Group

119,176

(346,554)

(312,741)

2,360,516

2,382,186

1,690,249,809

5

6

182,912

(405,222)

(122,117)

1,820,979

1,387,315

1,690,249,809

(433,664)



REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Finance income

Finance costs

Net exchange losses

Profit before tax

Profit after tax

Tax credit/(expense)

Weighted average number of shares

Other Comprehensive Income

CHAIRMAN'S STATEMENT



I am pleased to present the Mashonaland Holdings Limited financial results for the six months ended 30 June 2024.

Operating environment

During the period, the Reserve Bank of Zimbabwe pronounced changes to the country's monetary policy position. Changes announced included the introduction of a new currency, the Zimbabwe Gold Currency (ZWG) effective April 2024. Since its introduction, the ZWG has maintained a stable exchange rate which has been supported by money supply interventions implemented by the Central Bank. These positive changes have led to a slowdown in the rate of inflation.

The country's economic output has however remained constrained due to the El Nino induced drought's impact on agricultural sector performance. The drought has also led to reduced electricity generation capacity and supply. Availability and cost of power supply are set to continue as significant business considerations for all sectors of the economy during the financial period.

Property market

The real estate market has been impacted by persisting foreign currency shortages in the formal sectors of the economy. Low liquidity has restricted the number of freehold property transactions concluded in the market. In the development space, in an effort to manage market risk, property developers have opted to implement low to medium scale investment projects which offer compelling returns

The occupier sub-market has witnessed constant growth in voids particularly in the CBD office segment which has been affected by growing tenant preference for suburban space. The retail and industrial segments continue to show signs of growth with tenants looking for space in strategic locations which offer visibility and access to markets. Residential property continues to offer investment opportunities for developers, however, the increasing cost of construction represents a headwind against sustainable growth in this segment.

Change in functional and reporting currency

The Board assessed the Group's business trends against the requirements of IAS 21 and concluded that the business had met the threshold to change its functional currency from the local currency to the United States Dollar. This change in the Group's functional currency was implemented retrospectively with effect from 1 January 2023. Further information on the change in functional and reporting currency is outlined in the reviewed half year financial results.

Financial performance for the half yearRevenue increased by 15% from US\$3.1million to US\$3.6million. Rental income contributed to the positive performance having improved from US\$2.3million in 2023 to US\$2.7million in June 2024. During the period, the Group completed and handed over the Mashview Gardens cluster housing development. The Group earned US\$542,227 in revenue from the project thereby contributing to the revenue performance for the half year period.

Operating profit increased by 53% from US\$1.1million in June 2023 to US\$1.7million in June 2024 due to the improved revenue performance and decrease in project expenses following completion of the Mashview Gardens project.

The Group posted a profit after tax of US\$2.4million which represents a 72% improvement from US\$1.4million in 2023. The performance was due to the improved operating profit position and a capital gain on investment property of US\$1million (2023: US\$1.2million).

Investment property

The Group performed an open market valuation of its investment properties as at 30 June 2024. The investment property portfolio was valued at US\$85.9million in June 2024 compared to US\$80.7million in December 2023, the growth in the asset base was due to property capital gains of US\$1million and investments of US\$4.2million which were made into ongoing development projects

Property development projects

Pomona Commercial Centre Development Project

Construction works on the Pomona Commercial Centre Development commenced in the 3rd quarter of 2023. The development concept consists of wholesaling and flexible warehousing with 14,000sqm lettable space. The anchor tenant has been secured and 60% of the development has been successfully pre-leased. The project construction works are targeted to be completed in Q4 2024. The project has achieved a 65% completion stage and is on-course for delivery in the fourth quarter of the year.

The project was completed and handed over to the tenant. The development started earning rentals under a long-term lease from January 2024.

Mashview Gardens

Construction and handover of the 24 housing units to the beneficial owners has now been concluded.

