

Unaudited Abridged Financial Results For the period ended 30 September 2019

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Commentary on Historical Cost Financial Information

Comprehensive Income Highlights

	Unaudited 30-Sep-19 ZWL	Unaudited 30-Sep-18 ZWL
Revenue	13 627 179	6 011 543
Rent Income	13 501 690	5 966 275
Net property income	10 406 987	4 804 761
Profit/Loss for the period	251 149 267	4 718 883

Financial Position Highlights

	30-Sep-19 ZWL	31-Dec-18 ZWL
Total Assets	437 947 017	149 422 298
Cash generated from operations	16 170 429	3 891 809

Financial performance

During the period under review, rental income grew by 126% to \$ 13.502 million (Q3, 2018: \$ 5.966 million). This was mainly due to rent reviews, new lettings, improved occupancy levels, improved turnover rentals on retail space and conversion of foreign-currency denominated business to local currency. Occupancy levels improved by 7% to 82.8% (Q3, 2018: 75.4%). Property expenses were up 149% for the period, on the back of high maintenance and operating costs. Generally, the operating expenditure rose across the board as suppliers pegged their prices to prevailing exchange rates. Net property income rose to \$10.406 million (Q3 2018: \$4.805 million) due to the uplift in rental incomes. Administration expenses rose to \$4.476 million from \$2.863 million in September 2018. The Company recorded positive results for the year underpinned by a resilient performance of the diversified property portfolio. Profit after tax grew to \$251.149 million during the period under review from \$4.719 million in the corresponding period last year. Fair value adjustment of the property investment contributed a significant share to the overall profitability achieved during the period under review. At 30 September 2019, the property portfolio was not revalued.

Dividend

At a meeting held on 11 November 2019, the Board resolved that no interim dividend will be declared from the profits for the third quarter ended 30 September 2019. This is to preserve capital and allow the business to reinvest into the portfolio to maximise shareholder value in the future.

Consolidated Statement of Comprehensive Income

For the period ended 30 September 2019 All figures in ZWL	Inflation Adjusted				Historic			
	Unaudited	Unaudited	Unaudited	Restated	Unaudited	Unaudited	Unaudited	Unaudited
	30 Sept 2019 9 months	Jul-Sept 2019 3 months	30 Sept 2018 9 months	Jul-Sept 2018 3 months	30 Sept 2019 9 month	Jul-Sept 2019 3 months	30 Sept 2018 9 months	Jul-Sept 2018 3 month
Revenue	24 325 762	8 048 227	23 403 834	9 273 572	13 627 179	6 878 826	6 011 543	2 030 739
Property expenses	(5 255 659)	(2 089 032)	(4 769 481)	(1 917 216)	(3 090 900)	(1 785 497)	(1 225 096)	(419 834)
Provision for credit losses	(289 937)	(60 020)	71 301	44 594	(129 292)	(51 299)	18 314	9 765
Net property income (NPI)	18 780 166	5 899 175	18 705 654	7 400 950	10 406 987	5 042 030	4 804 761	1 620 670
Employee related expenses	(8 332 460)	(1 247 723)	(10 653 593)	(1 641 144)	(2 200 298)	(1 066 430)	(1 056 582)	(359 380)
Other expenses	(142 159)	(1 381 839)	(118 039)	(4 800 356)	(2 517 378)	(1 181 059)	(1 710 235)	(1 051 189)
NPI after admin expenses	10 305 547	3 269 613	7 934 022	959 450	5 689 311	2 794 541	2 037 944	210 101
Fair value adjustment - investment properties	459 418 816	151 860	21 876 336	-	273 191 795	129 795	5 619 188	-
Finance income	374 353	94 901	579 504	229 478	188 701	81 112	148 852	50 251
Other income	8 286 178	6 218 455	907 624	470 146	6 652 927	5 314 919	233 134	102 953
Finance costs	(2 201)	(894)	(185 324)	(39 759)	(1 205)	(764)	(47 603)	(8 706)
Net monetary gain/(loss)	(20 980 284)	(6 993 428)	-	-	-	-	-	-
Profit before income tax	457 402 409	2 740 507	31 112 162	1 619 315	285 721 529	8 319 603	7 991 515	354 599
Income tax expense	(167 983 445)	(128 838)	(12 740 845)	(3 222 170)	(34 572 262)	(110 118)	(3 272 632)	(705 595)
Profit for the period	289 418 964	2 611 669	18 371 317	(1 602 855)	251 149 267	8 209 485	4 718 883	(350 996)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive profit for the period	289 418 964	2 611 669	18 371 317	(1 602 855)	251 149 267	8 209 485	4 718 883	(350 996)
Attributable to:								
Owners of the parent	289 418 964	2 611 669	18 371 317	(1 602 855)	251 149 267	8 209 485	4 718 883	(350 996)
Total (loss)/profit for the period	289 418 964	2 611 669	18 371 317	(1 602 855)	251 149 267	8 209 485	4 718 883	(350 996)

