185	**533 607**	**868 792**	**335 185**	**533 607**	**868 792**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

13 Finance lease (continued)

The finance lease liabilities comprise of four (4) finance leases acquired to finance the acquisition of property, plant and equipment. Each finance lease attracts an interest rate of 9% pa. The finance leases have a tenure of thirty-six (36) months each.

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
14 Deferred tax				
Balance at the beginning of year	1 778 972	1 250 731	1 067 260	664 644
Charge to income statement	517 117	475 431	567 582	392 985
Charge to other comprehensive income	16 839	52 810	16 839	9 631
Balance at the end of year	**2 312 928**	**1 778 972**	**1 651 681**	**1 067 260**
Comprising of:				
Accelerated wear and tear	1 222 048	1 238 760	645096	504 580
Uncertified work and claims	1 389 537	1 130 512	1 389 537	1 130 512
Retention	294 556	276 697	294 556	276 697
Revenue received in advance	(142 100)	(179 545)	(142 100)	(179 545)
Fair value adjustments	-	9 631	-	9 631
Allowances for credit losses	(47 194)	(53 140)	(47 194)	(53 140)
Revaluation of property, plant and equipment	-	43 179	-	-
Maintenance provision	(139 625)	(69 674)	(139 625)	(69 674)
Assessed loss and other	(264 294)	(617 448)	(348 589)	(551 801)
	2 312 928	**1 778 972**	**1 651 681**	**1 067 260**

15 Trade and other payables	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Trade	1 114 981	1 511 972	1 118 581	1 510 821
Accruals	210 943	167 319	28 816	13 926
Provisions	5 989 578	3 196 978	5 875 772	3 192 606
Unearned revenue (Advance receipts from customers)	5 518 456	6 926 767	5 518 456	6 926 767
Other	2 045 858	1 351 068	1 721 153	1 250 305
	14 879 816	**13 154 104**	**14 262 778**	**12 894 425**

The average credit period on purchases of goods and services from suppliers is fourteen (14) 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.

16 Sub-contractors

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Balance as at year end	6 540 058	2 285 570	6 540 057	2 285 570

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
for the Year Ended 31 December 2018 (continued)

		Group		Company	
		2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
17	**Revenue**				
	Construction contract revenue	**40 014 431**	**27 451 196**	**40 014 431**	**27 451 196**
18	**Other income**				
	Rental income	204 122	263 744	-	67 500
	Exchange (loss)/gain	(26 677)	35 240	(26 677)	35 240
	Scrap and services sales	(3 459)	4 549	(3 459)	4 549
	Sundry income	406 504	246 286	380 559	244 133
	Dividend received	108 729	42 344	108 729	42 344
	(Loss)/Profit on disposal of property, plant and equipment	(54 929)	18 159	(54 929)	18 159
	(Loss)/Profit on disposal of investment property	-	2 000	-	-
		634 290	**612 322**	**404 222**	**411 925**
19	**Administration expenses**				
	Advertising and promotions	15 686	15 301	15 686	15 301
	Audit fees	36 828	42 973	34 332	40 477
	Bad debts	26 329	51 520	26 329	51 520
	Bank charges	495 394	267 598	490 851	266 966
	Communication	93 366	60 436	93 366	60 436
	Computer printing and stationery	67 501	66 047	66 883	65 949
	Corporate social investment	64 735	37 615	64 735	37 615
	Depreciation	197 003	161 294	107 253	71 544
	Directors' fees	62 500	62 500	62 500	62 500
	Insurance	96 389	57 754	89 581	46 162
	Licenses and levies	51 026	51 989	51 026	51 989
	Property expenses	34 524	28 631	59 518	58 866
	Professional fees and subscriptions	310 754	256 917	293 102	209 423
	Training and recruitment	27 849	33 691	27 849	33 691
	Travel and accommodation	70 094	44 872	70 065	44 871
	Utilities	161 993	101 246	17 387	16 346
	Staff	2 495 969	1 808 153	2 495 969	1808 153
	Others	280 722	409 862	214 238	314 986
		4 588 661	**3 558 397**	**4 280 669**	**3 256 795**
20	**Profit before tax**				
	Profit before tax for the year has been arrived at after charging the following:				
	Depreciation	1 387 689	1 110 171	1 291 126	1 020 420
	Share option expense	(284)	656	(284)	656
	Pension	376 049	286 701	376 049	286 701
	Compensation to key management	866 685	727 091	866 685	727 091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

