



Financial Highlights

	2023 USD	2022 USD
Revenue	53,834,005	49,818,414
EBT	7,875,697	13,288,395
EBITDFVA	12,579,230	14,179,147
EBITDFVA/Turnover	23%	28%
Basic earnings per share (cents)	3.15	5.13
Diluted earnings per share (cents)	3.07	5.13
Headline earnings per share (cents)	3.05	2.23

PRELIMINARY ANNOUNCEMENT TO SHAREHOLDERS

CHAIRMAN'S STATEMENT

OPERATING ENVIRONMENT

The operating environment was relatively stable during the first half of the year attributable to measures put in place by Government to stabilise the local currency. However, the second half saw increased market volatility driven by liquidity and foreign currency constraints. United States Dollars (USD) inflation on the local market and currency pressures remained during the period under review, on the back of inadequate foreign currency allocation through the formal auction system and resultantly, blended inflation rate closed the financial year at 34.6%. Mineral prices continued to soften in the period under review which resulted in the decline in export proceeds. In addition, the continued national power shortages have increased the cost of doing business.

The Zimbabwe Statistical Agency and the Reserve Bank of Zimbabwe, in their respective reports, have indicated that the use of the United States Dollars for trading purposes is estimated at over 80% demonstrating the increase in the dollarisation of the economy.

REVIEW OF OPERATIONS

The Contracting business commenced the financial period with a solid order book comprising of roads and earthworks, water, housing, mining and energy infrastructure projects. The order book remained fairly balanced between the public and private sectors for the period under review. We applaud the Government and the private sector's continued investment in infrastructure development, being the key enabler to economic development.

Performance in the Property portfolio was firm, and the business unit contributed positively to the Group's performance. Occupancy of properties remained at 100%.

The quarry mining business unit, Sternrich Investments (Private) Limited, contributed positively towards the Group's profitability. The segment manufactures stone aggregates which are key in the contracting business.

CHANGE OF FUNCTIONAL CURRENCY

The Board, having evaluated the mix of currencies wherein the Group was trading at 69% USD (2022: 65%), resolved to adopt the USD as its functional and reporting currency effective 1 January 2023. The financial results for the financial year ended 31 December 2023 have been reported in USD. The comparative figures have been translated in accordance with the conversion steps detailed in the paragraph below.

BASIS OF CONVERSION

IAS 21 directs that entities operating in hyperinflationary economies should translate their last reported Inflation-Adjusted Financial Statements using the closing rate of exchange at the reporting date in order to derive and present comparative financial statements under a newly assessed functional currency. The Group complied with IAS 21 guidance on restatement of comparative figures for all account balances except for equity and reserves where alternative techniques and procedures were applied to match share register values.

To present a true and fair financial performance and position of the Group in the current year, the following conversion methods were adopted:

- Transactions that were consummated in USD are reported as USD.
- Transactions consummated in Zimbabwe Dollars (ZWL) were converted to USD based on management's best estimate of the exchange rate.
- The exchange gains/losses on ZWL transactions and balances were established then recorded in the profit and loss statement.

Whilst the External Auditors, Messrs. Grant Thornton Chartered Accountants (Zimbabwe), have issued an adverse opinion on the consolidated financial statements for the year ended 31 December 2023, due to non-compliance with IAS 21, the Directors believe that the alternative procedures and techniques used in the translation process, as described above, provide users with the most accurate possible view of the Group's financial performance and position. However, it is important to note the inherent judgments and technicalities involved in the translation of ZWL to USD financial statements. In addition, the Directors have consistently exercised reasonable due care and applied judgments they deemed appropriate in the preparation and presentation of the Group's financial statements.

REVIEW OF FINANCIAL PERFORMANCE

Revenues for the year were at USD53.8 million (2022: USD49.8 million) representing a growth of 8% from comparative period. The growth in revenue volumes was attributable to a strong and firm order book at the beginning of the year. However, growth declined in the fourth quarter as a conservative approach was taken by the Group to align work execution in line with clients' payment patterns.

Earnings before Interest, Taxes, Depreciation and Fair Value Adjustment (EBITDFVA) declined by 11% to USD12.6 million (2022: USD14.2 million). The decline in EBITDFVA was attributable to slow down of works in the fourth quarter due to delayed payments and liquidity constraints which negatively impacted project efficiencies. In addition, profitability of the Group was impacted by the sub-optimal currency payment mix on most of the projects that were not in line with the increased dollarisation of the economy.

