

 CAMBRIA

*Annual Report*  
**2013**



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# Chief Executive Officer's Statement

EDZO WISMAN

During the period under review revenues and gross profit of the continuing operations of Cambria, being the Payserv and Millchem investments, were US\$8.5 million (2012: US\$7.7 million) and US\$4.6 million (2012: US\$4.3 million) respectively, representing corresponding increases of 10% and 6% to the equivalent prior period.

There was a slowdown in the rate of growth when compared to last year (when, for example, revenues grew 64% year-on-year in those businesses) which can largely be attributed to a high level of uncertainty in the business environment during the second half of the financial year in Zimbabwe as a result of the elections, which, irrespective of country, always negatively impact economies. During this election year, Zimbabwe experienced periods of liquidity shortages, resulting in cautious consumer spending which directly contracted growth in our portfolio. This slowdown continues to impact current performance of our investments.

Our pursuit of scale for both Payserv and Millchem, together with the prudent strategy to regionalise, has meant Cambria continued to invest for the future throughout this period. We are confident that the positive impact of regional expansion into Zambia (and subsequent entry into Malawi for Millchem), together with the launch of various new products, will yield results in the coming periods.

Cambria's EBITDA loss for the period for continuing operations was US\$3.6 million, a 52% reduction when compared to last year. The Group loss for the year is US\$5.0 million for continuing operations. Discontinued operations, including write-downs, generated a loss of US\$6.9 million. Cambria's loss per share for the year was 18.4c, compared to 47.1c for the same period last year representing a decrease in loss per share of 61%.

On 1 October 2012 the Company raised US\$1.4 million gross by way of a placing with institutions of 8,615,115 new ordinary par value shares of £0.0001 each at 10p per share.

## Operational Review Main Investments

### CONSOLIDATED RESULTS

Cambria's two key investments consist of Payserv Africa and Millchem Holdings. These investments jointly had a consolidated performance as shown in the table following:

The decrease in EBITDA shown therein can be attributed to three factors: (i) significant investments made by Payserv into new product upgrades, with the associated costs expensed rather than capitalised; (ii) investments into regional expansion

pursued by both Payserv and Millchem; and (iii) an unforeseeable and unavoidable US\$294 thousand multi-year VAT liability related to Tradanet, accounting for 40% of the decrease in combined EBITDA for the year.

(US\$ THOUSANDS)	2013	2012	GROWTH
Revenues	8,487	7,721	10%
Gross profit	4,581	4,326	6%
Gross margin	54%	56%	(4%)
SG&A	(4,209)	(3,194)	32%
EBITDA	372	1,132	(67%)
EBITDA margin	4%	15%	(70%)

As Cambria continues to actively pursue scale and scope through regional expansion and development of new products it will continue to expense rather than capitalise these investments. This will continue to impact EBITDA performance in the coming periods.

## Payserv Africa

Payserv provides EDI switching services (Paynet), 'payslip' processing (Autopay) and payroll based micro-finance loan processing (Tradanet).

(US\$ THOUSANDS)	2013	2012	GROWTH
Revenues	4,164	3,951	5%
Gross profit	3,811	3,614	5%
Gross margin	91%	91%	-
SG&A	(3,369)	(2,274)	(48%)
EBITDA	442	1,340	(67%)
EBITDA Margin	11%	34%	(69%)

## Payserv Africa (continued)

Paynet provided Electronic Data Interchange (EDI) services to all 22 banks and building societies in Zimbabwe, as well as to over 1,500 corporates. Paynet processed 15.2 million transactions (2012: 12.3 million) during the period under review, a 24% increase.

Autopay provided payroll services to 150 customers, processed over 303 thousand payslips (2012: 286 thousand) during the period under review, a 6% increase.

Tradanet processed 66,000 (2012: 55,000) loans during the period, representing a value of US\$131 million (2012: US\$140 million), a 19% increase and a 6% decrease respectively. At the end of the period the loan book under management stood at US\$110 million (2012: US\$100 million), an increase of 10%.

Over the period, Payserv has invested significantly into product upgrades, new offerings, entry into the Zambian market, as well as exploration of other geographic markets. These investments have not been capitalised and have therefore directly impacted the income statement during the period under review.

New Paynet products recently launched include, among others, eSchedules and PayZIMRA. It is also launching PayFT, a joint venture with South African based BankServ. Geographically, Paynet has established a presence in Zambia, received its Zambian National Payments Licence during December 2013, signed its first customers in that country and has commenced processing payments. Moreover, Autopay now has a presence in Zambia as well, processed its first payslips in Uganda, and reached agreement with a trial customer regarding processing payslips in Botswana.

The bottom line effect of these investments should come through in the coming periods through enhanced revenue growth as well as diversification of revenue streams.

There was an exceptional item of a US\$294 thousand adjustment to Payserv (and Group) EBITDA related to a multi-year VAT liability related to Tradanet dating back to March 2010 that was charged in one tranche during 2013.

## Millchem Holdings

Millchem is a value-added chemicals distributor with leading market positions in Zimbabwe. It recently established a presence in Zambia, and is working towards a presence in Malawi.

(US\$ MILLIONS)	2013	2012	GROWTH
Revenues	4,323	3,770	15%
Gross profit	770	712	8%
Gross margin	18%	19%	(6%)
SG&A	(840)	(920)	(9%)
EBITDA	(70)	(208)	66%
EBITDA margin	(2%)	(6%)	71%

In general, chemicals distribution tends to outpace economic growth, but it also tends to shrink faster when an economy stagnates. Millchem was thus strongly affected by the uncertain business environment during the year. During some weeks over the period it was generating 50% less gross profit when compared to equivalent weeks during the prior year. Importantly, despite decreased revenue Millchem did not lose market share or customers over the period, in fact new customers were added as competitors were struggling.

Despite the challenging environment in Zimbabwe, the Millchem team, under new leadership after the appointment of Matthijs Mulder as the CEO of Millchem Holdings, remained focused on the long term and continued to launch new products as intended, opened up a branch in Bulawayo, opened up warehouse space and offices in Zambia, made its first steps towards opening a warehouse and offices in Malawi, established buying entities in the in the Netherlands and South Africa, and was able to add relationships with a number of attractive new suppliers (e.g. BASF, ENI (Cent-Lube), Sasol). Moreover, in addition to the NACD, Millchem Africa is now also a member of the FECC, as it seeks to position itself as a Responsible Distributor in this territory. Investments required for this geographic expansion have not been capitalised.

Alongside a new CEO, Millchem also appointed two Non-Executive Directors to the Millchem Board, Bernard West and David Edgington, who jointly bring over 80 years of chemicals industry experience, as well as extensive industry relationships.