20 Profit before tax (continued)

	Group		Company	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
20.1 Compensation to key management				
For services as Directors	62 500	62 500	62 500	62 500
For managerial services	804 185	664 591	804 185	664 591
	866 685	727 091	866 685	727 091
21 Income tax				
21.1 Current tax:				
Current income tax	-	-	-	-
Deferred tax movement	(517 117)	(475 431)	(567 582)	(392 985)
Income tax	**(517 117)**	**(475 431)**	**(567 582)**	**(392 985)**
21.2 Tax reconciliation:				
Profit before tax	1 694 636	1 174 168	1 772 561	1 234 874
Tax at standard rate	(436 369)	(302 348)	(456 434)	(317 980)
Adjusted for:				
Effects of expenses not deductible for tax	(66 604)	(77 321)	(94 373)	(107 602)
Effects of other permanent differences	(14 144)	(95 762)	(16 775)	32 597
Effective tax	**(517 117)**	**(475 431)**	**(567 582)**	**(392 985)**

22 Earnings per share

Basic earning basis
The calculation is based on the profit attributable to ordinary Shareholders and the number of shares in issue at the end of the year 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	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Earnings				
Profit attributable to the equity holders of the Company	1 177 519	698 738	1 204 979	841 889
Number of shares				
Weighted average number of shares in issue used in the determination of:				
Basic	233 182 394	227 217 327	233 182 394	227 217 327
Diluted	235 419 894	230 717 327	235 419 894	230 717 327
Profit per share (US$ cents):				
Basic	0.50	0.31	0.52	0.37
Diluted	0.50	0.30	0.51	0.36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

23 Retirement benefit costs

Pension funds

The Group's operations and all permanent employees contribute to at least 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 are members of this Fund that is administered by Old Mutual. 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 2018, there were 68 (2017: 59) members on 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	
	2018 US$	2017 US$	2018 US$	2017 US$
23.4 Pension costs recognised as an expense for the year				
Masimba Holdings Limited Retirement Fund	83 757	73 627	83 757	73 627
National Social Security Authority	164 960	108 530	164 960	108 530
Other Funds	127 333	104 544	127 333	104 544
	376 050	**286 701**	**376 050**	**286 701**

24 Capital commitments

Capital expenditure authorised, but not contracted for, is US$2 683 101 (2017: US$2 130 226). 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	
Director's Name		31 December 2018 shares	31 December 2017 shares	31 December 2018 shares	31 December 2016 shares
Canada Malunga	Giona Capital (Private) Limited	18 540 814	1 206 945	18 540 814	1 206 945
Paddy Tongai Zhanda	Amalgmated Ventures (Private) Limited	25 318 821	-	25 318 821	-
Malcolm William McCulloch & Mark Mario Di Nicola	Zumbani Capital (Private) Limited	65 479 711	109 132 851	65 479 711	109 132 851

During the current period Zumbani Capital (Private) Limited reorganised its shareholding into three entities, namely Giona Capital (Private) Limited, Amalgamated Ventures (Private) Limited and 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 Shareholders' 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

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 conditions of the Group.

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
28.2 Bank guarantees in issue as at year end:				
Performance bonds	2 500 221	3 687 537	2 500 221	3 687 537
Advance payment bonds	5 617 712	5 331 433	5 617 712	5 331 433
Retention bonds	1 655 678	569 367	1 655 678	569 367
	9 773 611	9 588 337	9 773 611	9 588 337

