



2016 Half Year Results

Mashonaland Holdings Limited

(Incorporated in Zimbabwe)
Leading property owners and developers

NOTICE TO MEMBERS: ABRIDGED UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2016

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		GROUP	
Notes	Six months ended 31 March 2016 US\$	Six months ended 31 March 2015 US\$	
Revenue	2,839,250	2,975,869	
Property expenses	(689,083)	(621,484)	
Net property income	2,150,167	2,354,385	
Other income	74,823	80,164	
Administrative expenses	(992,981)	(1,041,206)	
Net property income after administrative expenses	1,232,009	1,393,343	
Fair value adjustments	(117,870)	(165,913)	
Quoted securities	(117,870)	(165,913)	
Operating profit before finance income and tax	1,114,139	1,227,430	
Finance income	230,778	187,447	
Profit before tax	1,344,917	1,414,877	
Tax expense	(694,505)	(483,202)	
Profit for the period	650,412	931,675	
Total comprehensive income for the period	650,412	931,675	
Earnings attributable to the equity holders of the parent	650,412	931,675	
Weighted average number of shares	1,695,723,308	1,696,752,686	
Earnings per share - cents	0.04	0.05	

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		GROUP	
Notes	Six months ended 31 March 2016 US\$	Year ended 30 Sept 2015 US\$	
Equity and liabilities			
Equity	99,544,514	98,894,693	
Deferred taxation	8,893,320	8,187,053	
Current liabilities	1,033,900	1,220,064	
Total equity and liabilities	109,471,734	108,301,810	
Assets			
Non-current assets	101,645,726	100,450,742	
Current assets	7,826,008	7,851,068	
Total assets	109,471,734	108,301,810	
Net asset value per share - cents	5.87	5.83	

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS		GROUP	
	Six months ended 31 March 2016 US\$	Six months ended 31 March 2015 US\$	
Net cash inflow from operating activities	1,007,557	1,222,299	
Operating profit before interest and tax	1,114,139	1,227,430	
Adjustment for non-cash items	224,027	249,637	
(Decrease)/increase in working capital	(218,537)	133,056	
Tax paid	(112,072)	(337,824)	
Net cash outflow from investing and financing activities	(1,019,904)	(3,964,160)	
Interest received	230,778	187,447	
Proceeds on sales of quoted shares	4,570	6,481	
Purchase of investments - quoted shares	(2,495)	(5,107)	
Purchase of plant and equipment	(7,160)	(192,927)	
Purchase of investment property	-	(2,611,320)	
Refurbishment and development of investment property	(1,174,597)	(947,777)	
Issue of long term loans	(71,000)	(400,957)	
Net cash outflow from financing activities	(24,310)	(7,717)	
Dividend paid	(23,719)	(96)	
Repurchase of treasury shares	(591)	(7,621)	
Net decrease in cash and cash equivalents	(36,657)	(2,699,578)	

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		GROUP	
	Six months ended 31 March 2016 US\$	Six months ended 31 March 2015 US\$	
Balance at the beginning of the period	98,894,693	104,962,629	
Earnings attributable to shareholders	650,412	931,675	
Treasury shares bought back	(591)	(7,621)	
Shareholders' equity at end of period	99,544,514	105,886,683	

ABRIDGED SUPPLEMENTARY INFORMATION		GROUP	
	Six months ended 31 March 2016 US\$	Six months ended 31 March 2015 US\$	
1. Directors' Responsibility			
The Directors are responsible for the preparation and fair presentation of the Group's abridged consolidated financial statements. The accounting policies used in the current year are consistent with those applied in the previous period.			
2. Depreciation on property and equipment charged to operating profit	85,499	76,308	
3. Finance income	230,778	187,447	
Interest income	230,778	187,447	
4. Tax	694,505	483,202	
Current year tax (credit)/expense	(15,905)	385,145	
Withholding tax	4,142	2,280	
Deferred tax charge	706,268	95,777	
5. Revenue	2,839,250	2,975,869	
Rental income	2,839,250	2,975,869	
6. Other income	74,823	80,164	
Service charges	70,620	70,670	
Dividend income	4,203	9,494	
	74,823	80,164	

ABRIDGED SUPPLEMENTARY INFORMATION - continued		GROUP	
	Six months ended 31 March 2016 US\$	Year ended 30 Sept 2015 US\$	
7. Non-current assets			
Investment properties	100,158,700	98,952,000	
Plant and equipment	387,450	465,788	
Long term loans	1,099,576	1,032,954	
101,645,726	100,450,742		
8. Current assets			
Assets held for trading	409,252	529,196	
Inventories	2,193,734	2,193,300	
Tax receivable	50,063	-	
Accounts receivable	3,513,579	3,432,535	
Cash and cash equivalents	1,659,380	1,696,037	
7,826,008	7,851,068		
9. Current liabilities			
Accounts payable	(928,211)	(853,032)	
Income tax payable	-	(73,772)	
Provisions	(105,689)	(293,260)	
(1,033,900)	(1,220,064)		
10. Cash and cash equivalents			
Opening balance	1,696,037	3,476,681	
Decrease in cash and cash equivalents	(36,657)	(1,780,644)	
Closing balance	1,659,380	1,696,037	

