

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020

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 2020. These are based on historical cost accounting.

Since my year-end statement, Imara's funds under management (FUM) rose over the six months driven by a strong stock market. Funds under management ended September at ZWL4.55 billion as compared with ZWL 1.6 billion at the end of March, a gain of 355% over the six month period. Since funds under management drive our revenues, we have also seen our top line grow to ZWL19.8million over the first six month period as compared with ZWL\$10.7million for the full year to March 2020. Comparisons with previous years are meaningless given the change in functional currency from US dollars (USD) to ZWL in 2019 and with the hyperinflationary environment we have been operating in. Net profits ended September 2020 at ZWL4.6million. 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 a final dividend for 2019 or an interim dividend as it utilizes its free cash flow to support its staff whose cost of living allowances have been increased substantially over the first half of the 2020 financial year.

The second half of Imara's financial year has started on a negative note following continued weakness on the ZSE as a result of selling by foreign investors. Further the suspension of Old Mutual, Seed Co International and PPC Cement and subsequent delisting of Seed Co International has had a detrimental impact on volumes traded and the available opportunities for investors which is a great pity. 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 659% 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 with a focus toward providing assistance as a result of the COVID-19 pandemic.

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
17th November 2020

INCOME STATEMENT

For the half year ended 30 September 2020

		Unaudited 30 September 2020	Unaudited 30 September 2019
Notes		ZWL	ZWL
Revenue	1	18 734 174	3 442 404
Finance income		3 307	11 297
Other operating income	1	1 120 652	171 231
Total income		19 858 133	3 624 932
Operating expenses	1	(13 688 095)	(2 630 661)
Operating profit		6 170 038	994 271
Finance costs		(57 472)	-
Profit before tax		6 112 566	994 271
Income tax expense	1	(1 511 027)	(256 026)
Profit for the year		4 601 539	738 245

STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 September 2020

		Unaudited 30 September 2020	Unaudited 30 September 2019
Notes		ZWL	ZWL
Profit for the year		4 601 539	738 245
Other comprehensive		1 650 457	-
Total comprehensive income for the year, net of tax		6 251 996	738 245

STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		Unaudited 30 September 2020	Unaudited 31 March 2020
Notes		ZWL	ZWL
ASSETS			
Non-current assets			
Equipment	2	685 902	403 124
Right of Use Asset		482 195	675 073
Deferred tax asset		28 132	28 132
Equities at FVOCI	5	3 532 042	683 013
		4 728 271	1 789 342
Current assets			
Trade and other receivables	3	5 221 523	1 859 221
Cash and cash equivalents	4	1 989 870	40 445
		7 211 393	1 899 666
TOTAL ASSETS		11 939 664	3 689 008
EQUITY AND LIABILITIES			
Equity			
Issued share capital	6	10 276	10 276
Non-distributable reserve		1 650 457	-
Retained earnings		6 904 196	2 302 657
Total equity		8 564 929	2 312 933
Non-current liabilities			
Lease liability		89 642	273 245
Current liabilities			
Trade and other payables	7	888 428	352 461
Lease liability		427 371	427 371
Provisions	8	918 187	110 364
Tax payable		1 051 107	212 634
		3 285 093	1 102 830
		3 374 735	1 376 075
TOTAL EQUITY & LIABILITIES		11 939 664	3 689 008

STATEMENT OF CASH FLOWS

For the half year ended 30 September 2020

		Unaudited 30 September 2020	Unaudited 30 September 2019
Notes		ZWL	ZWL
Cash flows from operating activities			
Profit before tax		6 112 566	994 271
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation		121 980	32 835
Interest income		(3 307)	(11 297)
Finance costs		57 472	-
Amortisation of right of use asset		192 878	-
Fair value gain on equities		(90 962)	-
Movements in provisions		807 823	(122 080)
Profit on sale of equipment		-	(791)
Operating cash inflows before working capital adjustments:		7 198 450	892 938
(Increase)/Decrease in trade and other receivables		(3 362 302)	(179 148)
Increase/(Decrease) in trade and other payables		535 967	(181 028)
Cash generated from operations		4 372 115	532 762
Dividend paid		-	-
Income tax paid		(672 554)	(59 202)
Interest received		3 307	11 297
Net cash flows from/(used in) operating activities		3 702 868	484 857
Cash flows from investing activities			
Purchase of equipment- to maintain operating capacity		(404 758)	(73 017)
Purchase of equities		(1 107 610)	-
Proceeds from sale of equipment		-	791
Net cash flows from/(used in) investing activities		(1 512 368)	(72 226)
Cash flows from financing activities			
Repayments - Lease obligations		(241 075)	-
Net cash flows used in financing activities		(241 075)	-
Net increase in cash and cash equivalents		1 949 425	412 631
Cash and cash equivalents at beginning of year		40 445	575 619
Cash and cash equivalents at end of half year		1 989 870	988 250