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	
			2018 US$	2017 US$	2018 US$	2017 US$
Related party	**Relationship**	**Nature of transactions**				
Reinforcing Steel Contractors Zimbabwe (Private) Limited	Common directorship/ Shareholding	Purchase of materials	137 216	891 241	137 216	891 241
Executive management	Key management personnel	Remuneration, loans and advances	866 685	763 391	866 685	763 391
Proplastics Limited	Common directorship/ Shareholding	Purchase of materials	218 224	481 508	218 224	481 508
Inline Trading (Private) Limited	Common directorship	Consultancy services	40 050	29 105	40 050	29 105
			1 262 175	**2 165 245**	**1 262 175**	**2 165 245**

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	
	2018 US$	2017 US$	2018 US$	2017 US$
Related party receivables				
Reinforcing Steel Contractors Zimbabwe (Private) Limited	39 328	5 487	39 328	5 487
Proplastics Limited	134 856	75 483	134 856	75 483
	174 184	**80 970**	**134 856**	**80 970**
Related party payables				
Reinforcing Steel Contractors Zimbabwe (Private) Limited	62 931	69 524	62 931	69 524
Proplastics Limited	122 531	180 512	122 531	180 512
Masimba Properties (Zimbabwe) Limited	-	-	1 877 328	1 797 049
	185 462	**250 036**	**2 062 790**	**2 047 085**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

29 Related party disclosures (continued)

29.2 Year End Balances Arising from Transactions with Related Parties (Continued)

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 executive members of Masimba Holdings Limited's Board of Directors and senior management personnel. Key management personnel's remuneration include the following expenses:

The remuneration of directors and other members of key management during the year were as follows:

	Group		Company	
	2018 US$	2017 US$	2018 US$	2017 US$
Compensation to key management	866 685	727 091	866 685	727 091
Share based benefits	(284)	656	284	656
The remuneration of Directors and Senior Managment is determined by the Remuneration Committee having regard to the performance of individuals and market trends.				
Loans and advances to Directors	132 178	35 644	132 178	35 644

Terms and Conditions:
The loan amount limit ranges from 100% to 130% of annual salary and is subject to cash flow and Remuneration Committee approval. The annual interest rate is the lower of 50% of minimum Bank lending rate and 150% of the income tax deemed interest rate. The repayment period is between six (6) months to two (2) 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, financial liability and equity instruments, are disclosed per note 3.

(b) Categories of Financial Instruments

	Group		Company	
Financial Assets	2018 US$	2017 US$	2018 US$	2017 US$
Cash and cash equivalents	3 788 881	1 294 967	3 767 747	1 237 931
Loans and receivables and contract receivables	20 357 440	15 106 704	19 950 785	15 016 893
Financial assets carried at fair value	2 795 681	2 146 260	2 795 681	2 146 260
Financial Liabilities				
Borrowings and payables	23 192 347	17 338 799	22 575 308	17 079 120

(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 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

31 Financial Risk Management

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

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

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.

	Currency	Foreign Balance	2018 US$ Equivalent	Foreign Balance	2017 US$ Equivalent
Bank Balances	ZAR	-	-	26 113	2 123

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

31.2 Fair Values of Financial Instruments

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

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

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 cashflows 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 borrowings and finance leases as disclosed in Note 12 and 13 respectively, interest bearing borrowings and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

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 below:-

Revenue Recognition and Contract Accounting

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

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

Management is satisfied that at year end the Company met its perfomance obligations under contracts and the recognition of 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 note 3.7).
- The determination of the fair value of share options. (Refer to note 11).

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 2018 %	Proportion of ownership interest voting rights held by Masimba 31 Dec 2017 %
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	
	2018 US$	**2017 US$**	**2018 US$**	**2017 US$**
Current assets	315 371	1 361 801	315 371	1 361 801
Current liabilities	(111 766)	(1 203 504)	(111 766)	(1 203 504)
The above amounts of assets and liabilities include the following:-				
Cash and cash equivalents	-	-	-	-
Short term investments	-	-	-	-
Revenue	-	-	-	-
Profit/(Loss) for the period	61 706	(21 407)	61 706	(21 407)
The above profit/(loss) for the year includes the following items:-				
Depreciation and amortisation	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

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 Board of Directors and authorised for issue on 12 April 2019.

