CONTENTS

NOTICE TO MEMBERS

Notice is hereby given that the 43rd Annual General Meeting of Mashonaland Holdings Limited will be held in the Boardroom, 19th Floor, ZB Life Towers, 77 Jason Moyo Avenue, Harare on Thursday 25 February 2010 at 12.00 hrs for the purpose of transacting the following business:

1. To receive and adopt the Audited Financial Statements and Report of the Directors for the year ended 30 September 2009.

2. To re-elect the following directors who retire in accordance with the Articles of Association and who, being eligible, offer themselves for re-election:

   Mr A. G. Chinembiri
   Mr N. Matsangura

3. To approve the fees of the Directors and Auditors.

4. To re-elect Ernst & Young as auditors for the ensuing year.

5. Special Business

Ordinary Resolution: Extension of Share Buy-back

"That, in accordance with Article 52 of the Articles of Association, the company be, as it is hereby, authorised and empowered to continue purchasing its own shares under the same terms and conditions as approved by shareholders in general meeting on 24 March 2004, as amended in general meeting on 23 February 2006, 22 February 2007, 21 February 2008 and 26 March 2009 and that the authority for such purchase be extended to 1 April 2011 or the next Annual General Meeting, whichever is the sooner."

6. Other Business

12th Floor
Z B Life Towers
77 Jason Moyo Avenue
Harare

By Order of the Boar

Comp

NOTES

Members who are entitled to attend and vote at the meeting may appoint one or more proxies to attend, vote and speak in their stead. The proxy need not be a member of the company.

To be effective, the proxy must be lodged at the company's office at least 48 hours before the appointed time of the meeting.

" Your Company continues to consider development possibilities for its land banks. During the period under review, development costs remained consistently higher than open market prices thereby discouraging the construction of new stock."

FINANCIAL HIGHLIGHTS

For the year ended 30 September 2009

HISTORICAL COST	Year ended 30 Sept 2009 $
Revenue	2 399 627
Operating loss before interest and tax	(22 924 683)
Loss before tax	(22 901 103)
Loss attributable to shareholders	(9 336 518)
Net assets	42 108 874
Net operating cash reserves	435 101
Headline loss per share – cents	(0.50)
Loss per share – cents	(0.50)

DIRECTORATE AND ADMINISTRATION

CHAIRMAN
E. N. Mushayakarara

EXECUTIVE DIRECTORS
M.Mahari
N.Matsangura

NON EXECUTIVE DIRECTORS
A. G. Chinembiri
W. B. Mashumba
L. Mawire (Mrs)

SECRETARY
N. Matsangura

HEAD OFFICE
12th Floor,
ZB Life Towers
77 Jason Moyo Avenue
Harare

LEGAL PRACTIONERS
Atherstone & Cook
Mercury House
George Silundika Avenue
Harare

Honey & Blanckenberg
200 Herbert Chitepo Avenue
Harare

PRINCIPAL PROPERTY VALUER
Knight Frank
1ST Floor
Finsure House
86 Kwame Nkhrumah
Harare

TRANSFER SECRETARIES
Z B Transfer Secretaries
1st Floor
ZB Centre
Kwame Nkrumah
Harare

AUDITORS
Ernst &Young
Chartered Accountants
(Zimbabwe)
Angwa City
Kwame Nkrumah Avenue/
Julius Nyerere Way
Harare

BANKERS
ZB Bank Limited
First Street Limited
Harare

Banc ABC
Endeavour Crescent
Mount Pleasant Business Park,
Mount Pleasant
Harare

MBCA Bank Limited
99 Jason Moyo Avenue
P. O. Box GT172
Graniteside
Harare

PRINCIPAL INSURERS
Royal Mutual Insurance
Mutual Gardens
100 The Chase
Emerald Hill
Harare

INSURANCE BROKERS
Hunt Adams & Associates (Private) Limited
Suite No.1
Westgate
Harare

CHAIRMAN'S STATEMENT

INTRODUCTION

At the beginning of the year under review, the economic environment was characterised by political uncertainty, hyper-inflationary conditions, and multiple exchange and interest rates. Your Company changed its functional and reporting currency from the Zimbabwe dollar to the United States dollar with effect from 1 February 2009.

In light of the current trading environment and guidance provided by the Public Accounting and Auditors Board (PAAB), Zimbabwe Accounting Practices Board (ZAPB)and the Institute of Chartered Accountants of Zimbabwe(ICAZ) your Company has not included prior year comparatives, as these would be misleading.

RESULTS

Revenue for the year was $2,4 million. The adoption of the United States Dollar resulted in a re-pricing of accommodation amongst other goods and services. This impacted positively on rent levels although they significantly lag regional levels.

Administration and property expenses were 37% of revenue.

Your Company recorded an operating loss of $23 million for the year to 30 September 2009. This arose principally from impairment on investment properties and equities.

An impairment occurs when the carrying amount of an asset is greater than its fair value or its estimated recoverable amount.

INVESTMENT PROPERTIES

Property values continued to decline from the equivalent of $74 million at 30 September 2008 to $54 million at 31 March 2009 and to $50 million at year-end. This decline represented a year-on-year movement of 32%. The loss in value was attributed to liquidity shortages in the market, lack of mortgage finance, a reduction in the volume of property transactions and depressed rent levels.

As a property investment company, Mashonaland Holdings is obliged to comply with International Accounting Standard 40, which requires that property held for investment purposes, be valued at fair value. This is determined by the directors and is based on independent professional valuations taking into account current market conditions. These valuations recognise a mix of variable factors, which include comparable market evidence, the size, quality, and location of the properties, and anticipated rental returns. Gains or losses arising from these valuations are included in the income statement, as required by the accounting standard.

The directors of your Company still hold the view that the prevailing negative market conditions are temporary and they expect property prices to rebound in response to increased political certainty and macro-economic stability. It should also be noted that these assets are still valued significantly below their replacement costs. The open market values are 53% of the depreciated replacement costs.

OPERATIONS

The depressed business operating conditions raised the economic stress levels of certain of your Company's tenants. This manifested itself in failure by an increasing number of customers to pay rentals on time and the slippage in occupancy levels. At 30 September 2009, rent arrears were 15% of annual revenue while the vacancy factor was 10%.

Another source of concern is the shortage of maintenance skills to service lifts in our high-rise buildings.

Your Company continues to consider development possibilities for its land banks. During the period under review, development costs remained consistently higher than open market prices thereby discouraging the construction of new stock.

" The directors of your Company still hold the view that the prevailing negative market conditions are temporary and they expect property prices to rebound in response to increased political certainty and macro-economic stability."

Your Company's property administration team increased its portfolio of internally managed properties. This was done through strengthening staffing levels in the accounting and property management departments.

SHARE BUY BACK

Following the renewal of the share buy back scheme at the Annual General Meeting held on 26 March 2009, a further 20 million shares were bought back at an average price of $0,02 per share. The total number of shares acquired to 30 September 2009 is 47 million. It should be noted that shareholders approved a total of 200 million shares for this scheme.

