



UNAUDITED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

Financial Highlights

	30 June 2016 Unaudited US\$	30 June 2015 Unaudited US\$
Revenue	8,564,691	4,147,627
EBITDA	633,561	(119,579)
EBITDA/Turnover	8%	(3%)
Basic earnings/(loss) Per Share (cents)	0.05	(0.15)

Chairman's Statement

INTRODUCTION

I am pleased to present my Chairman's statement for the half year ended 30 June 2016.

Generally global markets have been stagnant and this has had a negative impact on Foreign Direct Investments (FDI) into emerging markets. With this continued decline in FDI, there have been growing calls for significant amendments to local policies to ensure that they are more investor friendly so as to attract the much needed investments to stimulate the economy.

Local market conditions have continued to deteriorate characterized by shortages in foreign currency to pay for imports, shortages in cash notes, high cost of borrowings and trade and fiscal deficits. The trade and current account deficits remain high, hence a weak balance-of-payments position, which is contributing to the current liquidity crisis.

The recent monetary policy announcement by the Reserve Bank of Zimbabwe (RBZ) aimed at curbing liquidity challenges and the externalisation of foreign currency is well intended, particularly as it has been complemented by import control regulations designed to support local production. Whilst we applaud Government's efforts to stimulate local production and value addition, it is critical that there be more transparency in how the measures are put into practice in order to restore the much needed confidence in the market place. The recently promulgated import controls have not been extended to cover contracting services, and the few large construction projects recently implemented in the country have been predominantly carried out by foreign contractors. This has had a damaging effect on the local construction sector.

GROUP PERFORMANCE

The consolidated financial results comprise the financial performance of the contracting and property development businesses.

The value and growth strategy being implemented throughout the Group has begun to bear fruits with revenue for the six months period increasing by 106% to \$8,564,691 (June 2015: \$4,147,627). Due to various cost containment measures and value engineering processes, the Group recorded an overheads to turnover ratio of 14% (2015: 37%), resulting in a significantly improved EBITDA at \$633,561, compared to a loss of \$119,579 incurred in comparative period.

Share of profits from the joint venture, Reinforcing Steel Contractors Zimbabwe (RSCZ), improved to \$37,589 (June 2015: \$10,139).

Profit before tax of \$150,138 represents a turnaround of 120% compared to a loss of \$749,632 incurred in comparable period.

The Group generated cash from operations of \$321,510 (June 2015: Continuing operations \$573,993). Included in comparable cash generated from operations is the impact of collection of long outstanding debtors. Cash and cash equivalents increased by \$378,961 to close off the period at \$1,116,134. Borrowing levels at \$640,968 (December 2015: \$444,535) remain sustainable.

PROSPECTS

While the political and economic outlook continues to be uncertain, the Board's strategy is focused on taking advantage of the current opportunities prevailing in the built environment. The key pillars to the Board's strategy are order book growth, risk management, cost containment and value preservation.

The slightly improved global commodity prices and the Government of Zimbabwe's ZIMASSET programme present infrastructure development opportunities in the short to medium term.

DIVIDEND DECLARATION

Following the improved cash position within the Group, the Board on the 8th of June 2016 declared a special cash dividend of \$595,333 (US0.27 cents per share), payable to ordinary shareholders of the company. The dividend was paid on the 29th of July 2016.

APPRECIATION

On behalf of the Board, I extend my appreciation to our valued customers, suppliers, other key stakeholders for their continued support as well as to the executives and staff for their dedication and effort in this tough environment.

I also wish to thank my colleagues on the Board for their valuable contribution.



Greg Sebborn
Chairman
7 September 2016

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		30 June 2016 Unaudited US\$	30 June 2015 Unaudited US\$
	Notes		
Revenue		8,564,691	4,147,627
Profit/(loss) before depreciation	4.1	633,561	(119,579)
Depreciation		(553,645)	(580,839)
Profit/(loss) before interest and tax		79,916	(700,418)
Net interest received/(paid)		32,633	(58,353)
Share of joint venture profit		37,589	10,139
Profit/(loss) before tax		150,138	(749,632)
Taxation		(38,661)	193,030
Profit/(loss) after tax		111,477	(556,602)
Profit from discontinued operations	4.10	-	203,403
Profit / (loss) for the period		111,477	(353,199)
Basic Earnings per Share (cents)		0.05	(0.15)

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		30 June 2016 Unaudited US\$	30 June 2015 Unaudited US\$
Profit/(loss) for the period		111,477	(353,199)
Other comprehensive income/(loss):			
Available for sale financial assets		278,658	508,509
Income tax relating to components of other comprehensive income		(2,787)	(3,532)
Other comprehensive income for the year, net of tax		275,871	504,977
Total comprehensive income for the period		387,348	151,778

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016 Unaudited US\$	31 December 2015 Audited US\$
ASSETS			
Non-current assets			
Property, plant and equipment	4.2	6,169,721	6,004,892
Investment property	4.3	4,485,500	4,485,500
Investments	4.4	995,228	678,982
		11,650,449	11,169,374
Current assets			
Bank balances and cash		1,116,134	737,173
Investments	4.4	1,106,000	1,620,000
Contracts in progress and accounts receivable	4.5	6,619,112	7,053,226
Inventories		674,005	400,472
Current tax asset		27,214	63,708
		9,542,465	9,874,579
Total assets		21,192,914	21,043,953
EQUITY AND LIABILITIES			
Share capital		2,204,937	2,204,937
Share premium		260,063	260,063
Reserves		8,175,119	8,383,104
Shareholders' equity		10,640,119	10,848,104
Non-current liabilities			
Interest bearing borrowings	4.6	166,700	222,268
Deferred tax		2,009,110	2,006,323
		2,175,810	2,228,591
Current liabilities			
Interest bearing borrowings	4.6	474,268	222,267
Accounts payable	4.7	7,902,717	7,744,991
		8,376,985	7,967,258
Total equity and liabilities		21,192,914	21,043,953

