



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

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 year

Revenue 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.

12 Van Praagh Day Hospital Project

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.

Reviewed Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Notes | Group | |
|--|-------|----------------------------------|----------------------------------|
| | | 30 June 2024 Reviewed US\$ | 30 June 2023 Reviewed US\$ |
| Revenue | 2 | 3,610,926 | 3,136,126 |
| Property expenses | | (811,471) | (1,144,363) |
| Net property income | | 2,799,455 | 1,991,763 |
| Other income | 3 | 19,758 | 42,452 |
| Allowance for credit losses | | 610 | (21,418) |
| Administrative expenses | | (1,086,674) | (879,506) |
| Operating profit | | 1,733,149 | 1,133,291 |
| Fair value adjustments | | 1,167,486 | 1,032,115 |
| Investments held for trading | | 150,802 | (172,232) |
| Investment properties | | 1,016,684 | 1,204,347 |
| Profit before finance income and costs, exchange losses and tax | | 2,900,635 | 2,165,406 |
| Finance income | 4 | 119,176 | 182,912 |
| Net exchange losses | | (346,554) | (405,222) |
| Finance costs | 5 | (312,741) | (122,117) |
| Profit before tax | | 2,360,516 | 1,820,979 |
| Tax credit/(expense) | 6 | 21,670 | (433,664) |
| Profit after tax | | 2,382,186 | 1,387,315 |
| Weighted average number of shares | | 1,690,249,809 | 1,690,249,809 |
| Basic and diluted earnings per share - US cents | 16 | 0.14 | 0.08 |

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

Reviewed Condensed Consolidated Statement of Financial Position

| | Notes | Group | | |
|---|-------|----------------------------------|---------------------------------|--------------------------------|
| | | 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 | | 74,090 | 194,291 | 147,047 |
| Investment property | 7 | 85,921,826 | 80,665,000 | 76,882,000 |
| Long-term receivables | | 1,269,366 | 1,308,299 | 854,377 |
| Current assets | | 5,634,346 | 3,555,412 | 8,182,201 |
| Assets held for trading | | 711,734 | 672,289 | 770,901 |
| Inventories | | 23,526 | 85,259 | 418,646 |
| Trade and other receivables | 10 | 3,547,151 | 1,837,658 | 996,075 |
| Contract asset receivable from customers | | 1,004,597 | 738,773 | - |
| Cash and cash equivalents | | 347,338 | 221,433 | 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 | | 4,203,055 | 3,958,294 | 3,625,280 |
| Non-current portion of borrowings | 9 | 3,041,506 | 609,016 | 1,500,133 |
| Current liabilities | | 5,404,126 | 3,076,447 | 3,959,552 |
| Trade and other payables | 11 | 4,534,641 | 1,153,972 | 1,755,756 |
| Liabilities payable from contracts with customers | | 30,673 | 84,348 | 247,873 |
| Current portion of borrowings | 9 | 692,825 | 1,490,804 | 1,523,726 |
| Income tax payable | | - | - | 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.

Reviewed Condensed Consolidated Statement of Cash Flows

| | Group | |
|--|----------------------------------|----------------------------------|
| | 30 June 2024 Reviewed US\$ | 30 June 2023 Reviewed US\$ |
| Net cash inflow from operating activities | 2,912,700 | 151,274 |
| Profit before tax | 2,360,516 | 1,820,979 |
| Non-cash items | (637,715) | (327,699) |
| Decrease/(increase) in working capital | 1,251,008 | (1,207,047) |
| Tax paid | (61,109) | (134,959) |
| Net cash outflow from investing activities | (3,306,089) | (2,910,752) |
| Interest received | 60,151 | 29,449 |
| Proceeds from disposal of vehicles and equipment | 23,201 | - |
| Purchase of vehicles and equipment | - | (150,283) |
| Additions and refurbishment of investment property | (3,389,441) | (2,789,918) |
| Net cash inflow/(outflow) from financing activities | 519,294 | (905,201) |
| Dividend paid | (169,472) | (159,798) |
| Loan repayment | (198,493) | (623,286) |
| Loan raised | 1,200,000 | - |
| Finance costs | (312,741) | (122,117) |
| Increase/(decrease) in cash and cash equivalents | 125,905 | (3,664,679) |
| Cash and cash equivalents at the beginning of the period | 221,433 | 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 Reviewed US\$ | 31 Dec 2023 Reviewed US\$ | 1 Jan 2023 Reviewed US\$ |
| Balance at beginning of the period | 81,029,245 | 76,980,660 | 72,085,034 |
| Total comprehensive income | 2,382,186 | 4,280,965 | 5,352,708 |
| Dividend declared | (210,490) | (232,380) | (457,082) |
| Balance at end of the period | 83,200,941 | 81,029,245 | 76,980,660 |

