MASHONALAND HOLDINGS LIMITED

(Incorporated in Zimbabwe)

Leading property owners and developers

NOTICE TO MEMBERS: UNAUDITED RESULTS FOR THE HALF YEAR ENDED 31 MARCH 2011

STATEMENT OF COMPREHENSIVE INCOME

	Notes	GROUP Six months to 31 March 2011 US$	Six months to 31 March 2010 US$
Revenue	5	**2,633,120**	**1,793,354**
Property expenses		(284,801)	(194,271)
Net property income		**2,348,319**	**1,599,083**
Other income	6	80,553	70,924
Administrative expenses		(674,098)	(499,398)
Net property income after administrative expenses		**1,754,774**	**1,170,609**
Fair value adjustments			
Quoted securities		65,974	(10,819)
Operating profit before interest and tax		**1,820,748**	**1,159,790**
Net finance income	3	53,550	28,761
Profit before tax		**1,874,298**	**1,188,551**
Tax	4	(444,306)	(442,686)
Profit for the period		**1,429,992**	**745,865**
Attributable to:			
Owners of parent		**1,429,992**	**745,865**
		1,429,992	**745,865**
Total comprehensive income for the period		**1,429,992**	**745,865**
Number of shares in issue		1,859,073,947	1,859,073,947
Weighted average number of shares		1,859,073,947	1,859,073,947
Earnings per share - cents		0.08	0.04

ABRIDGED STATEMENT OF FINANCIAL POSITION

	Notes	GROUP Six months to 31 March 2011 US$	Year ended 30 Sept 2010 US$
Equity and liabilities			
Shareholders' funds		48,382,635	47,716,487
Deferred taxation		15,373,456	15,387,562
Current liabilities	9	707,822	570,108
		64,463,913	**63,674,157**
Assets			
Non-current assets	7	62,350,836	62,154,358
Current assets	8	2,113,077	1,519,799
		64,463,913	**63,674,157**
Net asset value per share -cents		2.60	2.57

ABRIDGED STATEMENT OF CASH FLOWS

	GROUP Six months to 31 March 2011 US$	Six months to 31 March 2010 US$
Net cash inflow from operating activities	**1,679,874**	**1,293,483**
Operating profit before dividend income, interest and tax	1,820,748	1,159,790
Non-cash items	(10,951)	48,255
Loss/(profit) on disposal of plant and equipment	(3,120)	-
(Increase)/decrease in working capital	(126,803)	85,438
Tax paid	**(329,856)**	**(408,430)**
Net cash inflow from returns on investment and servicing of finance	**(215,325)**	**28,761**
Net finance income	53,550	28,761
Dividend paid	(268,875)	-
Net cash (outflow) from investing and financing activities	**(594,740)**	**(654,946)**
Proceeds on sales of quoted shares	4,208	4,641
Purchase of investments - qouted shares	(103,741)	(25,000)
Purchase of plant and equipment	(88,525)	(207,325)
Proceeds from disposal plant and equipment	5,650	-
Purchase of treasury shares	(412,332)	(427,262)
Net increase in cash and cash equivalents	**539,953**	**258,868**

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	GROUP Six months to 31 March 2011 US$	Six months to 31 March 2010 US$
Sharholders equity at 30 Sept	**47,716,487**	**51,900,851**
Earnings attributable to shareholders	1,429,993	(8,590,653)
Treasury shares bought back	(412,332)	(882,721)
Dividend paid	(351,513)	-
Shareholders' equity at end of period	**48,382,635**	**42,427,477**

SUPPLEMENTARY INFORMATION

	GROUP Six months to 31 March 2011 US$	Six months to 31 March 2010 US$
1. Accounting policies		
All the accounting policies that were used in the latest annual statements continued to be applied during the year		
2. Depreciation on motor vehicles and equipment charged to operating profit	**55,023**	**37,436**
3. Net finance income		
Interest received	**53,550**	**28,761**
4. Tax		
Current year tax charge	454,862	354,018
Withholding tax	3,550	2,815
Deferred tax (credit)/ charge	(14,106)	85,853
Total	**444,306**	**442,686**
5. Revenue		
Rental Income	2,633,120	1,793,354

SUPPLEMENTARY INFORMATION (continued)

	GROUP Six months to 31 March 2011 US$	Six months to 31 March 2010 US$
6. Other income		
Service charges	72,960	70,924
Profit on disposal of plant & equipment	3,133	-
Dividends	4,460	-
	80,553	**70,924**

	Six months to 31 March 2011 US$	Year ended 30 Sept 2010 US$
7. Non-current assets		
Investment properties	61,288,000	61,288,000
Plant and equipment	495,038	464,070
Investments in quoted shares	567,798	402,288
8. Current assets		
Inventories	16,990	21,094
Accounts receivable	636,080	578,651
Bank and cash	1,460,007	920,054
	2,113,007	**1,519,799**
9. Current Liabilities		
Accounts payable	436,536	419,086
Income tax payable	212,020	83,464
Provisions	59,266	67,558
	707,822	**570,108**
10. Cash and cash equivalents		
Opening balance	**920,054**	**484,953**
Increase in cash and cash equivalents	539,953	435,101
Closing balance	**1,460,007**	**920,054**