Outlook

The Government of Zimbabwe has reduced the forecasted economic growth projections from 3.5% to 2%. The downward revision has been attributed to the severe impact of the drought on agriculture sector output.

Despite headwinds in the economic environment, the Group remains focused on its strategic objectives. Major focus continues to be set on completion of on-going property development projects which form part of the Group's portfolio diversification roadmap.

Appreciation

On behalf of the Board, I would like to thank our esteemed tenants for the continued loyalty and all our other stakeholders for their support. I also thank my fellow board members, management, and staff for their unwavering commitment.



	Notes	30 June 2024 Reviewed US\$	30 June 2023 Reviewed US\$
Revenue Property expenses	2	3,610,926 (811,471)	3,136,126 (1,144,363)
Net property income Other income Allowance for credit losses Administrative expenses	3	2,799,455 19,758 610 (1,086,674)	1,991,763 42,452 (21,418) (879,506)
Operating profit		1,733,149	1,133,291
Fair value adjustments Investments held for trading Investment properties		1,167,486 150,802 1,016,684	1,032,115 (172,232) 1,204,347
Profit before finance income and costs, exchange losses and tax		2,900,635	2,165,406

Reviewed Condensed Consolidated Statement of Profit or Loss and

Basic and diluted earnings per share - US cents 16 0.14

*Comparative figures have been restated to effect the change in functional currency from 1 January 2023

Reviewed Condensed Consolidated Statement of Financial Position			Group	
	Notes	30 June 2024 Reviewed US\$	31 Dec 2023 Reviewed US\$	1 Jan 2023 Reviewed US\$
Assets Non-current assets		87,265,282	82,167,590	77,883,424
Vehicles and equipment Investment property Long-term receivables	7	74,090 85,921,826 1,269,366	194,291 80,665,000 1,308,299	147,047 76,882,000 854,377
Current assets		5,634,346	3,555,412	8,182,201
Assets held for trading Inventories Trade and other receivables Contract asset receivable from customers Cash and cash equivalents	10	711,734 23,526 3,547,151 1,004,597 347,338	672,289 85,259 1,837,658 738,773 221,433	770,901 418,646 996,075 - 5,996,579
Asset held for sale	8	2,950,000	2,950,000	-
		95,849,628	88,673,002	86,065,625
Equity and liabilities Equity		83,200,941	81,029,245	76,980,660
Non-current liabilities Deferred tax Non-current portion of borrowings	9	4,203,055 3,041,506	3,958,294 609,016	3,625,280 1,500,133
Current liabilities		5,404,126	3,076,447	3,959,552
Trade and other payables Liabilities payable from contracts with customers Current portion of borrowings Income tax payable	11 9	4,534,641 30,673 692,825	1,153,972 84,348 1,490,804	1,755,756 247,873 1,523,726 122,862
Accruals		145,987	347,323	309,335
		95,849,628	88,673,002	86,065,625
Net asset value per share - US cents		4.92	4.79	4.55

*Comparative figures have been restated to effect the change in functional currency from 1 January 2023.

viewed Condensed Consolidated Statement of Cash Flows	Grou	qı
	30 June 2024 Reviewed US\$	30 June 2023 Reviewed US\$
Net cash inflow from operating activities	2,912,700	151,274
Profit before tax Non-cash items Decrease/(increase) in working capital Tax paid	2,360,516 (637,715) 1,251,008 (61,109)	1,820,979 (327,699) (1,207,047) (134,959)
Net cash outflow from investing activities	(3,306,089)	(2,910,752)
Interest received Proceeds from disposal of vehicles and equipment Purchase of vehicles and equipment Additions and refurbishment of investment property	60,151 23,201 - (3,389,441)	29,449 - (150,283) (2,789,918)
Net cash inflow/(outflow) from financing activities	519,294	(905,201)
Dividend paid Loan repayment Loan raised Finance costs	(169,472) (198,493) 1,200,000 (312,741)	(159,798) (623,286) - (122,117)
Increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period	125,905 221,433	(3,664,679) 5,996,579
Cash and cash equivalents at the end of the period	347,338	2,331,901

*Comparative figures have been restated to effect the change in functional currency from 1 January 2023.

