

UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

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 2017.

Since my year-end statement, Imara's funds under management (FUM) rose sharply over the six months to record levels driven by a very strong Stock Market. Funds under management ended September at \$453 million as compared with \$194 million at the end of March, a gain of 133% over the six month period. The Zimbabwe Stock Exchange (ZSE) was up by 200% over the same period. Since funds under management drive our revenues, we have also seen our top line grow by 65% as compared with the same period last year. Net profits have risen by 125% to \$492,000 which is more than the Company earned in the whole of the previous financial year to March. Needless to say given these circumstances our balance sheet remains strong and in excess of the SECZ's capital requirements. This has enabled the Board to declare interim dividends during the past six months amounting to \$400,000.

The second half of Imara's financial year started on a strong note with FUM rising by a further 16% in October. As I write however, the Stock Market has fallen sharply following the military interventions of last week that resulted in President Mugabe resigning as President and the swearing in of President Mnangagwa as his successor. At current levels our FUM have fallen back to \$366m and so are significantly up on a year ago whilst the Stock Market is up by 120% since the end of December 2016 despite the recent fall. This correction therefore does not concern the Board as the Company remains highly profitable. It is too early to forecast the future direction of the economics and politics of the country but a return to sensible economic policies that could lead to international financial support would be very beneficial for the Country, the Stock Market and our business.

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 under privileged children and elderly within the community. A sub-committee of the main Board administers the Fund. Since dollarization, this fund has paid out \$45,000 to our selected charities.

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.

Peter L. Bailey
24th November 2017

INCOME STATEMENT For the half year ended 30 September 2017

	Notes	Unaudited	Unaudited
		30 September 2017 USD	30 September 2016 USD
Revenue	1	1 374 516	824 376
Other operating income	1	58 791	44 910
Total income		1 433 307	869 286
Operating expenses	1	(769 710)	(609 403)
Operating profit		663 597	259 883
Finance costs		-	-
Profit before tax		663 597	259 883
Income tax expense	1	(170 877)	(66 921)
Profit for the year		492 720	192 962

STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 September 2017

	Unaudited	Unaudited
	30 September 2017 USD	30 September 2016 USD
Profit for the year	492 720	192 962
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	492 720	192 962

STATEMENT OF FINANCIAL POSITION As at 30 September 2017

	Notes	Unaudited	Audited
		30 September 2017 USD	31 March 2017 USD
ASSETS			
Non-current assets			
Equipment	2	44 958	46 924
Deferred tax asset		480	480
		45 438	47 404
Current assets			
Trade and other receivables	3	457 913	223 611
Cash and cash equivalents	4	542 536	430 935
Tax refundable		-	9 079
		1 000 449	663 625
TOTAL ASSETS		1 045 887	711 029
EQUITY AND LIABILITIES			
Equity			
Issued share capital	5	10 276	10 276
Retained earnings		416 140	323 420
Total equity		426 416	333 696
Non-current liabilities			
		-	-
Current liabilities			
Trade and other payables	6	276 050	45 531
Provisions	7	304 318	331 802
Tax payable		39 103	-
		619 471	377 333
TOTAL EQUITY & LIABILITIES		1 045 887	711 029

STATEMENT OF CASH FLOWS For the year ended 30 September 2017

	Unaudited	Unaudited
	30 September 2017 USD	30 September 2016 USD
Cash flows from operating activities		
Profit before tax	663 597	259 883
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation	13 175	11 145
Interest income	(9 441)	(16 430)
Finance costs	-	-
Movements in provisions	(27 484)	(151 458)
Profit on sale of equipment	-	(13 000)
Operating cash inflows before working capital adjustments:	639 847	90 140
(Increase)/Decrease in trade and other receivables	(234 302)	(1 031)
Increase/(Decrease) in trade and other payables	230 519	38 622
Cash generated from operations	636 064	127 731
Dividend paid	(400 000)	(250 000)
Income tax paid	(122 695)	(48 033)
Interest received	9 441	16 430
Net cash flows from/(used in) operating activities	122 810	(153 872)
Cash flows from investing activities		
Purchase of equipment - to maintain operating capacity	(11 209)	(1 380)
Proceeds from sale of equipment	-	13 000
Net cash flows from/(used in) investing activities	(11 209)	11 620
Net decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of year	430 935	446 133
Cash and cash equivalents at end of half year	542 536	303 881

