


Financial Highlights

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL
Revenue	2,168,033,709	1,376,518,853	2,060,968,438	438,913,627
EBT	434,523,367	364,322,930	450,797,348	420,381,280
EBITDFVA	588,020,592	826,342,145	544,507,275	237,867,783
EBITDFVA/Turnover	27%	60%	26%	54%
Basic Earnings Per Share (cents)	120.84	104.66	126.01	146.40
Diluted Earnings Per Share (cents)	120.84	104.66	126.01	146.40
Headline Earnings Per Share (cents)	118.44	24.79	123.70	63.90

CHAIRMAN'S STATEMENT
INTRODUCTION

I am pleased to present my report for the half year ended 30 June 2021. My commentary on the financial performance is based on the inflation adjusted consolidated financial statements, being the primary set of financial statements as defined by International Accounting Standard 29: Reporting in Hyperinflationary Economies.

OPERATING ENVIRONMENT

The inflation rate continued on a downward trend, from 348.6% in December 2020 to 106.6% as at 30 June 2021. Further, the exchange rate remained relatively stable to close at ZWL85,37 to the United States Dollar as at 30 June 2021. These factors facilitated an improved operating environment, notwithstanding the impact of COVID-19 and its induced lockdowns. The Group has been classified as an essential service business and has continued to operate during the period and under strict World Health Organisation and Government of Zimbabwe lockdown guidelines.

FINANCIAL PERFORMANCE

Revenue for the six-months period ended 30 June 2021 improved to ZWL2,168 million (2020: ZWL1,377 million), representing a growth of 58%, mainly attributable to a firm order book in mining, infrastructure, and roads segments. In addition, revenue earned in United States Dollars as a proportion to total revenue for the period improved to 35% (2020: 20%) owing to a diversified project portfolio. Profit before tax grew at a slower rate of 19% to ZWL435 million (2020: ZWL364 million), mainly due to inclement weather in the first quarter, which negatively affected productivity, particularly in the roads segment.

The financial position strengthened to ZWL6,717 million (2020: ZWL5,597 million) on the back of acquisitions of investment property, plant and equipment, in line with the value preservation strategy. The capital expenditure was financed by a combination of internal and external resources. Resultantly, borrowings increased to ZWL255 million (2020: ZWL156 million) representing a sustainable debt-to-equity position of 10% (2020: 8%) at close of the reporting period.

Contracts in progress, contracts receivables and other receivables at ZWL3,618 million (2020: ZWL3,300 million) grew by 9% compared to a 39% growth in revenue volumes. The positive performance was due to improved debt collections in the period under review. In line with the business strategy of managing credit risk, accounts payable increased to ZWL3,468 million (2020: ZWL3,054 million), mostly due to advance payments received from clients. Generally, the Group's working capital ratios remained satisfactory.

Cash generated by operating activities improved to ZWL266 million (2020: ZWL264 million) and this was largely expended on capital expenditure of ZWL114 million and investment property of ZWL162 million to support the growing order book and preserve value, respectively.

OCCUPATIONAL HEALTH & SAFETY ASSESSMENT SYSTEMS (OHSAS)

The Group is certified to the International Organisation for Standardisation (ISO) 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System standards.

Lost Time Injury Frequency Rate (LTIFR) deteriorated to 0.64 from zero at December 2020. The Group continues to review and improve its procedures and policies to ensure that the LTIFR of zero is achieved.

CORPORATE SOCIAL RESPONSIBILITY

The Group strives to improve the well-being of the communities in which it operates, and to that end, as a minimum guideline, general workers are hired from the local communities where projects are carried out. As of the reporting date, the proportion of local employees to total employees was 68 percent. In addition, the Group expended ZWL7.8 million to various programmes which included support for the 2021/22 agriculture season, in particular the small scale irrigation schemes in the Manicaland region, among other initiatives. Subsequent to the reporting date, the Group contributed ZWL8.5 million to the National Development Fund towards the procurement of COVID-19 vaccines.

IMPACT OF COVID-19

The Group continues to follow the COVID-19 guidelines as authorised by the Government of Zimbabwe and the World Health Organization throughout its activities to protect the health and welfare of its employees, clients, suppliers, and other stakeholders. In addition, there is a robust COVID-19 Management Committee that includes a medical practitioner. Financing, capital investment, and working capital models are also examined on a regular basis as part of the Group's business continuity strategy.

The Government of Zimbabwe's vaccination campaign has gained traction, which is encouraging the resumption of normal business activity. To that end, Masimba has initiated a strategy to complement Government's efforts such that, to date, 75% of staff have been vaccinated.

