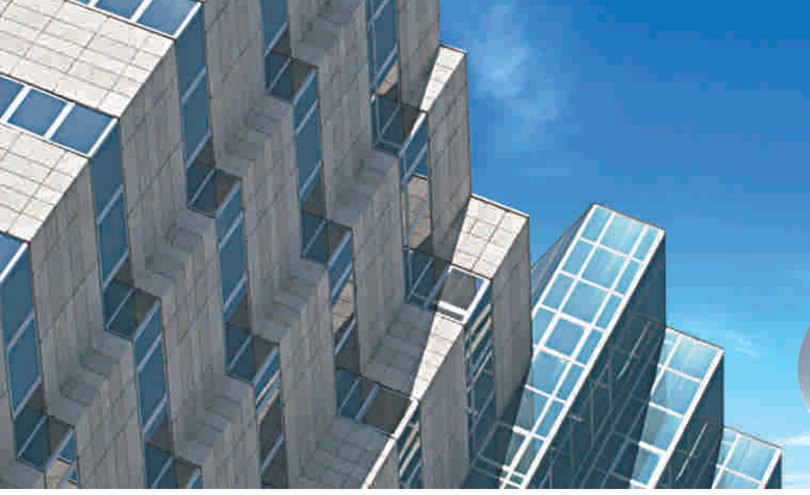

results

MASHONALAND HOLDINGS LIMITED

(Incorporated in Zimbabwe)

Leading property owners and developers

NOTICE TO MEMBERS UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2012

STATEMENT OF COMPREHENSIVE INCOME

	Notes	GROUP Six months to 31 March 2012 US$	Six months to 31 March 2011 US$
Revenue	5	**3,567,608**	**2,633,120**
Property expenses		(348,808)	(284,801)
Net property income		**3,218,800**	**2,348,319**
Other income	6	185,002	80,553
Administrative expenses		(883,185)	(674,098)
Net property income after administrative expenses		**2,520,617**	**1,754,774**
Fair value adjustments		**(70,819)**	**65,974**
Quoted securities		(70,819)	65,974
Operating profit before interest and tax		**2,449,798**	**1,820,748**
Net finance income	3	211,439	53,550
Profit before tax		**2,661,237**	**1,874,298**
Tax	4	(663,412)	(444,306)
Profit for the period		**1,997,825**	**1,429,992**
Attributable to:			
Owners of parent		1,997,825	1,429,992
		1,997,825	**1,429,992**
Total comprehensive income for the period		**1,997,825**	**1,429,992**
Number of shares in issue		1,859,073,947	1,859,073,947
Weighted average number of shares		1,716,805,442	1,774,148,227
Earnings per share - cents		0.12	0.08

ABRIDGED STATEMENT OF FINANCIAL POSITION

	Notes	GROUP Six months to 31 March 2012 US$	Year ended 30 Sept 2011 US$
Equity and liabilities			
Shareholders' funds		81,788,915	80,691,275
Deferred taxation		4,109,110	4,148,542
Current liabilities	9	666,826	510,211
		86,564,851	**85,350,028**
Assets			
Non-current assets	7	82,808,789	82,457,216
Current assets	8	3,756,062	2,892,812
		86,564,851	**85,350,028**
Net asset value per share -cents		4.76	4.66

ABRIDGED STATEMENT OF CASH FLOWS

	GROUP Six months to 31 March 2012 US$	Six months to 31 March 2011 US$
Net cash inflow from operating activities	**2,609,377**	**1,679,874**
Operating profit before dividend income, interest and tax	2,449,798	1,820,748
Non-cash items	136,703	(10,951)
Profit on disposal of plant and equipment	-	(3,120)
Decrease/(increase)/ in working capital	22,876	(126,803)
Tax paid	**(460,456)**	**(329,856)**
Net cash outflow from returns on investment and servicing of finance	**(222,633)**	**(215,325)**
Net finance income	211,439	53,550
Dividend paid	(434,072)	(268,875)
Net cash (outflow) from investing and financing activities	**(937,637)**	**(594,740)**
Proceeds on sales of quoted shares	4,152	4,208
Purchase of investments - qouted shares	(110,239)	(103,741)
Purchase of plant and equipment	(58,416)	(88,525)
Refurbishment of investment property	(324,860)	-
Proceeds from disposal plant and equipment	1,075	5,650
Purchase of treasury shares	(449,349)	(412,332)
Net increase in cash and cash equivalents	**988,651**	**539,953**

STATEMENT OF CHANGES IN EQUITY

	GROUP Six months to 31 March 2012 US$	Six months to 31 March 2011 US$
Shareholders equity as at 30 September 2011	**80,691,275**	**47,716,487**
Earnings attributable to shareholders	1,997,825	1,429,992
Treasury shares bought back	(449,349)	(412,332)
Dividend paid	(450,836)	(351,512)
Shareholders' equity at end of period	**81,788,915**	**48,382,635**

SUPPLEMENTARY INFORMATION

	GROUP Six months to 31 March 2012 US$	Six months to 31 March 2011 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 fixed assets charged to operating profit	**65,883**	**55,023**
3. Net finance income		
Interest received	**211,439**	**53,550**
4. Tax		
Current year tax charge	679,025	454,862
Withholding tax	23,820	3,550
Deferred tax (credit)	(39,433)	(14,106)
Total	**663,412**	**444,306**

