

IMARA INVESTING IN AFRICA

IMARA ASSET MANAGEMENT ZIMBABWE (PVT) LTD

Registered Financial Institution

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

Chairman's Statement

I am pleased to present the annual accounts for Imara Asset Management Zimbabwe (Pvt) Limited ("Imara") for the year ended March 31st 2014.

Imara has enjoyed a record year with net profits reaching \$580,000, a gain of 56% over the previous year. This has been largely driven by increased management fees earned as a result of a higher level of funds under management as compared to the previous year. This was primarily driven by a buoyant stock market for the greater part of our financial year. Although funds under management ended March 2014 at \$179 million, they peaked in July at over \$215 million and hovered around \$200 million for a number of months.

Imara's investment management team was rewarded by being the best performing pension fund manager for the year ending December 2013, and since dollarization Imara ranks highly amongst its competitors. As a result, we have won a number of new pension fund mandates in recent months which will positively impact upon revenues as the new financial year progresses.

Whilst revenues rose by 26% over the year, operating costs have been well controlled rising just 3% over the previous year excluding one-off items. 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. Cash generated from operations was once again very strong enabling the Board to declare total dividends of US\$620,000 for the full year (\$412,000 in 2013), thereby providing our shareholders with an excellent return on their invested capital.

The new financial year has started slowly with the ZSE trading at levels last seen in early 2013. We have also seen weakness in other Emerging and African markets over recent months but expect to see a recovery over the second half of 2014. We continue to see growing international interest in African stock markets and Zimbabwe is no exception where foreign investors have accounted for a large proportion of the daily turnover on the Stock Exchange. As the prospects for the economy and companies improve, we would expect to see more foreign investors seeking opportunities in the country.

Outside of Imara's core business, the Company manages the Imara Social Investment Fund. Every quarter Imara pays 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 administers the Fund. The Fund has made further disbursements during the financial year.

The Board comprises five 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.

I am delighted to welcome Patrick Devenish to the Board of the Company. Pat has previously been the Chief Executive of TSF Ltd, Seed Co and latterly AICO. As a result he brings a wealth of experience to the Board and to the management team.

I would like to thank my fellow Board members together with the management and staff of the Company for their hard work during the past year.

Peter L. Bailey
24 June 2014

ABRIDGED FINANCIAL RESULTS INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

Notes	Audited 31 March 2014 US\$	Audited 31 March 2013 US\$
Revenue	2 217 030	1 707 384
Other operating income	171 331	183 104
Total income	2 388 361	1 890 488
Operating expenses	(1 602 038)	(1 375 135)
Operating profit	786 323	515 353
Finance costs	(388)	(1 759)
Profit before tax	785 935	513 594
Income tax expense	(205 896)	(140 739)
Profit for the year	580 039	372 855
Attributable to: Owners of the parent	580 039	372 855
Profit for the year	580 039	372 855

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

Notes	Audited 31 March 2014 US\$	Audited 31 March 2013 US\$
Profit for the year	580 039	372 855
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax	-	-
Total comprehensive income for the year, net of tax	580 039	372 855
Attributable to: Owners of the parent	580 039	372 855
Total comprehensive income	580 039	372 855

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2014

Notes	Audited 31 March 2014 US\$	Audited 31 March 2013 US\$
ASSETS		
Non-current assets		
Equipment	92 862	121 674
Current assets		
Trade and other receivables	212 380	288 171
Cash and cash equivalents	934 410	705 990
Tax refundable	13 844	19 391
	1 160 634	1 013 552
	1 253 496	1 135 226
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity		
Issued share capital	10 276	10 276
Non-distributable reserves	14 939	14 939
Distributable reserves	778 888	818 849
Total equity	804 103	844 064
Non-current liabilities		
Deferred tax liability	5 007	2 717
Current liabilities		
Trade and other payables	53 985	49 603
Provisions	390 401	238 842
	444 386	288 445
Total liabilities	449 393	291 162
TOTAL EQUITY & LIABILITIES	1 253 496	1 135 226

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

Notes	Audited 31 March 2014 US\$	Audited 31 March 2013 US\$
Cash flows from operating activities		
Profit before tax	785 935	513 594
Adjusted for non-cash items included in profit before tax:		
Depreciation	47 513	46 442
Interest income	(93 023)	(57 112)
Finance charges	388	1 759
Movements in provisions	151 559	(2 675)
Fair value adjustments on listed trading securities	-	321
Loss on sale of equipment	-	(747)
Operating cash inflows before working capital adjustments:	892 372	501 582
Decrease in trade and other receivables	75 791	131 054
Increase/(decrease) in trade and other payables	4 382	(11 123)
Cash generated from operations	972 545	621 513
Dividend paid	(620 000)	(412 000)
Income tax paid	(198 059)	(145 070)
Proceeds from sale of listed trading instruments	-	17 813
Interest received	93 023	57 112
Finance costs	(388)	(1 759)
Net cash flows from operating activities	247 121	137 609
Cash flows from investing activities		
Purchase of equipment to maintain operating capacity	(18 701)	(39 084)
Proceeds - sale of equipment	-	1 000
Net cash flows used in investing activities	(18 701)	(37 784)
Net increase in cash and cash equivalents	228 420	99 825
Cash and cash equivalents at beginning of year	705 990	606 165
Cash and cash equivalents at end of year	934 410	705 990
Comprising: Cash and equivalents and short term investments	934 410	705 990
Net cash and cash equivalents	934 410	705 990