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2016 Unaudited US\$	30 June 2015 Unaudited US\$
Net cash from operating activities - continuing operations	321,150	573,993
Net cash flow from operating activities - discontinued operations	-	26,130
Net cash flow generated by operating activities	321,150	600,123
Net cash invested - continuing operations	(138,621)	(80,512)
Net cash invested - discontinued operations	-	(68,638)
Net cash utilized by investing activities	(138,621)	(149,150)
Net cash flow from financing activities - continuing operations	196,432	(889,719)
Net cash flow from financing activities - discontinued operations	-	(137,947)
Net cash flow generated/(utilized) in financing activities	196,432	(1,027,666)
Net cash increase/(decrease) in cash and cash equivalents	378,961	(576,693)
Opening cash and cash equivalents	737,173	1,729,133
Closing cash and cash equivalents	1,116,134	1,152,440

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	30 June 2016 Unaudited US\$	31 December 2015 Audited US\$
Shareholders' equity at the beginning of the period	10,848,104	20,112,053
Share based payments reserve	-	3,200
Other comprehensive income	275,871	520,318
Dividend-in-specie	-	(8,686,795)
Dividend paid	(595,333)	-
Profit/(loss) for the period	111,477	(1,100,672)
Shareholders' equity at the end of the period	10,640,119	10,848,104

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Statement of compliance

The abridged financial results for the six months ended 30 June 2016 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Group's latest annual financial statements.

2. Reporting Currency

The abridged interim consolidated financial statements are presented in United States Dollars, which is the functional currency of the Group.

3. Significant accounting policies

The principal accounting policies of the Company are consistent, in all material respects, with those adopted in the previous year.

4. Notes to the Financial Results

	Six months to:	
	30 June 2016 Unaudited US\$	30 June 2015 Unaudited US\$
4.1 Profit before tax		
Profit before tax is shown after charging/(crediting) the following items:		
Staff costs	659,950	860,996
Compensation of directors and key management: for services as directors for management services	31,248 255,739	16,688 356,124
4.2 Property, plant and equipment		
	30 June 2015 Unaudited US\$	31 December 2015 Audited US\$
Movement for the year:		
Balance at the beginning of the period	6,004,892	11,792,693
Capital expenditure	727,497	210,896
Capital expenditure - Proplastics division	-	70,638
Revaluation	-	63,312
Depreciation	(553,645)	(1,126,745)
Depreciation - Proplastics division	(9,023)	(350,813)
Disposals	-	(64,052)
Disposals - Proplastics division	-	(1,328)
Disposals to Proplastics Limited	-	(4,589,709)
Balance at the end of the period	6,169,721	6,004,892
4.3 Investment property		
Movement for the period		
Balance at beginning of the period	4,485,500	4,757,307
Revaluation	-	(347,807)
Capital expenditure	-	76,000
Balance at end of the period	4,485,500	4,485,500
The investment property was revalued at the end of December 2015 by independent valuers on the open market basis.		
4.4 Investments		
Financial assets carried at fair value through other comprehensive income	995,228	678,982
Short term investments		
Financial assets carried at fair value through profit and loss	1,106,000	1,620,000
Included in short term investments are Government Treasury Bills of \$306,000 at 5% interest per annum and \$800,000 held as money market investment maturing on 8 October 2016 and 26 July 2016 respectively.		
4.5 Contracts in progress and accounts receivable		
Contracts receivable and contract work in progress	5,120,761	5,095,397
Trade receivables	1,020,302	1,060,170
Prepayments	527,579	950,157
Deposits and other receivables	141,637	138,669
	6,810,279	7,244,393
Less: Allowance for doubtful receivables	(191,167)	(191,167)
Receivables at end of the period	6,619,112	7,053,226
The Company provides for receivables aged above 90 days on a case by case basis where subsequent developments suggest that recovery of the amounts is in doubt.		

4.6 Interest bearing borrowings

Long term	166,700	222,268
Short term	474,268	222,267
	640,968	444,535
The short term loans represent a reclassification to current liabilities as per IFRS 7. The loans have a tenure of two years and accrue interest at an effective rate of 7% per annum. These loans are fully secured against immovable property and a notarial general covering bond over moveable assets, including a cession of book debts.		
4.7 Accounts payable		
Trade	863,547	411,103
Contract accruals and other payables	5,288,147	4,544,342
Subcontractor liabilities	1,751,024	2,789,546
	7,902,718	7,744,991

4.8 Capital commitments

Authorized but not contracted for

This expenditure will be financed from internal resources and existing facilities.

4.9 Contingent liabilities

Bank guarantees on construction contracts in respect of performance, advance payments, retentions, bids and temporary imports.

4.10 Discontinued operations

Proplastics, a division of Masimba Industries (Private) Limited, was disposed of on the 31st of May 2015 through a dividend-in-specie. Proplastics was subsequently listed on the Zimbabwe Stock Exchange on the 8th of June 2015 as Proplastics Limited.

Analysis of the results of the discontinued operations are as follows:-

	30 June 2016 Unaudited US\$	30 June 2015 Unaudited US\$
Revenue	-	5,337,579
Expenses	-	(5,063,635)
Profit before tax from discontinued operations	-	273,944
Taxation	-	(70,541)
Profit after tax from discontinued operations	-	203,403
Profit from discontinued operations attributable to equity holders of the parent	-	203,403