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



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

Notes to the reviewed condensed consolidated financial statements

1. 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.

1.1 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 (IAS) 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 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.

1.2 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 currencies i.e. ZW\$ and US\$.

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.

1.4 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 2024. The valuation was conducted by the Group's qualified internal valuation team based on IFRS 13 Fair Value Measurement level 3 valuation inputs.

| | Group | | |
|--|---|--|---|
| | 30 June 2024 Reviewed US\$ | 30 June 2023 Reviewed US\$ | |
| 2. Revenue | 3,610,926 | 3,136,126 | |
| IFRS 16 rental income | 2,700,350 | 2,341,947 | |
| Revenue from contracts with customers | | | |
| a) Recognised based on stage of completion | | | |
| Mashview Gardens housing project | 542,227 | 647,520 | |
| b) Recognised at a point in time | | | |
| Land inventory sales | 64,671 | 130,271 | |
| Property services income | 303,678 | 16,388 | |
| 3. Other income | | | |
| Service charges | 62,385 | 42,357 | |
| Dividend income | 4,387 | 95 | |
| Loss on disposal of vehicles and equipment | (47,014) | - | |
| | 19,758 | 42,452 | |
| 4. Finance income | | | |
| This comprises of: | | | |
| Interest received from tenants' balances | 60,152 | 94,961 | |
| Interest received from staff balances | 59,024 | 87,951 | |
| Total | 119,176 | 182,912 | |
| 5. Finance costs | | | |
| Loan arrangement fee | 181,841 | - | |
| Loan Interest | 130,900 | 122,117 | |
| Total | 312,741 | 122,117 | |
| 6. Tax | | | |
| Current income tax credit/(expense) | 266,431 | (110,711) | |
| Deferred tax | (244,761) | (322,953) | |
| Total | 21,670 | (433,664) | |
| | 30 June 2024 Reviewed US\$ | 31 Dec 2023 Reviewed US\$ | 1 Jan 2023 Reviewed US\$ |
| 7. Investment properties | | | |
| Opening balance | 80,665,000 | 76,882,000 | 75,274,000 |
| Disposals | - | (803,000) | - |
| Net reclassification to held for sale | - | (2,950,000) | (2,370,000) |
| Improvements/additions | 4,240,142 | 5,664,189 | - |
| Fair value adjustments | 1,016,684 | 1,871,811 | 3,978,000 |
| Closing balance | 85,921,826 | 80,665,000 | 76,882,000 |
| 8. Asset held for sale | | | |
| Opening balance | 2,950,000 | - | 1,419,927 |
| Net reclassification from investment property | - | 2,950,000 | 2,370,000 |
| Disposals | - | - | (3,789,927) |
| Closing balance | 2,950,000 | 2,950,000 | - |
| 9. 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 | 3,041,506 | 609,016 | 1,500,133 |
| Current portion of borrowings | 692,825 | 1,490,804 | 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 Reviewed US\$ | 31 Dec 2023 Reviewed US\$ | 1 Jan 2023 Reviewed US\$ |
|--|----------------------------------|---------------------------------|--------------------------------|
| 10. Trade and other receivables | | | |
| Rent receivables | 498,154 | 591,019 | 214,698 |
| Other receivables and prepayments | 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 Reviewed US\$ | 31 Dec 2023 Reviewed US\$ | 1 Jan 2023 Reviewed US\$ |
|-------------------------------------|----------------------------------|---------------------------------|--------------------------------|
| 11. Trade and other payables | | | |
| Trade payables | 1,949,832 | 1,113,484 | 813,658 |
| Other payables | 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 June 2024 | | | | | Total |
|---------------------|---------------|------------|-------------|------------------------------|-------------------|------------|
| | Office/retail | Industrial | Pure retail | Residential, health and land | Reconciling items | |
| Rental income | 1,512,196 | 837,109 | 81,011 | 1,180,610 | - | 3,610,926 |
| Net property income | 1,044,212 | 595,107 | 57,591 | 1,102,545 | - | 2,799,455 |
| Assets | 45,207,966 | 20,994,254 | 5,378,945 | 14,838,815 | 9,429,648 | 95,849,628 |
| Liabilities | 2,610,616 | 1,445,163 | 252,183 | 318,681 | 8,022,045 | 12,648,688 |

