



Reviewed Condensed Consolidated Inflation Adjusted Financial Statements for the six months ended 30 June 2023

# CHAIRPERSON'S STATEMENT



I am pleased to present the Mashonaland Holdings Limited inflation adjusted financial results for the six months ended 30 June 2023.

### Operating environment

uring the period under review, the macroeconomic environment remained uncertain with persistent exchange rate volatility and inflationary pressures increasing the cost of doing business. The economy remains eachange political risks, which normally precede an election period, leading to market uncertainty. The exchange rate depreciated by 739% from US\$1:ZW\$684 at the start of the year to US\$1:ZW\$5,740 in June 2023. Authorities have responded by implementing monetary policy interventions, including reducing Zimbabwe Dollar liquidity and maintaining high minimum lending rates, to stabilize the exchange rate. The resulting tight Zimbabwe Dollar liquidity has led to an increased adoption of use of the United States Dollar as a transactional currency.

These developments have led to an improvement in foreign currency collections by property market players who have reported foreign currency revenue contributions of above 70%. The Group has engaged its tenants to align its revenue contribution with these market developments and this has seen the company also growing its foreign currency revenue.

#### Property market

The property market The property market remains constrained by the persistently low economic activity in the formal sectors of the economy. The low economic activity has led to a lethargic space absorption rate affecting mainly CBD office sub-sector. The market has however witnessed some pockets of growth in the retail and office park segments while the industrial segment has remained resilient with steady demand for strategically located industrial warehouse space. Office tenants continue to show preference for suburban and out of CBD office space due to deteriorating public infrastructure among other inner city urban problems, especially in the Harare CBD. The tourism segment continues to record steady growth with increasing tourist arrivals in the first 6 months of the year thereby providing an attractive alternative investment destination for diversified property investors.

The development submarket remains hamstrung by the high construction costs, limited long term financing and high cost of capital. However, residential properties continue to present investment opportunities for property developers in view of the positive demand for housing. The supply side imbalance has led to an increase in property prices for medium to high income residential properties.

Attaining sustainable rentals has remained a major challenge for the property industry given the exchange rate fluctuations and wide disparities between official and unofficial exchange rates. In view of this background, property companies have converted leases for prime properties to United States Dollars while frequent reviews have been maintained for Zimbabwe Dollar based leases in order to preserve rental yields

#### Inflation adjusted financial performance

Revenue increased by 150% in the 6 months under review to ZW\$8.7billion. Rental income contributed to the improved revenue performance posting a 115% growth. The Group now earns 74% of its rental revenue in foreign currency up from 35% at the same time last year. The deterioration in the exchange rate over the half year period had a positive impact on the Group's revenue performance in Zimbabwe Dollar terms. The portfolio occupancy level increased from 83% in June 2022 to 87% thereby contributing to the revenue growth. Further, the Group earned revenue of ZW\$1.2billion from the Mashview Gardens housing project as the project reached the practical completion stage.

Operating profit increased by 781% to ZW\$34.6billion. The increase in operating profit was due to the 150% improvement in revenue performance as well as foreign exchange gains of ZW\$32.4billion realised on conversion of foreign currency balances on hand.

The Group posted a profit after tax of ZW\$236.4 billion up from ZW\$7.7billion in 2022. The improved profit position was realized due to the improved operating profitability and a 117% capital gain recorded on investment properties.

The Group's collections percentage remained resilient at 94% due to continuous credit control engagements which sought to ensure timely realisation of value from rentals in the hyperinflationary environment

#### Investment property

The Group performed an open market valuation of its investment properties as at 30 June 2023. The Group's investment property portfolic was valued at ZW\$453billion, which represents a 117% capital gain from the inflation adjusted valuation performed in December 2022. The capital gain is reflected in the growth in rental income in inflation adjusted terms

### Property development projects

Pomona Commercial Centre Development, Stand 489 Pomona During the period under review, the Group completed all the pre-construction works for the Pomona Commercial Centre, which encompassed architectural and engineering designs, statutory and corporate approvals, tendering and award of tenders. The development concept consists of wholesaling and flexible warehousing units with 14,000sqm lettable area. The anchor tenant has been secured and 60% of the development has been successfully pre-leased.