DIVIDEND

Owing to the need to conserve cash for capital expenditure, property maintenance and investments, the directors of your Company resolved not to pay a dividend for the year under review.

OUTLOOK

Compared to the prior year, the current political environment has brought in a relatively more stable operating environment for your Company. The directors remain confident of the long-term value inherent in the Company's stock of properties and of the future value of investing in real estate.

DIRECTORATE

Mr L. R. Bruce retired as a director with effect from the Annual General Meeting on 26 March 2009. There were no further changes to the directorate.

APPRECIATION

I express my sincere appreciation to the directors, shareholders, our professional advisors and all the staff for their continued support during the period under review. In particular I thank Mr Len Bruce for his many years of dedicated service to the Board and, on behalf of my fellow directors, wish him well in his retirement.

Harare
18 November 2009

E. N. Mushayakarara
Chairman

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

THE OPERATING ENVIRONMENT

The year under review had a number of upturns which if they sustain will usher a positive turn for business in general and buoyancy in our property sector in particular. The introduction of the multicurrency system in February 2009 and the formation of the Government of National Unity were the key upturns offering price stability and relative certainty on the economic environment. Cost management has improved emanating from the noted decline in inflation. Business, however, remains subdued due to the current liquidity crunch.

THE PROPERTY MARKET

Over the past year, the property market has generally seen a decline in values. The values that were attaining in the previous year came down at the advent of the multicurrency system. Valuation uncertainty due to inflation had resulted in high valuations in the past years. Although uncertainty in values remains given the current political environment, valuations in US Dollar terms stabilised. Commercial properties saw downward movements of between 20 to 50 percent in US Dollar terms from the past years. This downward movement has led to a thin market as uncertain sellers hold on to their properties. In comparison to the regional levels properties in Zimbabwe are undervalued. The decline in capital values however seems to be largely due to a rise in yields on the back of political and economic uncertainty. Rentals across all sectors have actually firmed compared to rentals that were obtaining last year converted to US Dollar terms. Property repairs and maintenance have been favored by the price stability that prevailed in the year under review. Most property owners were able to undertake deferred maintenance.

PERFOMANCE OF THE PROPERTY PORTFOLIO

The property portfolio experienced a price correction, resulting in a 33% devaluation of the Investment properties in the year under review. The Portfolio was independently valued by Knight Frank. An analysis of the overall ratio of open market value to gross replacement cost indicated a slide of 28% from the previous year.

On a sector basis, rentals in the office and retail sectors grew by about 50% but still capital values fell by 29% due to high yield rates. The residential sector saw a capital value decline of 39%. The industrial sector also suffered a capital decline of 43%. Overally, forward yields were at 6.8%.

FINANCIAL PERFOMANCE

Revenue was USD2 399 627. Expenses were USD878 930 giving an expense to income ratio of 37%.

CAPITAL PROJECTS

Construction was not possible to undertake in the year under review. Although there was a visible decline of prices of materials, the attaining levels have not reached figures that can support viable projects. It is a generally held view that materials are now available within the country, but their prices are still above the region.

PLANNED MAINTANANCE

Property repairs were embarked in the year under review. Roofs repairs were commenced on the mostly affected properties and repairs to elevators were also commissioned. Properties have been preserved in a good state due to continued planned maintenance. The general presentation of the buildings is very good.

> " On a sector basis, rentals in the office and retail sectors grew by about 50% but still capital values fell by 29% due to high yield rates. The residential sector saw a capital value decline of 39%. The industrial sector also suffered a capital decline of 43%. Overally, forward yields were at 6.8%."

SECTORIAL SPLIT OF PROPERTY PORTFOLIO

Category	Value at 30 Sep-2009	Percentage of portfolio by value	Gross lettable area (s.q.m)	Percentage of gross portfolio lettabl area
Office/retail	33,270,000	66	48,850	46
Specialised	1,250,000	2	2,100	2
Industrial	8,320,000	17	47,200	45
Residential	1,845,000	4	3,150	3
Retail	2,975,000	6	3 878	4
Development Land	2,421,400	5	-	-
Totals	**50,081,400**	**100**	**105,178**	**100**

INVENTORY OF PROPERTIES

	Value at 30 Sep-2009	Percentage of total value	Approximate gross lettable area (s.q.m)	Percentage of gross lettable area
Office/Retail				
Charter House	5,160,000	10	9,000	9
ZB Life Towers	13,970,000	28	16,000	15
ZB Center Harare	7,330,000	15	11,000	10
Chiyedza House	5,950,000	12	10,000	10
ZB Center Bulawayo	570,000	01	2,000	2
ZB Center Mutare	290,000	01	850	1
	33,270,000	**66**	**48,850**	**46**
SPECIALIZED				
West End Clinic	**1,250,000**	**2**	**2,100**	**2**

INVENTORY OF PROPERTIES continued

	Value at 30 Sep-2009	Percentage of total value	Approximate gross lettable area (s.q.m)	Percentage of gross lettable area
INDUSTRIAL				
Stand 15139 Cripps Road	3,720,000	7	22,700	22
Stand 17568 Kelvin Road	1,410,000	3	7,200	7
Stand 4916/6178 Simon Maz	1,440,000	3	9,400	9
Stand 6572 Lytton Road	380,000	1	1,600	2
Stand 436 Ruwa	420,000	1	2,000	2
Stand 629 Ruwa	400,000	1	2,500	2
Stand 2667 Bluff Hill	550,000	1	1,800	2
	8,320,000	**17**	**47,200**	**45**
RESIDENTIAL				
5 Ryelands houses, Borrowdale	1,105,000	3	1,750	2
6 Cluster homes, Pomona	740,000	1	1,400	1
	1,845,000	**4**	**3,150**	**3**
RETAIL				
Houghton Park Shopping Centre	530,000	1	1,000	1
Express Stores	1,430,000	3	1,800	2
Friendly supermarket	1,015,000	2	1,078	1
	2,975,000	**6**	**3,878**	**4**
Development Land	**2,421,400**	**5**	**-**	**-**
Totals	**50,081,400**	**1**	**105,178**	**100**

OUTLOOK

With the prevailing economic and political climate holding or improving the future of the property market is going to be buoyant in the medium to long term. Foreign interest in the industry has grown. A number of missions have visited the country, indicating a potential flow of liquidity. Building societies are poised to resume mortgage lending, this will kick start the upward movement of values and activity in the industry.

Long term, the prospects of the company remain sound.

Harare
18 November 2009

Chief Executive

STATEMENT OF CORPORATE GOVERNANCE

INTRODUCTION

The Company recognises and remains committed to good corporate governance as enshrined in the Code of Corporate Practice set out in the Cadbury Report of the United Kingdom and the King Report. The company values ethical behavior and reaffirms its commitment to honesty, integrity and professionalism by complying with all legislation, regulations and relevant International Financial Report Standards.

BOARD OF DIRECTORS

The board comprises six directors, two of whom are executive directors. The Chairman is non – executive. The board meets on a quarterly basis to review and ratify, as necessary, all management and board committee activities. Directors are required to declare their interests at each board meeting. The board determines overall policies, plans and strategies and ensures that these are implemented through the Chief Executive and management. A third of the directors retire by rotation each year. The board met four times during the year under review. The 42nd Annual General Meeting was held in the company's board room on 26 March 2009.