# Chief Executive Officer's Statement

*Edzo Wisman*

## Discontinued operations, other and central costs

### CELSYS LIMITED

The Company sold its investment in Blueberry International Ltd on 25 July 2013 for US\$1. This sale included, among others, a 60% stake in Celsys Limited. During the period, Celsys generated US\$1.8 million in sales and negative US\$2.5 million in EBITDA, excluding certain write-backs related to inter-company balances. Including write-backs Celsys generated US\$0.5 million of EBITDA losses.

### THE LEOPARD ROCK HOTEL GROUP

During the period under review, the Leopard Rock Hotel was classified by Cambria as held for sale. During the period, the Leopard Rock Hotel Group generated US\$2.3 million in sales and negative US\$669 thousand in EBITDA before write-downs recognised in the income statement of US\$2.8 million.

### LONZIM AIR (B.V.I.) LIMITED

Through LonZim Air (BVI) Limited, Cambria previously owned three aircraft. Over the years a number of disputes arose in relation to these aircraft and certain associated contracts. At this point, in summary, Cambria will pursue recovery of claims related to these disputes that are now estimated to be in excess of US\$10 million. These amounts relate to, inter alia, maintenance reserve and lease charges and related contractual interest, payment of insurance proceeds, deterioration in market value of the aircraft, and the significantly lower amount the Company was able to obtain through a sale, due to the poor condition the aircraft were found to be in.

LonZim Air incurred US\$205 thousand in operating losses for the period under review, largely related to extraordinary legal expenses related to the above mentioned claims.

### SETTLEMENT WITH LONRHO

On 19 July 2013 Cambria reached final settlement with Lonrho Plc with regards to all on-going disputes, other than claims related to three aircraft previously owned by Cambria and leased to subsidiaries of Lonrho. As a result of this settlement, Cambria received from Lonrho US\$2.7 million. The settlement agreed related to, among others, the Aldeamento Turistico de Macuti, S.A.R.L loan, the Churchill Estates (1995) (Private) Limited loan, the Lonrho Management Services Agreement, and the Hotel Refurbishment and Management Agreement.

### CENTRAL COSTS

Cambria incurred US\$4.0 million in central EBITDA costs for the period under review, compared to US\$8.6 million last year, a reduction of 54%.

## Events following the end of the period under review

### EQUITY PLACEMENT

On 19 February 2014, Cambria announced that approximately US\$4 million (before expenses), or UK£2.4 million, has been raised by a placing with new and existing institutional and other investors of 32,406,139 new ordinary shares in the Company.

The placing price was 7.5 pence per Ordinary Share being a 9.6% discount to the 30-day volume weighted average market price on 10 February 2014.

The placing will provide working capital to support the Company's expansion strategy for Millchem and Payserv as outlined below.

## Strategy going forward

Cambria is continuing the disposal of its remaining non-core assets, completion of which will mark the re-alignment away from multiple investments operating in a single country, to a select number of investments operating regionally. It is the Board's conviction this strategy marks the best route towards maximising shareholder value and ensuring continued future growth.

As a result of this strategy, the Company is now solely focused on Payserv and Millchem, growing their scale and scope, as well as, importantly, their regionalisation.

A multi-year, regional and product roll-out strategy for both Millchem and Payserv has been developed and Cambria is excited about the growth and return prospects of the two investments.

Initial steps in the regional expansion have been made successfully. For example, Millchem now has warehouse and offices in Zambia, has commenced operations there, and is in the process of opening the same in Malawi. In Zambia, Payserv has received its National Payment Licence, signed on its first customers, and commenced the processing of payments.

## Strategy going forward (continued)

In the coming years, both Millchem and Payserv will continue to expand in additional geographies in a careful and coordinated manner. Moreover, Cambria anticipates growth for both investments will include smaller acquisitions, which may or may not be made using Cambria shares.

The Company requires funds for the expansion of Millchem and Payserv, as well as for the Group's working capital. The Company is reviewing its options regarding funding in this regard and this may include funds realised from the disposal of its non-core operations and assets as well as the raising of additional equity or debt capital.

## In closing

Cambria has had a year of transition, which has seen the end of many ongoing legal disputes and completion of the strategy to focus on companies that can effectively pursue growth and scale through regionalisation. We have significantly reduced operating costs, including central costs, streamlined our business model, and significantly invested into new products and into new markets. We close out the financial year with a platform of two very strong companies, which have made significant progress in their product rollout and regional strategy, and which have a clear strategy for the next few years.

Implementing this strategy over the last 18 months came with difficult choices for Cambria's Board. However, having brought Cambria to where it is now, the Board's conviction is stronger than ever that our current portfolio and focus marks the best route forward towards maximising shareholder value.

**EDZO WISMAN**  
**CHIEF EXECUTIVE OFFICER**  
**26 FEBRUARY 2014**

# Directors

## Ian Perkins, 64

EXECUTIVE CHAIRMAN

Ian Perkins has over 40 years of London City experience. Until 1991 he was at James Capel & Co. where he was a Director and Head of Fixed Income. Between 1991 and 1996, Ian was Director and later Chief Executive Officer (CEO) of listed bank King & Shaxson Holdings plc. When Gerard Group acquired King & Shaxson in 1996, Ian became a Director of Gerrard Group plc and Chairman of the Gerard & King Bank. Following Gerrard Group's takeover by the Old Mutual Group in 2000, he became a Director of Old Mutual Financial Services Plc, and the CEO and later Chairman of GNI Limited until 2003. Thereafter until 2010, Ian was Chairman of fixed income and inter-dealer broking firm King & Shaxson Limited. Appointed 24 February 2012.

## Edzo Wisman, 40

CHIEF EXECUTIVE OFFICER

Prior to joining the Company in 2010, Edzo Wisman was Managing Director of Stuart Lammert & Co., a Toronto and New York based corporate advisory firm that he founded in 2003. Prior to that, Edzo was a Vice President, Investment Banking with Toronto based CCFL Advisory Services. Previously, he was with Wilshire Associates, first with the consultancy practice in Amsterdam servicing some of Europe's largest institutional investors and then with the Private Markets Group at Wilshire's Santa Monica, California headquarters, seeking opportunities in the leveraged buyout markets. Edzo has also worked with the investment department of the pension funds of KLM Royal Dutch Airlines. He holds a Doctorandus degree in Business Economics from the University of Groningen. He has published a number of papers on the buyout markets and corporate governance issues. Appointed 24 February 2012.

## Paul Turner, 67

NON-EXECUTIVE DIRECTOR AND DEPUTY CHAIRMAN

Paul Turner is a Chartered Accountant and past President of the Institute of Chartered Accountants of Zimbabwe. He is a highly respected and knowledgeable member of the Zimbabwean business community. He was a partner at Ernst & Young in Harare, Zimbabwe, for over thirty years and brings an unparalleled level of experience in the structure and operation of businesses in Zimbabwe. Appointed 1 July 2008.