A groundbreaking ceremony, which marked the commencement of the project was done on the 30<sup>th</sup> of June 2023. The project has a targeted construction duration of 15 months and is programmed for completion in Q4 2024.

### Milton Park Day Hospital Project

The project is now 90% complete. Roof cover installations have been completed, external paving works and elevator installations are in progress. The contracted tenant for the hospital development has been invited to commence tenant fit outs to enable lease commencement in November 2023.

### Mashview Gardens

The cluster housing project is substantially complete. Finishes works comprising of tiling, plumbing and electrical fit out are being finalised. The boundary wall and gate house for the housing development have been completed. External works comprising of water reticulation, electrical connections and landscaping works are also currently underway. The units are planned for handover in September 2023.

### Dividend

Profit or Loss and Other Comprehensive Income	Inflation	Adjusted	* Historical Cost		
Notes	30 JUNE 2023 Reviewed ZW\$	30 JUNE 2022 Reviewed ZW\$	30 JUNE 2023 Unreviewed ZW\$	31 JUNE 2022 Unreviewed ZW\$	
Revenue 2 Property expenses	<b>8 707 201 994</b> (3 124 122 099)	<b>3 478 215 182</b> (770 513 743)	<b>4 351 070 181</b> (1 305 688 380)	<b>483 232 684</b> (102 389 031	
Net property income	5 583 079 895	2 707 701 439	3 045 381 801	380 843 653	
Other income <b>3</b> Allowance for credit losses	32 545 204 679 (188 878 120)	2 453 399 144 (55 834 159)	19 124 406 683 (73 162 449)	463 840 736 (24 646 631	
Administrative expenses	(3 320 472 616)	(1 175 661 507)	(1 790 192 183)	(153 014 563	
Operating profit before fair value adjustments	34 618 933 838	3 929 604 917	20 306 433 852	667 023 195	
Fair value adjustments Investments held for trading	<b>244 479 081 539</b> 1 790 450 526	<b>9 023 247 260</b> (2 506 006 141)	<b>388 345 431 380</b> 2 911 224 447	<b>19 821 905 865</b> 77 657 977	
Investment properties Assets held for sale	242 688 631 013	11 191 664 551 337 588 850	385 434 206 933	18 403 007 888 1 341 240 000	
Profit before finance income, monetary loss and tax	279 098 015 377	12 952 852 177	408 651 865 232	20 488 929 060	
Finance income 4	490 827 819	60 022 051	237 933 439	8 161 792	
Finance costs 5 Exchange losses on borrowings	(514 599 369) (21 243 633 967)		(391 114 434) (13 804 152 265)	(63 451 251 (877 860 750	
Monetary (loss)/gain	(8 487 127 374)		-		
Profit before taxTax expense6	<b>249 343 482 486</b> (12 908 865 534)	<b>9 110 822 643</b> (1 404 130 417)	<b>394 694 531 972</b> (22 648 350 618)	<b>19 555 778 851</b> (1 068 639 669	
Profit after tax	236 434 616 952	7 706 692 226	372 046 181 354	18 487 139 18	
Weighted average number of shares Basic and diluted earnings per share – ZW\$	1 687 584 009 140.10	1 687 584 009 4.57	1 687 584 009 220.46	1 687 584 009 10.95	
Reviewed Condensed Consolidated Statement of Financial Position	Inflation	Gro Adjusted	* Historic	al Cost	
Notes	30 JUNE 2023 Reviewed ZW\$	31 DEC 2022 Reviewed	30 JUNE 2023 Unreviewed ZW\$	31 DEC 2022 Unreviewed	
Assets	2003	ZW\$	2₩3	ZWS	
Non-current assets		211 323 379 331	459 552 997 935		
Vehicles and equipment Investment property <b>7</b> Long-term receivables	1 002 834 083 453 370 620 864 6 016 910 923	626 780 599 208 870 207 857 1 826 390 875	165 466 148 453 370 620 864 6 016 910 923	28 350 45 66 865 248 00 584 679 26	