BOARD COMMITTEES

Audit Committee

The audit committee is chaired by a non-executive director and comprises one other non-executive director, the chief executive, and the financial director. The external auditors are invited to attend the committee's meeting. It examines the company's financial statements at half year and year end and approves these for submission to the board. It is also tasked with overseeing financial reporting and internal audit procedures and takes an independent view of the company's overall accounting practices. The committee's responsibilities include the following:-

- Ensuring compliance with International Financial Reporting Standards
- Compliance with the Zimbabwe Companies Act
- Compliance with the requirements of the Zimbabwe Stock Exchange
- Assurance regarding reliability and relevance of financial statements
- Identification, assessment, management and the monitoring of risk to which the business is exposed to.

Insurance Committee

The insurance committee is chaired by a non-executive chairman and consists of one other non-executive director, the chief executive, the financial director and representatives of the insurance brokers. It reviews the sums insured of all immoveable property, assets and motor vehicles, as well as limits of liability. Meetings were held quarterly.

Investment Committee

A non-executive director chairs the investment committee which also comprises one other non-executive director and the chief executive and the financial director. It considers management's recommendations regarding all investment opportunities in the property market, development opportunities, equities and capital expenditure. Approvals and recommendations made by the investment committee are required to be ratified by the board. The committee met quarterly.

Remuneration Committee

The remuneration committee consists of a non-executive chairman and one other non-executive director as well as the chief executive. It reviews and approves all staff remuneration, conditions of service, the offer of share options, and overall staffing policies, as well as recommending directors' fees. All approvals and recommendations are ratified by the board. The committee met quarterly.

MANAGEMENT COMMITTEE

The management committee comprises the chief executive, the financial director and the company secretary. It normally meets on a weekly basis and is charged with implementing the policies, plans and strategies of the company as approved by the board.

> " The Company recognizes and remains committed to good corporate governance as enshrined in the Code of Corporate Practice set out in the Cadbury Report of the United Kingdom and the King Report."

SOCIAL RESPONSIBILITY

Mashonaland Holdings believes that business depends on the society in which it operates and therefore has a responsibility to support the wider community in various ways. The company continued its major sponsorship of the Vocal and Instrumental Festival of the National Institute of Allied Arts which was held in March 2009. The external adjudicator judged over 1 000 entrants in a wide range of musical disciplines from schools through out the country. Mashonaland Holdings maintained its involvement in the Africa Unity Square Enhancement Pro gram which aims to enhance Harare's most historic square.

Audit Committee

L. Mawire (Mrs) – Chairperson
W. B. Mashumba
M. Mahari
N. Matsangura

Remuneration Committee

E. N. Mushayakarara - Chairman
A. Chinembiri
M. Mahari

Insurance Committee

W. B. Mashumba - Chairman
L. Mawire
M. Mahari
N. Matsangura
Hunt Adams Insurance Brokers

Investment Committee

A. G. Chinembiri - Chairman
E. N. Mushayakarara
M. Mahari
N. Matsangura

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report for the year ended 30 September 2009.

LIMITATIONS OF FINANCIAL PEPORT

The Zimbabwe economic environment was characterised by hyperinflation and uncertainties during the year ended 30 September 2009. These adverse conditions resulted in limitations in financial reporting.

The inflation indices applicable to the Zimbabwe Dollar were last published for the month ending 31 July 2008. Independent estimates by economists, of Zimbabwe Dollar inflation in the period after 31 July 2008 differed widely by an extremely high range (percentage in excess of hundreds of trillions to quadrillions, in some cases). This made it impossible to reliably measure inflation in Zimbabawe during the period because the rate of change of inflation on a daily basis was extremely high. In addition any attempt to measure inflation was subject to various limitations such as the unavailability of reliable and timely price data, existence of multiple exchange rates, the use of foreign currency for some transactions and the existence of multiple pricing criteria for similar products based on the mode of settlement.

The authorisation of multiple foreign currencies for trading in Zimbabwe, on 29 January 2009 by the Monetary and Fiscal authorities resulted in a change in the functional currency for most entities reporting in Zimbabwe. Consiquently, the International Financial Reporting Standards require entities to convert their financial statements into new functional currency at the date of changeover. Your Company could not convert its Zimbabwe Dollar transactions into the new functional currency for reasons explained above and in Note 24.

As a result of these uncetainties and inherent limitations, the directors advise caution on the use of the statements of cash flows and statements of changes in equity for decision purposes. The Directors believe that the statement of financial position that has been presented is a fair reflection of the assets and liabilities of the Company and a fair reflection of the shareholder's equity.

AUTHORISED SHARE CAPITAL

The authorised share capital of the company at 30 September 2008 was 2 500 000 000 ordinary shares. The authorised share capital remained the same at 30 September 2009.

ISSUED SHARE CAPITAL

The issued share capital of the company at 30 September 2008 was 1 859 073 947 ordinary shares. The issued share capital remained the same at 30 September 2009.

The number of un-issued shares under the control of the directors at 30 September 2009 was 486 394 000 of which 61 900 000 are reserved for the share option scheme.

SHARE OPTION SCHEME

The share option scheme is currently under review on the same rules and policies which were adopted and approved at the Annual General Meeting on 24 March 2004. These options expire on 5 July 2014.

As the scheme was originally allocated 100 000 000 shares, a balance of 58 500 000 options remain available for offer. No offers were made during the year.

SHARE BUY BACK

At the Annual General Meeting held on 26 March 2009 shareholders approved an ordinary resolution extending the company's empowerment to purchase its own shares in issue up to a maximum of 200 000 000 shares between a price range of ZWD 0,05 cents and an upper limit of 5% above the market price on the day prior to the transactions. The authority for such purchase was extended to 1 April 2010 or the next annual general meeting, which ever is sooner. As at 30 September 2006 a total of 27 126 445 shares had been purchased. A further 20 million shares were bought back during the year ended 30 September 2009. No dividend is paid on these shares, all of which are retained for treasury purposes.

RESULTS FOR THE YEAR
30 September 2009

	HISTORICAL ($)
Operating loss	(22 924 683)
Net finance income	23 580
Loss before tax	**(22 901 103)**
Tax	13 564 585
Loss attributable to shareholders	**(9 336 518)**

No dividends were declared during the year ended 30 September 2009. (2008 – Nil)

DIRECTORATE

The board membership stood, at 6 during the year. According to the Companies Articles of Association, Mr A. Chinembiri and Mr N. Matsangura retire by rotation at the forth coming annual general meeting on 25 February 2010. The two directors being eligible, offer themselves for re-election.

DIRECTORS FEES

Directors' fees have been reviewed in line with market trends during the year and are pegged at an average of those paid to non-executive directors of similar sized companies. Executive directors do not draw fees. A resolution will be proposed at the annual general meeting to approve directors' fees amounting to $5 008.00 in respect of the year under review and also authorising the award and payment of directors fees in the ensuing year.