## Itai Mazaiwana, 53

NON-EXECUTIVE DIRECTOR

Itai Mazaiwana started his career in research and education at the Institute of Mining Research at the University of Zimbabwe as an Analytical Geochemist. During his subsequent career in the private sector, Itai held senior positions in the mining and chemicals industries at ZISCO Steel, Anacal Laboratory, Ardington Exploration, and Polokwane Chemicals (South Africa). Itai is currently a director of Jeune Zimbabwe, Mining and Infrastructure Development Corporation, a joint venture between Jeune and the Government of Zimbabwe and Pan-African Energy Resources, a consortium of European and Zimbabwean engineers and scientists developing a 2000MW power station. In recent years, Itai has acted as a technical adviser to Orange Advisory Alliance (South Africa), Lineband/Scores Mining, and New Frontier Partners Zimbabwe. The latter organisation promotes local participation in Zimbabwe's mining and energy sectors. Itai holds a BSc in Chemistry and Geology and a MSc in Analytical Chemistry, both from the University of Zimbabwe. He has published a number of papers on low level detection of gold. Appointed 24 February 2012.

## Fred Jones, 44

NON-EXECUTIVE DIRECTOR

Fred Jones is the Chairman of Jutland Group, a private Hong Kong based investment management and commodity firm which he founded in 2006 to manage portfolios of foreign exchange, precious metals and international debt. Fred also founded Jaramcor International, a commodity supply-chain manager and supplier of pulp/paper, chemicals and agricultural products. He was previously Vice President, Private Client Services, at Bear Stearns Global Wealth Management. Fred was also with the International Private Client Group of Merrill Lynch. He holds a BSc in Accountancy and an MBA in Finance from Florida A&M University. Appointed 24 February 2012.

The following Directors resigned on the date shown during the period under review and up to the date of report.

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Paul Heber	<i>Non-Executive Director</i>	10 December 2012
Tania Sanders	<i>Chief Financial Officer</i>	30 November 2013

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## Directors' Responsibility Statement in Respect of the Directors' Report and the Financial Statements.

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. The Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

The Group and Parent Company financial statements are required to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

# Directors' Report

FOR THE YEAR ENDED 31 AUGUST 2013

The Directors of Cambria Africa Plc (the "Company") and its subsidiaries (together the "Group") submit their report, together with the audited financial statements for the year ended 31 August 2013.

## Principal activities

During the year, the Group was an investment company with a portfolio of investments in Zimbabwe, countries surrounding Zimbabwe, as well as the remainder of Sub-Saharan Africa, with a bias towards Southern and Eastern Africa.

## Investment Strategy

The Company's investment objective is to provide Shareholders with long term capital appreciation.

While the Company does not have a particular sectoral focus, utilising the investment skills of the Directors and their advisors, the Company seeks to identify individual companies in sectors best positioned to benefit should there be radical improvements in Zimbabwe's economy. The Company may make investments in the tourism, accommodation, infrastructure, transport, commercial and residential property, technology, communications, manufacturing, retail, services, leisure, agricultural and natural resources sectors. The Company may also make investments in businesses outside Zimbabwe and the countries surrounding Zimbabwe as well as the remainder of Sub-Saharan Africa, that have a significant exposure to assets, businesses or operations within the defined region. The Company will only be able to achieve its investment objective in the event the Zimbabwean economy radically improves.

Whilst there will not be any limit on the number or size of investments the Company can make in any sector, the Directors seek to diversify the Company's investments across various sectors in order to mitigate risk and to avoid concentrating the portfolio in any single sector.

The Company's interest in a proposed investment or acquisition may range from a minority position to full ownership. The Company intends, in any event, to actively manage the operations of the companies it has invested in. Wherever possible the Company will seek to achieve Board control or financial control of its portfolio companies. Indigenisation legislation within Zimbabwe may, however, prevent the Company from acquiring or maintaining a majority shareholder control in a Zimbabwean business.

The Directors believe that through their individual and collective experience of investing and managing acquisitions and dis-

posals in Africa, they have the necessary skills to manage the Company and to source deal flow. Prior to any investment decisions being taken by the Board of the Company, a thorough due diligence process is undertaken by the Company's appointed specialist financial and legal advisors.

The Company's investment strategy is dependent upon future radical improvement in the economy of Zimbabwe and expansion into the immediate region. It is therefore possible that a significant period of time may elapse before an investment by the Company will produce any returns and there is no guarantee that the economy in Zimbabwe will improve. Accordingly, the Company may not be able to make any profits and may incur losses.

The Directors intend to seek the consent of the Shareholders for the investment policy on an annual basis. The Company Directors will comply as a matter of policy with the US Office of Foreign Assets Control and the European Union Council Regulation (EC) No. 314/2004 regulations.

## Results

The Group made a consolidated loss after non-controlling interests of US\$12,048 thousand (2012: loss US\$27,271 thousand) during the year and this has been set against reserves.

## Business review and development

The Chief Executive's review of operations contains information on developments during the year and key potential future developments.

The requirements of the enhanced business review in relation to strategy and progress thereon are contained in the Chief Executive's review of operations.

The principal risks and uncertainties relate to the revenue generation in the Group's businesses which, being located in Africa, are subject to respective government policies, political stability, general economic conditions in the relevant country and exposure to foreign currency movements.

The Group monitors cash flow as one of its primary key performance indicators. Given current global financial conditions, as

## Business review and development (continued)

well as current developments in Zimbabwe, the Directors are carefully monitoring cash resources within the Group and have instigated a number of initiatives to ensure funding will be available to meet obligations as they fall due and for planned projects and ongoing working capital support for its investments.

If such funding cannot be secured, the projects will be delayed or cancelled to ensure that the Group can manage its cash resources for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The Group also uses a number of other key performance indicators which are measured at different tiers in the operation. At the top level, the Group tracks revenues, gross profit, EBITDA, cash generation and performance against budget.

The Directors mitigate risk by proper evaluation of every investment that is made and have therefore developed a risk analysis reporting procedure, which links into the Company's Corporate Governance procedures.

Further information regarding the Group's policies and exposure to financial risk can be found in note 32 to the financial statements.

## Dividends

The Directors do not recommend the payment of a dividend (2012: US\$nil).

## Share capital

On 1 October 2012, the Company announced that it had raised US\$1,400 thousand (£860 thousand) by way of a placing of 8,615,115 new ordinary shares at 10p per share, resulting in the issued share capital of the Company increasing to 66,749,023 ordinary shares.

