MASHONALAND HOLDINGS LIMITED

(Incorporated in Zimbabwe)

results

Leading property owners and developers

NOTICE TO MEMBERS AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2011

STATEMENT OF COMPREHENSIVE INCOME

	Notes	GROUP Year ended 30 Sept 2011 US$	Year ended 30 Sept 2010 US$
Revenue	5	**5,626,444**	**4,059,492**
Property expenses		(629,943)	(675,707)
Net property income		**4,996,501**	**3,383,785**
Other income	6	154,068	139,483
Administrative expenses		(1,564,738)	(1,165,613)
Net property income after administrative expenses		**3,585,831**	**2,357,655**
Fair value adjustments		**20,202,209**	**10,819,370**
Quoted securities		85,209	(42,748)
Investment properties		20,117,000	10,862,118
Operating profit before interest and tax		**23,788,040**	**13,177,025**
Net finance income	3	185,352	59,236
Profit before tax		**23,973,392**	**13,236,261**
Tax	4	10,229,236	(7,054,515)
Profit for the period		**34,202,628**	**6,181,746**
Attributable to:			
Owners of parent		34,202,628	6,181,746
		34,202,628	**6,181,746**
Total comprehensive income for the period		**34,202,628**	**6,181,746**
Number of shares in issue		1,859,073,947	1,859,073,947
Weighted average number of shares		1,732,716,482	1,774,148,227
Earnings per share - cents		1.97	0.35

ABRIDGED STATEMENT OF FINANCIAL POSITION

	Notes	GROUP Year ended 30 Sept 2011 US$	Year ended 30 Sept 2010 US$	Year ended 30 Sept 2009 US$
Equity and liabilities				
Shareholders' funds		80,691,275	47,716,487	42,108,875
Deferred taxation		4,148,542	15,387,562	9,016,910
Current liabilities	9	510,197	570,108	474,811
		85,350,014	**63,674,157**	**51,600,596**
Assets				
Non-current assets	7	82,457,202	62,154,358	50,802,309
Current assets	8	2,892,812	1,519,799	798,287
		85,350,014	**63,674,157**	**51,600,596**
Net asset value per share-cents		4.66	2.57	2.27

ABRIDGED STATEMENT OF CASH FLOWS

	GROUP Year ended 30 Sept 2011 US$	Year ended 30 Sept 2010 US$
Net cash inflow from operating activities	**3,634,500**	**2,388,169**
Operating profit before dividend income, interest and tax	23,788,040	13,177,025
Non-cash items	(20,085,784)	(10,732,670)
Profit on disposal of plant and equipment	(3,420)	-
(Increase) in working capital	(64,336)	(56,186)
Tax paid	**(1,126,598)**	**(768,936)**
Net cash (outflow)/inflow from returns on investment and servicing of finance	**(155,411)**	**59,236**
Net finance income	185,352	59,236
Dividend paid	(340,763)	-
Net cash (outflow) from investing and financing activities	**(1,089,987)**	**(1,193,517)**
Proceeds on sales of quoted shares	8,879	8,554
Purchase of investments - qouted shares	(103,742)	(15,000)
Purchase of plant and equipment	(125,966)	(268,726)
Purchase of investment property	-	(344,482)
Proceeds from disposal plant and equipment	7,170	270
Purchase of treasury shares	(876,328)	(574,133)
Net increase in cash and cash equivalents	**1,262,504**	**484,953**

STATEMENT OF CHANGES IN EQUITY

	GROUP Year ended 30 Sept 2011 US$	Year ended 30 Sept 2010 US$
Balance brought down	**47,716,487**	**42,108,874**
Earnings attributable to shareholders	34,202,628	6,181,746
Treasury shares bought back	(876,328)	(574,133)
Dividend paid	(351,512)	-
Shareholders' equity at end of period	**80,691,275**	**47,716,487**

SUPPLEMENTARY INFORMATION

1. Accounting policies
All the accounting policies that were used in the latest annual statements continued to be applied during the year.

	GROUP Year ended 30 Sept 2011 US$	Year ended 30 Sept 2010 US$
2. Depreciation on fixed assets charged to operating profit	**116,425**	**86,705**
3. Net finance income		
Interest received	**185,352**	**59,236**
4. Tax		
Current year tax charge	988,578	678,603
Capital gains	-	200
Withholding tax	21,204	5,063
Deferred tax (credit)/charge	(11,239,018)	6,370,649
Total	**(10,229,236)**	**7,054,515**
5. Revenue		
Rental Income	5,626,444	4,059,492
6. Other income		
Service charges	143,696	136,889
Profit on disposal of plant & equipment	3,420	-
Dividends	6,952	711
Foreign exchange gains	-	1,883
	154,068	**139,483**