31 March 2016		Office/retail	Industrial	Pure retail	Other	Total
Revenue	2,839,250	1,938,742	560,507	176,901	163,100	2,839,250
Net property income	2,150,167	1,323,941	527,053	159,157	140,016	2,150,167
Assets	103,722,341	75,053,684	9,781,926	7,178,062	11,708,669	103,722,341
Liabilities	9,258,082	6,563,439	910,524	664,576	1,119,543	9,258,082

31 March 2015		Office/retail	Industrial	Pure retail	Other	Total
Revenue	2,975,869	2,053,365	547,156	202,148	173,200	2,975,869
Net property income	2,354,385	1,518,060	516,585	184,158	135,582	2,354,385
Assets	109,080,561	79,190,460	9,981,877	6,061,568	13,846,656	109,080,561
Liabilities	5,631,998	4,294,699	517,799	361,551	457,949	5,631,998

12. Property portfolio performance - US\$		GLA %	Rent %	Rate/sqm-US\$	Yields %
31 March 2016					
Office/retail		48	69	10.46	5
Industrial		44	18	1.98	11
Pure retail		4	7	8.88	6
Other		4	6	7.38	6
Total/portfolio average		100	100	5.53	6

31 March 2015		GLA %	Rent %	Rate/sqm-US\$	Yields %
Office/retail		46	69	10.66	5
Industrial		45	18	1.97	11
Pure retail		4	7	12.03	7
Other		5	6	5.00	6
Total/portfolio average		100	100	5.71	7

13. Commitments for capital expenditure		Six months ended 31 March 2016 US\$	Year ended 30 Sept 2015 US\$
Authorised and contracted		675,098	151,138
Authorised and not yet contracted		2,303,000	4,133,700

CHAIRMAN'S STATEMENT

Introduction

The economic environment continued to deteriorate during the period under review. Business activity remained subdued as a result of the lingering liquidity challenges, company closures, growing informal sector and reduced aggregate demand. Consequently, the real estate sector faced flagging property fundamentals in the form of increasing vacancies, softening rentals and growing arrears.

Results

Revenue at US\$2.8 million (2015: US\$3.0 million) was 5% below prior year due to increasing void levels and downward rental review in the portfolio. New income streams are being actively developed to grow the revenue base.

Administrative expenses at US\$1.0 million (2015: US\$1.0 million) decreased by 5% from prior year. The resulting administrative expenses to income ratio remained at 34% (2015:34%). Cost reduction measures continue to be a priority.

The Group posted a net property income after administrative expenses of US\$1.2 million (2015: US\$1.4 million). This drop was as a result of the decline in revenue and rising property expenses. The ratio of net property income to total income ratio dropped to 42% (2015:46%).

The Group posted an after tax profit of US\$0.7 million (2015: US\$0.9 million). This charge was largely due to the deferred tax charge arising from capital allowances claims on the Group's properties.

Investment Properties
The Group did not carry out an independent valuation of its investment properties at half year. The portfolio value grew marginally to US\$100.2 million (2015: US\$99.0 million) mainly due to capitalised costs which is underway. This development will add 2 200 square metres of retail space to the property portfolio and is expected to be completed in July 2016.

Operations
The rental yield fell to 6% from 7% during the period under review due a combination of declining income

against a fixed portfolio valuation. Total occupancy fell marginally to 75% from 76% that was reported last year. The rent collection rate declined to 68% from 72% reported at end of last year. The declining collection rate and occupancy levels mirror the deteriorating economic environment. Tenants are finding it difficult to fulfil their lease obligations.

Even in this challenging environment, the Group continued to ensure that its properties remain well maintained. The Group took delivery of a new elevator for ZB Centre Bulawayo, completing the first phase of lifts replacement for all properties within the portfolio. The installation of this new elevator is in progress.

Directorate

I would like to welcome Mrs P Musarurwa who joined the Board on 18 November 2015.

Share Buyback

At the annual general meeting held on 25 February 2016, the Group's shareholders renewed the share buyback scheme. During the year, a total of 34 537 (2015:1.2 million) shares were bought at an average price of US\$0.017 per share bringing the total number of treasury shares to 163.4 million. This represents 8.8% of the issued share capital. As at 31 March 2016, the market value of these shares was US\$2.7 million (2015: US\$3.3 million).

Outlook

Despite the weakening economic fundamentals, the Group will continue with its efforts to unlock value on its existing land banks. Furthermore, suitable growth prospects that are driven by opportunity and demand will be pursued.

Dividend

In order to attend to valued projects and developments, your Board has deemed it prudent not to declare a dividend.

Appreciation

On behalf of the Board, I wish to express my sincere gratitude to our Directors, management and staff for their commitment and steadfastness towards our shared values. I also express my sincere thanks to our valued tenants, suppliers and other stakeholders for remaining supportive.

R. Mutandagayi

Harare
16 May 2016

R. Mutandagayi
Chairman