



REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

CHAIRMAN'S STATEMENT



I am pleased to present the Mashonaland Holdings Limited financial results for the six months ended 30 June 2024.

Operating environment

During the period, the Reserve Bank of Zimbabwe pronounced changes to the country's monetary policy position. Changes announced included the introduction of a new currency, the Zimbabwe Gold Currency (ZWG) effective April 2024. Since its introduction, the ZWG has maintained a stable exchange rate which has been supported by money supply interventions implemented by the Central Bank. These positive changes have led to a slowdown in the rate of inflation.

The country's economic output has however remained constrained due to the El Nino induced drought's impact on agricultural sector performance. The drought has also led to reduced electricity generation capacity and supply. Availability and cost of power supply are set to continue as significant business considerations for all sectors of the economy during the financial period.

Property market

The real estate market has been impacted by persisting foreign currency shortages in the formal sectors of the economy. Low liquidity has restricted the number of freehold property transactions concluded in the market. In the development space, in an effort to manage market risk, property developers have opted to implement low to medium scale investment projects which offer compelling returns.

The occupier sub-market has witnessed constant growth in voids particularly in the CBD office segment which has been affected by growing tenant preference for suburban space. The retail and industrial segments continue to show signs of growth with tenants looking for space in strategic locations which offer visibility and access to markets. Residential property continues to offer investment opportunities for developers, however, the increasing cost of construction represents a headwind against sustainable growth in this segment.

Change in functional and reporting currency

The Board assessed the Group's business trends against the requirements of IAS 21 and concluded that the business had met the threshold to change its functional currency from the local currency to the United States Dollar. This change in the Group's functional currency was implemented retrospectively with effect from 1 January 2023. Further information on the change in functional and reporting currency is outlined in the reviewed half year financial results.

Financial performance for the half year

Revenue increased by 15% from US\$3.1million to US\$3.6million. Rental income contributed to the positive performance having improved from US\$2.3million in 2023 to US\$2.7million in June 2024. During the period, the Group completed and handed over the Mashview Gardens cluster housing development. The Group earned US\$542,227 in revenue from the project thereby contributing to the revenue performance for the half year period.

Operating profit increased by 53% from US\$1.1million in June 2023 to US\$1.7million in June 2024 due to the improved revenue performance and decrease in project expenses following completion of the Mashview Gardens project.

The Group posted a profit after tax of US\$2.4million which represents a 72% improvement from US\$1.4million in 2023. The performance was due to the improved operating profit position and a capital gain on investment property of US\$1million (2023: US\$1.2million).

Investment property

The Group performed an open market valuation of its investment properties as at 30 June 2024. The investment property portfolio was valued at US\$85.9million in June 2024 compared to US\$80.7million in December 2023, the growth in the asset base was due to property capital gains of US\$1million and investments of US\$4.2million which were made into ongoing development projects.

Property development projects

Pomona Commercial Centre Development Project

Construction works on the Pomona Commercial Centre Development commenced in the 3rd quarter of 2023. The development concept consists of wholesaling and flexible warehousing with 14,000sqm lettable space. The anchor tenant has been secured and 60% of the development has been successfully pre-leased. The project construction works are targeted to be completed in Q4 2024. The project has achieved a 65% completion stage and is on-course for delivery in the fourth quarter of the year.

12 Van Praagh Day Hospital Project

The project was completed and handed over to the tenant. The development started earning rentals under a long-term lease from January 2024.

Mashview Gardens

Construction and handover of the 24 housing units to the beneficial owners has now been concluded.

Outlook

The Government of Zimbabwe has reduced the forecasted economic growth projections from 3.5% to 2%. The downward revision has been attributed to the severe impact of the drought on agriculture sector output.

Despite headwinds in the economic environment, the Group remains focused on its strategic objectives. Major focus continues to be set on completion of on-going property development projects which form part of the Group's portfolio diversification roadmap.

Appreciation

On behalf of the Board, I would like to thank our esteemed tenants for the continued loyalty and all our other stakeholders for their support. I also thank my fellow board members, management, and staff for their unwavering commitment.