AUDITORS

Members will be asked to approve the remuneration of the auditors for the financial year ended 30 September 2009. The auditors Messrs Ernst & Young have indicated their willingness to continue in office. The members will be asked to approve their re-appointment for the ensuing year.

Harare
18 November 2009

FINANCIAL REVIEW
for the year ended 30 September 2009

	Year ended 30-Sep 2009
Consolidated statement of financial position	
Plant and equipment	282 319
Investments in quoted securities	438 590
Investment properties	50 081 400
Current assets	798 287
Total assets	**51 600 596**
Liabilities	(474 811)
Deferred tax liability	(9 016 911)
Net assets	**42 108 874**
Residual interest	51 900 851
Treasury shares	(455 459)
Accumulated loss	(9 336 518)
Equity	**42 108 874**
Consolidated statement of comprehensive income	
Revenue	2 399 627
Operating loss	(22 924 683)
Net interest receivable	23 580
Loss before tax	(22 901 103)
Tax	13 564 585
Loss for the year	**(9 336 518)**
Consolidated statement of cashflow	
Funds from operating activities	1 518 562
Tax paid	(334 525)
Interest received	23 580
Cash available from operations	**1 207 617**
Investing activities	(772 516)
Net increase/(decrease) in cash and cash equivalents	**435 101**
Capital expenditure	**289 557**

GROUP STATISTICS

	Year ended 30-Sep 2009
Share statistics	
Number of shares per issue	1 859 073 947
Net worth per share cents	2.27
Headline loss per share cents	(0.50)
Loss per share cents	(0.50)
Diluted loss per share - cents	(0.50)
Profitability and asset management	
Operating profit to sales	(955%)
Growth in investment properties	(32%)
Expenses to revenues	37%
Voids	10%
Return on ordinary shareholders funds	(22%)
Effective rate of taxation	59%
Liquidity	
Current ratio	1.68
Total liabilities to total shareholders funds	1.1
Number of employees	19

REPORT OF THE INDEPENDENT AUDITORS

ERNST & YOUNG

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue
Harare

P. O. Box 62 or 702, Harare
Phone: (263) (4) 750905/750979
Fax: (263) (4) 750707/773842
E-mail: admin@ey.co.zw
www.ey.com

TO THE MEMBERS OF MASHONALAND HOLDINGS LIMITED

We have audited the accompanying financial statements of Mashonaland Holdings Limited as set out on pages 17 to 38, which comprise the statement of financial position at 30 September 2009, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year the ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and the guidance and recommendations issued jointly by the Public Accountants and Auditors Board, the Zimbabwe Stock Exchange and the Zimbabwe Accounting Practices Board in July 2009. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for adverse opinion on all comparative information; statements of comprehensive income; statements of cash flows; and the statements of changes in equity

Non-compliance with IAS 29 (Financial Reporting in Hyperinflationary Economies) and IAS 21 (The Effects of Foreign Exchange Rates)

The Zimbabwe economy was recognised as being hyperinflationary for purposes of financial reporting. All the comparative information, the statements of comprehensive income; the statements of cash flows and the statement of changes in equity. These statement have not been prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 29 and IAS 21 have not been complied with for the following reasons:

- the inability to reliably measure inflation because of the interaction of multiple economic factors which were pervasive to the Zimbabwean economic environment as explained in note 24;
- the inability to adjust items that are recorded in the currency of a hyperinflationary economy (i.e. the Zimbabwe dollar) into a unit of measure that is current at the remeasurement date as more fully explained in note 25.

Non-compliance with IAS 1: Presentation of financial statements

The Directors have not presented any comparative information as required by IAS 1 because they believe the information will be misleading for reasons stated in note 26.

Adverse opinion on non-compliance with International Financial Reporting Standards on all comparative information, the statements of comprehensive income, the statements of cash flows and statement of changes in equity

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the statements of comprehensive income; the statements of cash flows and the statement of changes in equity do not give a true and fair view of the of the results of the Company's operations and cash flows for the year ended 30 September 2009 in accordance with International Financial Reporting Standards.

Unqualified opinion on the statement of financial position

In our opinion, the statement of financial position, in all material respects, gives a true and fair view of the financial position of Mashonaland Holdings Limited at 30 September 2009 in accordance with International Financial Reporting Standards.

Report on legal and regulatory other requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the accounting policies set out in note 1.

Emphasis of matter

Without further qualifying our opinion, we draw your attention to Note 28, which along with other matters indicates that the company is operating in an uncertain economic environment.

Fair value determination for transactions, assets and liabilities

The determination of fair values presented in the financial statements is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values. The significant assumptions and the estimation uncertainties have been disclosed in Note 1 to these financial statements (Significant Estimates and Judgements).

Ernst & Young.

CHARTERED ACCOUNTANTS (ZIMBABWE)
Harare
25 January 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2009

HISTORICAL COST		
	Notes	**2009**
		$
Revenue	**2**	2 399 627
Property expenses		(169 780)
Net Property Income		**2 229 847**
Other income		30 516
Administrative expenses		(709 150)
Net Property income after administrative expenses		**1 551 213**
Fair value adjustment		**(24 475 896)**
Operating loss before interest and tax	**3**	**(22 924 683)**
Net finance income	**4**	23 580
Loss before tax		**(22 901 103)**
Tax	**5**	13 564 585
Loss for the year		**(9 336 518)**
Loss attributable to the holders of the parent		**(9 336 518)**
Loss per share - cents		(0.50)
Diluted loss per share – cents		(0.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2009

HISTORICAL COST		
	Notes	2009 $
ASSETS		
Non-current assets		**50 802 309**
Plant and equipment	**6**	282 319
Investments in quoted securities	**7**	438 590
Investment properties	**8**	50 081 400
Current assets		**798 287**
Inventories	**9**	14 225
Accounts receivable	**10**	348 961
Cash at bank and in hand		435 101
Total assets		**51 600 596**
EQUITY AND LIABILITIES		
Equity		
Residual interest		51 900 851
Accumulated loss		(9 336 518)
		42 564 333
Treasury shares	**12**	(455 459)
		42 108 874
Non current liabilities		
Deferred tax liability	**13**	9 016 911
Current liabilities		**474 811**
Accounts payable	**14**	247 140
Provisions	**15**	59 135
Tax payable		168 536
Total equity and liabilities		**51 600 596**

Directors

18 November 2009

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2009

HISTORICAL COST				
	Residual interest	**Treasury shares**	**Retained loss**	**Total**
Balance 01 October 2008	51 900 851	-	-	51 900 851
Treasury shares	-	(455 459)	-	(455 459)
Loss for the year	-	-	(9 336 518)	(9 336 518)
Balance 30 September 2009	**51 900 851**	**(455 459)**	**(9 336 518)**	**42 108 874**

Residual interest is the balancing figure resulting from the translations of opening balances.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2009

HISTORICAL COST		
		2009
	Notes	**$**
Net cash in flow from operating activities	**16**	**1 518 562**
Interest received		**23 580**
Tax paid		**(334 525)**
Net cash outflow from investing activities		**(772 516)**
Purchase of investments in quoted securities		(40 000)
Proceeds from sale of plant and equipment		12 500
Purchase of investment property		(44 428)
Treasury shares purchased		(455 459)
Purchase of plant and equipment		(245 129)
Net increase in cash and cash equivalents	**17**	**435 101**

1 (a) Corporate information

The consolidated financial statements of Mashonaland Holdings Limited for the year ended 30 September 2009 were authorised for issue in accordance with a resolution of the directors on 18 November 2009. The company was incorporated in Zimbabwe in 1966 and is a public company. As at 30 September 2009 the company's primary business was that of property investment and development.