	GROUP Year ended 30 Sept 2011 US$	Year ended 30 Sept 2010 US$	Year ended 30 Sept 2009 US$
7. Non-current assets			
Investment properties	81,405,000	61,288,000	50,081,400
Plant and equipment	469,857	464,070	282,319
Investments in quoted shares	582,345	402,288	438,590
Total	**82,457,202**	**62,154,358**	**50,802,309**
8. Current assets			
Inventories	16,850	21,094	14,225
Tax asset	33,351	-	-
Accounts receivable	660,054	578,651	348,961
Bank and cash	2,182,558	920,054	435,101
	2,892,813	**1,519,799**	**798,287**
9. Current Liabilities			
Accounts payable	429,976	419,086	247,140
Income tax payable	-	83,464	168,536
Provisions	80,221	67,558	59,135
	510,197	**570,108**	**474,811**
10. Cash and cash equivalents			
Opening balance	920,054	435,101	-
Increase in cash and cash equivalents	1,262,504	484,953	435,101
Closing balance	**2,182,558**	**920,054**	**435,101**

CHAIRMAN'S STATEMENT

The macro-economic environment remained stable for the year ended 30 September 2011. However, the country is yet to find a lasting solution to full economic recovery and active participation of international investors.

The absence of long term mortgage finance continued to adversely affect the real estate market. This, together with the lingering liquidity constraints, negatively affected substantial property transactions.

Also critical was the viability of the small to medium businesses that now make up a substantial portion of the occupants of most commercial buildings. Their inability to pay competitive rents and high default risk continued to be a factor affecting property values. Currently a number of businesses are facing going concern problems and without a solid economic recovery path for the country, significant real estate value will remain unrealised.

Results
Revenue for the period under review grew by 39% to \$5.6 million (2010: \$4.1 million). The growth in revenue was as a result of continued rent reviews in line with market conditions as well as improved occupancy levels. The effective average rent per square metre for the portfolio increased to \$4.47 (2010: \$3.20).

Property expenses at \$0.6 million (2010: \$0.7 million), were 7% lower than prior year due to a reduction in voids levels. The deferred maintenance program continued to be rolled out in line with the Group's objective of delivering value to its tenants.

Administration expenses at \$1.6 million (2010: \$1.2 million) represented 28% of revenue.

The Group posted a net property income after administration expenses of \$3.6 million (2010: \$2.4 million). This represented 64% of revenue.

The fair value adjustment on the Group's investment properties was \$20 million (2010: \$10.9 million). This huge capital uplift on investment properties was driven mainly by growth in rentals.

The Group posted a profit for the period of \$34.2 million (2010: \$6.2 million) arising from net property income, the capital uplift and the deferred tax credit as a result of a change in the rate applied. The Group elected to use the capital gains tax rate of 5% (2010: 25.75%) for calculating deferred tax on all investment properties. This was in line with the early adoption of IAS 12 amendments.

Investment Properties
Independent professional valuers revalued the Group's investment property portfolio to \$81.4 million (2010: \$61.3 million). This indicated a 33% uplift in the property values, coming on the back of rental growth enjoyed over the reporting period. This growth translated into higher asset values. Even with this capital growth, the view on the market is that there is still potential for further uplift in real estate values if certain fundamentals such as liquidity, especially for mortgage finance and interest rates improve.

The open market values of these properties were lower than their gross replacement cost of \$139 million but higher than the depreciated replacement cost of \$75 million. Property value movements in the portfolio were influenced entirely by market rental changes. Although the regional real estate rentals are still ahead of those obtained in Zimbabwe, this disparity narrowed substantially,

Operations
The growth in rental income for the portfolio was buoyed by the office sector which contributed over 80% of that growth. This was largely a result of a consolidation strategy that saw poorly performing leases being reviewed to market levels. A few new lettings also contributed to rental income growth.

The current year's rental yield of 7.28% was lower than that the 8.5% achieved in the prior year. This reduction in yields was as a result of the increase in property values. Occupancy levels improved from 90% in the prior year to 92% at year end.

Arrears marginally improved from 9% of annual revenue in the previous year to 8% in the period under review. Management will continue to aim for lower levels through proactive credit risk management strategies.

Share Buyback
At the Annual General Meeting held on 24 February 2011, the Group's shareholders renewed the share buyback scheme. During the year, a total of 41.4 million shares were bought at an average price of \$0.02 per share.

Outlook
The market-driven income growth is now slowing down as the gap between the regional rental per square metre and that obtaining in Zimbabwe is closing. Your directors will continue to actively seek for new ways to diversify the Group's income streams through the exploitation of new development opportunities. The local property market potential remains unexploited. Should a permanent solution to an enabling environment be found, this will provide a platform for unlocking value in the existing competencies and propel your Company on a sustainable growth path.

Appreciation
On behalf of the Board, I would like to thank 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 consultants for their continued support during the year under review.

Dividend
I am pleased to advise that your directors have declared a dividend of 0.026 cents per share (2010: 0.02 cents). The dividend will be paid to shareholders registered in the books of the company at close of business on Friday 9 December 2011 when the share register will be closed until Tuesday 13 December 2011. The dividend will be payable on or about 27 December 2011. Taxes will be deducted as applicable.

All shareholders are kindly requested to submit their banking and contact details including e-mail addresses by 9 December 2011 to:

ZB Transfer Secretaries,
1st floor, ZB Centre
59 Kwame Nkrumah Ave.
P.O.Box 2540
Harare

Alternatively, they can submit the same through e-mail to **amusumha@zb.co.zw**

Harare
23 November 2011

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. *Executive

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