Total assets of the Group improved to USD85.8 million (2022: USD63.3 million), mainly driven by growth in contracts in progress and contracts receivables. The growth in contracts in progress and contracts receivables was attributable to growth in revenues coupled with the impact of delayed payments from clients on the back of liquidity constraints. The decline of the current ratio to 1.01 (2022: 1.31) was attributable to a strategic decision to purchase property, plant and equipment with short term facilities in order to capacitate the execution of long term projects. Based on the forecast cashflows, this position should improve in the second half of the 2024 financial year.

Cash generated from operating activities increased to USD5 million (2022: USD0.8 million) and this was largely applied to capital expenditure of USD4.2 million (2022: USD4.7 million). The capital expenditure incurred was mainly aligned towards the demands of a growing order book. Capital expenditure was funded by a combination of internal resources and borrowings. Resultantly, borrowings at the end of the financial period closed at USD1.9 million (2022: USD0.5 million). Included in borrowings is a USD loan in the amount of USD1.4 million (2022: USD0.5 million).

OCCUPATIONAL HEALTH AND SAFETY ASSESSMENT SYSTEM (OHSAS)

In the period under review, Lost Time Injury Frequency Rate was maintained at zero. Further, the Group was awarded two sectoral gold awards at the annual NSSA Safety & Health at Work conference for outstanding safety performance in the Construction Sector and for being the Civils Contractor of the year. The Group, which continues to pursue its Zero Harm strategy, retained all its three International Organisation for Standardisation (ISO) certifications, namely (ISO) 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 Occupational Health and Safety Management Systems.

CORPORATE SOCIAL RESPONSIBILITY

As part of its commitment to community well-being, the company hires general workers from the local communities where projects are undertaken. As at reporting date, the proportion of local employees was 54%.

The Group further contributes to strengthening communities through education. It has partnered with the University of Zimbabwe's Faculty of Engineering & the Built Environment, the Apprenticeship Board and the Institute of Chartered Accountants of Zimbabwe in honouring and employing the top Civil Engineering students, training Apprentices and Chartered Accountants, respectively. As of 31 December 2023, the Group had 29 Graduate Trainees, 34 Apprentices, 30 Trainee Plant Operators, 2 Management Development Program students, 3 Training Outside Public Practice students, 11 Project Management students and 5 Students on attachment.

SUSTAINABILITY REPORTING

The Group has adopted the Global Reporting Initiatives standards in identifying, measuring, and managing material impacts within its operations. In 2023, the organisation saw a 50% increase in diesel consumption due to more plant-intensive projects compared to the previous year. While 90% of equipment was compliant with direct atmospheric Sulphur Dioxide emissions, this was lower than the 98% compliance rate in 2022. However, the Group took decisive action to ensure compliance by implementing various measures including:

- Replacing and re-powering old equipment with clean energy equipment like solar.
- Adhering to service regimes as per Original Equipment Manufacturers specifications.
- Implementing diesel control technologies to reduce emission composition into the atmosphere. The organisation is now promoting idling technology that cuts off machines when idling to reduce emissions.

The Group has partnered with the Forestry Commission of Zimbabwe through a program themed 'Beautification of Cities'. This program involves providing trees for free to plant along roads constructed near cities and as part of our borrow pit rehabilitation programme.

OUTLOOK

The Monetary Policy Statement, as presented on the 5th of April 2024 by the Reserve Bank Governor, is meant to address the issue of currency volatility and exchange rate instability which has been the primary driver of inflation in the economy. In addition, the Monetary Policy Statement introduced the Zimbabwe Gold (ZIG) structured currency to replace the Zimbabwe Dollar at a specified conversion rate determined by the Central Bank. However, the success of these measures will be dependent on supportive frameworks to be put in place by the Fiscal Authorities.

The Group has a firm order book valued at USD248 million (2022: USD104 million) with tenures of between three months to three years. However, the execution of this order book may be negatively impacted by the effects of the El Nino weather phenomenon and the declining mineral prices. These factors could lead to the Government prioritising food relief over infrastructure development and may result in capital expenditure budget cuts in the private sector.

Due to the above, the Group's key focus area will be cost containment and unlocking value from its land bank.

