

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019

CHAIRMAN'S STATEMENT

I am pleased to present the unaudited interim financial statements for Imara Asset Management Zimbabwe (Pvt) Limited ("Imara") for the half year ended September 30th 2019.

Since my year-end statement, Imara's funds under management (FUM) rose over the six months to record levels driven by a strong stock market. Funds under management ended September at ZWL\$970 million as compared with ZWL\$507 million at the end of March, a gain of 91% over the six month period. The Zimbabwe Stock Exchange (ZSE) was up by the same amount over the same period, both lagging behind inflation which jumped by 178% over that period. Since funds under management drive our revenues, we have also seen our top line grow to ZWL\$3.6million over the first six month period as compared with ZWL\$4.9million for the full year to March 2019. Comparisons with previous years are meaningless given the change in functional currency from US dollars (USD) to ZWL. Net profits ended September 2019 at ZWL\$738,250. Needless to say and given these circumstances our balance sheet remains strong and in excess of the SECZ's capital requirements. The Board has chosen not to pay an interim dividend as it utilizes its free cash flow to support its staff and to invest in solar equipment to mitigate the severe power outages that the Company has experienced.

The second half of Imara's financial year has started on a positive note. The ZSE remains undervalued especially in USD terms where market valuations for individual companies are now below where they were in September 2008 despite the fact that the businesses that Imara have invested in on behalf of its clients have invested heavily in plant and equipment since that time. Inflation of over 300% annualized has wiped out the real value of liquid assets such as Government bonds and bank deposits as it did during the previous decade which justifies the high weighting of equities and property in our client portfolios.

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, pays a percentage of its profits into this Fund that is then used to support the education and wellbeing of disadvantaged individuals within our community. A sub-committee of the main Board administers the Fund. The fund has made further disbursements over the six month period.

The Board comprises three 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.

Peter L. Bailey
19th November 2019

INCOME STATEMENT

For the half year ended 30 September 2019

		Unaudited 30 September 2019 ZWL	Unaudited 30 September 2018 USD
Revenue	1	3 453 701	1 946 550
Other operating income	1	171 231	123 401
Total income		3 624 932	2 069 951
Operating expenses	1	(2 630 661)	(1 155 277)
Operating profit		994 271	914 674
Finance costs		-	-
Profit before tax		994 271	914 674
Income tax expense	1	(256 026)	(235 530)
Profit for the year		738 245	679 144

STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 September 2019

		Unaudited 30 September 2019 ZWL	Unaudited 30 September 2018 USD
Profit for the year		738 245	679 144
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		-	-
Total comprehensive income for the year, net of tax		738 245	679 144

STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		Unaudited 30 September 2019 ZWL	Audited 31 March 2019 RTGS
ASSETS			
Non-current assets			
Equipment	2	187 631	147 449
Deferred tax asset		-	-
		187 631	147 449
Current assets			
Trade and other receivables	3	727 274	548 126
Cash and cash equivalents	4	988 250	575 619
Tax refundable		-	36 510
		1 715 524	1 160 255
TOTAL ASSETS		1 903 155	1 307 704
EQUITY AND LIABILITIES			
Equity			
Issued share capital	5	10 276	10 276
Retained earnings		1 218 754	480 509
Total equity		1 229 030	490 785
Non-current liabilities			
Deferred tax liability		1 394	1 394
Current liabilities			
Trade and other payables	6	352 803	533 831
Provisions	7	159 614	281 694
Tax payable		160 314	-
		672 731	815 525
		674 125	816 919
TOTAL EQUITY & LIABILITIES		1 903 155	1 307 704

STATEMENT OF CASH FLOWS

For the half year ended 30 September 2019

		Unaudited 30 September 2019 ZWL	Unaudited 30 September 2018 USD
Cash flows from operating activities			
Profit before tax		994 271	914 674
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation		32 835	18 877
Interest income		(11 297)	(5 855)
Finance costs		-	-
Movements in provisions		(122 080)	16 865
Profit on sale of equipment		(791)	(425)
Operating cash inflows before working capital adjustments:		892 938	944 136
(Increase)/Decrease in trade and other receivables		(179 148)	(117 715)
Increase/(Decrease) in trade and other payables		(181 028)	(310 783)
Cash generated from operations		532 762	515 638
Dividend paid		-	(570 000)
Income tax paid		(59 202)	(170 292)
Interest received		11 297	5 855
Net cash flows from/(used in) operating activities		484 857	(218 799)
Cash flows from investing activities			
Purchase of equipment - to maintain operating capacity		(73 017)	(50 687)
Proceeds from sale of equipment		791	425
Net cash flows from/(used in) investing activities		(72 226)	(50 262)
Net decrease in cash and cash equivalents		412 631	(269 061)
Cash and cash equivalents at beginning of year		575 619	845 258
Cash and cash equivalents at end of half year		988 250	576 197

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 September 2019

Total Equity:	Share capital	Retained earnings	Total Equity
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
Balance - 1 April 2019	10 276	480 509	490 785
Profit for the year	-	738 245	738 245
Balance - 30 September 2019	10 276	1 218 754	1 229 030

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 September 2019

Corporate information

The financial statements of the Company for the half year ended 30 September 2019 were authorised for issue in accordance with a resolution of the directors on 26 November 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 Zimbabwe Dollars which is also the company's functional currency and all values are rounded to the nearest dollar unless otherwise indicated.

