

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

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 2017.

Imara has enjoyed another pleasing year despite the tough economic environment in Zimbabwe, characterized by a volatile stock market, weak property markets and low interest rates. Net profits were \$434 330, up 5% on the previous year to March 2016, implying a net margin of 22%. Our funds under management ended the year at \$196 million up 27% over the year with all of that gain occurring in the second half of the financial year. By comparison the ZSE rose by 42% over the same time period.

Given the low level of funds under management and hence revenues over the first half of the financial year, management maintained the four day week that had been introduced the year before which helped keep costs under control. 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 US\$450,000 for the full year (\$525,000 in 2016), thereby providing our shareholders with a decent return on their invested capital.

The new financial year has seen the Stock Market continue to move higher from its September 2016 lows despite the relatively hostile economic environment. As I write Funds under management have moved up to an all time high of \$225 million representing a 14% increase on the year end levels. Volumes in the stock exchange have increased but remain low by historical standards largely due to the absence of foreign investors who have stopped selling since they cannot easily repatriate their sale proceeds and as such remain reluctant buyers. Activity has therefore been largely driven by domestic investors who are increasingly concerned about the poor returns from the money markets and property.

The rains have proved to be the best for many years and as such the agricultural sector has experienced a strong recovery driven by both maize and tobacco. The mining sector has also proved better than 2016. That said Government spending has ballooned driving the fiscal deficit to 10% of GDP. As such Government has crowded out the private sector who are finding it increasingly difficult to access credit from the banks. In addition, and despite the introduction of bond notes, cash remains in short supply. The money supply is currently growing at over 20% per annum as the Reserve Bank funds the Government's deficit. We therefore expect inflation to rise over the year. With interest rates remaining low, the stock market provides an income through dividends and a hedge against inflation. We don't expect to see any significant external monetary support from the likes of the World Bank and the IMF until after the elections in 2018.

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 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.

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 and for making short term personal sacrifices to enable the company to remain profitable during these difficult times.

Peter L. Bailey
June 2017

AUDITORS' STATEMENT

The financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 March 2017 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.

INCOME STATEMENT

For the year ended 31 March 2017

		Audited 2017 USD	Audited 2016 USD
	Notes		
Revenue	1	1 806 267	1 839 215
Other operating income	1	84 618	97 298
Total income		1 890 885	1 936 513
Operating expenses	1	(1 305 431)	(1 374 830)
Operating profit		585 454	561 683
Finance costs	1	(657)	(130)
Profit before tax		584 797	561 553
Income tax expense	1	(150 467)	(149 988)
Profit for the year		434 330	411 565
Attributable to:			
Owners of the parent		434 330	411 565
Profit for the year		434 330	411 565

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

		Audited 31 March 2017 USD	Audited 31 March 2016 USD
Profit for the year		434 330	411 565
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		434 330	411 565
Attributable to:			
Owners of the parent		434 330	411 565
Total comprehensive income		434 330	411 565

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

		Audited 31 March 2017 USD	Audited 31 March 2016 USD
	Notes		
ASSETS			
Non-current assets			
Equipment	2	46 924	63 954
Deferred tax asset		480	1 421
		47 404	65 375
Current assets			
Trade and other receivables	3	223 611	151 867
Cash and cash equivalents	4	430 935	446 133
Tax refundable		9 079	-
		663 625	598 000
TOTAL ASSETS		711 029	663 375
EQUITY AND LIABILITIES			
Equity			
Issued share capital	5	10 276	10 276
Retained earnings		323 420	339 090
Total equity		333 696	349 366
Non-current liabilities			
		-	-
Current liabilities			
Trade and other payables	6	45 531	37 685
Provisions	7	331 802	275 941
Tax payable		-	383
		377 333	314 009
Total liabilities		377 333	314 009
TOTAL EQUITY & LIABILITIES		711 029	663 375

STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

		Audited 31 March 2017 USD	Audited 31 March 2016 USD
Cash flows from operating activities			
Profit before tax		584 797	561 553
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation		23 548	52 706
Interest income		(25 778)	(36 539)
Finance costs		657	130
Movements in provisions		55 861	(68 740)
Profit on sale of equipment		(13 000)	-
Operating cash inflows before working capital adjustments:		626 085	509 110
(Increase)/decrease in trade and other receivables		(71 744)	119 231
Increase/(decrease) in trade and other payables		7 846	(22 299)
Cash generated from operations		562 187	606 042
Dividend paid		(450 000)	(525 000)
Income tax paid		(158 988)	(159 486)
Interest received		25 778	36 539
Finance costs		(657)	(130)
Net cash flows used in operating activities		(21 680)	(42 035)
Cash flows from investing activities			
Purchase of equipment- to maintain operating capacity		(6 518)	(12 367)
Proceeds from sale of equipment		13 000	-
Net cash flows used in investing activities		6 482	(12 367)
Net decrease in cash and cash equivalents		(15 198)	(54 402)
Cash and cash equivalents at beginning of year		446 133	500 535
Cash and cash equivalents at end of year		430 935	446 133