(b) ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are based on accounting records maintained under the historical cost convention except for securities held for trading and investment properties at fair value.

MATTERS OF EMPHASIS

Functional and reporting currency

The company changed its functional and reporting currency from the Zimbabwe dollar to the United States dollar with effect from 1 February 2009. These financial statements are reported in United States dollars and rounded to the nearest dollar.

Inflation Indices

It is a requirement in terms of the International Financial Reporting Standards that inflation adjusted financial statements should be prepared and converted to the new currency in accordance with IAS21 "The effects of changes in Foreign Exchange Rates" and IAS29 "Financial Reporting in Hyperinflationary Economies".

The company was unable to prepare inflation adjusted financial statements as a result of the unavailability of inflation indices which were last published in July 2008.

Comparative information

Following the guidance issued by the Public Accounting and Auditors Board (PAAB), Institute of Chartered Accountants Zimbabawe (ICAZ) and the Zimababwe Accounting Practices Board (ZAPB), the company did not include prior year comparatives, as these would be misleading.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for the investment properties and investments in quoted securities held for trading that have been measured at fair value.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Mashonaland Holdings Limited and its subsidiaries as at 30 September 2009.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

STATEMENT OF COMPLIANCE

The financial statements have not been prepared in accordance with International Financial Reporting Standards (IFRS) in that the requirements of IAS 1, IAS 21 and IAS 29, have not been complied with.

The financial statements have been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03).

TAXES

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in statement of comprehensive income.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:
- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:
- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable rights exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable, and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables, or payables in the statement of financial position.

INVESTMENT PROPERTIES

Property held for the purpose of earning rental income and for capital appreciation and not owner occupied, is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement.

Investment property is carried at fair value. Fair value is the weighting of the open market value and the depreciated replacement value. The weighting is decided by the directors who are guided by market conditions.

The above valuations are prepared annually by a firm of independent valuers. Investment property being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Investment properties are not depreciated.

Under International Accounting Standard 40 "Investment Property" changes in the fair value are credited/charged to the statement of comprehensive income.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment in accordance with IAS 16 and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. Property, that is being constructed or developed for future use as investment property is classified and accounted for as investment property, and stated at cost until construction or development is completed.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in statement of comprehensive income in the year of retirement or disposal.

FINANCIAL INSTRUMENTS

Trade and other receivables

Trade receivables are recognised and carried at original invoice value less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified.

Treasury shares

The company's own shares reacquired in a share buyback scheme are deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the company's own equity instruments.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. Cash at bank and on hand are stated at cost. Term deposits are stated at fair value.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Investments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through the profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value.

The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the statement of comprehensive income.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Such techniques include using recent arm's length market transactions; references to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Derecognition of financial assets

A financial asset is derecognised when:

* the rights to receive cash flows from the asset have expired
* the Group retains the right to receive cash flows from the asset, but has assumed obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
* the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Accounts payable

This represents a financial liability and is recognised and carried at amortised cost.

LEASE RESTRUCTURING COSTS

Lease restructuring costs are amortised over the life of the restructured lease.

PLANT AND EQUIPMENT

Plant and Equipment is initially recognised at cost. Cost is the amount of cash or cash equivalents paid or fair value of other consideration given to acquire an asset at the time its acquisition. Plant and equipment is stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when the cost is incurred if the recognition criteria are met.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Plant and equipment is depreciated to write off the assets over their expected useful lives on a reducing balance basis at the following rates:

Motor vehicles	- 20% per annum
Computers, furniture and fittings	- 10% to 33% per annum

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from use of disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed and, adjusted if appropriate, at each financial year end.

PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow will be required to set off the obligation, and a reliable estimate of the obligations amount can be made.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue represents rental income from investment properties and proceeds from the sale of properties. Rentals are subject to operating lease arrangements. The following specific recognition criteria must also be met before revenue is recognised.

Rental income

Rental income is recognised from the date the lessee is entitled to exercise its right to use the leased property. The rental income is recognised over the period of the lease term on a net rental basis in accordance with the operating lease agreement.

Income from sale of investment property

Revenue is recognised when the significant risk and rewards of ownership of the investment property have passed to the buyer.

Interest income

Revenue recognised as interest accrues on a time proportionate basis.

Dividends

Revenue is recognised when the company's right to receive the payment is established.

RETIREMENT BENEFIT COSTS

The company operates a defined contribution fund and also contributes to the National Pension Scheme administered by the National Social Security Authority. Contributions to these pension plans are charged to the income statement.

INVENTORIES

Property held for sale

Properties acquired for sale in the next 24 months are classified as inventory and valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Cost is determined by reference to the actual costs attributable to the specific property.

Consumables

Consumable inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis.

SHARE-BASED PAYMENTS

The company issues share options to senior management and executives.

The cost of equity-settled share-based payments is measured with reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using the Black Scholes's valuation model.

The cumulative expense recognised for share options at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest.

CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that the company has adopted those new/revised International Financial Reporting Standards (as applicable) which are effective for financial years beginning on or after 1 October 2008.

- IAS 1 Presentation of Financial Statements effective 1 January 2009
- IFRIC 17 Distribution of Non Cash Assets to owners effective 1 July 2009

The list of standards which are in issue and effective in the current financial year and those which are not yet effective have been compiled below.

Standards and interpretations issued and effective in current financial year 2009

Standard	Issues	Effective date
IFRS 7	Reclassification of certain assets	1 - July - 2008
IFRIC 12	Service Concessions Agreements	1 - January - 2008
IFRIC 13	Customer Loyalty Progtammes	1 - July - 2008
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 - January - 2008
IFRIC 16	Hedges of a Net investment in a Foreign Operation	1 - October - 2008