## Post balance sheet events

Details of significant events since the reporting date are contained in note 40 to the financial statements.

## Corporate Governance

### COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Directors recognise the value of the UK Corporate Governance Code (formerly the Combined Code on Corporate Governance) and, whilst under AIM rules full compliance is not required, the Directors have considered the recommendations and applicability in respect of the Company insofar as is practicable and appropriate for a public company of its size.

### BOARD OF DIRECTORS

Following the Annual General meeting on 22 April 2013, the Board of Directors comprised of two Executive Directors, and four Non-Executive Directors, one of whom is the Chairman. Paul Heber resigned as a Non-Executive Director on 10 December 2012. Tania Sanders resigned as an Executive Director on 30 November 2013.

The Directors are of the opinion that the Board comprises a suitable balance to enable the recommendations of the Code to be implemented to an appropriate level. The Board, through the Chairman and Chief Executive Officer in particular, maintains regular contact with its advisors, and institutional investors in order to ensure that the Board develops an understanding of the views of the major shareholders of the Company.

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the executive management who are charged with consulting the Board on all significant financial and operational matters. Consequently, decisions are made promptly following consultation amongst the Directors and managers concerned, where necessary and appropriate.

All necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice at the Company's expense, as and when required.

The Chairman is available to meet with institutional shareholders to discuss any issues and concerns regarding the Group's governance. The Non-Executive Directors can also attend meetings with major shareholders, if requested.

The participation of both private and institutional investors at the Annual General Meeting is welcomed by the Board.

# Directors' Report

For the year ended 31 August 2013

## Corporate Governance (continued)

### INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's and the Group's systems of internal control, which are designed to safeguard the assets of the Group and ensure the reliability of financial information for both internal use and external publication. Overall control is ensured by a regular detailed reporting system covering the state of the Group's financial affairs. The Board has implemented procedures for identifying, evaluating and managing the significant risks that face the Group.

Any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated.

### COMMITTEES

The Board has devolved duties to the following committees:

#### AUDIT COMMITTEE

The role of the Audit Committee is to oversee the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures and the Company's financial reporting statements. The Audit Committee's primary objectives include assisting the Directors in meeting their responsibilities in respect of the Company's continuous financial disclosure obligations and overseeing the work of the Company's external auditors. The Audit Committee comprises Paul Turner (Chairman), Ian Perkins and Fred Jones.

#### REMUNERATION COMMITTEE

The Remuneration Committee makes recommendations to the Board on the remuneration policy that applies to Executive Directors and senior employees.

Subsequent to the resignation of Paul Heber, Paul Turner was appointed to the Remuneration Committee. The Remuneration Committee comprises Ian Perkins (Chairman), Fred Jones and Paul Turner.

#### NOMINATION COMMITTEE

The Nomination Committee is responsible for identifying candidates to fill vacancies on the Board, as and when they arise, and nominate them for approval by the Board. The Nomination Committee comprises Paul Turner (Chairman), Edzo Wisman and Itai Mazaiwana.

#### CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is responsible for ensuring proper corporate governance of the Company and is authorised by the Board to undertake regular reviews of external issues which have the potential for serious impact on the Company's business, and to have the oversight of social, environmental and reputational management of the Company.

Subsequent to the resignation of Paul Heber, Itai Mazaiwana was appointed to the Corporate Governance Committee. The Corporate Governance Committee comprises Edzo Wisman (Chairman), Fred Jones and Itai Mazaiwana.

## Declared substantial shareholdings

The Directors have been advised of the following shareholdings at 18 February 2014 3 per cent or more of the Company's issued share capital:

	NUMBER OF SHARES	PERCENT- AGE OF THE ISSUED CAPITAL
Russell Investments Ltd	14,252,663	21.35%
Jutland Capital Management Ltd	10,102,352	15.13%
Consilium Emerging Market Absolute Return Masters Fund Ltd	6,629,132	9.93%
Contrarian Capital Manage- ment	4,860,000	7.28%

## Directors

Biographical details of all Directors as well dates of appointment and resignation are set out on page 8.

## Directors' share interests

The Directors' interests in the shares of the Company at the beginning and end of the year were as follows:

DIRECTORS	AT	AT	AT
	18.02.14	31.08.13	31.08.12
	NO. OF	NO. OF	NO. OF
	SHARES	SHARES	SHARES
Ian Perkins	880,250	880,250	265,000
Edzo Wisman	615,250	615,250	Nil
Itai Mazaiwana	Nil	Nil	Nil
Tania Sanders*	n/a	92,280	Nil
Fred Jones	615,250	615,250	Nil
Paul Heber *	n/a	n/a	350,000
Paul Turner	Nil	Nil	Nil
Total	2,110,750	2,203,030	615,000

\* Paul Heber and Tania Sanders resigned as Directors on 10 December 2012 and 30 November 2013 respectively.

Share options held by the Directors are detailed in note 25 of the financial statements

All of the above interests are recorded in the Company's Register of Directors' Share and Debenture Interests. No Director has a beneficial interest in the shares or debentures of any of the Company's subsidiary undertakings.

## Anti-Corruption and Bribery Policy

The Company has in place an Anti-Corruption and Bribery Policy which has been adopted by the Company across all divisions of the Group. The Board has overall responsibility for ensuring compliance by Directors, employees and other persons associated with the Group with applicable legal and ethical obligations. The Company's Chief Executive Officer has primary and day-to-day responsibility for implementation of the policy. Management at all levels of the Group are responsible for ensuring those reporting to them are made aware of, and understand, the policy. The policy gives guidance on risk identification and the procedures to follow where a risk is identified, together with clear guidelines on gifts, entertainment and donations.

## Insurance

The Company has Directors' and Officers' liability insurance cover in place for Group Directors.

## Share price performance

Between 1 September 2012 and 31 August 2013 the share price varied between a high of 11.0p and a low of 8.13p. At 31 August 2013 the mid-market price of the shares at close of business was 8.25p (2012: 9.90p). On 18 February 2014 the mid-market price of the shares was 7.5p.

## Payment to suppliers

The Group does not follow any code or standard with regard to the payment of its suppliers. The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Amounts due to suppliers at the reporting date are contained in note 30.

## Auditors

A resolution to re-appoint KPMG Audit LLC and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

## Annual General Meeting

The notice of meeting, together with a form of proxy, will be sent out separately at a later date.

**ON BEHALF OF THE BOARD.**

**PAUL TURNER**

**DEPUTY CHAIRMAN**

**26 FEBRUARY 2014**

## Report of the Independent Auditors

*For the year ended 31 August 2013*

# Report of the Independent Auditors, KPMG Audit LLC, to the members of Cambria Africa Plc

We have audited the Group and Parent Company financial Statements (the “financial statements”) of Cambria Africa Plc for the year ended 31 August 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the Company’s members, as a body. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of Directors and Auditor

As explained more fully in the Directors’ Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

## Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the fair value of properties as disclosed in note 4.