DIVIDEND DECLARATION

The Board, having considered the Group's future cashflows on its operations, has decided not to declare a dividend for the financial year ended 31 December 2023 (2022: USD0.315 cents and ZWL288.58 cents).

DIRECTORATE

Since our last annual report, I bring to your attention changes within our directorate. Mr. Canada Malunga retired from the position of Chief Executive Officer of the Group on 31 December 2023 after a decade of visionary and successful leadership. He led the Group through major transformations such as rebranding from Murray & Roberts (Zimbabwe) Limited in 2013, and unbundling and listing of its manufacturing division, Proplastics, on the Zimbabwe Stock Exchange in 2015. Mr Malunga was instrumental in expanding the contracting business into various sectors and services and fostering a culture of excellence and collaboration within the Group. The Board extends profound gratitude to Mr Malunga for his outstanding service to the Group and wishes him a well deserved and fulfilling retirement.

The Board appointed Mr Fungai Matahwa, who was serving as the Managing Director (Construction), as Group Chief Executive Officer effective from 1 January 2024. In addition, Mr Matahwa was appointed as an Executive Director on the Board starting from 15 September 2023. Prior to joining Masimba, Mr Matahwa served as the Operations Director - Africa for Inyatsi Construction (Proprietary) Limited in Eswatini where he managed and executed diverse construction projects in southern and east Africa. He is a registered Civil Engineer. The Board looks forward to Mr Matahwa greatly contributing to the strategic direction and growth of the Group.

APPRECIATION

On behalf of the Board, I extend my appreciation to our valued customers, suppliers and other key stakeholders for their continued support, as well as to the executives and staff for their dedication. I also wish to thank my colleagues on the Board for their continued unwavering support in these difficult and challenging times.

For and on behalf of the Board



G. Sebborn
Chairman

12 April 2024

AUDITOR'S STATEMENT

These abridged consolidated financial statements derived from the consolidated financial statements of Masimba Holdings Limited and its subsidiaries, "the Group", for the financial year ended 31 December 2023, should be read together with the complete set of audited consolidated financial statements for the year ended 31 December 2023, which have been audited by Grant Thornton Chartered Accountants (Zimbabwe), and the auditor's report signed by Edmore Chimhova, Registered Public Auditor 0470.

An adverse opinion has been issued on the audited consolidated financial statements for the year then ended. The adverse opinion was issued regarding non-compliance with International Accounting Standard (IAS) 21 – 'The Effect of Changes in Foreign Exchange Rates' with respect to the change in functional currency.

The auditor's report includes a section on key audit matters outlining matters, that in the auditor's professional judgement, were of most significance in the audit of the consolidated financial statements. These include revenue recognition and determination of allowance for expected credit losses.

The auditor's report on the consolidated financial statements and the full set of the audited consolidated financial statements is available for inspection at the company's registered office and the auditor's report has been lodged with the Zimbabwe Stock Exchange.

Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2023

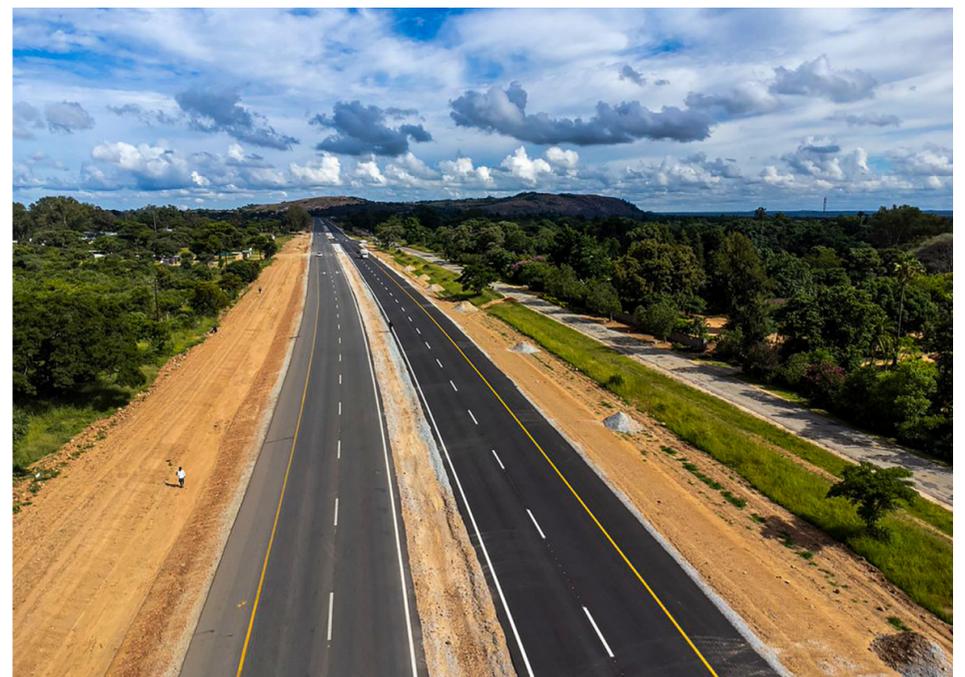
Notes	31 December 2023 USD	31 December 2022 USD
Revenue	53,834,005	49 818 414
Profit before depreciation and fair value adjustments	12,579,230	14,179,147
Fair value adjustment	2,200	4,570,270
Depreciation	(4,342,126)	(1,812,097)
Operating profit	8,239,304	16,937,320
Net interest paid	(363,607)	(245,616)
Net monetary loss	-	(3,403,309)
Profit before tax	7,875,697	13,288,395
Income Tax	(325,225)	(887,680)
Profit for the year	7,550,472	12,400,715
Number of shares in issue (millions)	239.39	241.65
Basic earnings per share (cents)	3.15	5.13
Diluted earnings per share (cents)	3.07	5.13
Headline earnings per share (cents)	3.05	2.23