Standards and interpretations not yet effective

Standard	Issues	Effective date
IFRS 1 and IAS 27 (amended 2008)	Amendments to IFRS 1 and IAS 27 of an Investment in a Subsidiary, jointly "Controlled Entity or an Associate"	1 - January - 2009
IFRS 2 (amended 2008 and 2009)	Amendments to IFRS 2 (a) "Vesting Conditions and Cancellations" and (b)) group cash settled share based transactions	(a) 1 - January - 2009 (b) 1 - January - 2010
IFRS 2 (amendments)	Enhanced disclosures on fair value measurement and liquidity risks	1 - January - 2009
IFRS 8	Operating segments - Replacement of IAS 14 Segment Reporting	1 - January - 2009
IAS 1 (revised 2007)	Revision of IAS 1 "Presentation of Financial Statements"	1 - January - 2009
IAS 23 (revised 2007)	Revision of IAS 23 "Borrowing Cost"	1 - January - 2009
IAS 32 and IAS 1 (amended 2008)	Amendments to IAS 32 and IAS 1 " Puttable Financial instruments and obligations arising on liquidation"	1 - January - 2009
IFRS 3 (revised 2008)	Revision of IFRS 3 "Business Combinations"	1 - July - 2009
IAS 27 (amended 2008)	Amendments to IAS 27, consequential amendments to IAS 28 and IAS 31	1 - July - 2009
IAS 39 (amended 2008)	Amendment to IAS 39 "Eligible Hedged Items"	1 - July - 2009
Annual Improvements Project (AIP) 2007 - Improvements to IFRS (issued May 2008)	On 22 May 2008, the International Accounting Standards Board (the Board issued its first omnibus of amendments to its standards. The improvements project is an annual project that provides a mechanism for making non - urgent, but necessary, amendments to standards, primarily with a view to removing inconsistencies and clarifying wording	1 - January - 2009 or latter (with some specific transitional provisions)
Annual Improvements Project (AIP) 2008 - improvements to IFRS (issued April 2009)	In the second omnibus edition, 15 amendments to 12 standards are dealt with by the Board. Transitional provisions vary for each amendment and reference should be made to the standard to ensure correct application	1 - January - 2009 or latter (with some specific transitional provisions)
IFRIC 15	Agreements for the Construction of Real Estate	1 - January - 2009
IFRIC 17	Distributions of non - cash assets to owners	1 - July - 2009
IFRIC 18	Transfer of assets from customers	1 - July - 2009
IFRIC 9/IAS 39	Assessment of emended derivatives	Annual periods ending on or after 30/6/2009

The above changes in Standards have not had a material impact on these financial statements.

SIGNIFICANT ESTIMATES AND JUDGEMENTS

(a) In determining the fair value of investment properties, the directors exercised their judgement in the weighting of the open market value over the depreciated replacement value. The weighting in the current year is 100% open market value. (2008: the weighting was 100% open market value: 0% depreciated replacement value). The weighting is influenced by market conditions. Professional valuers determine the open market value and the depreciated replacement value of the investment properties and the directors are guided by these valuations.

In determining the fair values of commercial and industrial properties and vacant land the professional valuer considered comparable market evidence. This comprised complete transactions as well as transactions where offers had been made but the transaction had not been finalised. The valuer exercised professional judgement to adjust the market evidence to take cognisance of the fact that properties in the transaction were not exactly comparable in terms of size, quality and location to the properties owned by Mashonaland Holdings Limited.

The reasonableness of the market values so determined was assessed by the professional valuer by reference to the anticipated future rental returns compared to current rental returns.

In ascribing values to the various residential properties Knight Frank used the Main Space Equivalent (MSE) which estimates a quality factor based on features that the property possesses in conjunction with comparable market evidence of property transactions.

It must be noted however that the valuation was undertaken under circumstances of market instability and uncertainty. The situation which was due to the sudden and dramatic changes to the operating environment which have occurred since the introduction of multi-currency trading. More importantly there has not been any recent transaction evidence for the valuer to rely on. Reliance was largely placed on rental market evidence.

(b) The directors exercised their judgement in determining the residual values and the useful lives of the property, plant and equipment. Apart from motor vehicles, all other assets have a nil residual value.

(c) The directors exercised their judgement in determining the provision of bad debts.

		HISTORICAL COST
		2009
		$
2	**Revenue**	
	Rental income	2 399 627
		2 399 627
3	**Operating loss before interest and tax**	
	Operating loss is arrived at after charging/(crediting):	
	Auditors' remuneration	
	- Audit fees	31 791
	Depreciation	24 260
	Directors' emoluments	
	- fees	5 008
	- remuneration	120 630
4	**Net finance income**	
	This comprises:	
	interest received and receivable	23 580
		23 580
5	**Taxes**	
	Current tax expense	502 284
	Withholding tax	777
	Deferred tax income or credit	(14 067 646)
		(13 564 585)
	Reconciliation of tax charge	**%**
	Current rate of tax	30.90%
	Permanent differences	(0.03%)
	Capital gains	
	Temporary differences	
	Fair value adjustment at different rates	(90.04%)
	Profit on disposal of equities and assets	
	Effective rate	**(59.17%)**

HISTORICAL COST

	Motor vehicles $	Computers furniture and fittings $	Total $
6 Plant and equipment			
Cost			
Balance 1 October (deemed cost)	66 500	7 450	73 950
Additions	238 150	6 979	245 129
	304 650	14 429	319 079
Disposals	(12 500)	-	(12 500)
Balance 30 September	292 150	14 429	306 579
Accumulated depreciation			
Balance 1 October	-	-	-
Charge for the year	23 780	480	24 260
Balance 30 September	23 780	480	24 260
Net book value 2009	**268 370**	**13 949**	**282 319**

As a result of the change in the functional and reporting currency, a Director's valuation of plant and equipment was carried out as at 1 October 2008. This valuation was guided by the prevailing market conditions and it formed the basis of the opening balances for the purpose of these financial statements.

7 Investments in quoted securities	
Quoted shares	
Balance at 1 October	575 758
Additions	40 000
Disposal	615 758
Fair value adjustment	-
Balance 30 September	(177 168)
	438 590

Available-for-sale financial assets consist of investment in ordinary shares, and therefore have no fixed maturity or coupon rate.

HISTORICAL COST

		2009 $
8	**Investment properties**	
	Balance at 1 October	74 335 700
	Improvements	7 508
	New acquisitions	36 920
		74 380 128
	Fair value adjustment	(24 298 728)
	Balance 30 September	**50 081 400**

Investment property values have been based on the market values set by our professional valuers, Knight Frank, as at 30 September 2009.

9	**Inventories**	
	Consumables	14 225
		14 225
10	**Accounts receivable**	
	Trade receivables	348 961
		348 961

Trade receivables are non - interest bearing and are generally on 30 - 90 day terms.

11 Residual interest

(a) Ordinary shares

Authorised	
2 500 000 000 at 30 September	-
Issued and fully paid up	
1 859 073 947 at 1 October 2008 issued during the year	-
At 30 September 2009	-

Nominal value is nil due to the change in functional currency as the nominal value at the issue was denominated in Zimbabwe dollars.

Headline loss per share - cents	(0.50)
Diluted loss per share - cents	(0.50)

There are no transactions with a potential dilutive effect.

HISTORICAL COST

		2009 $
12	**Treasury shares**	
	Authorised	200 000 000
	Balance at 1 October	27 126 445
	Repurchased during the year	20 105 360
	At 30 September 2009	**47 231 805**

The repurchases during the year averaged at a price of 2 cents.

		2009 $
13	**Deferred tax liability**	
	Accelerated wear and tear for tax purposes:	
	On plant and equipment	39 724
	Loss for the year	(54 632)
	Fair value adjustment	9 031 819
		9 016 911

The capital gains tax rate on land and on the residual value of buildings is currently at 5%. The Company had adopted the view that the asset's carrying amount would be recovered through use and had made a deferred tax provision using 30.9% over the years.