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 September 2020

Total Equity:	Share capital	Non-distributable reserves	Retained earnings	Total Equity
Balance - 1 April 2019	10 276	-	480 509	490 785
Profit for the year	-	-	1 822 148	1 822 148
Balance - 31 March 2020	10 276	-	2 302 657	2 312 933
Balance - 1 April 2020	10 276	-	2 302 657	2 312 933
Profit for the year	-	-	4 601 539	4 601 539
Other comprehensive income	-	1 650 457	-	1 650 457
Total comprehensive income	-	1 650 457	4 601 539	6 251 996
Balance - 30 September 2020	10 276	1 650 457	6 904 196	8 564 929

NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 30 September 2020

Corporate information

The financial statements of the Company for the half year ended 30 September 2020 were authorised for issue in accordance with a resolution of the directors on 17 November 2020. 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 2020	Unaudited 30 September 2019
	ZWL	ZWL
Management fee income	18 734 174	3 442 404
	18 734 174	3 442 404
OTHER OPERATING INCOME:		
Consultancy fees	435 725	94 972
Non-member institutions commission	593 965	76 259
Sundry income	90 962	-
	1 120 652	171 231

OPERATING EXPENSES

Included in operating expenses are:

Auditor's remuneration (Audit services)	334 841	23 208
Depreciation	121 980	32 835
Directors remuneration- non-executive	110 000	24 063
Information technology expenses	745 971	154 799
Insurance and licences	54 687	34 532
Operating lease expense	232 809	73 645
Communications	80 562	11 012
Staff costs	7 229 732	2 059 764
Subscriptions	87 805	15 478

INCOME TAX EXPENSE

Current income tax:		
Current income tax charge	1 511 027	256 026
Deferred income tax:		
Relating to origination and reversal of temporary differences	-	-
Income tax expense	1 511 027	256 026

2. EQUIPMENT

	Computer equipment	Fixtures & Fittings	Total
	ZWL	ZWL	ZWL
Cost:			
Balance - 31 March 2019	358 679	77 555	436 234
Additions	404 820	-	404 820
Disposals	(3 725)	-	(3 725)
Balance - 31 March 2020	759 774	77 555	837 329
Additions	404 758	-	404 758
Disposals	-	-	-
Balance - 30 September 2020	1 164 532	77 555	1 242 087
Depreciation:			
Balance - 31 March 2019	257 994	30 791	288 785
Depreciation charge for the year	141 671	7 474	149 145
Disposals	(3 725)	-	(3 725)
Balance - 31 March 2020	395 940	38 265	434 205
Depreciation charge for the year	118 243	3 737	121 980
Disposals	-	-	-
Balance - 30 September 2020	514 183	42 002	556 185
Net book value:			
31 March 2020	363 834	39 290	403 124
30 September 2020	650 349	35 553	685 902

3. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2020	Unaudited 31 March 2020
	ZWL	ZWL
Trade receivables	2 532 836	1 441 047
Other receivables	126 660	191 915
Related party receivables	2 562 027	226 259
	5 221 523	1 859 221

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

4. CASH AND CASH EQUIVALENTS

	Unaudited 30 September 2020	Unaudited 31 March 2020
	ZWL	ZWL
Short term deposits	1 989 870	40 445

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. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited 30 September 2020	Unaudited 31 March 2020
	ZWL	ZWL
Balance at the beginning of the year	683 013	-
Additions	1 107 610	773 975
Fair value adjustments	1 741 419	(90 962)
Disposals	-	-
Balance at the end of the year	3 532 042	683 013

6. 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 2020	
	September 2020	March 2020
	Number	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:

	Half year ended 30 September 2020	
	September 2020	March 2020
	ZWL	ZWL
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.

7. TRADE AND OTHER PAYABLES

	As at 30 September 2020	
	30 September 2020	31 March 2020
	ZWL	ZWL
Other payables	888 428	352 461
	888 428	352 461

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

8. PROVISIONS

	Half year ended 30 September 2020			
	Bonus	Audit fees	Profit share	Total
At 1 April 2019				
Balance - beginning of year	-	21 092	260 602	281 694
Utilised during the year	-	(21 501)	(1 715 762)	(1 737 263)
Arising during the year	-	110 773	1 455 160	1 565 933
At 31 March 2020	-	110 364	-	110 364
At 1 April 2020				