Abridged Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

	31 December 2023 USD	31 December 2022 USD
Profit for the year	7,550,472	12,400,715
Other comprehensive income:		
Gain on revaluation of property, plant and equipment	-	8,975,126
Movement in financial assets through other comprehensive income	(136,747)	(337,052)
Deferred tax charge on other comprehensive income	1,367	(3,424,162)
Other comprehensive income for the year, net of tax	(135,380)	5,213,912
Total comprehensive income for the year	7,415,092	17,614,627

Abridged Consolidated Statement of Financial Position
as at 31 December 2023

Notes	31 December 2023 USD	31 December 2022 USD
Assets		
Property, plant and equipment	3.3 23,630,406	19,944,208
Investment property	3.4 7,800,930	9,802,065
Investments	3.5 78,304	215,051
	31,509,640	29,961,324
Current assets		
Inventories	4,580,974	507,804
Contracts in progress and accounts receivable	3.6 46,962,352	31,279,656
Cash and cash equivalents	2,731,700	1,538,014
	54,275,026	33,325,474
Total assets	85,784,666	63,286,798
Equity and Liabilities		
Share capital	2,316,175	2,338,831
Share premium	455,177	455,177
Reserves	7,426,896	8,347,992
Retained earnings	14,028,887	18,782,703
	24,227,135	29,924,703
Non-current liabilities		
Deferred tax	7,861,646	7,556,664
Current liabilities		
Interest bearing borrowings	3.7 1,880,547	456,160
Accounts payable	3.8 51,815,338	25,349,271
	53,695,885	25,805,431
Total equity and liabilities	85,784,666	63,286,798





Abridged Consolidated Statement of Cash Flows for the year ended 31 December 2023

	31 December 2023 USD	31 December 2022 USD
Net cashflow generated from operating activities	4,978,645	771,971
Net cashflow utilised in investing activities	(4,150,995)	(4,746,695)
Net cashflow generated from / (utilised by) financing activities	366,036	(990,814)
Increase/(decrease) in cash and cash equivalents	1,193,686	(4,965,538)

Abridged Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	31 December 2023 USD	31 December 2022 USD
Shareholders' equity at the beginning of the year	29,924,703	12,532,454
Share based payments reserve	25,044	-
Dividend Paid	(1,058,351)	(222,378)
Share cancellation	(22,656)	-
Total comprehensive income	7,415,092	17,614,627
Effects of translation	(12,056,697)	-
Shareholders' equity at the end of the year	24,227,135	29,924,703

SUMMARY OF INFORMATION

1. Basis of Presentation

Statement of Compliance

The abridged consolidated financial results have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS), with the exception of IAS 21: Effects of changes in foreign exchange rates, 0 and Companies and Other Business Entities Act (Chapter 24:31), the Zimbabwe Stock Exchange Listing Requirements. The Listing Requirements require that annual financial statements to be prepared in accordance with International Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements have been prepared based on the statutory records that are maintained under the historical cost convention except for property, plant and equipment, investment property and financial instruments which are measured at fair value. The principal accounting policies applied in the preparation of the Group annual financial statements have been applied consistently in all material respect with those of the previous consolidated financial statements.