Reviewed Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group	
		30 June 2024 Reviewed US\$	30 June 2023 Reviewed US\$
Revenue	2	3,610,926	3,136,126
Property expenses		(811,471)	(1,144,363)
Net property income		2,799,455	1,991,763
Other income	3	19,758	42,452
Allowance for credit losses		610	(21,418)
Administrative expenses		(1,086,674)	(879,506)
Operating profit		1,733,149	1,133,291
Fair value adjustments		1,167,486	1,032,115
Investments held for trading		150,802	(172,232)
Investment properties		1,016,684	1,204,347
Profit before finance income and costs, exchange losses and tax		2,900,635	2,165,406
Finance income	4	119,176	182,912
Net exchange losses		(346,554)	(405,222)
Finance costs	5	(312,741)	(122,117)
Profit before tax		2,360,516	1,820,979
Tax credit/(expense)	6	21,670	(433,664)
Profit after tax		2,382,186	1,387,315
Weighted average number of shares		1,690,249,809	1,690,249,809
Basic and diluted earnings per share - US cents	16	0.14	0.08

*Comparative figures have been restated to effect the change in functional currency from 1 January 2023.

Reviewed Condensed Consolidated Statement of Financial Position

	Notes	Group		
		30 June 2024 Reviewed US\$	31 Dec 2023 Reviewed US\$	1 Jan 2023 Reviewed US\$
Assets				
Non-current assets		87,265,282	82,167,590	77,883,424
Vehicles and equipment		74,090	194,291	147,047
Investment property	7	85,921,826	80,665,000	76,882,000
Long-term receivables		1,269,366	1,308,299	854,377
Current assets		5,634,346	3,555,412	8,182,201
Assets held for trading		711,734	672,289	770,901
Inventories		23,526	85,259	418,646
Trade and other receivables	10	3,547,151	1,837,658	996,075
Contract asset receivable from customers		1,004,597	738,773	-
Cash and cash equivalents		347,338	221,433	5,996,579
Asset held for sale	8	2,950,000	2,950,000	-
		95,849,628	88,673,002	86,065,625
Equity and liabilities				
Equity		83,200,941	81,029,245	76,980,660
Non-current liabilities				
Deferred tax		4,203,055	3,958,294	3,625,280
Non-current portion of borrowings	9	3,041,506	609,016	1,500,133
Current liabilities		5,404,126	3,076,447	3,959,552
Trade and other payables	11	4,534,641	1,153,972	1,755,756
Liabilities payable from contracts with customers		30,673	84,348	247,873
Current portion of borrowings	9	692,825	1,490,804	1,523,726
Income tax payable		-	-	122,862
Accruals		145,987	347,323	309,335
		95,849,628	88,673,002	86,065,625
Net asset value per share - US cents		4.92	4.79	4.55

*Comparative figures have been restated to effect the change in functional currency from 1 January 2023.

Reviewed Condensed Consolidated Statement of Cash Flows

	Group	
	30 June 2024 Reviewed US\$	30 June 2023 Reviewed US\$
Net cash inflow from operating activities	2,912,700	151,274
Profit before tax	2,360,516	1,820,979
Non-cash items	(637,715)	(327,699)
Decrease/(increase) in working capital	1,251,008	(1,207,047)
Tax paid	(61,109)	(134,959)
Net cash outflow from investing activities	(3,306,089)	(2,910,752)
Interest received	60,151	29,449
Proceeds from disposal of vehicles and equipment	23,201	-
Purchase of vehicles and equipment	-	(150,283)
Additions and refurbishment of investment property	(3,389,441)	(2,789,918)
Net cash inflow/(outflow) from financing activities	519,294	(905,201)
Dividend paid	(169,472)	(159,798)
Loan repayment	(198,493)	(623,286)
Loan raised	1,200,000	-
Finance costs	(312,741)	(122,117)
Increase/(decrease) in cash and cash equivalents	125,905	(3,664,679)
Cash and cash equivalents at the beginning of the period	221,433	5,996,579
Cash and cash equivalents at the end of the period	347,338	2,331,901

*Comparative figures have been restated to effect the change in functional currency from 1 January 2023.

Reviewed Condensed Consolidated Statement of Changes in Equity

	Group		
	30 June 2024 Reviewed US\$	31 Dec 2023 Reviewed US\$	1 Jan 2023 Reviewed US\$
Balance at beginning of the period	81,029,245	76,980,660	72,085,034
Total comprehensive income	2,382,186	4,280,965	5,352,708
Dividend declared	(210,490)	(232,380)	(457,082)
Balance at end of the period	83,200,941	81,029,245	76,980,660

*Comparative figures have been restated to effect the change in functional currency from 1 January 2023.