Basic and diluted earnings per share (ZWL cents)	23.4	0.01	1.5	(0.0013)	20.3	0.01	0.4	(0.00028)
Headline earnings per share (ZWL cents)	23.4	0.01	1.5	(0.0013)	20.3	0.01	0.4	(0.00028)
Weighted average number of shares in issue	1 236 927 672	1 236 927 672	1 236 927 672	1 236 927 672	1 236 927 672	1 236 927 672	1 236 927 672	1 236 927 672

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Statement of Financial Position

At 30 September 2019	Inflation Adjusted		Historic	
	Unaudited 30 Sept 2019	Restated 31 Dec 2018	Unaudited 30 Sept 2019	Audited 31 Dec 2018
All figures in ZWL				
ASSETS				
Investment properties	703 753 272	431 525 150	418 316 238	146 150 000
Vehicles and equipment	1 381 363	527 391	210 654	178 618
Financial assets at fair value through profit or loss	164 947	487 024	164 947	164 947
Financial assets at amortised cost	390 827	1 751 868	390 827	593 327
Total Non Current Assets	705 690 409	434 291 433	419 082 666	147 086 892
Current assets				
Inventory	49 246	65 516	17 808	22 189
Tax receivable	-	1 798 880	-	609 249
Trade and other receivables	2 618 854	3 374 185	2 618 854	1 142 778
Cash and cash equivalents	16 227 689	1 656 980	16 227 689	561 190
Total Current Assets	18 895 789	6 895 561	18 864 351	2 335 406
Total Assets	724 586 198	441 186 994	437 947 017	149 422 298
EQUITY AND LIABILITIES				
Ordinary share capital	9 083 036	3 596 726	1 218 148	1 218 148
Retained earnings	551 225 280	383 137 944	380 181 369	129 762 102
Total Shareholders' Equity	560 308 316	386 734 670	381 399 517	130 980 250
Non-current liabilities				
Deferred tax liabilities	157 849 318	49 339 969	50 118 936	16 710 582
Total Non Current Liabilities	157 849 318	49 339 969	50 118 936	16 710 582
Current liabilities				
Borrowings	-	270 652	-	91 665
Current income tax liability	(88 916)	-	(88 916)	-
Trade and other payables	6 517 480	4 841 703	6 517 480	1 639 801
Total Current Liabilities	6 428 564	5 112 355	6 428 564	1 731 466
Total Liabilities	164 277 882	54 452 324	56 547 500	18 442 048
Total Equity and Liabilities	724 586 198	441 186 994	437 947 017	149 422 298

FIRST MUTUAL PROPERTIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - 30 SEPTEMBER 2019

All figures in ZWL	Inflation Adjusted				
	Ordinary share capital	Treasury Shares	Retained earnings	Shareholders equity	Total equity
1 January 2019	1 238 157	(20 009)	263 516 560	264 734 708	264 734 708
Adjustment for inflation	6 046 701	(39 707)	-	6 006 994	6 006 994
Treasury Shares	-	-	-	-	-
Dividend	-	-	(1 710 244)	(1 710 244)	(1 710 244)
Translation to ZWL	1 857 894	-	-	1 857 894	1 857 894
Profit for the period	-	-	289 418 964	289 418 964	289 418 964
At 30 September 2019	9 142 752	(59 716)	551 225 280	560 308 316	560 308 316