An impairment has been made against land and buildings within Leopard Rock Hotel Company (Private) Limited and Eastinteg Investments (Private) Limited. This impairment is based on a valuation commissioned by the Directors in conjunction with the marketing of the properties for sale. Whilst the Directors believe that this valuation provides an appropriate indication of the value of the properties in the current market, it should be noted that it does not constitute a formal valuation prepared in accordance with standard RICS methodology, and the actual proceeds realised on a successfully concluded sale transaction may vary materially from the amount at which the properties are stated in the Financial Statements.

# Report of the Independent Auditors, KPMG Audit LLC, to the members of Cambria Africa Plc (continued)

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 August 2013 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with IFRS.

KPMG AUDIT LLC  
CHARTERED ACCOUNTANTS  
HERITAGE COURT  
41 ATHOL STREET  
DOUGLAS  
ISLE OF MAN  
IM99 1HN  
26 FEBRUARY 2014

# Consolidated Income Statement

For the year ended 31 August 2013

		2013 TOTAL US\$'000	* Restated 2012 TOTAL US\$'000
Revenue	5	8,487	7,721
Cost of sales	7	(3,906)	(3,395)
<b>Gross profit</b>		<b>4,581</b>	<b>4,326</b>
Operating costs	7	(8,647)	(9,434)
Other income		289	-
Accelerated write-off of intangibles and goodwill Impairment	15/16	-	(2,475)
Net losses on disposal on investments and impairment of assets		(348)	(451)
<b>Operating loss</b>		<b>(4,125)</b>	<b>(8,034)</b>
Finance income	9	282	312
Finance costs	9	(967)	(545)
<b>Net finance costs</b>		<b>(685)</b>	<b>(233)</b>
<b>Loss before tax</b>		<b>(4,810)</b>	<b>(8,267)</b>
Income tax	10	(204)	(349)
<b>Loss for the period from continuing operations</b>		<b>(5,014)</b>	<b>(8,616)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations, net of tax	5/11	(6,890)	(17,072)
<b>Loss for the year</b>		<b>(11,904)</b>	<b>(25,688)</b>
<b>Attributable to:</b>			
Owners of the company		(12,048)	(27,271)
Non-controlling Interests		144	1,583
<b>Loss for the year</b>		<b>(11,904)</b>	<b>(25,688)</b>
<b>Earnings per share - all operations</b>			
Basic and diluted loss per share (Cents)	12	(18.4c)	(47.1c)
<b>Earnings per share-continuing operations</b>			
Basic and diluted loss per share (Cents)	12	(7.6c)	(18.6c)

The notes on pages 22 to 66 are an integral part of these consolidated financial statements.

\*Amounts have been restated due to reclassification of certain entities to discontinued operations. (See note 2)



# Consolidated Statement of Comprehensive Income

*For the year ended 31 August 2013*

	2013	*Restated 2012
	US\$'000	US\$'000
<b>Loss for the year</b>	<b>(11,904)</b>	<b>(25,688)</b>
<b>Other comprehensive income</b>		
<i>Items that will never be reclassified to income statement:</i>		
Revaluation of property, plant and equipment	422	273
Related deferred tax adjustment	(110)	(2,839)
Impairment of previously revalued land and buildings in disposal group classified as held for sale	(1,873)	-
Shareholder loans provided for in the prior year	(392)	-
<i>Items that are or may be reclassified to income statement:</i>		
Foreign currency translation differences for overseas operations	(1)	(1,601)
<b>Total comprehensive loss for the year</b>	<b>(13,858)</b>	<b>(29,855)</b>
 <b>Attributable to:</b>		
Owners of the company	(14,002)	(31,438)
Non-controlling interest	144	1,583
<b>Total comprehensive loss for the year</b>	<b>(13,858)</b>	<b>(29,855)</b>

The notes on pages 22 to 66 are an integral part of these consolidated financial statements

\*Amounts have been restated due to reclassification of certain entities to discontinued operations (see note 2).

# Consolidated Statement of Changes in Equity

For the year ended 31 August 2013

	ATTRIBUTABLE TO OWNERS OF THE COMPANY									
	SHARE CAPITAL	SHARE PREMIUM	RE- VALUA- TION RESERVE	FOREIGN EXCHANGE RESERVE	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	NDR	TOTAL	NON- CON- TROLLING INTERESTS	TOTAL EQUITY
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 August 2012</b>	<b>11</b>	<b>77,399</b>	<b>3,124</b>	<b>(10,629)</b>	<b>355</b>	<b>(47,312)</b>	<b>2,128</b>	<b>25,076</b>	<b>(1,785)</b>	<b>23,291</b>
Loss for the year	-	-	-	-	-	(12,048)	-	(12,048)	144	(11,904)
Adjustment to opening reserves in respect of shareholder loans	-	-	-	-	-	(392)	-	(392)	-	(392)
Revaluation of property	-	-	422	-	-	-	-	422	-	422
Deferred tax adjustment	-	-	(110)	-	-	-	-	(110)	-	(110)
Impairment of (previously revalued) land and buildings in a disposal group classified as held for sale.	-	-	(1,873)	-	-	-	-	(1,873)	-	(1,873)
Foreign currency translation differences for overseas operations	-	-	-	(1)	-	-	-	(1)	-	(1)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(1,561)</b>	<b>(1)</b>	<b>-</b>	<b>(12,440)</b>	<b>-</b>	<b>(14,002)</b>	<b>144</b>	<b>(13,858)</b>
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>										
Reclassification of reserves	-	-	(621)	-	-	-	621	-	-	-
Disposal of business	-	-	(865)	(11)	-	-	(508)	(1,384)	1,808	424
Dividends paid	-	-	-	-	-	-	-	-	(247)	(247)
Issue of ordinary shares	1	1,399	-	-	-	-	-	1,400	-	1,400
Share based payment release	-	-	-	-	(269)	-	-	(269)	-	(269)
<b>Total contributions by and distributions to owners of the Company</b>	<b>1</b>	<b>1,399</b>	<b>(1,486)</b>	<b>(11)</b>	<b>(269)</b>	<b>-</b>	<b>113</b>	<b>(253)</b>	<b>1,561</b>	<b>1,308</b>
<b>Balance at 31 August 2013</b>	<b>12</b>	<b>78,798</b>	<b>77</b>	<b>(10,641)</b>	<b>86</b>	<b>(59,752)</b>	<b>2,241</b>	<b>10,821</b>	<b>(80)</b>	<b>10,741</b>