1.2 IAS 21 Effects of Changes in Exchange Rates

Due to the limited amount of currency available to the Foreign Exchange Auction Market, directors do not believe that the official exchange rates prevailing during the year were at all times, reflective of a spot exchange rate, being the exchange rate for immediate delivery as defined in IAS 21. The directors further believe this lack of exchangeability to be long-term in nature and as such have estimated exchange rates with reference to what would have applied to an orderly transaction between market participants and reflecting the prevailing economic conditions.

2. Functional and Presentation Currency

These abridged consolidated financial statements are presented in United States Dollars (USD), which is the functional and presentation currency of the Group. The Group changed its functional currency from Zimbabwe Dollars (ZWL) to United States Dollars (USD) with effect from 1 January 2023.

The Group assessed its functional currency in accordance with the requirements of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS 21). In assessing the change in functional currency, we considered the following primary and secondary factors:

- The currency that mainly influences the pricing of construction tenders
- The currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- The currency that mainly influences labour, material, and other costs of providing goods or services
- The currency in which funds from financing activities are generated.
- The currency in which receipts from operating activities are usually retained.

Based on the above factors, the Group concluded that there was a change in functional currency to United States Dollar.

2.1 Translation adopted on date of change in functional currency.

The Group used estimated exchange rates to convert all Zimbabwean Dollar transactions and balances to the Group's functional currency, the United States Dollar (USD). Prior year comparatives were arrived at by applying the estimated spot exchange rate on the inflation adjusted amounts for the prior year period. In aiming to achieve fair presentation, any differences that arose from the converted balances and the real USD values were recorded under the Foreign Currency Translation Reserve (FCTR) and reclassified to retained earnings.

For current year financial results, the following procedures were applied:

- All Zimbabwe dollar transactions concluded during the period were converted to USD using the estimated spot rate existing at the date of the transaction.
- USD transactions were accounted for at original USD value.
- Exchange gains/losses on ZWL transactions and balances were established and recorded in the statement of profit and loss.
- An independent valuer was appointed to conduct a valuation of the investment property portfolio as at 31 December 2023.

3. Notes to the abridged consolidated financial statements for the year ended 31 December 2023

	31 December 2023 USD	31 December 2022 USD
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3.1 Profit before tax

Profit before tax is shown after charging the following items:

Depreciation	4,342,126	1,812,097
Staff costs	2,455,873	2,797,032

3.2 Income tax

Current tax	21,610	12,311
Deferred tax	303,615	875,369
	325,225	887,680

Tax reconciliation

Profit before tax	7,875,697	13,288,395
Tax at standard rate	1,946,872	3,284,891
Adjusted for:		
Effects of expenses not deductible for tax	(621,612)	8,570
Effects of other permanent differences	(1,000,035)	(2,405,781)
	325,225	887,680

3.3 Property, plant and equipment

Movement for the year:

	31 December 2023 USD	31 December 2022 USD
Balance at the beginning of the year	19,944,208	11,022,796
Capital expenditure	4,167,677	4,812,643
Depreciation	(4,342,126)	(1,812,097)
Carrying amount of disposals	(187,871)	(4)
Effects of translation	4,048,518	-
Net revaluation surplus	-	4,108,773
Depreciation - elimination on revaluation	-	1,812,097
Balance at the end of the year	23,630,406	19,944,208

3.4 Investment property

Movement for the year:

	31 December 2023 USD	31 December 2022 USD
Balance at beginning of the year	9,802,065	5,290,643
Additions	82,160	178,726
Fair value adjustments	2,200	4,570,270
Transfer	(2,562,232)	-
Disposal	-	(237,574)
Effects of translation	476,737	-
Balance at end of the year	7,800,930	9,802,065

The investment property was revalued at the end of December 2023 by Independent valuers on the open market basis.

Transfer related to reclassification of land bank to inventory which is now being redeveloped as residential stands for sale.