Reviewed Condensed Consolidated Statement of Changes in Equity	Group					
	30 June 2024	31 Dec 2023	1 Jan 2023			
	Reviewed	Reviewed	Reviewed			
	US\$	US\$	US\$			
Balance at beginning of the period Total comprehensive income Dividend declared	81,029,245	76,980,660	72,085,034			
	2,382,186	4,280,965	5,352,708			
	(210,490)	(232,380)	(457,082)			
Balance at end of the period	83,200,941	81,029,245	76,980,660			



REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes to the reviewed condensed consolidated financial statements

Basis of preparation and accounting policies

Mashonaland Holdings Limited and its subsidiaries (the Group), reviewed condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with IAS 34 "Interim Financial Reporting "except for non-compliance to IFRS in the recognition of the investment property balance on date of change in functional currency as detailed in note 1.3. The accounting policies adopted in the current year are in compliance with IFRS requirements, except for the impact of departures explained in note 1.3 below. These reviewed condensed consolidated financial statements have been prepared under the assumption that the group operates on a going concern basis

Functional currency
These reviewed condensed consolidated financial statements are presented in United States Dollars ("US\$") which is the functional currency and presentation currency of the Group. During the current period, the Group assessed that it had met the indicators stipulated in International Accounting Standard (IA\$) 21" The Effects of Changes in Foreign Exchange Rates" for reporting in United States Dollars with effect from 1 January 2023.

The Group assessed its functional currency in accordance with the requirements of IAS 21. In assessing the change in functional currency, management has considered the following primary and secondary factors:

The currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled).

The currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.

The currency in which labour material and costs of providing services are deposited.

- The currency in which labour, material and costs of providing services are denominated.
- Currency in which funds from financing activities (debt and equity instruments are generated).
 The currency in which receipts from operating activities are usually retained.

Based on the above, all the primary and secondary indicators have been satisfied as per IAS 21 requirements and as reporting in the ZW\$ currency would result in non-compliance with these requirements, management's conclusion is that the group's functional currency has changed from ZW\$ to US\$. The change in functional currency is with effect from 1 January 2023, hence the presentation of the third/opening balance sheet.

Restatement of prior period balances

Comparative balances have been restated to effect the change in functional currency from 1 January 2023. The complete disclosures as required by IAS 8 have not been provided because the restatement has been performed on all amounts presented. In addition, impact analysis is impracticable because of different functional and presentation

Conversion process and exchange rates 1.3

Conversion process and exchange rates in the preparation of these reviewed financial statements, the Group separated transactions based on the currency in which they occurred. Transactions which occurred in United States Dollars are reported in United States Dollars, and transactions which occurred in Zimbabwe Dollars were converted to United States Dollars based on the prevailing Reserve Bank of Zimbabwe interbank rate except for the following:

1.3.1 Investment property

The Group adopted the US\$ valuation determined at 31 December 2022 as the opening balances for investment property. These US\$ based valuations were determined by an independent professional valuer (EPG Global) as at 31 December 2022. This was not in compliance with IAS 21 in that IAS 21 requires that an entity translates all previously reported ZWL amounts into the new functional currency using the exchange rate at the date of the change, which for the Group was 1 January 2023. The Directors believe that use of the US\$ based valuations in presenting investment property and determining the fair value gain achieves fair presentation and also allows comparability with prior periods.

The investment property fair value gain is based on the movement of the fair value of investment property at each balance sheet date.

The deferred tax balances are based on the closing value of investment property at each balance sheet date.

An internal valuation of the Group's investment property was carried out to determine the fair values as at 30 June 2024. The valuation was conducted by the Group's qualified internal valuation team based on IFRS 13 Fair Value Measurement level 3 valuation inputs.