The notes on pages 22 to 66 are an integral part of these consolidated financial statements

# Consolidated Statement of Changes in Equity

*For the year ended 31 August 2013*

## ATTRIBUTABLE TO OWNERS OF THE COMPANY

	SHARE CAPITAL	SHARE PREMIUM	RE- VALUA- TION RESERVE	FOREIGN EXCHANGE RESERVE	SHARE BASED PAYMENT RESERVE	RETAINED EARNINGS	NDR	TOTAL	NON- CON- TRIBUTE INTERESTS	TOTAL EQUITY
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 August 2011</b>	<b>10</b>	<b>75,854</b>	<b>6,327</b>	<b>(12,276)</b>	<b>270</b>	<b>(20,676)</b>	<b>3,044</b>	<b>52,553</b>	<b>(492)</b>	<b>52,061</b>
Loss for the year	-	-	-	-	-	(27,271)	-	(27,271)	1,583	(25,688)
Revaluation of property	-	-	273	-	-	-	-	273	-	273
Deferred tax adjustment	-	-	(2,839)	-	-	-	-	(2,839)	-	(2,839)
Foreign currency translation differences for overseas operations	-	-	(394)	1,626	-	(2,833)	-	(1,601)	-	(1,601)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(2,960)</b>	<b>1,626</b>	<b>-</b>	<b>(30,104)</b>	<b>-</b>	<b>(31,438)</b>	<b>1,583</b>	<b>(29,855)</b>
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>										
Reclassification of reserves	-	-	(243)	21	-	3,468	(916)	2,330	(2,330)	-
Dividends paid	-	-	-	-	-	-	-	-	(546)	(546)
Issue of ordinary shares	1	1,545	-	-	-	-	-	1,546	-	1,546
Share based payment transactions	-	-	-	-	85	-	-	85	-	85
<b>Total contributions by and distributions to owners of the Company</b>	<b>1</b>	<b>1,545</b>	<b>(243)</b>	<b>21</b>	<b>85</b>	<b>3,468</b>	<b>(916)</b>	<b>3,961</b>	<b>(2,876)</b>	<b>1,085</b>
<b>Balance at 31 August 2012</b>	<b>11</b>	<b>77,399</b>	<b>3,124</b>	<b>(10,629)</b>	<b>355</b>	<b>(47,312)</b>	<b>2,128</b>	<b>25,076</b>	<b>(1,785)</b>	<b>23,291</b>

The notes on pages 22 to 66 are an integral part of these consolidated financial statements.

# Consolidated and Company Statement of Financial Position

*As at 31 August 2013*

	NOTES	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
<b>Assets</b>					
Property, plant and equipment	13	2,881	56	25,250	97
Biological assets		-	-	83	-
Goodwill	15	717	-	717	-
Intangible assets	16	179	-	1,551	-
Longterm receivables	17	361	-	3,229	3,229
<b>Total non-current assets</b>		<b>4,138</b>	<b>56</b>	<b>30,830</b>	<b>3,326</b>
Inventories	19	925	-	936	-
Financial assets at fair value through profit or loss	20	58	-	42	-
Trade and other receivables	21	814	25,648	2,625	24,668
Cash and cash equivalents	22	2,136	1,210	468	178
Assets held for sale	5	16,164	-	361	-
<b>Total current assets</b>		<b>20,097</b>	<b>26,858</b>	<b>4,432</b>	<b>24,846</b>
<b>Total assets</b>		<b>24,235</b>	<b>26,914</b>	<b>35,262</b>	<b>28,172</b>
<b>Equity</b>					
Issued share capital	23,24	12	12	11	11
Share premium account	23,24	78,798	78,798	77,399	77,399
Revaluation reserve	23,24	77	-	3,124	-
Share based payment reserve	23,24,25	86	86	355	355
Foreign exchange reserve	23	(10,641)	(13,186)	(10,629)	(13,186)
Non distributable reserves	23	2,241	-	2,128	-
Retained losses	23	(59,752)	(45,530)	(47,312)	(40,907)
<b>Equity attributable to owners of company</b>		<b>10,821</b>	<b>20,180</b>	<b>25,076</b>	<b>23,672</b>
Non-controlling interests		(80)	-	(1,785)	-
<b>Total equity</b>		<b>10,741</b>	<b>20,180</b>	<b>23,291</b>	<b>23,672</b>
<b>Liabilities</b>					
Loans and borrowing	26	6,553	4,500	2,054	2,000
Provisions	27	203	29	161	-
Deferred tax liabilities	28	553	-	4,108	-
<b>Total non-current liabilities</b>		<b>7,309</b>	<b>4,529</b>	<b>6,323</b>	<b>2,000</b>
Bank overdraft	22	398	-	337	-
Current tax liabilities		187	-	284	-
Loans and borrowings	29	94	-	1,692	1,250
Trade and other payables	30	1,322	2,205	2,825	1,250
Liabilities held for sale	11	4,184	-	510	-
<b>Total current liabilities</b>		<b>6,185</b>	<b>2,205</b>	<b>5,648</b>	<b>2,500</b>
<b>Total liabilities</b>		<b>13,494</b>	<b>6,734</b>	<b>11,971</b>	<b>4,500</b>
<b>Total equity and liabilities</b>		<b>24,235</b>	<b>26,914</b>	<b>35,262</b>	<b>28,172</b>

These financial statements were approved by the Board of Directors and authorised for issue on 26 February 2014. They were signed on their behalf by:

**EDZO WISMAN**  
EXECUTIVE DIRECTOR

The notes on pages 22 to 66 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

*For the year ended 31 August 2013*

	NOTES	GROUP 2013 US\$'000	* Restated GROUP 2012 US\$'000
<b>Cash used in operations</b>	<b>31</b>	<b>(1,379)</b>	<b>(7,934)</b>
Taxation paid		(335)	(509)
<b>Cash used in operating activities</b>		<b>(1,714)</b>	<b>(8,443)</b>
 <b>Cash flows from investing activities</b>			
Proceeds on disposal of property, plant and equipment		20	312
Purchase of property, plant and equipment		(400)	(1,473)
Other investing activities		(361)	-
Proceeds from the sale of investments	18	-	1,197
Write down of investments			4,418
Interest received		282	326
<b>Net cash generated by investing activities</b>		<b>(459)</b>	<b>4,780</b>
 <b>Cash flows from financing activities</b>			
Dividends paid to non-controlling interests		(247)	(323)
Interest paid		(967)	(707)
Proceeds from issue of share capital	23	1,400	1,546
Proceeds from drawdown of loans	26	3,594	2,249
<b>Net cash generated by financing activities</b>		<b>3,780</b>	<b>2,765</b>
 <b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at 1 September		131	1,029
<b>Net cash and cash equivalents at 31 August</b>	<b>22</b>	<b>1,738</b>	<b>131</b>
 <i>Cash and cash equivalents as above comprise the following:</i>			
Cash and cash equivalents		2,136	468
Bank overdraft		(398)	(337)
<b>Net cash and cash equivalents at 31 August</b>	<b>22</b>	<b>1,738</b>	<b>131</b>

\*Amounts have been restated due to reclassification of certain entities to discontinued operations (see note 2).