3.5 Investments

	31 December 2023 USD	31 December 2022 USD
Balance at the beginning of the year	215,051	552,103
Fair value through other comprehensive income	(136,747)	(337,052)
Balance at the end of the year	78,304	215,051

3.6 Contracts in progress and accounts receivable

	31 December 2023 USD	31 December 2022 USD
Contract receivables and contract work in progress	36,428,707	24,260,410
Prepayments	9,898,205	7,102,366
Deposits and other receivables	884,661	46,034
	47,211,573	31,408,810
Less: Allowance for doubtful receivables	(249,221)	(129,154)
	46,962,352	31,279,656

In determining trade recoverability of trade of receivables, the group considers any changes in the credit quality of the trade receivable from the date trade was initially granted up to the reporting date. The concentration of credit risks is limited due to the customer base being large and unrelated.

3.7 Interest bearing borrowings

	31 December 2023 USD	31 December 2022 USD
Short term	1,880,547	456,160
	1,880,547	456,160

The short term loans represent a reclassification to current liabilities as per IFRS 7. The loans have a tenure of twelve months and accrue interest at an effective rate of 10% per annum (2022:10%) for USD borrowings and 95% (2022:150%) for ZWL loans. These loans are fully secured against immovable property and a notarial general covering bond over moveable assets including a cession of book debts.

3.8 Accounts payable

	31 December 2023 USD	31 December 2022 USD
Trade	2,045,291	1,173,082
Unearned revenue (Advance receipts from customers)	24,664,843	11,492,798
Contract accruals and other payables	19,021,594	9,623,846
Tax liabilities	21,610	12,311
Subcontractor liabilities	6,062,000	3,047,234
	51,815,338	25,349,271

3.9 Contingent liabilities

Bank guarantees on construction contracts in respect of performance, advance payments, retentions and bids

	8,506,761	18,086,841
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3.10 Going Concern

The Directors have assessed the ability of the entity to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the entity to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements. In confirming the validity of the going concern basis of preparation, the Group has considered the following specific factors:

- The Group reported a profit of USD7,550,472 for the year ended 31 December 2023.
- Liquidity needs of the Group have been assessed on 12 months rolling cashflow forecast and net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout periods, which is typically twelve months from the date of authorisation of these financial statements.

3.11 Events after the reporting date

Introduction of a new structured currency

The RBZ introduced a structured currency, known as Zimbabwe Gold (ZiG) with effect from 5th April 2024, replacing the Zimbabwean dollar (ZWL). Zimbabwe Gold (ZiG) currency is backed by a composite basket of foreign currency and precious metals held as reserves by the Central bank. All Zimbabwe dollar balances shall be converted to the new currency and the swap rate will be guided by the closing interbank exchange rate and the price of gold as at 5 April 2024. In accordance with IAS10 events after the reporting date, the event does not warrant an adjustment on the current set of financial statements.



INDEPENDENT AUDITOR'S REPORT

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To the members of Masimba Holdings Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Masimba Holdings Limited set out on pages 9 to 61, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of the significant Group accounting policies.

In our opinion, because of the significance of the matters described in the *Basis for Adverse Opinion* section of our report, the consolidated financial statements do not present fairly, in all material respects, the financial position of Masimba Holdings Limited as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

Non-compliance with IAS 21 'The effects of changes in foreign exchange rates' with respect to the change in functional currency

As described in note 1.2 of the consolidated financial statements, the directors concluded that the Group's functional currency had changed from Zimbabwe Dollar (ZWL) to the United States Dollar (USD) with effect from 1 January 2023. The directors effected the change in functional currency on 1 January 2023, for which all items (except share capital and reserves) were translated to USD using an internally generated exchange rate. Share capital and other reserves were translated from ZWL to USD using management's valuation techniques. The resultant exchange differences

from this process were recognised in a Foreign Currency Translation Reserve (FCTR). This constituted a departure from the requirements of IAS 21, which requires all items to be translated into the new functional currency using the exchange rate at the date of the change.

Following the change in functional currency, management adjusted the carrying amounts of assets and liabilities to align to their fair values in USD and recorded the resultant differences in a Foreign Currency Translation Reserve (FCTR) which was reclassified to retained earnings. This was not in accordance with IAS 21 in which a Foreign Currency Translation Reserve (FCTR) arises when translating the net investment in a foreign operation into the Group's functional currency of which reclassification is done on disposal of the foreign operation.

Our opinion is modified because of the possible effects of these matters on the comparative figures and the retained earnings as at 31 December 2023.