STATEMENT OF CHANGES IN EQUITY For the year ended 30 September 2017

	Total Equity:		
	Share capital	Retained earnings	Total Equity
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
Balance - 1 April 2017	10 276	323 420	333 696
Profit for the year		492 720	492 720
Dividends paid		(400 000)	(400 000)
Balance - 30 September 2017	10 276	416 140	426 416

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

Corporate information

The financial statements of the Company for the half year ended 30 September 2017 were authorised for issue in accordance with a resolution of the directors on 31 October 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

	Unaudited	Unaudited
	30 September 2017 USD	30 September 2016 USD
Interest income	9 441	16 430
Management fee income	1 365 075	807 946
	1 374 516	824 376

OTHER OPERATING INCOME:

Sub delegation management fees	21 519	27 805
Non-member institutions commission	37 153	17 105
Sundry income	119	-
	58 791	44 910

OPERATING EXPENSES

Included in operating expenses are:		
Auditor's remuneration (Audit services)	(117)	10 934
Depreciation	13 175	11 145
Directors remuneration- non-executive	6 400	6 250
Information technology expenses	39 886	41 699
Insurance and licences	11 509	15 175
Operating lease expense	31 149	36 607
Communications	9 961	11 230
Staff costs	589 948	430 595
Subscriptions	2 073	2 949

INCOME TAX EXPENSE

Current income tax charge	170 877	66 921
Deferred income tax: Relating to origination and reversal of temporary differences	-	-
Income tax expense	170 877	66 921

2. EQUIPMENT

	Motor vehicles USD	Computer equipment USD	Fixtures & Fittings USD	Total USD
Cost:				
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
Additions	-	11 209	-	11 209
Disposals	-	-	-	-
Balance - 30 September 2017	27 785	220 103	45 311	293 199
Depreciation:				
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
Depreciation charge for the year	-	11 035	2 140	13 175
Disposals	-	-	-	-
Balance - 30 September 2017	27 785	200 488	19 968	248 241

Net book value:

31 March 2017	-	19 441	27 483	46 924
30 September 2017	-	19 615	25 343	44 958

3. TRADE AND OTHER RECEIVABLES

	Unaudited	Audited
	30 September 2017 USD	31 March 2017 USD
Trade receivables	414 801	179 072
Other receivables	43 112	22 368
Related party receivables	-	22 171
	457 913	223 611

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

4. CASH AND CASH EQUIVALENTS

	Unaudited	Audited
	30 September 2017 USD	31 March 2017 USD
Cash on hand and at bank	583	742
Short term deposits	541 953	430 193
	542 536	430 935

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 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:	Half year ended 30 September 2017	
	30 September 2017 Number	31 March 2017 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 2017	
	30 September 2017 USD	31 March 2017 USD
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 2017	
	30 September 2017 USD	31 March 2017 USD
Other payables	69 971	45 531
Related party payables	206 079	-
	276 050	45 531

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

7. PROVISIONS

	Half year ended 30 September 2017				
	Audit Fees	Profit Share	Leave pay	Branding fees	Total
At 1 April 2016					
Balance - beginning of year	21 868	242 823	-	11 250	275 941
Utilised during the year	(21 868)	(240 660)	-	(11 250)	(273 778)
Unutilised amounts reversed	-	-	-	-	-
Arising during the year	21 868	307 771	-	-	329 639
At 31 March 2017	21 868	309 934	-	-	331 802
At 1 April 2017					
Balance - beginning of year	21 868	309 934	-	-	331 802
Utilised during the period	(14 501)	(309 934)	-	10 000	(314 435)
Unutilised amounts reversed	(117)	2 162	-	-	2 045
Arising during the period	-	284 906	-	-	284 906
At 30 September 2017	7 250	287 068	-	10 000	304 318

8. FUNDS UNDER MANAGEMENT

	Unaudited	Audited
	30 September 2017 USD	31 March 2017 USD
Funds under management - Private Clients	42 334 076	24 363 759
Funds under management - Institutional Clients	412 048 924	171 723 621
	454 383 000	196 087 380

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 \$250 000 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:	Sept 2017 USD	Mar 2017 USD
Share capital	10 276	10 276
Distributable reserves	416 140	323 420
	426 416	333 696
Regulatory requirement	260 000	260 000

No material changes were made to the objectives or policies relating to the management of capital during the year.

Risk management

Credit risk

There are no significant concentrations of credit risk. The Company's policy is to trade only with recognised and creditworthy third parties. All customers are subject to "know your customer (KYC)" procedures.

With respect to credit risk arising from cash and cash equivalents the Company only deposits cash with financial institutions of high credit rating. The Company's maximum exposure to credit risk is equal to the carrying amount of the financial assets