Current assets	21 090 670 245		20 090 791 419	5 474 795 745	
Inventories Investments held for trading	589 372 287 3 438 394 906	894 934 681 1 647 944 379	38 596 641 3 438 394 906	69 653 499 527 553 50	
Trade and other receivables Contract asset receivable from customers	2 114 422 668 856 605 444	2 129 296 772	2 114 422 668 407 502 264	681 647 987 92 278 185	
Cash and cash equivalents	14 091 874 940	12 818 809 176	14 091 874 940	4 103 662 573	
Total assets	481 481 036 115	228 814 364 339	479 643 789 354	72 953 073 461	
<b>Equity and liabilities</b> Share capital		206 914 827 530	<b>437 976 834 887</b>	<b>66 175 591 313</b> 843 792	
Share premium	374 904 839 749 809 881	749 809 881	843 792 1 687 584	1 687 584	
Retained earnings	441 474 802 959	205 790 112 810	437 974 303 511	66 173 059 937	
Non-current liabilities Deferred taxation	22 616 286 679	10 228 438 279	25 480 963 542	3 166 003 392	
Non-current portion of borrowings 8	5 221 946 608	3 206 813 791	5 221 946 608	1 026 591 593	
Current liabilities Current portion of borrowings 8	11 043 285 149 8 556 856 723	<b>8 464 284 739</b> 3 257 249 263	<b>10 964 044 317</b> 8 556 856 723	2 584 887 163 1 042 737 411	
Trade and other payables	1 870 489 577	3 753 256 781	1 870 489 577	1 201 523 415	
Liabilities payable from contracts with customers Accruals	113 373 774 375 826 458		34 132 942 375 826 458	44 858 985 164 772 398	
Tax payable	126 738 617	262 640 916	126 738 617	130 994 954	
Total equity and liabilities		228 814 364 339	479 643 789 354	72 953 073 461	
Net asset value per share-ZW\$	261.60	122.61	258.46	39.15	
Reviewed Condensed Consolidated Statement of Cash Flows	Inflation	Gro Adjusted	oup * Historic	al Cost	
	30 JUNE 2023 Reviewed ZW\$	30 JUNE 2022 Reviewed ZW\$	30 JUNE 2023 Unreviewed ZW\$	30 JUNE 2022 Unreviewed ZWS	
Net cash inflow from operating activities	7 009 411 176	4 233 680 693	13 794 243 466	1 093 269 209	
Profit before tax	249 343 482 486	9 110 822 643	394 694 531 972	19 555 778 851	
Non-cash items (Decrease)/increase in working capital Tax paid	(234 679 723 884) (7 311 393 748) (342 953 678)	1 793 588 799	(374 488 424 277) (6 269 153 344) (142 710 885)	(18 925 036 111 493 807 402 (31 280 933	
Net cash outflow from investing activities	(2 071 454 278)	(7 051 534 844)	(1 149 769 521)	(943 869 055	
Interest received Proceeds from disposal of asset held for trading Proceeds from disposal of property and equipment	123 428 860 - 24 168 046	7 985 881 258 112 551 -	47 158 778 - 24 168 046	1 071 717 52 532 369	
Acquisition of investment property Improvements to investment property Purchase of property and equipment	- (1 811 781 994) (407 269 190)		- (1 071 165 931) (149 930 414)	(852 132 485 (135 909 622 (9 431 034	

The Board declared an interim dividend of 0.00761 US cents and ZW\$ 0.1535 per share. A separate dividend notice will be published to this effect.

#### Outlook

The Government of Zimbabwe has forecast that the economy will grow by 5.3% in 2023 supported by better performance in agriculture, mining, ICT and tourism. The Ministry of Finance and Economic Development anticipates that the improvements in electricity generation in the second half of the year will reinforce the positive economic outlook.