Non-compliance with IAS 21 "The effects of changes in foreign exchange rates" with respect to use of internally generated exchange rates to translate foreign currency transactions.

During the year ended 31 December 2023, the Group's foreign currency transactions were translated into the functional currency using an internally generated exchange rate, which was not considered an appropriate spot rate for translations as required by IAS 21. The impact of this non-compliance on the related exchange gains/losses, assets, liabilities, revenue, expenditure, and equity could not be determined as it was impractical. However, the effect has been determined as material and pervasive to the consolidated financial statements as a whole.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters noted below relate to the financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>IFRS 15 Revenue from Contracts with Customers</p> <ul style="list-style-type: none"> • There is a presumed fraud risk with regards revenue recognition as guided by International Standard on Auditing (ISA 240 Revised). There is a risk that the revenue is presented at amounts higher than what has been actually generated by the Group. • The Group is involved in complex construction projects where revenue is recognised over time using the percentage of completion method. • The amount of revenue and profit recognized in a year on construction projects is dependent, among other things: <ul style="list-style-type: none"> ○ On the actual costs incurred; ○ The assessment of the percentage of completion for contracts; and ○ The forecast contract revenue and costs to complete for each project. • The amount of revenue and profit is influenced by the valuation of variation orders and claims. • Due to the estimates and judgements involved in the recognition of revenue from construction projects, we have considered this matter as a key audit matter. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Tested general and application controls around the Group's revenue systems and reviewed the controls over the revenue effects schedule. • Understanding of the revenue process including the performance of an end to end walkthrough of the revenue recognition process and identifying relevant controls. • Tested the design and operating effectiveness controls that the Group has put in place over the process to record contract revenues, contract costs, and the calculation of the stage of completion. • Reviewed whether the revenue recognition criteria is appropriate and in line with the requirements of IFRS 15. • Evaluated the significant judgements made by management, amongst others based on an examination of the associated project documentation. • Discussed with finance and technical staff of the Group on the status of projects under construction. In addition, we visited some projects under construction. <p>Based on our audit work performed and the assumptions used, we satisfied ourselves that the Group's revenue recognition and valuation of construction projects is in accordance with IFRS 15, Revenue from Contracts with Customers.</p>

<p>IFRS 9 Expected credit risk allowance</p> <ul style="list-style-type: none"> • This was considered a key audit matter as IFRS 9 is a complex accounting standard which requires significant judgement to determine the impairment reserve. • Key areas of judgement included: <ul style="list-style-type: none"> i. The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Group's expected credit loss model; ii. The identification of exposures with a significant deterioration in credit quality; iii. Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors (e.g. exchange rates, interest rates, gross domestic product growth, inflation). • The Group had significant contract receivables as at 31 December 2023. Total gross receivables amounted to USD 36 428 707 (2022: USD 24 260 410). A significant portion of the debtors are not performing and there is uncertainty relating to the recoverability of these amounts. • The need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model. • The determination of allowance for credit losses, recovery periods and discount rates involves judgement hence the valuation of trade receivables was a key audit matter. 	<p>Our audit procedures in assessing management's allowance for credit losses included the following:</p> <ul style="list-style-type: none"> • We assessed and tested the material modeling assumptions with a focus on the: <ul style="list-style-type: none"> i. Key modeling assumptions adopted by the Group; ii. Basis for and data used to determine debtor's categories; and iii. Reliability of the historical data collected. • We examined a sample of exposures and performed procedures to evaluate the: <ul style="list-style-type: none"> i. Timely identification of exposures with a significant deterioration in credit quality. ii. Expected loss calculation for exposures assessed on an individual basis. • Reviewed the assumptions and computations made by management in determining the expected credit losses. • We assessed the accuracy of the disclosures in the financial statements. • Based on our audit work, the assumptions used by management and the rates calculated were appropriate and reflected the current environment.
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

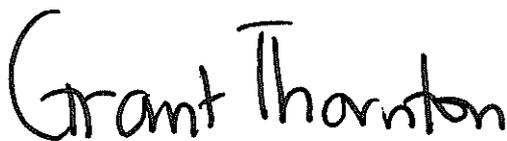
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the effects of the matters described in the Basis for Adverse Opinion, the financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this independent auditor's report is Edmore Chimhowa.



Edmore Chimhowa
Partner

Registered Public Auditor (PAAB No: 0470)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

12 April 2024

HARARE