

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018.

Imara has enjoyed a record year with net profits surpassing US\$1 million for the first time in the company's history. Funds under management ended the year at \$316 million up from \$196 million a year earlier driven by a strong rise in the Zimbabwe Stock Exchange ("ZSE") which gained 109%. With regard to other asset classes, the property market remained stagnant at best whilst money market returns were very low.

Imara's revenues are driven by its underlying funds under management which are heavily influenced by the level of the ZSE. Investor concerns about a return to inflationary times resulted in a move out of money market assets and into stock exchange listed companies as well as other 'hard' assets. This shift began in July but accelerated through September and into October. Old Mutual shares rallied to the extent that at its peak, the Old Mutual Implied Exchange Rate rose to over 5 to the US dollar despite the fact that the black market exchange rate was at worst 2 to 1 US dollar. Investors at these levels feared a return to hyperinflationary times, wrongly in our view. In the event, sentiment changed dramatically with the military intervention in November which heralded the potential for economic reform and a return of foreign investment into the country. The ZSE plummeted in November and December with a further fall in January 2018 as asset values adjusted to the new dispensation. Over the first quarter of 2018, the ZSE declined by 13% most of which occurred in January. For the full financial year, Imara's revenues rose by 76% to 3.35million whilst net profits more than doubled to \$1,032,200 implying a respectable net margin of 31%. The 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\$1,000,000 for the full year (\$450,000 in 2017), thereby providing our shareholders with a decent return on their invested capital.

The new financial year has seen the ZSE rally higher driving Imara's Funds under Management. These ended May 2018 at over \$390 million, far higher than we had initially budgeted and this has helped to propel our revenues whilst costs have been stable. Presidential and Parliamentary elections have been called for July 30th. We very much hope that these will be seen to be free, fair and credible so that the new Government will have the much needed international support - both technical and financial - to implement an aggressive reform programme that will serve to put the economy on a sound financial footing. We believe that this will ultimately encourage the return of the foreign investor to the ZSE.

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 in what has been a dramatic and volatile year.

Peter L. Bailey
June 2018

AUDITORS' STATEMENT

The financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 March 2018 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 2018

	Notes	Audited 2018 USD	Audited 2017 USD
Revenue	1	3 239 139	1 806 267
Other operating income		115 572	97 618
Total income		3 354 711	1 903 885
Operating expenses	1	(1 959 769)	(1 318 431)
Operating profit		1 394 942	585 454
Finance costs	1	(8 707)	(657)
Profit before tax		1 394 942	584 797
Income tax expense	1	(362 714)	(150 467)
Profit for the year		1 032 228	434 330
Attributable to:			
Owners of the parent		1 032 228	434 330
Profit for the year		1 032 228	434 330

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	Audited 31 March 2018 USD	Audited 31 March 2017 USD
Profit for the year		1 032 228	434 330
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		1 032 228	434 330
Attributable to:			
Owners of the parent		1 032 228	434 330
Total comprehensive income		1 032 228	434 330

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	Audited 31 March 2018 USD	Audited 31 March 2017 USD
ASSETS			
Non-current assets			
Equipment	2	92 934	46 924
Deferred tax asset		-	480
		92 934	47 404
Current assets			
Trade and other receivables	3	349 723	223 611
Cash and cash equivalents	4	845 258	430 935
Tax refundable		8 707	9 079
		1 203 688	663 625
TOTAL ASSETS		1 296 622	711 029
EQUITY AND LIABILITIES			
Equity			
Issued share capital	5	10 276	10 276
Retained earnings		355 648	323 420
Total equity		365 924	333 696
Non-current liabilities			
Deferred tax liability		3 071	-
Current liabilities			
Other payables	6	509 672	45 531
Provisions	7	417 955	331 802
		927 627	377 333
		930 698	377 333
TOTAL LIABILITIES		1 296 622	711 029

STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Audited 31 March 2018 USD	Audited 31 March 2017 USD
Cash flows from operating activities		
Profit before tax	1 394 942	584 797
Adjustments to reconcile profit before tax to net cash flow:		
Depreciation	34 251	23 548
Interest income	(16 735)	(25 778)
Finance costs	-	657
Movements in provisions	86 153	55 861
Profit on sale of equipment	-	(13 000)
Operating cash inflows before working capital adjustments:		
(Increase)/decrease in trade and other receivables	1 498 611	626 085
Increase/(decrease) in trade and other payables	(126 112)	(71 744)
Net increase/(decrease) in cash and cash equivalents	464 141	7 846
Cash generated from operations	1 836 640	562 187
Dividends paid	(1 000 000)	(450 000)
Income tax paid	(358 791)	(158 988)
Interest received	16 735	25 778
Finance costs	-	(657)
Net cash flows from/(used in) operating activities	494 584	(21 680)
Cash flows from investing activities		
Purchase of equipment- to maintain operating capacity	(80 261)	(6 518)
Proceeds from sale of equipment		13 000
Net cash flows (used in)/ from investing activities	(80 261)	6 482
Net increase/(decrease) in cash and cash equivalents	414 323	(15 198)
Cash and cash equivalents at beginning of year	430 935	446 133
Cash and cash equivalents at end of year	845 258	430 935

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital	Retained earnings	Total Equity
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		1 032 228	1 032 228
Dividends paid		(1 000 000)	(1 000 000)
Balance - 31 March 2018	10 276	355 648	365 924

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

Corporate information

The financial statements of the Company for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on 19 June 2018. 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	
	2018 USD	2017 USD
Interest income	16 735	25 778
Management fee income	3 222 404	1 780 489
	3 239 139	1 806 267
OTHER OPERATING INCOME:		
Sub delegation management fees	21 592	44 262
Non-member institutions commission	93 861	39 036
Profit on disposal of motor vehicles	-	13 000
Sundry income	119	1 320
	115 572	97 618

OPERATING EXPENSES

	Year ended 31 March	
	2018 USD	2017 USD
Included in operating expenses are:		
Auditor's remuneration (Audit services)	7 133	21 868
Depreciation	34 253	23 548
Directors remuneration	305 920	165 804
Directors' remuneration - executive - see note below	284 606	153 654
Directors' remuneration - non-executive	21 314	12 150
Information technology expenses	88 196	89 357
Insurance and licences	20 594	22 887
Operating lease expense	67 151	70 226
Communications	21 436	22 496
Staff costs	1 272 779	788 261
Salaries and short-term benefits.	1 245 876	766 052
Pension expenses	26 903	22 209
Subscriptions	14 886	10 560

	Year ended 31 March	
	2018 USD	2017 USD
FINANCE COSTS:		
Client Interest claims	-	657
	-	657
INCOME TAX EXPENSE		
Current income tax:		
Current income tax charge	359 163	149 526
	359 163	149 526
Deferred income tax:		
Relating to origination and reversal of temporary differences	3 551	941
Income tax expense	362 714	150 467

2. EQUIPMENT

	Year ended 31 March			
	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	-	65 839	14 422	80 261
Disposals	-	-	-	-
Balance - 31 March 2018	27 785	274 733	59 733	362 251
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	-	28 531	5 720	34 251
Disposals	-	-	-	-
Balance - 31 March 2018	27 785	217 983	23 548	269 317
Net book value:				
31 March 2017	-	19 441	27 483	46 924
31 March 2018	-	56 750	36 185	92 934

3. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2018 USD	2017 USD
Trade receivables	294 504	179 072
Other receivables	55 219	22 368
Related party receivables	-	22 171
	349 723	223 611

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 detailed below shows that the balances are neither past due nor impaired:

As at 31 March 2018					
	Neither past due nor impaired	Past due but not impaired			
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days
					TOTAL
Trade receivables	294 504	-	-	-	294 504
Other receivables	55 219	-	-	-	55 219
Related party receivables	-	-	-	-	-

As at 31 March 2017					
	Neither past due nor impaired	Past due but not impaired			
	Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days
					TOTAL
Trade receivables	179 072	-	-	-	179 072
Other receivables	22 368	-	-	-	22 368
Related party receivables	22 171	-	-	-	22 171

4. CASH AND CASH EQUIVALENTS

	As at 31 March	
	2018 USD	2017 USD
Cash on hand and at bank	207	742
Short term deposits	845 051	430 193
	845 258	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 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

	Year ended 31 March	
Issued capital:	2018 Number	2017 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

	Year ended 31 March 2018	
Issued capital:	Stated capital USD	
Balance at beginning of year		10 276
Movement for the year		-
Balance at end of year		10 276

	Year ended 31 March 2017	
Issued capital:	USD	
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 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 31 March	
	2018 USD	2017 USD
Other payables	73 242	45 531