36 Declaration of Dividends

On 28 March 2019, the Directors declared a dividend of RTGS 816 138 (that is, RTGS 35 cents per ordinary share) for the year ended 31 December 2018.

37 Events After Reporting Period

On 20 February 2019 the Reserve Bank of Zimbabwe announced the Monetary Policy Statement which key summaries are detailed herein: -

- The introduction of the RTGS dollars as part of the multi-currency basket.
- RTGS to be used by all entities and individuals in Zimbabwe for the purposes of pricing of goods and service, accounting and domestic settlement of transactions.
- Establishment of an interbank foreign exchange market where the exchange rate will be determined by market forces. The interbank opened at a rate of US$1 to RTGS2.5.
- The Directors have assessed and concluded that this be disclosed as a non-adjusting subsequent event as per International Accounting Standard 10: Events After the Reporting Period and disclosed in the table that follows, the impact of implementing the RTGS as the functional currency of the business. However, it should be noted that these are the best estimates as at time of reporting that approximates opening balances of the financial position of the ensuing financial period and may not necessarily be deemed to be the opening balances for the 2019 financial reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Description	Components of Reported Amounts				Sensitivity Analysis			
	Monetary Assets/ Liabilities Nostro FCA US$ 2018 US$	Monetary Assets/ Liabilities RTGS Dollars 2018 US$	Non-Monetary Assets/ Liabilities US$ 2018 US$	Non-Monetary Assets/ Liabilities RTGS 2018 US$	US$ at 1:1 2018 US$	RTGS at 1:2.5 2018 RTGS	RTGS at 1:4 2018 RTGS	RTGS at 1:5 2018 RTGS
ASSETS								
Non-current assets								
Property, plant and equipment	-	-	7 782 698	908 690	8 691 388	20 365 435	32 039 482	39 822 180
Investment property	-	-	4 616 000	-	4 616 000	11 540 000	18 464 000	23 080 000
Investments	-	2 795 681	-	-	2 795 681	2 795 681	2 795 681	2 795 681
	-	**2 795 681**	**12 398 698**	**908 690**	**16 103 069**	**34 701 116**	**53 299 163**	**65 697 861**
Current assets								
Cash and cash equivalents	712 595	3 076 285	-	-	3 788 881	4 857 773	5 926 666	6 639 261
Contracts in progress and receivables	977 549	13 911 826	-	-	14 889 375	16 355 699	17 822 023	18 799 573
Trade and other receivables	217 729	5 250 336	-	-	5 468 065	5 794 659	6 121 252	6 338 981
Inventories	-	-	-	1 725 984	1 725 984	1 725 984	1 725 984	1 725 984
Current tax assets	-	78 579	-	-	78 579	78 579	78 579	78 579
	1 907 873	**22 317 026**	**-**	**1 725 984**	**25 950 884**	**28 812 694**	**31 674 504**	**33 582 378**
TOTAL ASSETS	**1 907 873**	**25 112 707**	**12 398 698**	**2 634 674**	**42 053 953**	**63 513 810**	**84 973 667**	**99 280 239**
EQUITY AND LIABILITIES								
Capital and reserves								
Share capital	-	-	-	2 331 824	2 331 824	2 331 824	2 331 824	2 331 824
Share premium	-	-	-	405 428	405 428	405 428	405 428	405 428
Reserves	-	-	-	10 232 276	10 232 276	10 232 276	10 232 276	10 232 276
Retained earnings	-	-	-	3 579 150	3 579 150	3 579 150	3 579 150	3 579 150
Foreign currency translation reserve	-	-	-	-	-	21 423 858	42 847 715	57 130 287
	-	**-**	**-**	**16 548 678**	**16 548 678**	**37 972 536**	**59 396 393**	**73 678 965**
Non-current liabilities								
Borrowings	-	200 000	-	-	200 000	200 000	200 000	200 000
Finance lease	-	414 706	-	-	414 706	414 706	414 706	414 706
Deferred tax	-	2 312 928	-	-	2 312 928	2 312 928	2 312 928	2 312 928
	-	**2 927 634**	**-**	**-**	**2 927 634**	**2 927 634**	**2 927 634**	**2 927 634**
Current liabilities								
Borrowings	-	644 857	-	-	644 857	644 857	644 857	644 857
Finance lease	-	512 910	-	-	512 910	512 910	512 910	512 910
Trade and other payables	24 000	14 855 816	-	-	14 879 816	14 915 816	14 951 816	14 975 816
Sub-contractors	-	6 540 058	-	-	6 540 058	6 540 058	6 540 058	6 540 058
		22 553 641			**22 577 641**	**22 613 640**	**22 649 640**	**22 673 640**
TOTAL EQUITY AND LIABILITIES	**24 000**	**25 481 275**	**-**	**16 548 678**	**42 053 953**	**63 513 810**	**84 973 667**	**99 280 239**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018 (continued)