For the period under review, the Group lost 2,673 manhours and incurred direct costs of ZWL10.9 million towards compliance with COVID-19 guidelines. Our hearts go out to all those who have lost loved ones to COVID-19.

While the COVID-19 pandemic did not materially impact the Group's liquidity and solvency positions in the current period, it is however not possible to assess, with absolute certainty, its potential impact on the financial performance for the year ending 31 December 2021.

OUTLOOK

The operating environment is forecast to remain stable in the short term based on interventions being implemented by the Government of Zimbabwe. The Dutch auction system provides a sustainable source of foreign currency. However, we urge that the responsible authorities address the backlogs in foreign currency settlement. The Group applauds the Government on its efforts to roll out the vaccines. We believe that the achievement of herd immunity will have a positive impact on economic performance.

While the impact of COVID-19 on global economies is unknown, the Board remains optimistic, given the Government's sustained strong performance in funding major infrastructure projects and the growing mining prospects being spurred by firm commodity prices. The Group has a strong order book that is evenly balanced between the private and public sectors, the effective execution of which is contingent on a stable economic operating environment.

DIVIDEND

The Board, having evaluated the cashflows associated with the growing order book, the need to strengthen capacity and the Group's value and growth strategy, has resolved not to declare an interim dividend.

DIRECTORATE

During the period under review, there were no changes to the Board.

APPRECIATION

On behalf of the Board, I extend my appreciation to our valued customers, suppliers and other key stakeholders for their continued support as well as the executives and staff for their valuable contribution towards the attainment of these results. I also wish to thank my colleagues on the Board for their valuable contribution.

For and on behalf of the Board

G. Sebborn

17 September 2021

AUDITOR'S REPORT

These abridged interim consolidated financial statements for the six months ended 30 June 2021 have been reviewed by Messrs. Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion issued thereon. This review conclusion is qualified with respect to non compliance with IAS 21: The Effects of Changes in Foreign Exchange Rates. The review conclusion has been made available to management and those charged with governance of the Group. The conclusion on the consolidated interim financial statements is available for inspection at the registered office of the Group.

The engagement partner responsible for this review is Mr. Farai Chibisa. (PAAB Number 0547).

**Abridged Consolidated Statement of Profit or Loss
for the Half Year Ended 30 June 2021**

Notes	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL
Revenue	2,168,033,709	1,376,518,853	2,060,968,438	438,913,627
Profit before depreciation and fair value adjustments	588,020,592	826,342,145	544,507,275	237,867,783
Fair value adjustment	-	93,397,843	-	199,355,867
Depreciation	(80,030,146)	(83,442,834)	(74,325,945)	(15,814,645)
Operating profit	507,990,446	836,297,154	470,181,330	421,409,005
Net interest paid	(20,553,785)	(3,222,233)	(19,383,982)	(1,027,725)
Net monetary gain	(52,913,294)	(468,751,991)	-	-
Profit before tax	4.1 434,523,367	364,322,930	450,797,348	420,381,280
Tax	4.2 (142,500,875)	(111,410,791)	(146,285,160)	(66,597,116)
Profit for the period	292,022,492	252,912,139	304,512,188	353,784,164
Number of Shares in Issue (millions)	241.65	241.65	241.65	241.65
Basic Earnings Per Share (cents)	120.84	104.66	126.01	146.40
Diluted Earnings Per Share (cents)	120.84	104.66	126.01	146.40
Headline Earnings Per Share (cents)	118.44	24.79	123.70	63.90

**Abridged Consolidated Statement of Comprehensive Income
for the Half Year Ended 30 June 2021**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL
Profit for the period	292,022,492	252,912,139	304,512,188	353,784,164
Other comprehensive income:				
Gain on revaluation of property, plant and equipment	-	403,491,477	-	459,038,596
Movement in fair value through other comprehensive income investments	337,838,808	188,842,855	337,838,808	91,385,592
Deferred tax charge on other comprehensive income	(3,378,388)	(101,752,569)	(3,378,388)	(114,388,197)
Other comprehensive income for the period, net of tax	334,460,420	490,581,763	334,460,420	436,035,991
Total comprehensive income for the period	626,482,912	743,493,902	638,972,608	789,820,155