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

13. Related parties

| Related party | Relationship | Nature of transaction | Transaction | | Balance | |
|-------------------------------|----------------------|---------------------------|----------------|----------------|------------------|------------------|
| | | | 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 |

14. Compensation of key management personnel 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 Reviewed US\$ | 30 June 2023 Reviewed US\$ | 1 Jan 2023 Reviewed US\$ |
|--------------------------------|--|----------------------------------|--------------------------------|
| | Loans and advances to key management personnel in the Group | | |
| Short term loans and advances | 36,869 | 50,734 | 57,405 |
| Long term loans and advances | 372,595 | 466,022 | 476,659 |
| Interest charge | 18,548 | 18,908 | 20,779 |
| Expected credit loss allowance | (3,401) | (1,344) | (2,821) |
| Total | 424,611 | 534,320 | 552,022 |

15. Commitments for capital expenditure

| | | | |
|-----------------------------------|------------|------------|-----------|
| Authorised and contracted | 7,060,555 | 3,488,125 | 1,136,000 |
| Authorised and not yet contracted | 11,537,908 | 11,537,908 | 3,408,000 |

16. Earnings per share - US cents

| | | |
|---|------|------|
| Basic and diluted earnings per share - US cents | 0.14 | 0.08 |
| Headline earnings per share | 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 period.

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 01 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.



P O Box 267
Harare
Zimbabwe

Deloitte & Touché
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare

Tel: +263 (0)8677 000261
+263 (0)8644 041005

Email: deloittez@deloitte.com

www.deloitte.com

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Mashonaland Holdings Limited and its subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 30 June 2024 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, for the six month period then ended, and the selected explanatory notes to the condensed consolidated interim financial information.

The Directors are responsible for the preparation and fair presentation of this 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 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 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 Qualified Conclusion

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

IAS 21 requires that an entity translates all items into the new functional currency using the exchange rate at the date of the change, which for the Group was 1 January 2023. The qualification is based on the departure by the Directors 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 Directors have elected to adopt a balance determined through a United States Dollar (USD) based valuation of investment property that was performed at 31 December 2022. This departure from IAS 21 has resulted in the following misstatements at date of change (1 January 2023):

- Investment property is understated by \$20 826 513; retained earnings is understated by \$19 785 187; and deferred tax is understated by \$1 041 326.

The impact of this misstatement carries over to the comparative period ended 30 June 2023, as the fair value adjustments on investment property recognised in the statement of profit or loss and other comprehensive income would be overstated by \$20 826 513 whilst related deferred tax expense would have been overstated by \$1 041 326 for the six month period then ended.

The above matter only impacts the comparative financial information; our conclusion on the current year condensed financial statements is modified because of the effects of the matter on the comparability of the current period's financial information with that of the prior period.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the financial position of the Group as at 30 June 2024, 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

Per: Stelios Michael

Partner

Registered Auditor

PAAB Practice Certificate Number: 0443

Harare

Zimbabwe

Date: 26 August 2024