Due to the likelihood that the carrying amount may be recovered through sale, a rate of 18% has been used for the deferred tax of investment properties. This situation will be further assessed.

		2009 $
14	**Accounts payable**	
	Trade payable	247 140
	Other	-
		247 140

Trade payables are non interest bearing and are normally settled in 30 days.

HISTORICAL COST		
		2009
		$
15	**Provisions**	
	Balance at 1 October	-
	Current year charge	59 135
	Balance at 30 September	**59 135**
	Provisions comprise the following:	
	Audit fees	12 016
	Annual report fees	9 763
	Staff related provisions	37 356
		59 135
	These obligations are expected to be extinguished within the next financial year.	
16	**Net cash inflow from operating activities**	
	Loss before tax	(22 901 103)
	Interest received and recievables	(23 580)
	Depreciation	24 260
	Fair value adjustments:	
	- quoted shares	177 168
	- investment property	24 298 728
	(Increase)/decrease in stocks	(14 225)
	(Increase)/decrease in accounts receivable	(348 961)
	Increase/(decrease) in accounts payable	247 140
	Increase in provisions	59 135
		1 518 562
17	**Net increase in cash and cash equivalents**	
	At 1 October 2008	-
	At 30 September 2009	435 101
	Net increase in cash and cash equivalents	**435 101**

18 Subsidiaries

The consolidated financial statements include the Financial statements of Mashonaland Holdings Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	2009 % equity interest	2008 % equity interest
Charter Properties (Private) Limited	Zimbabwe	100%	100%
Celine Scheidje (Private) Limited	Zimbabwe	100%	100%
Labacn Investments (Private) Limited	Zimbabwe	100%	100%
Keithport Enterprises (Private) Limited	Zimbabwe	100%	100%
Kushava Trading (Private) Limited	Zimbabwe	100%	100%
Construction Products (Private) Limited	Zimbabwe	100%	100%
Club Construction Company (Private) Limited	Zimbabwe	100%	100%
H Shapiro (Private) Limited	Zimbabwe	100%	100%
Ipsissima Investments (Private) Limited	Zimbabwe	100%	100%
Property Development Associates (Private) Ltd	Zimbabwe	100%	100%
Southampton Properties (Private) Limited	Zimbabwe	100%	100%
Southwest Properties (Private) Limited	Zimbabwe	100%	100%
Canon Investments (Private) Limited	Zimbabwe	100%	100%
Redlands Development Company (Private) Ltd	Zimbabwe	100%	100%
Motor Vehicle and Spares Holdings Limited	Zimbabwe	100%	100%
Nature Trail Investments (Private) Limited	Zimbabwe	100%	100%
Broader Properties (Private) Limited	Zimbabwe	100%	100%
Midlands Cotton Development Limited	Zimbabwe	100%	100%
Market Cash Butchery (Private) Limited	Zimbabwe	100%	100%

HISTORICAL COST	
	2009
	$
19 Related party transactions	
Cash deposits held by shareholders	
ZB Bank (Indirect Shareholder)	222 919
	222 919
Interest earned	
ZB Bank (Indirect Shareholder)	8 505
	8 505
Rent received	
ZB Life Assurance (shareholder)	125 911
ZB Bank (indirect shareholder)	178 192
	304 103
Investment in quoted shares	
Old Mutual Limited (Shareholder)	**15 859**
Compensation of key management personnel of the group	
Short term employee benefits	118 855
Post-employment pension and medical benefits	1 775
Termination benefits	-
Share-based payments	-
Total compensation paid to key management	**120 630**

All transactions are carried out on an arms length basis.

20 Shares under option

The directors are empowered to grant share options to employees of the Group. These options are granted for a period of ten years at a price fixed by the Board but such price shall not be less than the nominal value of the shares and not less than the market price ruling for the company's ordinary shares on the Zimbabwe Stock Exchange on the last business day before the date of any Board resolution granting the option.

The Group applied the provisions of IFRS 2 in respect of equity based awards. This has been applied to equity settled awards granted after 7 November 2002 but had not vested on 1 January 2005. A total of 48 500 000 share options were granted on 6 July 2004.

At the annual general meeting on 24 March 2004 shareholders approved a resolution allotting 100 000 000 shares from the unissued shares under the control of the directors to the share option scheme. Of these 48 500 000 share options were granted on 6 July 2004 leaving a balance of 51 500 000 shares still to be granted.

20 Shares under option (continued)

Given that the share options vest on the grant date the share options would have been granted and vest in annual periods before the effective date of IFRS 2. As such the applications of IFRS 2 by the group is optional and not a requirement. The directors have however decided to apply the standard.

The fair value of the options granted, were measured using the Black and Scholes valuation model.

Date of grant	Number of shares
Granted July 2004	48 500 000
Less Exercised 12 August 2005	(13 700 000)
Less Exercised 04 August 2006	(9 700 000)
Less Exercised 1 July 2007	(11 300 000)
Less Exercised 1 June 2008	(3 400 000)
At 30 September 2009	**10 400 000**

No share options were exercised during the year under review. The directors are reviewing the awarding criteria.

21 Financial risk management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable and leases. This exposes the company to market risk vredit risk and liquidity risk. Compliance with policies and exposure levels are reviewed regularly through the Audit committee and the Board meetings.

21.1 Treasury risk management

The Company monitors its risk to a shortage of funds using recurring liquidity planning tools. Currently the Company does not have any other financial liability other than trade payables. Treasury management policy is in place to maximise returns on the available surplus funds. The company's excess funds are currently held in investments in quoted securities.

21.2 Interest rate risk management

The exposure emanates from the risk of changes in market interest rates on the company's long-term obligations with a floating interest rate. The company adopts a non speculative approach to the management of interest rate risk through the use of overdraft, and long term loans with fixed interest rates. At year end the company did not have any exposure to interest rate risk.

21.3 Credit risk management

The company's exposure to credit risk arises from the default of the tenants to meet obligations in accordance with agreed terms. The tenancy evaluation has been outsourced to the property management consultants who carry out a due diligence and credit verification procedure before awarding tenancy.

21.4 Fair value of financial instruments

The estimated net fair value of financial instruments approximate the carrying amounts shown in the financial statements.

22 Commitments and contingencies

(a) Capital commitments

There were no capital commitment at year end.

(b) Operating leases

These are in respect of rental of properties

- The leases are for a period of three years. Rents are reviewed every six months. A tenancy deposit equivalent to a month's rent is charged. This is refunded on termination of the lease if the landlord is satisfied that all relevant conditions have been met at the end of the lease or upon vacation. However, most deposits held before January 2009 were in Zimbabwe dollars and lost value on conversion to USD. Tenants will be requested to top up in due course and with consideration of the current economic environment
- The basic rent and operating costs are charged separately hence they are net leases.