		_	
		Gro	up
		30 June 2024 Reviewed US\$	30 June 2023 Reviewed US\$
Revenue		3,610,926	3,136,126
IFRS 16 rental income Revenue from contracts with customers a) Recognised based on stage of completion		2,700,350	2,341,947
Mashview Gardens housing project b) Recognised at a point in time		542,227	647,520
Land inventory sales Property services income		64,671 303,678	130,271 16,388
Other income Service charges		62,385	42,357
Dividend income Loss on disposal of vehicles and equipment		4,387 (47,014)	95
Finance income		19,758	42,452
This comprises of: Interest received from tenants' balances Interest received from staff balances		60,152 59,024	94,961 87,951
Total		119,176	182,912
Finance costs			
Loan arrangement fee Loan Interest		181,841 130,900	- 122,117
Total		312,741	122,117
Tax Current income tax credit/(expense) Deferred tax		266,431 (244,761)	(110,711) (322,953)
Total		21,670	(433,664)
	30 June 2024 Reviewed US\$	31 Dec 2023 Reviewed US\$	1 Jan 2023 Reviewed US\$
Investment properties Opening balance Disposals	80,665,000	76,882,000 (803,000)	75,274,000
Net reclassification to held for sale Improvements/additions Fair value adjustments	- 4,240,142 1,016,684	(2,950,000) 5,664,189 1,871,811	(2,370,000) - 3,978,000
Closing balance	85,921,826	80,665,000	76,882,000
Asset held for sale			
Opening balance Net reclassification form investment property Disposals	2,950,000 - -	2,950,000 -	1,419,927 2,370,000 (3,789,927)
Closing balance	2,950,000	2,950,000	-
Borrowings Interest bearing loan	3,734,331	2,099,820	3,023,859
The loan is presented on the statement of financial position as follows			
Non-current portion of borrowings Current portion of borrowings	3,041,506 692,825	609,016 1,490,804	1,500,133 1,523,726
	3,734,331	2,099,820	3,023,859

The loan details and terms are as follows:

- The Group a US\$ 7million loan facility. The loan tenure period is 60 months
- Interest rate 8.5% per annum payable monthly.
- The loan is secured against the Group's properties with carrying amount of US\$ 17,773,000.

	30 June 2024	31 Dec 2023	1 Jan 2023
	Reviewed	Reviewed	Reviewed
	US\$	US\$	US\$
10. Trade and other receivables Rent receivables Other receivables and prepayments	498,154	591,019	214,698
	3,048,997	1,246,639	781,377
	3,547,151	1,837,658	996,075

As at 30 June 2024, included in other receivables is a prepayment of US\$1,440,000 for acquisition of Victoria Falls landbank and advance payments of US\$ 1,084,302 for Pomona project

	30 June 2024	31 Dec 2023	1 Jan 2023
	Reviewed	Reviewed	Reviewed
	US\$	US\$	US\$
11. Trade and other payables Trade payables Other payables	1,949,832	1,113,484	813,658
	2,584,809	40,488	942,098
	4,534,641	1,153,972	1,755,756

As at 30 June 2024, included in other payables is deposit of US\$ 2,501,430 received in advance for disposal of landbank which is currently held for sale

12. Segment information

			30 Julie 20	J 24		
	Office/retail	Industrial	Pure retail	Residential, health and land	Reconciling items	To
Rental income	1,512,196	837,109	81,011	1,180,610	-	3,610,9
Net property income	1,044,212	595,107	57,591	1,102,545	-	2,799,4
Assets	45,207,966	20,994,254	5,378,945	14,838,815	9,429,648	95,849,6
Liabilities	2,610,616	1,445,163	252,183	318,681	8,022,045	12,648,6

	30 June 2023						
	Office/retail	Industrial	Pure retail	Residential, health and land	Reconciling items	Total	
	1,329,408	735,922	39,222	1,031,574	-	3,136,126	
ome	675,335	379,062	35,528	901,838	-	1,991,763	
	44,942,157	13,176,051	5,631,973	17,814,642	7,108,179	88,673,002	
	173,666	96,136	9,304	2,211,810	5,152,841	7,643,757	