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

### Appreciation

On behalf of the Board. Lexpress appreciation to our valued tenants for their continued lovalty and all our other stakeholders for their support. I also thank my fellow board members, management, and staff for their continued dedication.

Harare 12 September 2023

Alfina. Eng. G. Bema **Board Chairperson** 

Independent auditor's review conclusion The condensed inflation adjusted financial results for the 6-month period ended 30 June 2023 have been reviewed by the Group external auditors Messrs Deloitte & Touche Chartered Accountants (Zimbabwe) who have issued an adverse conclusion. The adverse conclusion is with respect to non-compliance with IAS 21. The Group's trading patterns have provided evidence of a change in functional currency from the Zimbabwe Dollar to the United States Dollar (USD) for the 6month period. As explained in note 1.1, the Group elected to maintain the Zimbabwe Dollar (ZWS) as its functional currency, therefore the financial statements do not comply with the requirements of IAS 21. The engagement partner for the review engagement was Mr Stelios Michael, PAAB certificate number 0443.

Net cash (outflow)/inflow from				
financing activities	(3 664 891 134)	3 588 206 901	(2 656 261 578)	392 390 041
Dividend paid	(464 592 799)	(244 538 498)	(170 469 207)	(49 853 568
_oan raised	-	4 543 588 943	-	585 849 482
_oan repayment	(2 685 698 966)	(534 188 200)	(2 094 677 937)	(108 903 866
Finance costs	(514 599 369)	(176 655 344)	(391 114 434)	(34 702 007
<b>Increase in cash and cash equivalents</b> Cash and cash equivalents at the beginning	1 273 065 764	770 352 750	9 988 212 367	541 790 195
of the period	12 818 809 176	3 474 186 270	4 103 662 573	323 535 378
Cash and cash equivalents at the end				
				065 335 573
of the period	14 091 874 940	4 244 539 020	14 091 874 940	865 325 573
of the period	14 091 874 940			865 325 573
Condensed Consolidated Statement		Gro	up	
·	14 091 874 940	Gro		
Condensed Consolidated Statement		Gro	up	
Condensed Consolidated Statement of Changes in Equity Shareholders' equity at beginning of the	Inflation / 30 JUNE 2023 Reviewed ZW\$	Gro Adjusted 31 DEC 2022 Reviewed ZW\$	up * Historic 30 JUNE 2023 Unreviewed ZW\$	al Cost 31 DEC 2022 Unreviewed ZW\$
Condensed Consolidated Statement of Changes in Equity Shareholders' equity at beginning of the period	Inflation J 30 JUNE 2023 Reviewed ZW\$ 206 914 827 530	Gro Adjusted [] 31 DEC 2022 Reviewed ZW\$ 154 020 046 840	up * Historic 30 JUNE 2023 Unreviewed ZW\$ 66 175 591 313	al Cost 31 DEC 2022 Unreviewed ZW\$ 14 301 376 426
Condensed Consolidated Statement of Changes in Equity Shareholders' equity at beginning of the period Total comprehensive income	Inflation <i>J</i> 30 JUNE 2023 Reviewed ZW\$ 206 914 827 530 236 434 616 952	Gro Adjusted [ 31 DEC 2022 Reviewed ZW\$ 154 020 046 840 53 871 404 445	up * Historic 30 JUNE 2023 Unreviewed ZW\$ 66 175 591 313 372 046 181 354	al Cost 31 DEC 2022 Unreviewed ZW\$ 14 301 376 426 52 073 925 696
Condensed Consolidated Statement of Changes in Equity Shareholders' equity at beginning of the period	Inflation J 30 JUNE 2023 Reviewed ZW\$ 206 914 827 530	Gro Adjusted [] 31 DEC 2022 Reviewed ZW\$ 154 020 046 840	up * Historic 30 JUNE 2023 Unreviewed ZW\$ 66 175 591 313	al Cost 31 DEC 2022 Unreviewed ZW\$ 14 301 376 426