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

	Unaudited 30 September 2019 ZWL	Unaudited 30 September 2018 USD
Interest income	11 297	5 855
Management fee income	3 442 404	1 940 695
	3 453 701	1 946 550
OTHER OPERATING INCOME:		
Consultancy fees	94 972	12 254
Non-member institutions commission	76 259	26 147
Professional fees	-	85 000
	171 231	123 401
OPERATING EXPENSES		
Included in operating expenses are:		
Auditor's remuneration (Audit services)	23 208	7 250
Depreciation	32 835	18 877
Directors remuneration- non-executive	24 063	8 137
Information technology expenses	154 799	36 634
Insurance and licences	34 532	15 071
Operating lease expense	73 645	36 327
Communications	11 012	4 876
Staff costs	2 059 764	924 661
Subscriptions	15 478	2 559
INCOME TAX EXPENSE		
Current income tax:		
Current income tax charge	(256 026)	235 530
Deferred income tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense	256 026	235 530

2. EQUIPMENT

	Computer equipment ZWL	Fixtures & Fittings ZWL	Total ZWL
Cost:			
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
Additions	73 017	-	73 017
Disposals	-	-	-
Balance - 30 September 2019	431 696	77 555	509 251
Depreciation:			
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
Depreciation charge for the year	29 131	3 704	32 835
Disposals	-	-	-
Balance - 30 September 2019	287 125	34 495	321 620
Net book value:			
31 March 2019	100 685	46 764	147 449
30 September 2019	144 571	43 060	187 631

3. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2019 ZWL	Audited 31 March 2019 RTGS
Trade receivables	568 537	475 465
Other receivables	158 737	72 661
	727 274	548 126

Trade receivables are non-interest bearing and are generally on 30 day terms.

4. CASH AND CASH EQUIVALENTS

	Unaudited 30 September 2019 ZWL	Audited 31 March 2019 RTGS
Short term deposits	988 250	575 619

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 Zimbabwe dollars. These instruments, typically have maturity dates of between 30 and 90 days, earn interest and are rolled over on maturity, depending on operational cash flow requirements.

5. SHARE CAPITAL

Authorised share capital:

1 100 000 ordinary shares of \$0.001 each
10 000 000 Class A ordinary Shares of \$0.001 each

Issued capital:	Half year ended 30 September 2019	
	30 September 2019 Number	31 March 2019 Number
Reconciliation of the 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

Issued capital:

Issued capital:	Year ended 31 March 2018	
	30 September 2019 Number ZWL	31 March 2019 Number RTGS
Balance at beginning of year	10 276	10 276
Movement for the year	-	-
Balance at end of year	10 276	10 276

Issued capital:

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. TRADE AND OTHER PAYABLES

	As at 30 September 2019	
	30 September 2019 ZWL	31 March 2019 RTGS
Other payables	265 637	108 464
Related party payables	87 166	425 367
	352 803	533 831

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

7. PROVISIONS

	Half year ended 30 September 2019			
	Bonus	Audit fees	Profit share	Total
At 1 April 2018	-	14 501	403 454	417 955
Balance - beginning of year	-	14 501	403 454	417 955
Utilised during the year	-	(14 501)	(1 154 871)	(1 169 372)
Arising during the year	-	21 092	1 012 019	1 033 111
At 31 March 2019	-	21 092	260 602	281 694

At 1 April 2019	-	21 092	260 602	281 694
Balance - beginning of year	-	21 092	260 602	281 694
Utilised during the period	-	(21 092)	(260 602)	(281 694)
Unutilised amounts reversed	-	(403)	-	(403)
Arising during the period	40 177	23 208	96 632	160 017
At 30 September 2019	40 177	22 805	96 632	159 614

8 FUNDS UNDER MANAGEMENT

	September 2019 ZWL	March 2019 RTGS
Funds under management - Private Clients	83 495 029	53 026 706
Funds under management - Institutional Clients	888 868 062	457 386 019
	972 363 091	510 412 725

The Company provides asset management and unit trust services to pension funds, trusts, institutions, companies and individuals, whereby it holds, places and manages funds on behalf of clients. The Company receives management fees for providing these services. Funds under management are not assets of the Company and are not recognised in the statement of financial position. The Company is not exposed to any credit risk relating to funds under management.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains prudent capital and gearing ratios in order to support its business and maximise shareholder value.

The Company is subject to capital adequacy and liquidity controls imposed by the regulators. Responsibility for compliance with the prescribed capital and liquidity ratios is delegated to the Risk and Compliance Committee, which meets on a regular basis.

The Company has complied with the regulatory requirement of maintaining tier 1 capital above \$600 000 throughout the year.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, issue new shares, adjust gearing ratios or negotiate borrowings.

Capital comprises of share capital and distributable reserves.

Tier 1 capital:	September 2019 ZWL	March 2019 RTGS
Share capital	10 276	10 27