Assumptions

The Group has applied the following assumptions in the preparation of the sensitivity analysis as detailed below:

. Nostro refers to the international US$ that is tradeable on the international markets.

. Property, Plant and Equipment have an underlying US$ value and all non-monetary assets are converted at spot rate. The assumed spot date is 31 December 2018.

. Share Capital is denominated in US$ Nostro following the redenomination in 2009. However, for this purpose and in line with the Public Accountants and Auditors Board (PAAB) guidance, Share Capital and other reserves though accrued in a US$ environment have been deemed to be RTGS.

. The following rates have been applied:-

  Ø Inter-bank rate of 2.5 being the initial market-based estimate.

  Ø The 4 and 5 rates are based on the spread of the parallel market rates that were prevalent as at 31 December 2018.

. The difference between net assets and the resultant equity translation has been treated as the foreign currency translation reserve.

Shareholders Analysis as at 31 December 2017

Shareholder Spread

Range	Number of Shareholders	% of Holders	Holdings	% of Issued Shares
1-500	184	18.95	30 099	0.01
501-1,000	114	11.74	80 870	0.03
1,001-5,000	291	29.97	769 480	0.33
5,001-10,000	116	11.95	841 122	0.36
10,001-50,000	131	13.49	2 772 891	1.19
50,001 and over	135	13.90	228 687 932	98.07
	971	**100**	**233 182 394**	**100**

Major Shareholders

Rank	Shareholder	Number of Shares	% of Total
1	Zumbani Capital (Private) Limited	65 479 711	28.08
2	Old Mutual Life Assurance Company of Zimbabwe Limited	36 826 117	15.97
3	Amalgamated African Ventures	25 318 821	10.86
4	Giona Capital (Private) Limited	18 540 814	7.95
5	Stanbic Nominees (Private) Limited	17 834 766	7.65
6	Stanbic Nominees (Private) Limited (NNR)	16 526 943	7.09
7	Old Mutual Zimbabwe Limited	10 343 313	4.44
8	Standard Chartered Nominees (Private) Limited	6 004 638	2.56
9	Turner Roy	3 062 888	1.31
10	National Social Security Authority	2 546 728	1.09
		202 484 739	**86.84**

Analysis by Category	2018 %	2017 %
Bank, insurance companies and nominees	25.44	21.65
Pension funds, Trust/Property companies	10.73	12.02
Resident individuals and other corporate companies	55.83	56.08
Foreign companies	8.00	10.25
	100	**100**

NOTICE TO SHAREHOLDERS

Notice is hereby given that the forty-fourth Annual General Meeting of the Members of Masimba Holdings Limited for the year ended 31 December 2018 will be held at the Registered Office of the Company, 44 Tilbury Road, Willowvale, Harare, Zimbabwe, on Friday 21 June 2019 at 1230 hours.

1. ORDINARY BUSINESS

1.1 **Approval of Financial Statements and Reports**
To receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2018, including the Directors' and Independent Auditors' reports thereon.

1.2 **Approval of Directors' Fees**
Approval of Directors' fees for the year ended 31 December 2018.

1.3 **Election of Directors**
In accordance with Articles 114 of the Company's Articles of Association, Mr Paddy Tongai Zhanda and Mrs Agnes Makamure retire by rotation at the Company's Annual General Meeting and being eligible, offer themselves for re-election. The Directors will be elected by separate resolution.