The notes on pages 22 to 66 are an integral part of these consolidated financial statements.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 1. Reporting entity

Cambria Africa Plc (the “Company”) is a public limited company listed in the Alternative Investment Market (AIM) and incorporated in the Isle of Man under the Companies Act 2006. The consolidated financial statements of the Group for the year ended 31 August 2013 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The financial statements were authorised for issue by the Directors on 26 February 2014.

## 2. Basis of preparation

### STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the E.U. On publishing the Company statement of financial position here together with the Group financial statements, the Company complies with the Isle of Man Companies Act 2006 under which there is no requirement to present a company statement of comprehensive income in consolidated financial statements.

### RESTATEMENT OF COMPARATIVE NUMBERS

During the period, the Group reclassified certain items as discontinued and/or held for sale. Accordingly the information for the prior period is restated such that comparative information given in respect of discontinued and continuing operations is consistent in each period.

### NEW AND AMENDED STANDARDS ADOPTED IN THE CURRENT PERIOD

The amendment to IAS1 ‘Presentation of Financial Statements’ was adopted in the current period. It requires changes to the presentation of other comprehensive income on the basis of whether or not the respective items will be reclassified subsequently to profit and loss.

### NEW AND AMENDED STANDARDS EFFECTIVE FOR FUTURE PERIODS

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective and were not applied in these financial statements.

STANDARD/INTERPRETATION		EU EFFECTIVE DATE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IFRS 1	Amendment - government loans	1 January 2013
IFRS 7	Amendment - offsetting financial assets and liabilities	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interests with other entities	1 January 2013
IAS 28 (R)	Investments in associates and joint ventures (2011)	1 January 2013
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	1 January 2014
IFRS 9	Financial Instruments	1 January 2015

### BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- biological assets measured at fair value less cost to sell;
- land, buildings and plant and equipment measured at revalued amounts.
- Share-based payments measured at fair value.

## 2. Basis of preparation (continued)

### FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in United States Dollars, which, with effect from 1 September 2011, is the Company's functional currency. The change in presentational currency made at 1 September 2011 was to better reflect the Group's business activities since cash flows and economic returns are principally denominated in United States Dollars.

### USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 14 – Biological assets
- Note 15 – Goodwill
- Note 13 – Property, plant and equipment
- Note 27 – Provisions

By their nature, these estimates and assumptions are subject to an inherent measurement of uncertainty and the effect on the Group's financial statements of changes in estimates in future periods could be significant.

### GOING CONCERN

The Group's business activities and financial performance are set out in the Chief Executive's Review on pages 2 to 8. In addition, note 32 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Group has completed a successful equity placement after the reporting date (see note 40) which has secured further working capital support in the region of US\$4m

The Group has access to sufficient financial resources for its needs. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## 3. Significant accounting policies

The following accounting policies have been applied consistently by the Group.

### (A) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and Group entities controlled by the Company (its subsidiaries). Control is achieved where the Company has both power and variable returns to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

The interest of non-controlling shareholders is stated at their proportion of the fair values of the assets and liabilities recognised. Subsequently, losses applicable to the non-controlling interests are allocated against their interests even if doing so causes the non-controlling interests to have a deficit balance.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 3. Significant accounting policies (continued)

### (A) BASIS OF CONSOLIDATION (CONTINUED)

The results of entities acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate. Where necessary, the financial statements of the subsidiaries are adjusted to conform to the Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are expensed as incurred unless they relate to the cost of issuing debt or equity securities. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset at the date that control is assumed (the acquisition date) and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

### (B) INTANGIBLE ASSETS

#### GOODWILL

Goodwill arising on consolidations is recognised as an asset. Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. The recoverable amount is estimated at each reporting date.

Any impairment loss is recognised immediately in the income statement and is not subsequently reversed when the carrying amount of the asset exceeds its recoverable amount.

Any impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (groups of units) and then to reduce the carrying amount of other assets in the unit (groups of units) on a pro rata basis.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

#### OTHER INTANGIBLE ASSETS

Other intangible assets are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives. The carrying amount is reduced by any provision for impairment where necessary.

On a business combination, as well as recording separable intangible assets already recognised in the statement of financial position of the acquired entity at their fair value, identifiable intangible assets that are separable or arise from contractual or other legal rights are also included in the acquisition statement of financial position at fair value.

Amortisation of intangible assets is charged over their useful economic life, as follows:-

Licences	5-6 years
Brand name	7 years

### (C) FOREIGN CURRENCIES

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which it operates (its functional currency).



### 3. Significant accounting policies (continued)

#### (C) FOREIGN CURRENCIES (CONTINUED)

For the purpose of the consolidated financial statements, the results and financial position of each of the Group entities are expressed in United States Dollars, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual Group entities, transactions denominated in foreign currencies are translated into the respective functional currency of the Group entities using the exchange rates prevailing at the dates of transactions.

Non-monetary assets and liabilities are translated at the historic rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year, as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Exchange differences arising on the retranslation of non-monetary items earned at fair value are included within the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate so as to have a material impact on the financial statements during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising, if any, are recognised in other

comprehensive income and are transferred to the Group's foreign currency translation reserve within equity. Such translation is recognised as income or as expenses in the period in which the operation is disposed of.

#### (D) TAXATION

The tax expense represents the sum of current and deferred tax.

##### CURRENT TAXATION

Current tax is based on taxable profit for the period for the Group. Taxable profit differs from net profit in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

##### DEFERRED TAXATION

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences arising on the investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 3. Significant accounting policies (continued)

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### (E) OTHER INVESTMENTS

Other asset investments are stated at fair value, adjusted for impairment losses.

### (F) PROPERTY, PLANT AND EQUIPMENT

Long leasehold land and buildings, plant and machinery, motor vehicles and fixtures and fittings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such asset is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued assets is charged to the income statement. On subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining is transferred directly to retained earnings.

Depreciation is charged straight line so as to write off the cost or valuation of assets, other than land, over their estimated useful lives. The annual rates used for this purpose are:

Freehold buildings	2%
Plant and machinery	10%
Motor vehicles	15%-25%
Fixtures and fittings	15%-25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the relevant lease term. No depreciation is provided on freehold land.

