

## AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

### CHAIRMAN'S STATEMENT

I am pleased to present the annual accounts for Imara Asset Management Zimbabwe (Pvt) Limited ("Imara") for the year ended March 31 st 2019.

Imara earned net profits of RTGS\$1.6 million during the year. Comparisons with previous years are meaningless given the change in the functional currency from US Dollars. Funds under management ended the year at RTGS\$507 million or US\$93m using the Old Mutual Implied Rate (OMIR) of 5.4 to the USD which compares with US\$187m the year before. The new interbank exchange rate did not exist in 2018 making OMIR the only credible exchange rate to use for comparative purposes.

Imara's revenues are driven by its underlying funds under management which are heavily influenced by the level of the ZSE. Our investment policy has been to minimize money market assets which have provided very poor yields and whose capital value has been severely depleted in real terms due to rapidly rising inflation. We have therefore invested the bulk of our clients' assets into businesses listed on the Zimbabwe Stock Exchange ('ZSE') but sadly even this asset class has experienced value destruction in real terms as our US dollar funds under management data highlights. During the year, our investment team successfully developed an office block on Second Street in Harare on behalf of a number of our pension fund clients. Fortunately this development was completed on budget and before the post-election slide in the currency market. Imara's balance sheet and capital base remain robust and ended the year well above the Securities and Exchange Commission of Zimbabwe's minimum capital requirements. This enabled the Board to declare total dividends of RTGS\$1,470,000 for the full year thereby providing our shareholders with a decent return on their invested capital.

The new financial year has seen the ZSE rally higher as investors take fright from rising prices and a devaluing currency which has driven Imara's funds under management to higher levels. These ended May 2019 at over RTGS\$693 million. In US dollar terms however and using OMIR for consistency, this number equates to US\$70 million.

Outside of Imara's core business, the Company manages the Imara Social Investment Fund on behalf of the Imara Zimbabwe Group. Every quarter Imara together with its sister companies pay a percentage of its profits into this Fund that is then used to support the education and medical well being of disadvantaged individuals. A sub-committee of the main Board of the Imara Zimbabwe Group administers the Fund. The Fund has made further disbursements during the financial year.

The Board comprises four independent non-executive directors, one non-executive and two executive directors. The Board, assisted by the Audit Committee and a strong management team, endeavours to uphold the highest standards of corporate governance. Post the year end one of our independent non-executive directors, Rufaro Maunze, resigned from the Board due to personal commitments. I would like to thank her for her input and support over the years.

I would like to thank my fellow Board members for their guidance over the past year and especially the management and staff of the Company for their hard work in what has been a very difficult and volatile year.

Peter L. Bailey  
June 2019

### AUDITORS' STATEMENT

The financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 March 2019 which have been audited by Ernst & Young, Chartered Accountants (Zimbabwe) and an unmodified opinion thereon. The auditors' report on the financial statements which forms the basis of these financial results is available for inspection at the Company's registered office.

### STATEMENT OF PROFIT OR LOSS For the year ended 31 March 2019

	Notes	Audited 2019 RTGS	Audited 2018 USD
<b>Revenue</b>	1	4 730 421	3 239 139
Other operating income	1	206 061	115 572
<b>Total income</b>		<b>4 936 482</b>	<b>3 354 711</b>
Operating expenses	1	(2 780 382)	(1 959 769)
Operating profit		2 156 100	1 394 942
Finance costs		-	-
<b>Profit before tax</b>		<b>2 156 100</b>	<b>1 394 942</b>
Income tax expense	1	(561 239)	(362 714)
<b>Profit for the year</b>		<b>1 594 861</b>	<b>1 032 228</b>
<b>Attributable to:</b>			
Owners of the parent		1 594 861	1 032 228
Profit for the year		1 594 861	1 032 228

### STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 March 2019

	Audited 2019 RTGS	Audited 2018 USD
Profit for the year	1 594 861	1 032 228
Comprehensive income	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>1 594 861</b>	<b>1 032 228</b>
<b>Attributable to:</b>		
Owners of the parent	1 594 861	1 032 228
Total comprehensive income	1 594 861	1 032 228

### STATEMENT OF FINANCIAL POSITION As at 31 March 2019

	Notes	Audited 2019 RTGS	Audited 2018 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment	2	147 449	92 934
Deferred tax asset		-	-
<b>Current assets</b>			
Trade and other receivables	3	548 126	349 723
Cash and cash equivalents	4	575 619	845 258
Tax refundable		36 510	8 707
		1 160 255	1 203 688
<b>TOTAL ASSETS</b>		<b>1 307 704</b>	<b>1 296 622</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued share capital	5	10 276	10 276
Retained earnings		480 509	355 648
<b>Total equity</b>		<b>490 785</b>	<b>365 924</b>
<b>Non-current liabilities</b>			
Deferred tax liability		1 394	3 071
<b>Current liabilities</b>			
Other payables	6	533 831	509 672
Provisions	7	281 694	417 955
		815 525	927 627
		816 919	930 698
<b>Total liabilities</b>		<b>1 307 704</b>	<b>1 296 622</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1 307 704</b>	<b>1 296 622</b>