Directors: Eng. G. Bema (Chairperson), P. Musarurwa, G. Mapfidza (Managing Director), T. Chaparamhosva, T. Masunda, M. Mubayiwa, B. Shumba, I. Tigere, K. Musundire (Chief Finance Officer)







# Reviewed Condensed Consolidated Inflation Adjusted Financial Statements for the six months ended 30 June 2023

# Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation and accounting policies

Mashonaland Holdings Limited and its subsidiaries' (the "Group") condensed consolidated inflation adjusted financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the current period are consistent with those applied in the previous period unless otherwise stated. These condensed consolidated inflation adjusted financial statements have been prepared under the assumption that the Group operates on a going concern basis.

### 1.1 Reporting currency

These financial statements are presented in Zimbabwe Dollars ("ZW\$"). During the period, the Group assessed that it had met the indicators stipulated in International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" for reporting in United States Dollars, as change in functional currency. The Group has however maintained the Zimbabwe Dollar as the functional and reporting currency for the purposes of these interim results while assessing the impact of the long term national monetary policy environment.

#### 1.2 Hyperinflation

These results have been prepared under the current cost basis in line with the provisions of International Accounting Standard (IAS) 29"Financial Reporting in Hyperinflationary Economies". The Public Accountants and Auditors Board (PAAB) pronounced that the economy is trading under conditions of hyperinflation in line with IAS 29 (Pronouncement 1/2019). The directors have applied the guidelines provided by the PAAB and the accounting bodies and made various assumptions to produce the inflation adjusted financials. The inflation adjusted amounts are the primary set of results. The historic information is supplementary.

The Group used the price indices provided by the Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website up to February 2023. Due to lack of officially published Consumer Price Index (CPI), the Group adopted an estimated CPI for periods after February 2023. The estimated CPI was derived by adjusting the last published CPI (February 2023) based on the monthly movement of the Total Consumption Poverty Line. Below are the indices and adjustment factors used up to 30 June 2023.

	Index	Conversion factor
Estimated CPI as at 30 June 2023	42 710.73	1.00
CPI as at 31 December 2022	13 672.91	3.12
CPL as at 30 June 2022	8 707.35	4.91

#### 1.3 Valuation of investment properties

An internal valuation of the Group's investment property was carried out to determine the fair values as at 30 June 2023. The internal valuation was conducted by the Group's qualified internal valuation team based on IFRS 13 Fair Value Measurement level 3 valuation inputs. An internal valuation was considered appropriate considering the Group had performed a comprehensive external valuation based in Zimbabwean Dollars at the last reporting period date on the inflationary environment and limited comparable information for transactions concluded in Zimbabwean Dollars.