**Abridged Consolidated Statement of Financial Position
as at 30 June 2021**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL
ASSETS				
Property, plant and equipment	4.3 1,218,920,980	1,185,122,316	1,017,505,882	981,970,161
Investment property	4.4 648,758,972	487,211,857	555,914,658	403,694,621
Investments	4.5 500,072,853	195,797,383	500,072,853	162,234,045
	2,367,752,805	1,868,131,556	2,073,493,393	1,547,898,827
Current assets				
Cash and cash equivalents	276,129,675	287,137,113	276,129,675	237,916,435
Contracts in progress and accounts receivable	4.6 3,617,963,198	3,299,646,475	3,617,963,198	2,734,025,282
Inventories	455,046,661	142,152,818	363,512,147	59,887,751
	4,349,139,534	3,728,936,406	4,257,605,020	3,031,829,468
Total assets	6,716,892,339	5,597,067,962	6,331,098,413	4,579,728,295
EQUITY AND LIABILITIES				
Share capital	78,887,924	78,887,924	2,416,537	2,416,537
Share premium	29,694,059	29,694,059	1,006,892	1,006,892
Reserves	1,523,380,169	1,188,919,749	1,247,816,777	913,356,357
Retained earnings	898,932,108	710,858,124	893,860,128	689,412,171
	2,530,894,260	2,008,359,856	2,145,100,334	1,606,191,957
Non-current liabilities				
Interest bearing borrowings	4.7 20,580,219	30,318,524	20,580,219	25,121,361
Deferred tax	462,685,833	378,505,523	462,685,833	313,622,588
	483,266,052	408,824,047	483,266,052	338,743,949
Current liabilities				
Interest bearing borrowings	4.7 234,869,881	125,658,532	234,869,881	104,118,307
Finance lease	4.8 -	50,293	-	41,672
Accounts payable	4.9 3,467,862,146	3,054,175,234	3,467,862,146	2,530,632,410
	3,702,732,027	3,179,884,059	3,702,732,027	2,634,792,389
Total equity and liabilities	6,716,892,339	5,597,067,962	6,331,098,413	4,579,728,295




**Abridged Consolidated Statement of Changes in Equity
 for the Half Year Ended 30 June 2021**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL
Shareholders' equity at the beginning of the period	2,008,359,856	1,403,278,062	1,606,191,957	239,253,642
Mark to market reserve	334,460,420	110,068,576	334,460,420	135,774,649
Dividend paid	(103,948,508)	-	(100,064,231)	-
Revaluation reserve	-	99,897,191	-	643,834,805
Profit for the period	292,022,492	395,116,027	304,512,188	587,328,861
Shareholders' equity at the end of the period	2,530,894,260	2,008,359,856	2,145,100,334	1,606,191,957

**Abridged Consolidated Statement of Cashflows
 for the Half Year Ended 30 June 2021**

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL
Net cashflow generated by operating activities	265,653,346	263,581,395	270,949,517	124,050,881
Net cashflow utilised by investing activities	(272,135,027)	(92,140,448)	(258,840,805)	(29,566,361)
Net cashflow (utilised by)/generated from financing activities	(4,525,757)	14,011,949	26,104,529	14,417,585
(Decrease)/ increase in cash and cash equivalents	(11,007,438)	185,452,896	38,213,241	108,902,105

Summary of Information
1 BASIS OF PREPARATION
Statement of compliance

The abridged financial results have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Group's latest annual financial statements. The abridged consolidated financial statements were prepared in accordance with the minimum requirements of IAS 34: Interim Financial Reporting and the Zimbabwe Stock Exchange listing rules.

Significant accounting policies

The abridged consolidated financial statements for the six months ended 30 June 2021 have been prepared using the accounting policies consistent with IFRS. The same accounting policies, presentation and methods followed in the abridged consolidated financial statements are as applied in the Group's latest annual financial statements.

2 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.1 Inflation adjustment

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

Date	Indices	Conversion factor
30-June-2021	2,986.44	1.00
31-December-2020	2,474.51	1.21
31-December-2019	551.63	5.41

3 IMPACT OF AND RESPONSE TO COVID-19

The Global COVID-19 pandemic has heightened health and safety risks and consequently the cost of doing business. Given the risks arising from the pandemic, the Group has responded as follows:

- Reviewed and updated its business continuity plans and is closely monitoring its operations.
- Put in place measures to prioritise the health and safety of its employees and business partners. The Group is certified to International Organisation for Standardisation (ISO) 9001:2015 Quality Management System, (ISO)14001:2015 Environmental Management System and (ISO) 45001:2018 Occupational Health and Safety Management System. Accordingly, the compliance requirements to the World Health Organisation guidelines were seamless and less cost intensive.
- Cost containment and liquidity management are key areas of management.
- Strengthening the financial position as preservation of value for shareholders is key.