ABRIDGED FINANCIAL RESULTS STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share capital	Non-Distributable reserves	Distributable reserves	Total Equity
Balance - 1 April 2012	10 276	17 154	855 779	883 209
Profit for the year	-	-	372 855	372 855
Other comprehensive income	-	-	372 855	372 855
Total comprehensive income	-	-	745 710	745 710
Sub-total	10 276	17 154	1 228 634	1 255 064
Reserves released on disposal of equipment	-	(2 215)	2 215	-
Dividends paid	-	-	(412 000)	(412 000)
Balance - 31 March 2013	10 276	14 939	818 849	844 064
Balance - 1 April 2013	10 276	14 939	818 849	844 064
Profit for the year	-	-	580 039	580 039
Other comprehensive income	-	-	580 039	580 039
Total comprehensive income	-	-	1 160 878	1 160 878
Sub-total	10 276	14 939	1 398 888	1 424 103
Dividends paid	-	-	(620 000)	(620 000)
Balance - 31 March 2014	10 276	14 939	778 888	804 103

Non-distributable reserves:

	Revaluation reserves	Total Non-distributable reserves
Balance - 1 April 2012	17 154	17 154
Reserves released on disposal of equipment	(2 215)	(2 215)
Balance - 31 March 2013	14 939	14 939
Balance - 1 April 2013	14 939	14 939
Balance - 31 March 2014	14 939	14 939

NOTES TO THE FINANCIAL STATEMENTS

Corporate information

The financial statements of the Company for the year ended 31 March 2014 were authorised for issue in accordance with a resolution of the directors on 24 June 2014. The Company is a Private Limited company incorporated and domiciled in Zimbabwe.

The principal activity of the Company is the management of client investment portfolios.

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 except for certain financial instruments that are carried at fair value. The financial statements are presented in United States of America Dollars.

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, placing or managing of and at the risk of clients. As these are not the 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 31 March 2014 US\$	Audited 31 March 2013 US\$
Interest income	93 023	57 112
Management fee income	2 124 007	1 650 272
	2 217 030	1 707 384
OTHER OPERATING INCOME:		
Sub delegation management fees	102 801	123 331
Insurance and licences	67 863	60 141
Sundry income/(expense)	667	(368)
	171 331	183 104

OPERATING EXPENSES

Included in operating expenses are:

Auditor's remuneration (Audit services)	58 408	21 346
Depreciation	47 513	46 442
Directors' remuneration - non-executive	17 200	19 312
Information technology expenses	72 025	65 392
Insurance and licences	35 756	35 369
Operating lease expense	78 040	86 140
Communications	29 035	25 594
Staff costs	927 867	762 147
Subscriptions	11 216	8 368

FINANCE COSTS:

Interest expense	388	1 759
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INCOME TAX

INCOME TAX EXPENSE

Current income tax:		
Current income tax charge	203 606	139 530
Deferred income tax:		
Relating to origination and reversal of temporary differences	2 290	1 209
Income tax expense	205 896	140 739

3 EQUIPMENT

	Motor vehicles US\$	Computer equipment US\$	Fixtures & fittings US\$	Total US\$
Cost:				
Balance - 1 April 2012	108 030	103 537	10 284	221 851
Additions	-	38 925	159	39 084
Disposals	(2 215)	-	-	(2 215)
Balance - 31 March 2013	105 815	142 462	10 443	258 720
Additions	-	18 547	154	18 701
Disposals	-	-	-	-
Balance - 31 March 2014	105 815	161 009	10 597	277 421
Depreciation:				
Balance - 1 April 2012	22 890	66 115	3 262	92 267
Depreciation charge for the year	21 168	24 388	886	46 442
Disposals	(1 663)	-	-	(1 663)
Balance - 31 March 2013	42 395	90 503	4 148	137 046
Depreciation charge for the year	21 139	25 518	856	47 513
Disposals	-	-	-	-
Balance - 31 March 2014	63 534	116 021	5 004	184 559

Net book value:

31 March 2013	63 420	51 959	6 295	121 674
31 March 2014	42 281	44 988	5 593	92 862

3 TRADE AND OTHER RECEIVABLES

	Audited 31 March 2014 US\$	Audited 31 March 2013 US\$
Trade receivables	173 438	176 174
Other receivables	38 942	111 997
	212 380	288 171

Trade receivables are non-interest bearing and are generally on 30 day terms. As at 31 March, the ageing analysis of trade and other receivables is as detailed below. These balances are neither past due nor impaired:

	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 More than 120 days	
As at 31 March 2013					
Trade receivable	176 174	-	-	-	176 174
Other receivables	111 997	-	-	-	111 997
As at 31 March 2014					
Trade receivables	173 438	-	-	-	173 438
Other receivables	38 942	-	-	-	38 942

No other class of financial assets are past due as at the reporting date and there are no impaired financial assets at the reporting date.

4 CASH AND CASH EQUIVALENTS

Notes	Audited 31 March 2014 US\$	Audited 31 March 2013 US\$
Cash on hand and at bank	1 485	538
Short term deposits	932 925	705 452
	934 410	705 990
For purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash and cash equivalents - per above	934 410	705 990
	934 410	705 990

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 United States dollars. These instruments, typically have maturity dates of between 30 and 120 days, earn interest ranging between 4% and 12% and are rolled over on maturity, depending on operational cash flow requirements. There is an active market for the instruments and as such they can be immediately converted into cash prior to the stated maturity date.

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

	2014 Number	2013 Number
Issued capital:		
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:

	Stated capital US\$
Balance at beginning of year	10 276
Movement for the year	-
Balance at end of year	10 276
	US\$
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 un-issued ordinary shares and Class A shares are under the control of the directors.

NATURE AND PURPOSE OF RESERVES

Non distributable reserves

Revaluation reserve

The revaluation reserve resulted from the effect of re-establishing the Company's assets (equipment) at the date of transition to SUS functional currency.

6 TRADE AND OTHER PAYABLES

	2014 Number	2013 Number
Trade payables	53 985	49 603
Other payables	33 985	49 603