11. Segmental information- US$

31 March 2011	Office/retail	Industrial	Pure retail	Other	Admin	Total
Revenue	1,891,802	462,052	159,466	119,800	-	2,633,120
Profit	1,722,241	461,485	154,010	91,136	(554,574)	1,874,298
Assets	43,114,876	9,039,838	4,031,007	5,738,345	2,539,847	64,463,913
Liabilities	11,278,208	2,470,797	1,052,060	999,941	271,272	16,081,278

12. Property portfolio performance-US$

31 March 2011	GLA %	Rent %	Rate/sqm-US$	Yields %
Office/retail	46	72	7.53	9
Industrial	45	18	1.63	10
Pure retail	4	6	6.04	8
Other	5	4	4.72	7
	100	100		

31 March 2010	GLA %	Rent %	Rate/sqm-US$	Yields %
Office/retail	46	70	4.27	8.4
Industrial	45	17	1.09	8.8
Pure retail	4	7	4.97	8.0
Other	5	6	3.23	7
	100	100		

CHAIRMAN'S STATEMENT

Introduction

The stable macro-economic environment continued during the period under review. However, lingering liquidity constraints and the absence of economic growth stimulating policies resulted in relatively limited growth. The country's enabling environment is yet to find a lasting solution and this has remained a major hurdle to full economic recovery and the participation of international investors. Although most companies reviewed their business models in order to align with the current trading environment, the prevailing credit squeeze had a negative impact on operations. Consequently, a sizable number of our tenants struggled to fulfill their lease obligations.

Results

Revenue at $2 633 120 (2010-$1 193 354) represented a 47% growth from the corresponding period last year. The growth in rentals was due to successful lease renegotiations. Management will continue to negotiate rentals in line with market levels although the upside in revenue hinges heavily on the improvement in the country's economic performance.

Property expenses were $284 801, (2010- $194 271) and this represented 10% of revenue. The continued implementation of previously deferred maintenance programs and operating costs relating to voids were the main drivers of this spend. Administrative expenses at $674 098 (2010- $499 398) increased by 35% from the prior year. However the expense to revenue ratio improved to 26% (2010-28%). The net property income after administrative expenses was $1 754 774 (2010-$1 170 609) representing a margin of 67% (2010-65%).

Your Company posted an operating profit of $1 820 748 (2010 -$1 159 790). This was 57% ahead of the same period last year.

Investment properties

The internal valuation carried out by the Directors indicated that the property values had moderately moved upwards since the last valuation done in September 2010. However, the Directors preferred to maintain the 30 September 2010 property values of $61 288 000 until a full independent valuation is done at the end of the current financial year. The Directors will continue to seek and review market evidence to ensure that the carrying values of investment property reflect sustainable market conditions.

The macro-economic stability that the country enjoyed saw renewed interest in the property market. Furthermore, a number of developments projects that had been shelved by developers are now being revisited, indicating growing confidence in the property market. However, the limited availability of mortgage finance continued to negatively affect activity in the property sector. This constraint resulted in most commercial property transactions being dominated by foreign investors.

Operations

Rentals continued to grow in the period under review, driven by lease reviews and a few new lettings. Monthly revenue grew by 29% for the entire portfolio from September 2010 to March 2011.

For leases reviewed to market, office rentals per square metre ranged between $8.50 to $9.50. For industrial space, the rates per square meter ranged from $1.75 to $4. Retail space ranged from $15 to $20 depending on size and location.

The annualized yields for office space averaged 9%, compared to 8.4% for last year. Industrial space was at 10%; up from 8.8% whilst stand-alone retail and residential were stagnant at 8% and 4.4% respectively.

The new lettings resulted in a reduction of the vacancy rate, from 10% at the beginning of the financial year to 7% as at 31st March 2011. The office sector continued to have the most vacancies. Preparations have advanced to refurbish one of office towers to a modern internal finish. This will enable achievement of competitive rentals.

Arrears were at 18%, but are expected to improve to 10% by year end. A significant portion of the arrears are from tenants that were successfully evicted. These tenants have been handed over for collection of outstanding amounts.

Operating costs for the buildings have stabilized. However, management remains concerned with the level of utility charges.To manage this challenge, management is working on a power consumption management strategy.

The country still faces challenges from skills shortages. This has translated to high maintenance costs of building plant and equipment. However, our preventative maintenance strategies remained in place to ensure that the value of your buildings is protected.

Share Buyback

Shareholders renewed the share buy back scheme at the Annual General Meeting held on 24 February 2011.A further 24 million shares were bought at an average price of $0.017 per share. This brought the cumulative number of treasury shares to 108.7 million. The approved number of shares for the scheme is 200 million.

Dividend

In view of the need to attend to deferred maintenance and for your Company to pursue available projects with positive net value, the directors decided not to declare an interim dividend.

Outlook

The upside potential in the local property market remains unexploited. Your Directors believe that your Company is correctly positioned to optimize on any growth opportunities that arise. We remain hopeful that a permanent solution to an enabling environment will be found which in turn will improve the macro-economic environment. This will provide a platform for unlocking value in the existing competencies and propel your Company on a sustainable growth path.

Appreciation

I wish to express my sincere gratitude to our valued tenants, shareholders, management and staff, and our professional advisors, for their continued support during the period under review. A special word of appreciation goes to my colleages on the Board.

Harare
18 May 2011

E.N. Mushayakarara
Chairman

MO 12

Directors: E. N. Mushayakarara (Chairman), M. Mahari (Chief Executive), A. G. Chinembiri, N. Matsangura, W. B. Mashumba, L. Mawire.