### STATEMENT OF CASH FLOWS For the year ended 31 March 2019

	Audited 2019 RTGS	Audited 2018 USD
<b>Cash flows from operating activities</b>		
Profit before tax	2 156 100	1 394 942
<b>Adjustments to reconcile profit before tax to net cash flow:</b>		
Depreciation	51 057	34 251
Interest income	(15 969)	(16 735)
Finance costs	-	-
Movements in provisions	(136 261)	86 153
Profit on sale of equipment	(445)	-
Operating cash inflows before working capital adjustments:	2 054 482	1 498 611
(Increase)/decrease in trade and other receivables	(198 403)	(126 112)
Increase/(decrease) in trade and other payables	24 159	464 141
Cash generated from operations	1 880 238	1 836 640
Dividend paid	(1 470 000)	(1 000 000)
Income tax paid	(590 719)	(358 791)
Interest received	15 969	16 735
Finance costs	-	-
<b>Net cash flows from/(used in) operating activities</b>	<b>(164 512)</b>	<b>494 584</b>
<b>Cash flows from investing activities</b>		
Purchase of equipment- to maintain operating capacity	(105 572)	(80 261)
Proceeds from sale of equipment	445	-
<b>Net cash flows (used in)/ from investing activities</b>	<b>(105 127)</b>	<b>(80 261)</b>
Net increase/(decrease) in cash and cash equivalents	(269 639)	414 323
Cash and cash equivalents at beginning of year	845 258	430 935
<b>Cash and cash equivalents at end of year</b>	<b>575 619</b>	<b>845 258</b>

### STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2019

	Share capital	Retained earnings	Total Equity
Balance - 1 April 2017	10 276	323 420	333 696
Profit for the year	-	1 032 228	1 032 228
Dividends paid	-	(1 000 000)	(1 000 000)
Balance - 31 March 2018	10 276	355 648	365 924
Balance - 1 April 2018	10 276	355 648	365 924
Profit for the year	-	1 594 861	1 594 861
Dividends paid	-	(1 470 000)	(1 470 000)
Balance - 31 March 2019	10 276	480 509	490 785

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2019

#### Corporate information

The financial statements of the Company for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 18 June 2019. The Company is a Private Limited Company incorporated and domiciled in Zimbabwe. The registered office is located at: Block 2, Tendeseka Office Park, Samora Machel Avenue, Eastlea, Harare, Zimbabwe. The principal activity of the Company is the management of client investment portfolios. Imara Capital Zimbabwe (Private) Limited is the parent company. Imara Holdings Limited is the ultimate parent company.

#### Basis of preparation

The financial statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS), which comprise standards approved by the International Accounting Standards Board, (IASB), and Interpretations approved by the International Financial Reporting Interpretations Committee, (IFRIC). The financial statements have been prepared on an historical cost basis. The financial statements are presented in RTGS Dollars which is also the company's functional currency and all values are rounded to the nearest dollar unless otherwise indicated. The Company changed its presentation currency from USD to RTGS from February 22 2019, with retrospective application on comparative figures according to IAS 8 and IAS 21. The change was made to reflect that RTGS is the predominant currency in the Company, accounting for more than 90% of net cash flow. The financial statements also provide comparative financial information in respect of the previous year.

#### Fiduciary activities

The Company acts in fiduciary capacities that result in the holding of assets for the account of and at the risk of clients. As these are not assets of the Company, they are not reflected in the statement of financial position but are included as a note to the financial statements at market value as part of funds under management.

#### 1. REVENUE

	Audited 2019 RTGS	Audited 2018 USD
Interest income	19 108	16 735
Management fee income	4 711 313	3 222 404
	4 730 421	3 239 139
<b>OTHER OPERATING INCOME:</b>		
Sub delegation management fees	-	21 592
Consultancy fees	30 678	-
Non-member institutions commission	89 938	93 861
Profit on disposal of motor vehicles	445	-
Sundry income	85 000	119
	206 061	115 572

#### OPERATING EXPENSES

	2019 RTGS	2018 USD
Included in operating expenses are:		
Auditor's remuneration	21 092	7 133
Depreciation	51 057	34 251
Directors remuneration	350 526	305 920
Information technology expenses	108 067	88 196
Insurance and licences	26 257	20 594
Operating lease expense	73 065	67 151
Communications	10 969	21 436
Staff costs	1 908 650	1 272 779
Subscriptions	14 872	14 886