	2009
	$
- Due within one year	**3 392 408**
- Due after 1 year but within five years	-

23 Retirement benefit cost

Charter Properties (Pvt) Ltd Pension fund	
- Current service cost	
- National Social Security Authority	9 207
	9 207

No contributions were made to the Charter Properties (Pvt) Ltd Pension Fund during the year under review. This was to allow for a realignment of the remuneration structure in line with the multi-currency trading environment. Contributions are expected to resume in the next financial year.

24 Non compliance with IAS 29 (Financial reporting in hyperinflationary economies)

The financial statements have not been prepared in compliance with IAS 29,"Financial reporting in hyperinflationary economies" as the Consumer Price Indices for the Months August 2008 to January 2009 were not released by the Zimbabwe Statistical Office. Accordingly the Group has not been able to comply with the requirements of IAS 21 "The Effects of Changes in Foreign Exchange Rates". IAS 21 requires all transactions that are in the currency of a hyperinflationary economy to be adjusted to a unit of measure current at the measurement date, before conversion to an alternative currency.

25 Non-compliance with IAS 21 (The effects of Changes in Exchange Rates) in respect of the measurement of the income statement, cashflow statements and statement of changes in shareholders equity.

The Company's functional currency changed during the course of the financial year from Zimbabwe Dollars to United States Dollars. The directors chose to report all transactions in United States Dollars because it is the new functional currency applicable in all the company transactions.

IAS 21 requires that all the transactions that are in the currency of a hyperinflationary economy be adjusted to a unit of measure current at the date before conversion to an alternative presentation currency. The Company has not been able to adjust its Zimbabwe Dollar transactions to comply with IAS 21 and IAS 29.

26 Non-compliance with IAS 1 (Presentation of Financial Statements) in respect of comparative information.

The Company has not presented comparative information for the financial statements because these will be misleading. As a result of the unavailability of inflation indices, it was not possible to convert financial statements into United States Dollars in a manner consistent for the application of IAS 21 and IAS 29.

The Company could not present comparative information for the financial statements in compliance with IAS 1 (Presentation of Financial Statements). The Directors considered that in light of the prevailing economic conditions and the subsequent change in the functional and reporting currency, such inclusion would be misleading. As a result of the unavailability of inflation indices, it was not possible to convert financial statements into United States Dollars in a manner consistent for the application of IAS 21 (The effects of Changes in Exchange Rates) and IAS 29 (Financial Reporting in Hyperinfltionary Economies).

27 Post Balance Sheet events

There has been no adjusting or non - adjusting post balance sheet events.

28 Limitations of financial reporting

The Zimbabwe economy has been operating in a hyperinflationary environment since the year 2000. During the 2008 financial year inflation increased from 136% in October 2007 to 2 600% in July 2008. There were no inflation statistics subsequent to July 2008. However there were indications issued by various economists which pegged inflation at over five trillion % in October 2008.

Multiple exchange rates

In the latter part of the 2008 reporting period and to January 2009, there were multiple exchange rates used in the economy. The official exchange rate, used mainly by government transactions remained fixed while the unofficial rates which were used by the greater part of the economy devalued rapidly, such devaluation being measured hourly at the height of the crisis. Additionally each exchange rate was pegged at different levels, depending on the instrument of transaction e.g. a Zimbabwe dollar cash transaction attracted a lower exchange rate when compared to a transaction effected by bank transfer.

General pricing in the economy

Goods and services traded in the economy were priced by indexing to more stable currencies, the most commonly used in Zimbabwe being the South African Rand and the United States dollar. The Zimbabwe dollar pricing would be pegged accordingly depending on the mode of payment.

As a result of the absence of official statistics and multiple exchange rates existing in the economy between October 2008 and 31 January 2009, the measurement of pricing levels for goods and services within the economy became difficult. Consequently, there were limitations in financial reporting during this period.

COMPANY STATEMENT OF FINANCIAL POSITION

30 September 2009

	HISTORICAL COST
	2009
	$
ASSETS	
Non-current assets	**6 947 328**
Plant and equipment	282 319
Investment in quoted securities	438 590
Investment in subsidiaries	19
Investment properties	6 226 400
Current assets	**68 719**
Cash at bank and in hand	68 719
TOTAL ASSETS	**7 016 047**
EQUITY AND LIABILITIES	
Equity	**5 242 401**
Residual Interest	3 394 581
Treasury shares	(455 459)
Retained profit	2 303 279
Deferred tax liability	1 105 732
Current liabilities	**667 914**
Accounts payable	1 430
Provisions	1 550
Group balances	652 244
Tax	12 690
TOTAL EQUITY AND LIABILITIES	**7 016 047**

ANALYSIS OF SHAREHOLDERS

30 September 2009

Size of Shareholding	Number of shareholders	%	Issued shares	%
1 - 100	167	6,46	8,184	0,00
101 - 200	120	4,64	20,566	0,00
201 - 500	225	8,71	78,455	0,00
501 - 1000	267	10,33	209,825	0,01
1001 - 5000	680	26,32	1,770,451	0,10
5001 - 10000	287	11,11	2,181,357	0,12
10001 - 50000	402	15,56	9,489,020	0,51
50001 - 100000	106	4,10	7,639,376	0,41
100001 - 500000	184	7,12	42,929,609	2,31
500001 - 1000000	63	2,44	44,281,379	2,38
1000001 - 10000000	68	2,63	211,698,080	11,39
10000001- and over	15	,58	1,538,767,645	82,77
	2584	**100,00**	**1,859,073,947**	**100,00**

Companies	766	29,65	1,799,904,330	96,82
Residents	1705	65,98	29,938,719	1,61
Non-residents	113	4,37	29,230,898	1,57
	2584	**100,00**	**1,859,073,947**	**100,00**

TRADE CLASSIFICATIONS				
Pension Funds (including life companies)	200	7,74	801,233,802	43,10
Other Corporate Bodies	337	13,04	455,829,863	24,52
Nominee Companies	78	3,02	336,236,057	18,09
Investment, Trust and Property Companies	140	5,42	203,256,704	10,93
Resident Individuals	1705	65,98	29,938,719	1,61
Non-residents	113	4,37	29,230,898	1,57
Insurance Companies	11	0,43	3,347,904	0,18
	2584	**100,00**	**1,859,073,947**	**100,00**

MAJOR SHAREHOLDERS

ZB Life Assurance Limited	572,473,496	30,79
Africa Enterprise Network Trust	348,995,283	18,77
Scaiflow Investments (Private) Limited	143,446,881	7,72
Fed Nominees (Private) Limited	125,572,341	6,75
Datvest Nominees (Private) Limited	105 157 914	5.66
Old Mutual Life Assurance Company Zimbabwe Limited	59,414,192	3,20
Mashonaland Holdings Limited	42,523,252	2,29
Edwards Nominees (Private) Limited	34,395,684	1,85
Meikles Consolidated Holdings Limited	34,025,442	1,83
Secure Mining (Private) Limited	23,708,090	1,27
	1,489,712,575	**80,13**

Directors' shareholdings - direct and indirect

Ambrose G. Chinembiri	150,000
Manfred Mahari	5,273
Web Beter Mashumba	6,655
Nodzo Matsangura	721,400
Letwin Mawire	12,959