	Group					
	Inflation	Adjusted	* Historic	* Historical Cost		
	30 JUNE 2023 Reviewed ZW\$	30 JUNE 2022 Reviewed ZW\$	30 JUNE 2023 Unreviewed ZW\$	30 JUNE 2022 Unreviewed ZW\$		
Revenue	8 707 201 994	3 478 215 182	4 351 070 181	483 232 684		
Rental income (IFRS 16) <b>Revenue from contracts with customers:</b> Mashview Gardens housing project	7 166 704 349 1 195 620 764	3 336 746 214	3 879 761 217 315 224 079	457 425 680		
Land inventory sales Property services income	245 537 281 99 339 600	132 719 124 8 749 844	94 513 843 61 571 042	24 519 330 1 287 674		
Other income Service charges Sundry income Dividend income Foreign exchange gain Profit on disposal of property and equipment (Loss)/profit on disposal of asset held for sale	105 167 550 1 136 279 771 066 32 414 013 766 24 116 018	43 935 371 1 195 509 4 884 436 2 466 804 834 - (63 421 006)	55 564 219 882 101 771 066 19 043 073 280 24 116 017	5 912 964 180 068 669 697 394 018 387 - 63 059 620		
Total	32 545 204 679	2 453 399 144	19 124 406 683	463 840 736		
Finance income This comprises of: Interest received from tenants and staff balances Interest receivable on money market	185 795 404	52 036 172	104 107 053	2 702 302		
investments	305 032 415	7 985 879	133 826 386	5 459 490		
Total	490 827 819	60 022 051	237 933 439	8 161 792		
Finance costs Loan arrangement fees Loan interest	- 514 599 369	316 532 953 159 140 429	- 391 114 434	31 007 615 32 443 636		
Total	514 599 369	475 673 382	391 114 434	63 451 251		
<b>Tax expense</b> Current income tax expense Deferred tax Capital gains tax	(288 532 623) (12 387 848 400) (232 484 511)	(223 484 351) (1 180 646 066) -	(100 905 958) (22 314 960 149) (232 484 511)	(33 845 813) (1 034 793 856) -		
Total	(12 908 865 534)	(1 404 130 417)	(22 648 350 618)	(1 068 639 669)		
		Grou	ıp			
Investment property		Adjusted				
	30 JUNE 2023 Reviewed ZW\$	31 DEC 2022 Reviewed ZW\$	30 JUNE 2023 Unreviewed ZW\$	31 DEC 2022 Unreviewed ZW\$		
<b>Opening balance</b> Reclassification to held for sale Disposals Improvements/additions	<b>208 870 207 857</b> - 1 811 781 994	<b>149 740 908 071</b> (11 489 867 022) (825 106 888) 13 018 255 959	<b>66 865 248 000</b> - 1 071 165 931	<b>13 944 702 000</b> (264 140 000) (1 070 000 000) 2 169 054 803		
Fair value adjustments	242 688 631 013	58 426 017 737	385 434 206 933	52 085 631 197		
Closing balance	453 370 620 864	208 870 207 857	453 370 620 864	66 865 248 000		
Borrowings						
Interest bearing bank loan	13 778 803 331	6 464 063 054	13 778 803 331	2 069 329 004		
The loan balance is presented on the Statement of Financial Position as follows: Current liabilities	8 556 856 723	3 257 249 263	8 556 856 723	1 042 737 411		
Non-current liabilities	5 221 946 608	3 206 813 791	5 221 946 608	1 026 591 593		

### 9. Segment information

		Inflation adjusted				
30 JUNE 2023 ZW\$	Office	Industrial	Pure retail	Residential, health and land	Reconciling items	Total
Revenue	5 935 283 283	1 892 236 633	543 967 996	335 714 082	-	8 707 201 994
Net property income	3 108 836 418	1 696 586 132	480 963 329	296 694 016	-	5 583 079 895
Assets	251 794 741 692	54 973 696 292	32 027 307 835	118 434 005 847	24 251 284 449	481 481 036 115
Liabilities	13 002 833 277	1 845 368 540	941 846 879	6 146 793 913	16 944 675 826	38 881 518 435

	Inflation adjusted					
30 JUNE 2022 ZW\$	Office	Industrial	Pure retail	Residential, health and land	Reconciling items	Total
Revenue	1 933 200 121	1 021 546 771	282 855 687	240 612 603	-	3 478 215 182
Net property income	1 747 066 379	360 206 698	246 737 233	353 691 129	-	2 707 701 439
Assets	81 679 208 156	19 219 114 018	9 800 514 074	48 258 968 607	24 255 702 794	183 213 507 649
Liabilities	5 566 510 845	1 043 533 603	532 603 025	3 703 158 596	11 141 222 612	21 987 028 681

	* Historical cost					
30 JUNE 2023 ZW\$	Office	Industrial	Pure retail	Residential, health and land	Reconciling items	Total
Revenue	2 965 916 506	945 568 323	271 825 889	167 759 463	-	4 351 070 181
Net property income	1 695 765 425	925 430 520	262 349 276	161 836 580	-	3 045 381 801
Assets	250 833 937 343	54 763 926 357	31 905 097 274	117 982 082 558	24 158 745 822	479 643 789 354
Liabilities	13 934 344 231	3 040 220 560	1 773 461 993	6 587 144 546	16 331 783 137	41 666 954 467