1.4 **Dividend**
To confirm the declaration of a final dividend of RTGS0.35 cents per share for the year ended 31 December 2018.

1.5 **Auditors**
1.5.1 To approve the remuneration of auditors for the previous year.
1.5.2 To consider the appointment of Grant Thornton as auditors for the ensuing year.

2. EXTRAORDINARY BUSINESS

2.1 **Resolution on Electronic Communication**
That due to the automation and technological developments, the Directors of the Company be and are hereby authorised to amend the communication to members as detailed hereunder:

2.1.1 Any notice required to be sent to members may, notwithstanding anything to the contrary be sent by electronic means to the electronic address last furnished by such members.

2.1.2 Electronic copies of the Report of Directors, Statements of Financial Position, Profit or Loss and Other Comprehensive Income, Changes in Shareholders' Equity and cashflows and all other documents required to be annexed thereto publicised on the Company's website and delivered by electronic means to every member shall be deemed to be sufficient delivery to members. Provided that should a member request a hard copy of the Report of Directors, Statements of Financial Position, Profit or Loss and Other Comprehensive Income, Changes in Shareholders' Equity and cashflows and all other documents required to be annexed thereto from the Company, the documents shall be provided to the member in hard copy format.

2.1.3 Any other documents that may be required to be sent to members in terms of these Articles or of the Companies Act [Chapter 24:03] may be sent to the electronic address of the members and shall be posted on the Company's official website.

By Order of the Board

MASIMBA CORPORATE SERVICES (PRIVATE) LIMITED
(Secretaries)

23 May 2019

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

Directors: G. Sebborn (Chairman), C. Malunga*, M. W. McCulloch, A. Makamure*, M. M. Di Nicola, P. T. Zhanda (Jnr.) (*Executive)
Registered Address: 44 Tilbury Road, Willowvale, Harare, Zimbabwe

SHAREHOLDERS DIARY

7 June 2019	Forty fourth Annual Report to be published and mailed to Shareholders
21 June 2019	Forty fourth Annual General Meeting of Shareholders, 44 Tilbury Road, Willowvale, Harare
September 2019	Interim Press Results
December 2019	Financial Year End
March 2020	Preliminary Announcement to Shareholders
May 2020	Forty fifth Annual Report to be published and mailed to Shareholders
May 2020	Forty fifth 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 +263 242 611 641-5 or 611 741-9 enquiries@masimbagroup.com www.masimbagroup.com
Share Transfer Secretaries **Telephone**	First Transfer Secretaries 1 Armagh Road, Eastlea Harare, Zimbabwe +263 242 782 864-72
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-fourth Annual General Meeting to be held at 44 Tilbury Road, Willowvale, Harare, Zimbabwe, on Friday 21 June 2019 at 1230 Hours

I/We..

of..

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

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

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

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

Resolutions	For	Against	Abstain
1. Ordinary Business			
1.1 Ordinary Resolution number 1.1 Adoption of the 2018 Annual Financial Statements and Directors and External Auditor's Reports thereon			
1.2 Ordinary Resolution number 1.2 Approval of Directors Remuneration			
1.3 Ordinary Resolution number 1.3 Election of Directors			
1.4 Ordinary Resolution number 1.4 Confirmation of Dividend			
1.5 Ordinary Resolution number 1.5 Approval of Audit Fees			
1.6 Ordinary Resolution number 1.6 Appointment of External Auditors			
2. Extraordinary Business			
2.1 Extraordinary Resolution number 2.1 Resolution on Electronic Communication			

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 2019

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 (48) hours before the meeting.

5. If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.

6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.

7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.

8. In order to be effective, completed proxy forms must reach the Company's transfer secretaries or the registered office of the Company not less than forty eight (48) hours before the time appointed for the holding of the AGM.

9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are exactly the same as those on the share register.

10. Please be advised that the number of votes a member is entitled to will be determined by the number of shares recorded on the Share Register by 1600 hours on Thursday 20 June 2019.

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

masimba
HOLDINGS LIMITED