13. Related parties

Revenue Net property inco

Liabilities

			Transaction		Balaı	Balance	
Related party	Relationship	Nature of transaction	2024 US\$	2023 US\$	2024 US\$	2023 US\$	
ZB Life Assurance	Direct shareholder	Rent accrued	33,352	19,186	68,141	37,463	
ZB Bank Limited	Indirect shareholder	Rent accrued	53,989	39,978	7,955	2,571	
ZB Life Assurance	Direct shareholder	Interest received	-	1,376	-	-	
ZB Bank Limited	Indirect shareholder	Interest received	435	66	-	-	
ZB Bank Limited	Indirect shareholder	Cash and cash equivalents	=	=	95,319	71,901	
ZB Bank Limited	Indirect shareholder	Borrowings	-	-	3,734,331	2,099,820	
ZB Bank Limited	Indirect shareholder	Interest cost	312,741	87,457	-	-	
ZB Financial Holdings Limited	Indirect shareholder	Investment in					
		equities	579,675	-	711,734	672,289	
			980,192	148,063	4,617,481	2,884,044	

Compensation of key management personel of the Group		Group	
	30 June 2024 Reviewed US\$	30 June 2023 Reviewed US\$	
Non-executive directors' emoluments	123,608	82,389	
Short and long-term employee benefits	139,957	116,158	
Post-employment pension and medical benefits	6,384	10,112	
Total compensation paid to key management	269,949	208,659	
	30 June 2024	30 June 2023	1 Jan 2023
	Reviewed	Reviewed	Reviewed
	US\$	US\$	US
Loans and advances to key management personnel in the Group Short term loans and advances Long term loans and advances Interest charge Expected credit loss allowance	36,869	50,734	57,405
	372,595	466,022	476,659
	18,548	18,908	20,779
	(3,401)	(1,344)	(2,82
Total	424,611	534,320	552,022
Commitments for capital expenditure Authorised and contracted Authorised and not yet contracted	7,060,555	3,488,125	1,136,000
	11,537,908	11,537,908	3,408,000
Earnings per share - US cents	0.14	0.08	
Basic and diluted earnings per share - US cents	0.14	0.08	

- The calculation of basic and diluted earnings per share has been based on the profit/(loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.
- The calculation of headlines earnings per share has been based on the profit/(loss)attributable to ordinary shareholders and adjusted for profits or losses from the events that do not happen often and weighted average number of shares outstanding.

17. Going concern

The Directors assessed the ability of the Group to continue operating as a going concern and concluded that the use of the going concern assumption is appropriate in the preparation of the inflation adjusted financial statements. The Directors have considered the impact of macro-economic conditions on the Group's business and are satisfied that adequate measures have been put in place to ensure the viability of the Group beyond the next 12-month

18. Subsequent events Interim dividend

An announcement on the interim dividend decision will be issued in due course.

Independent auditor's review conclusion

The reviewed condensed consolidated financial results for the 6month period ended 30 June 2024 have been reviewed by the Group's auditors Messrs Deloitte & Touche Chartered Accountants (Zimbabwe) who have issued a qualified review conclusion. The qualified review conclusion is with respect to the departure by the Group from IAS 21 in the determination of opening balances for investment property and related deferred tax, that has affected the comparative balances and transactions. The Group adopted prior year investment property US\$ valuations as opening balances for investment property. This approach represents a departure from IFRS as explained in note 1.3. This departure from IFRS resulted in an understatement of investment property, retained earnings and deferred tax at 0.1 January 2023. These misstatements were carried over to the comparative period ended 30 June 2023 for investment property, retained earnings and deferred tax. The engagement partner for the review engagement was Mr Stelios Michael PAAB Practice Certificate Number: 0443.