SUPPLEMENTARY INFORMATION *continued*

	GROUP Six months to 31 March 2012 US$	Six months to 31 March 2011 US$
5. Revenue		
Rental Income	3,567,608	2,633,120
6. Other income		
Service charges	72,871	72,960
Profit on disposal of plant & equipment	-	3,133
Proceeds from sinking fund	110,239	-
Dividends	1,892	4,460
	185,002	**80,553**

	Six months to 31 March 2012 US$	Year ended 30 Sept 2011 US$
7. Non-current assets		
Investment properties	81,729,860	81,405,000
Plant and equipment	461,316	469,857
Investments in quoted shares	617,613	582,359
	82,808,789	**82,457,216**
8. Current assets		
Inventories	21,987	16,850
Tax asset	-	33,351
Accounts receivable	562,866	660,053
Bank and cash	3,171,209	2,182,558
	3,756,062	**2,892,812**
9. Current liabilities		
Accounts payable	359,226	429,990
Income tax payable	209,043	-
Provisions	98,557	80,221
	666,826	**510,211**
10. Cash and cash equivalents		
Opening balance	2,182,558	920,054
Increase in cash and cash equivalents	988,651	1,262,504
Closing balance	**3,171,209**	**2,182,558**

11. Segmental information- US$

31 March 2012	Office/retail	Industrial	Pure retail	Other	Admin	Total
Revenue	2,713,426	547,184	158,127	148,871	-	**3,567,608**
Profit before tax	2,647,445	513,923	144,518	96,023	(740,672)	**2,661,237**
Assets	59,191,378	9,421,489	5,320,880	8,358,979	4,272,125	**86,564,851**
Liabilities	3,330,153	544,971	284,117	213,908	402,787	**4,775,936**

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	11,287,208	2,470,797	1,052,060	999,941	271,272	**16,081,278**

12. Property portfolio performance

31 March 2012	GLA %	Rent %	Rate/sqm-US$	Yields %
Office/retail	46	76	9.26	9
Industrial	45	15	1.93	11
Pure retail	4	5	6.04	8
Other	5	4	4.72	7
Total/ Portfolio average	**100**	**100**	**5.66**	**9**

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
Total/ Portfolio average	**100**	**100**	**4.18**	**9**

CHAIRMAN'S STATEMENT

Introduction

The macro-economic environment remained stable during the period under review. However, the persistent liquidity challenges coupled with lack of robust economic growth drivers slowed down business growth. The inconsistencies in the operating environment raised the country's perceived risk and negatively impacted the general business confidence. The continued absence of appropriate real estate financing instruments curtailed activity in the real estate sector. The liquidity constraints resulted in some tenants facing challenges in discharging their lease obligations.

Results

Revenue at $3.6 million (2011-$2.6 million) grew by 35% from the corresponding period last year. The rental growth was driven by positive lease negotiations. Management is aware of the uncertainties in the macro-economic environment and expects the future rent negotiations to be largely reflective of these circumstances.

Property expenses were $349 000, (2011- $285 000). This represented 10% of revenue. Deferred maintenance programs and operating costs relating to voids continued to be the key drivers of this expenditure. Administrative expenses at $883 000 (2011- $674 000) increased by 31% from the prior year. However the expense to revenue ratio of 24% (2011-25%) was largely in line with the prior year's position. The net property income after administrative expenses was $2.5 million (2011-$1. 8 million) representing a margin of 66% (2011-65%).

Your Company posted an operating profit of $2.5 million (2011 -$1. 8 million). This was 39% ahead of the same period last year.

Investment properties

The Group embarked on lifts and amenities modernisation program during the period under review. This program will be across the property portfolio and is being financed from internal resources. An increase in portfolio income and evidence on similar properties that were recently re-valued would indicate some upward adjustment in the portfolio market value. A full independent professional valuation will be carried out at the end of the current financial year.

Operations

The 35% growth in revenue was largely a result of rentals that were renegotiated to market levels. The average portfolio yield remained at 9%. The office,retail and specialised health sectors posted a yield of 9%. The industrial and residential sectors achieved a yield of 11% and 7% respectively.

Arrears at the end of the period were $508 000 of which $167 000 emanated from the period under review, the balance of $348 000 was brought forward from last year. We have already secured favourable judgment on a significant number of cases of the long outstanding debtors and progress on the remainder is satisfactory. Management will continue to proactively manage debtors.

The vacancy rate moved from 7% to 8% between the beginning and the end of the reporting period. This was largely as a result of a few tenants giving up space citing increased total costs of occupation.

Electricity costs, which are a major component of the occupancy costs rose sharply in the period under review. This significantly altered the operating cost levels.

Share Buyback

Shareholders renewed the share buyback scheme at the Annual General Meeting held on 23 February 2012. A further 16 million shares were bought at an average price of $0.028 per share. This brought the cumulative number of treasury shares to 142.3 million. The approved number of shares for the scheme is 200 million. As at 31 March 2012, the market value of the treasury shares held was $3.4 million dollars.

Dividend

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

Outlook

In addition to a number of development projects that are at planning stage, your Company will continue to actively seek value creating opportunities on the local property market. Growth prospects will be sought in both green and brownfields projects. Moreover, your Company will also look at sustainable ways of developing and strengthening relationships with key stakeholders in the value chain.

Appreciation

I wish to express my sincere gratitude to all stakeholders for their invaluable support during the period under review.

Harare
16 May 2012

E N Mushayakarara
Chairman

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

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