4 Notes to the Abridged Consolidated Financial Statements

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Reviewed 30 Jun 2020 ZWL
4.1 Profit before tax				
Profit before tax is shown after charging/(crediting) the following items:				
Depreciation	80,030,146	83,442,834	74,325,945	15,814,645
Staff costs	78,887,198	48,713,788	74,263,069	16,041,004
4.2 Income tax				
Current tax	(600,303)	-	(600,303)	-
Deferred tax	(141,900,572)	(111,410,791)	(145,684,857)	(66,597,116)
	(142,500,875)	(111,410,791)	(146,285,160)	(66,597,116)
Tax reconciliation				
Profit before tax	434,523,367	364,322,930	450,797,348	420,381,280
Tax at standard rate	(107,414,176)	(90,060,628)	(111,437,104)	(103,918,252)
Adjusted for:				
Effects of expenses not deductible for tax	4,234,151	1,081,325	(21,058,044)	29,933,396
Effects of other permanent differences	(39,320,850)	(22,431,488)	(13,790,012)	7,387,740
	(142,500,875)	(111,410,791)	(146,285,160)	(66,597,116)
4.3 Property, plant and equipment				
	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL
Movement for the year:				
Balance at the beginning of the period	1,185,122,316	914,299,928	981,970,161	168,880,112
Capital expenditure	113,828,810	257,974,290	109,861,666	147,903,112
Depreciation	(80,030,146)	(121,633,365)	(74,325,945)	(67,544,814)
Carrying amount of disposals	-	(629,798)	-	(4,660,689)
Revaluation - recognition on revaluation	-	135,111,261	-	670,388,278
Depreciation - elimination on revaluation	-	-	-	67,004,162
Balance at the end of the period	1,218,920,980	1,185,122,316	1,017,505,882	981,970,161

Notes to the Abridged Consolidated Financial Statements (continued)
4.4 Investment property

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL
Movement for the year:				
Balance at beginning of the period	487,211,857	354,120,904	403,694,621	65,409,584
Fair value adjustments	-	32,762,994	-	262,656,835
Additions during the period	161,547,115	100,327,959	152,220,037	75,628,202
Balance at end of the period	648,758,972	487,211,857	555,914,658	403,694,621

4.5 Investments

Financial assets carried at fair value through other comprehensive income	500,072,853	195,797,383	500,072,853	162,234,045
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4.6 Contracts in progress and accounts receivable

Contract receivables and contract work in progress	2,458,301,930	2,571,880,728	2,458,301,930	2,131,012,212
Trade receivables	9,943,396	5,383,955	9,943,396	4,461,044
Prepayments	1,153,761,052	964,253,856	1,153,761,052	798,962,689
Deposits and other receivables	(1,281,847)	5,000,322	(1,281,847)	4,143,173
	3,620,724,531	3,546,518,861	3,620,724,531	2,938,579,118
Less: allowance for credit losses	(2,761,333)	(246,872,386)	(2,761,333)	(204,553,836)
	3,617,963,198	3,299,646,475	3,617,963,198	2,734,025,282

The Group's allowance for credit losses is based on IFRS 9 Financial Instruments simplified impairment approach for determining the expected credit losses.

4.7 Interest bearing borrowings

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL
Long term	20,580,219	30,318,524	20,580,219	25,121,361
Short term	234,869,881	125,658,532	234,869,881	104,118,307
	255,450,100	155,977,056	255,450,100	129,239,668

The short term loans represent a reclassification to current liabilities as per IFRS 7 Financial Instruments: Disclosures. The loans have a tenure of two years and accrue interest at an effective rate of 45% 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.

4.8 Finance lease

	2020		
	Up to 1 year	2 to 5 years	Total
Principal	50,293	-	50,293
Interest	1,886	-	1,886
	52,179	-	52,179
	2020		
	Up to 1 year	2 to 5 years	Total
Principal	41,672	-	41,672
Interest	1,563	-	1,563
	43,235	-	43,235

Finance leases have been fully paid up as at the reporting period.

4.9 Accounts payable

	Inflation Adjusted		Historical Cost	
	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL	Reviewed 30 Jun 2021 ZWL	Audited 31 Dec 2020 ZWL
Trade	135,942,233	53,639,558	135,942,233	44,444,733
Unearned revenue (Advance receipts from customers)	417,351,204	86,872,711	417,351,204	71,981,102
Contract accruals and other payables	1,986,427,642	1,955,397,976	1,986,427,642	1,620,206,149
Tax liabilities	613,857	1,505,520	613,857	1,247,446
Subcontractor liabilities	927,527,210	956,759,469	927,527,210	792,752,980
	3,467,862,146	3,054,175,234	3,467,862,146	2,530,632,410

4.10 Contingent liabilities

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

	391,977,649	1,036,218,391	391,977,649	858,591,155
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