#### INCOME TAX EXPENSE

	2019 RTGS	2018 USD
Current income tax charge	562 915	359 163
Deferred income tax:		
Relating to origination and reversal of temporary differences	(1 676)	3 551
Income tax expense	561 239	362 714

#### 2. EQUIPMENT

	Computer equipment	Fixtures &Fittings	Total
<b>Cost:</b>			
Balance - 31 March 2017	208 894	45 311	254 205
Additions	65 839	14 422	80 261
Disposals	-	-	-
Balance - 31 March 2018	274 733	59 733	334 466
Additions	87 520	18 052	105 572
Disposals	(3 574)	(230)	(3 804)
Balance - 31 March 2019	358 679	77 555	436 234
<b>Depreciation:</b>			
Balance - 31 March 2017	189 453	17 828	207 281
Depreciation charge for the year	28 531	5 720	34 251
Disposals	-	-	-
Balance - 31 March 2018	217 984	23 548	241 532
Depreciation charge for the year	43 584	7 473	51 057
Disposals	(3 574)	(230)	(3 804)
Balance - 31 March 2019	257 994	30 791	288 785
<b>Net book value:</b>			
31 March 2018	56 749	36 185	92 934
31 March 2019	100 685	46 764	147 449

#### 3. TRADE AND OTHER RECEIVABLES

	2019 RTGS	As at 31 March 2018 USD
Trade receivables	475 465	294 504
Other receivables	72 661	55 219
	548 126	349 723

The Company adopted IFRS 9 "Financial instrument" from 1 January 2018 which resulted in changes in the accounting policy on trade receivables. The Company elected the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables assets have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accounts receivable assets. Other receivables consist of prepayments. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. As at 31 March 2019, an assessment for expected credit losses was done on all receivables. The ECL computation resulted in a no loss allowance and a NIL provision was done in the current year hence no reconciliation has been disclosed in the financial statements.

As at 31 March 2019					
	Neither past due nor impaired		Past due but not impaired		TOTAL
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	
Trade receivables	475 465	-	-	-	475 465
Other receivables	72 661	-	-	-	72 661
	548 126	-	-	-	548 126
Trade receivables	294 504	-	-	-	294 504
Other receivables	55 219	-	-	-	55 219

#### 4. CASH AND CASH EQUIVALENTS

	2019 RTGS	As at 31 March 2018 USD
Cash on hand and at bank	-	207
Short term deposits	575 619	845 051
	575 619	845 258

The Company's cash which has been identified as not being immediately required for operational purposes is invested into short term money market instruments denominated in RTGS dollars. These instruments, typically have maturity dates of between 1 and 90 days and are rolled over on maturity, depending on operational cash flow requirements.

#### 5. SHARE CAPITAL

Authorised share capital:  
1 000 000 ordinary shares of \$0.001 each  
10 000 000 Class A ordinary Shares of \$0.001 each

	2019 Number	Year ended 31 March 2018 Number
<b>Issued capital:</b>		
Number of shares in issue:		
Ordinary shares in issue at beginning of the year	1 020 000	1 020 000
Class A ordinary shares in issue at beginning of the year	9 255 790	9 255 790
Total in issue at end of the year	10 275 790	10 275 790

	Year ended 31 March 2019 Stated capital RTGS
Balance at beginning of year	10 276
Movement for the year	-
Balance at end of year	10 276

	Year ended 31 March 2018 USD
<b>Issued capital:</b>	
Balance at beginning of year	10 276
Movement for the year	-
Balance at end of year	10 276

**Notes relating to issued capital:**  
The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction.

The holders of class "A" ordinary shares are not entitled to receive dividends from the company. All the shares in this category carry one vote per share without restriction.

The un-issued ordinary shares are under the control of the directors.

#### 6. OTHER PAYABLES

	2019 RTGS	As at 31 March 2018 USD
Other payables	108 464	73 242
Related party payables	425 367	436 430
	533 831	509 672

Other payables are non-interest bearing and have average terms of between 30 and 60 days.

#### 7. PROVISIONS

	Audit Fees	Year ended 31 March Profit Share	Total
At 1 April 2017			
Balance - beginning of year	21 868	309 934	331 802
Utilised during the year	(14 500)	(309 934)	(324 434)
Arising during the year	7 133	403 454	410 587
At 31 March 2018	14 501	403 454	417 955

	2019 RTGS	2018 USD
At 1 April 2018		
Balance - beginning of year	14 501	403 454
Utilised during the year	(14 501)	(1 169 372)
Arising during the year	21 092	1 012 019
At 31 March 2019	21 092	260 602

**Profit share**  
Profit share is calculated based on an agreed formula linked to the profit before tax in the current year. Profit share is expected to be paid in June 2019.