	* Historical cost					
30 JUNE 2022 ZW\$	Office	Industrial	Pure retail	Residential, health and land	Reconciling items	Total
Revenue	268 581 855	141 924 741	39 297 486	33 428 602	-	483 232 684
Net property income	246 128 355	50 950 721	34 452 852	49 311 725	-	380 843 653
Assets	16 473 033 178	3 876 103 968	1 976 564 136	14 612 178 708	12 554 010	36 950 434 000
Liabilities	1 063 973 202	199 459 199	101 800 816	2 850 642 865	1 870 300	4 217 746 382

#### 10. Related parties

Total

Total

		l	Inflation adju	Inflation adjusted						
		Transaction Ba								
Related party	Relationship	Nature of transaction	30 JUNE 2023 ZW\$			31 DEC 2022 ZW\$				
ZB Life Assurance Limited	Direct shareholder	Rent accrued	159 242 570	146 228 071	(12 477 500)					
ZB Bank Limited	Indirect shareholder	Rent accrued	331 816 334	222 360 197	-					
ZB Life Assurance Limited	Direct shareholder	Interest received	11 424 020	220 429	-					
ZB Bank Limited	Indirect shareholder	Interest received	54 371	2 239 276	-					
ZB Bank Limited	Indirect shareholder	Interest payable	(514 599 369)	(475 673 824)	-					
ZB Financial Holdings Limited	Indirect shareholder	Dividends receive	d -	4 884 438	-					
ZB Financial Holdings Limited	Indirect shareholder	Investment in equ	ities -	-	1 534 886 806	848 127 152				
ZB Bank Limited	Indirect shareholder	Bank balances	-	-	11 174 258 458	11 809 671 90				
ZB Bank Limited	Indirect shareholder	Loan payable	-	-	13 778 803 331	6 464 063 054				

(12 062 074) (99 741 413) 26 475 471 095 19 121 862 108

	* Historical cost						
			Tran	saction	Bala	nce	
Related party	Relationship	Nature of transaction	30 JUNE 2023 ZW\$	30 JUNE 2022 ZW\$		31 DEC 2022 ZW\$	
ZB Life Assurance Limited	Direct shareholder	Rent accrued	79 575 000	20 046 018	(12 477 500)		
ZB Bank Limited	Indirect shareholder	Rent accrued	165 811 722	30 482 769	-		
ZB Life Assurance Limited	Direct shareholder	Interest received	5 537 902	23 350	-		
ZB Bank Limited	Indirect shareholder	Interest received	26 357	333 632	-		
ZB Bank Limited	Indirect shareholder	Interest payable	(391 114 434)	(63 451 251)	-		
ZB Financial Holdings Limited	Indirect shareholder	Dividends receive	d -	669 697	-		
ZB Financial Holdings Limited	Indirect shareholder	Investment in equ	ities -	-	1 534 886 806	271 509 436	
ZB Bank Limited	Indirect shareholder	Bank balances	-	-	11 174 258 458	3 780 609 253	
ZB Bank Limited	Indirect shareholder	Loan payable	-	-	13 778 803 331	2 069 329 004	

#### (140 163 453) (11 895 785) 26 475 471 095 6 121 447 693

1. Compensation of key manangement	Group					
personnel in the Group	Inflation Ad	justed	* Historical	Cost		
	30 JUNE 2023 Reviewed ZW\$	30 JUNE 2022 Reviewed ZW\$	30 JUNE 2023 Unreviewed ZW\$	30 JUNE 202 Unreviewe ZW		
Non-executive directors' emoluments Short and long-term employee benefits	332 589 680 403 464 633	63 893 211 239 502 867	186 165 801 217 523 020	8 315 8 31 171 7		
Post-employment pension and medical benefits	55 132 298	24 721 839	29 723 904	3 217 5		
Total compensation paid to key management	791 186 611	328 117 917	433 412 725	42 705 10		
2. Loans and advances to key management personnel in the Group						
Short term loans	139 720 872	-	139 720 872			
Long term loans and advances	2 566 152 051	-	2 566 152 051			
Interest charge Expected credit loss allowance	73 530 451 (3 900 495)	-	41 201 441 (3 900 495)			
Total	2 775 502 879	-	2 743 173 869			
Commitments for capital expenditure						
Authorised and contracted Authorised and not yet contracted	1 405 804 440 78 925 000 000	5 022 135 383 7 278 435 977	1 405 804 440 78 925 000 000	1 023 852 5 1 483 840 0		