All figures in ZWL	Historic				
	Ordinary share capital	Treasury Shares	Retained earnings	Shareholders equity	Total equity
1 January 2018	1 238 157	(20 009)	126 432 391	127 650 539	127 650 539
Dividend	-	-	(730 000)	(730 000)	(730 000)
Profit for the year	-	-	4 059 711	4 059 711	4 059 711
1 January 2019	1 238 157	(20 009)	129 762 102	130 980 250	130 980 250
Acquisition of Treasury Shares	-	-	-	-	-
Treasury Shares	-	-	-	-	-
Dividend	-	-	(730 000)	(730 000)	(730 000)
Deferred tax	-	-	-	-	-
Profit for the period	-	-	251 149 267	251 149 267	251 149 267
At 30 September 2019	1 238 157	(20 009)	380 181 369	381 399 517	381 399 517

Consolidated Statement of Cash Flows

At 30 September 2019	Inflation Adjusted		Historic	
	Unaudited 30 Sept 2019	Restated 30 Sept 2018	Unaudited 30 Sept 2019	Unaudited 30 Sept 2018
All figures in ZWL				
Profit before tax	457 402 409	31 112 162	285 721 529	9 143 044
Adjustment for non-cash items	(444 126 793)	(17 628 315)	(274 794 259)	(5 946 610)
Cash flows from operating activities before working capital adjustments	13 275 616	13 483 847	10 927 270	3 196 434
Working capital adjustments	2 919 320	2 053 176	5 243 159	695 375
Cash generated from operations	16 194 936	15 537 023	16 170 429	3 891 809
Tax paid	(970 730)	(3 480 800)	(828 756)	(1 178 886)
Interest paid	(2 201)	(155 409)	(1 205)	(52 634)
Net cash flow from operating activities	15 222 005	11 900 814	15 340 468	2 660 289
Net cash flows used in investing activities	1 329 601	(6 912 628)	1 147 700	(2 341 185)
Net cash flows from financing activities	(1 980 897)	(5 403 293)	(821 668)	(1 830 000)
Net increase/(decrease) in cash and cash equivalents	14 570 709	(415 107)	15 666 500	(1 510 896)
Opening cash and cash equivalents	1 656 980	2 072 087	561 189	2 072 086
Cash and cash equivalents at 30 September 2019	16 227 689	1 656 980	16 227 689	561 190

Corporate information

First Mutual Properties Limited is a public listed company incorporated and domiciled in Zimbabwe and its shares are publicly traded on the Zimbabwe Stock Exchange. The principal activities of the Group are property investment, development and management. The consolidated financial statements of the Group for the nine months ended 30 September 2019 were authorised for issue in accordance with a resolution of the directors at a meeting held on 11 November 2019.

Statement of Compliance

The Company's interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Committee Interpretations ("IFRIC"), as issued by the International Financial Reporting Committee Interpretations ("IFRS IC") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03). The financial statements are based on statutory records that are maintained under the historical cost convention except for investment properties which are measured at fair value through profit and loss.

Inflation adjustment (IAS 29)

For the purpose of fair presentation in accordance with International Accounting Standard 29 "Financial Reporting in Hyper Inflationary Economies", the financial statements have been restated for changes in the general purchasing power of the ZWL and appropriate adjustments have been made. The restatement has been calculated by means of conversion factors derived from the month on month Consumer Price Index (CPI) prepared by the Zimbabwe Statistical Agency. All items in the income statement are restated by applying the relevant monthly conversion factors. The conversion factors used are as follows:

Date	CPI	Conversion factor
30 September 2019	290.39	1
31 December 2018	88.81	3.27
30 September 2018	64.06	4.53

Reporting period and currency

The reporting period is 1 January 2019 to 30 September 2019. The financial statements are presented in Zimbabwean dollars (ZWL) being the functional and reporting currency of the primary economic environment in which the Group operates.