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

Total Equity:	Share capital	Retained earnings	Total Equity
Balance - 1 April 2015	10 276	452 525	462 801
Profit for the year	-	411 565	411 565
Dividends paid		(525 000)	(525 000)
Balance - 31 March 2016	10 276	339 090	349 366
Balance - 1 April 2016	10 276	339 090	349 366
Profit for the year	-	434 330	434 330
Dividends paid		(450 000)	(450 000)
Balance - 31 March 2017	10 276	323 420	333 696

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

Corporate information

The financial statements of the Company for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 20 June 2017. 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 United States of America 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

	Year ended 31 March	
	2017 USD	2016 USD
Interest income	25 778	36 539
Management fee income	1 780 489	1 802 676
	1 806 267	1 839 215

OTHER OPERATING INCOME:

Sub delegation management fees	44 262	55 609
Non-member institutions commission	39 036	39 292
Sundry income	1 320	2 397
	84 618	97 298

OPERATING EXPENSES

Included in operating expenses are:		
Auditor's remuneration (Audit services)	21 868	23 119
Depreciation	23 548	52 706
Directors remuneration - executive	153 654	148 492
Directors' remuneration - non-executive	12 150	14 005
Information technology expenses	89 357	101 625
Insurance and licences	22 887	33 216
Operating lease expense	70 226	80 920
Communications	22 496	23 067
Staff costs	788 261	716 544
Salaries and short-term benefits.	766 052	692 913
Pension expenses	22 209	23 631
Subscriptions	10 560	12 892

	Year ended 31 March	
	2017 USD	2016 USD

FINANCE COSTS:		
Client Interest claims	657	130
	657	130

INCOME TAX

INCOME TAX EXPENSE

Current income tax:		
Current income tax charge	149 526	150 488
	149 526	150 488
Deferred income tax:		
Relating to origination and reversal of temporary differences	941	(499)
Income tax expense	150 467	149 988

2. EQUIPMENT

	Year ended 31 March			
	Motor vehicles USD	Computer equipment USD	Fixtures & Fittings USD	Total USD

Cost:				
Balance - 31 March 2015	105 815	190 319	45 001	341 135
Additions	-	12 367	-	12 367
Balance - 31 March 2016	105 815	202 686	45 001	353 502
Additions	-	6 208	310	6 518
Disposals	(78 030)	-	-	(78 030)
Balance - 31 March 2017	27 785	208 894	45 311	281 990

Depreciation:				
Balance - 31 March 2015	84 673	142 868	9 301	236 842
Depreciation charge for the year	21 142	27 316	4 248	52 706
Balance - 31 March 2016	105 815	170 184	13 549	289 548
Depreciation charge for the year	-	19 269	4 279	23 548
Disposals	(78 030)	-	-	(78 030)
Balance - 31 March 2017	27 785	189 453	17 828	235 066

Net book value:				
31 March 2016	-	32 502	31 452	63 954
31 March 2017	-	19 441	27 483	46 924

3. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2017 USD	2016 USD
Trade receivables	179 072	146 881
Other receivables	22 368	4 986
Related party receivables	22 171	-
	223 611	151 867

4. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2017 USD	2016 USD
Cash on hand and at bank	742	756
Short term deposits	430 193	445 377
	430 935	446 133

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 90 days, earn interest ranging between 1% 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

Issued capital:	Year ended 31 March 2016	
	2017 Number	2016 Number
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:	Year ended 31 March 2017 Stated capital USD	
	Balance at beginning of year	
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.

6. TRADE AND OTHER PAYABLES

	As at 31 March	
	2017 USD	2016 USD
Other payables	45 531	37 570
Related party payables	-	115
	45 531	37 685

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

7. PROVISIONS

	Retrenchments	Audit Fees	Profit Share	Year ended 31 March		
				Leave pay	Branding fees	Total
At 1 April 2015						