The loan details and terms are as follows:

- This is a foreign denominated (USD) currency loan with a 36-month tenure,
- Interest rate 8.5% (2022: 10.35%) per annum payable quarterly,

The Group secured the loan against one of its investment properties with a carrying value of ZW\$ 45 731 269 000.

#### 12. 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 condensed consolidated 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 viability of the Group beyond the next 12-month period.

#### 13. Subsequent events

On 12 September 2023, the Board of Directors declared an interim dividend of 0.00761 US cents and ZW\$ 0.1535 per share to be paid from the Group's distributable profits.

Directors: Eng. G. Bema (Chairperson), P. Musarurwa, G. Mapfidza (Managing Director), T. Chaparamhosva, T. Masunda, M. Mubayiwa, B. Shumba, I. Tigere, K. Musundire (Chief Finance Officer)



PO Box 267 Harare Zimbabwe Deloitte & Touche Registered Auditors West Block Borrowdale Office Park Borrowdale Road Borrowdale Harare Zimbabwe

Tel: +263 (0) 8677 000261 +263 (0) 8644 041005 Fax: +263 (0) 4 852130 www.deloitte.com

Independent Auditor's Report On the Review of Inflation Adjusted Condensed Consolidated Interim Financial Information To the Shareholders of Mashonaland Holdings Limited

# Introduction

We have reviewed the accompanying inflation adjusted condensed consolidated interim financial information of Mashonaland Holdings Limited and its subsidiaries ("the Group"), which comprise the inflation adjusted condensed consolidated statement of financial position as at 30 June 2023 and the inflation adjusted condensed consolidated statement of profit or loss and other comprehensive income, inflation adjusted condensed consolidated statement of changes in equity and inflation adjusted condensed consolidated statement of cash flows, for the six month period then ended, and the selected explanatory notes to the inflation adjusted condensed consolidated interim financial information.

The Directors are responsible for the preparation and fair presentation of this inflation adjusted condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting. Our responsibility is to express a conclusion on this inflation adjusted condensed consolidated interim financial information based on our review.

# Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of inflation adjusted condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# **Basis for Adverse Conclusion**

# Non-compliance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" with respect to change in functional currency

IAS 21 – "The Effects of Changes in Foreign Exchange Rates" requires that the functional currency of an entity reflect the underlying transactions, events and conditions that are relevant to the entity, and to change the functional currency when there is a change in those underlying transactions, events and conditions. Whilst the Group's indicators have provided evidence of a change in functional currency for the entity to United States Dollars (USD) from the beginning of the current six-month period ended 30 June 2023, management have elected to maintain the Zimbabwe Dollar (ZWD) as the entity's functional currency. This does not comply with the requirements of IAS 21, which requires that when there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change. We were unable to quantify the effect of the departure from IAS 21, but the effect is considered to be material and pervasive to the inflation adjusted condensed consolidated interim financial statements as a whole.



# Independent Auditor's Report On the Review of Inflation Adjusted Condensed Consolidated Interim Financial Information To the Shareholders of Mashonaland Holdings Limited

## **Adverse Conclusion**

Due to the materiality and pervasiveness of the matter described in the Basis for Adverse Conclusion paragraph, we conclude that the accompanying inflation adjusted condensed consolidated interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2023, and its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting.

Deloitte & Touche

Deloitte & Touche Chartered Accountants (Zimbabwe) Per: Stelios Michael Partner Registered Auditor PAAB Practice Certificate Number: 0443

Date: 12 September 2023