Property, plant and equipment identified for disposal are reclassified as assets held for resale.

### (G) BIOLOGICAL ASSETS

Biological assets which consist of living animals (game) are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured. All costs related to biological assets that are measured at fair value are recognised as expenses when incurred, other than costs to purchase biological assets.

### (H) IMPAIRMENT OF ASSETS EXCLUDING GOODWILL

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation decrease.

### 3. Significant accounting policies (continued)

#### (H) IMPAIRMENT OF ASSETS EXCLUDING GOODWILL (CONTINUED)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (I) FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### TRADE RECEIVABLES

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated recoverable amounts are recognised in profit or loss when there is objective evidence the asset is impaired.

#### TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

#### FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

#### CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests.

#### BANK BORROWINGS

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an amortised cost basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (J) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable direct expenditure and attributable overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### (K) SHARE BASED PAYMENTS

The Group provides benefits to certain employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

# Notes to the Financial Statements

*For the year ended 31 August 2013*

## 3. Significant accounting policies (continued)

### (K) SHARE BASED PAYMENTS (CONTINUED)

The grant date fair value of options granted to employees is recognised as an employee expense with a corresponding increase in equity over the period the employees become unconditionally entitled to the options.

### (L) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

### (M) DIVIDENDS

Interim dividends are recognised as a liability in the period in which they are proposed and declared. Final dividends are recognised when approved by the shareholders.

### (N) PROVISIONS

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### (O) REVENUE RECOGNITION

Revenue is derived from the sale of goods and services and is measured at the fair value of consideration received or receivable after deducting discounts, volume rebates, value-added tax and other sales taxes. A sale of goods and services is recognised when recovery of the consideration is probable, there is no continuing management involvement with the goods and services and the amount of revenue can be measured reliably.

A sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, the associated costs and possible return of goods can be estimated reliably. This is when title and insurance risk have passed to the custom-

er and the goods have been delivered to a contractually agreed location. A sale of services is recognised when the service has been rendered.

### (P) LEASES

Leases are classified according to the substance of the transaction. A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

#### FINANCE LEASES

Finance leases are capitalised at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is shown as a finance lease obligation to the lessor. Leasing repayments comprise both a capital and finance element. The finance element is written off to the income statement so as to produce an approximately constant periodic rate of charge on the outstanding obligations. Such assets are depreciated over the shorter of their estimated useful lives and the period of the lease.

#### OPERATING LEASES

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

### (Q) BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

### (R) LOSS PER SHARE

Basic loss per share is calculated based on the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is based upon the weighted average number of shares in issue throughout the year, adjusted for the dilutive effect of potential ordinary shares. The only potential ordinary shares in issue are employee share options.

### 3. Significant accounting policies (continued)

#### (S) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale, measured at the lower of carrying amount and fair value less costs to sell. Immediately before reclassification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

#### (T) SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

#### (U) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

##### ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale or held-for-distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies.

Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as

held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale or held-for-distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

#### DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### INVENTORIES

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

# Notes to the Financial Statements

*For the year ended 31 August 2013*

## 4. Determination of fair values (continued)

### EQUITY AND DEBT SECURITIES

The fair values of investments for equity and debt securities are determined with reference to their quoted closing bid price at the measurement date. Subsequent to initial recognition, the fair values of held-to-maturity investments are determined for disclosure purposes only.

### TRADE AND OTHER RECEIVABLES

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

### PROPERTY, PLANT AND EQUIPMENT

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

### INVESTMENT PROPERTY

An external independent valuation company having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's property portfolio. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rent-

al value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Due to the unique nature of a number of properties within the Group's portfolio, external valuations are obtained, however the Directors also review the valuations and may determine the need for impairment for the financial statements given their own knowledge of the properties and in particular where there has been interest from third parties in purchasing the properties, the Directors may refer to amounts offered for purchase.

## 5. Segment reporting

Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure. The results of the business segments are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Inter-segment pricing is determined on an arm's length basis and inter-segment revenue is eliminated.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly interest-bearing loans, borrowings and expenses, and corporate assets and expenses primarily relating to Company's head office.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

### GEOGRAPHICAL SEGMENTS

Support services and industrial chemicals operate primarily in Zimbabwe, with start up operations commencing in the period under review in bordering countries in Sub-Saharan Africa. Separate geographical analysis is therefore not presented.

### BUSINESS SEGMENTS

For management purposes, continuing operations are organised into two main business segments.

- Outsource and IT services - includes payments and business process outsourcing and payroll services
- Industrial chemicals - includes the manufacture and distribution of industrial solvents and mining chemicals

## 5. Segment reporting (continued)

### CONTINUING OPERATIONS

FOR THE YEAR ENDED 31 AUGUST 2013	INDUSTRIAL CHEMICALS	OUTSOURCE AND IT SERVICES	HEAD OFFICE	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	4,323	4,186	-	8,509
Inter-segment revenue	-	(22)	-	(22)
<b>Revenue from external customers</b>	<b>4,323</b>	<b>4,164</b>	-	<b>8,487</b>
Cost of sales to external customers	(3,553)	(353)	-	(3,906)
<b>Gross profit</b>	<b>770</b>	<b>3,811</b>	-	<b>4,581</b>
Operating costs	(1,236)	(3,369)	(3,212)	(7,817)
Impairment of assets	392	-	(740)	(348)
Depreciation	(37)	(164)	(48)	(249)
Amortisation	(1)	(291)	-	(292)
<b>Operating loss for the year</b>	<b>(112)</b>	<b>(13)</b>	<b>(4,000)</b>	<b>(4,125)</b>
Finance income	2	84	196	282
Finance expense	(92)	(120)	(755)	(967)
Income tax expense	-	(204)	-	(204)
<b>Loss for the year</b>	<b>(202)</b>	<b>(253)</b>	<b>(4,559)</b>	<b>(5,014)</b>
<b>EBITDA *</b>	<b>* (70)</b>	<b>442</b>	<b>(3,952)</b>	<b>* (3,580)</b>

### CONTINUING OPERATIONS

FOR THE YEAR ENDED 31 AUGUST 2012	INDUSTRIAL CHEMICALS	OUTSOURCE AND IT SERVICES	HEAD OFFICE	<i>Restated</i> TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	3,770	3,971	-	7,741
Inter segment revenue	-	(20)	-	(20)
<b>Revenue from external customers</b>	<b>3,770</b>	<b>3,951</b>	-	<b>7,721</b>
Cost of sales to external customers	(3,058)	(337)	-	(3,395)
<b>Gross profit</b>	<b>712</b>	<b>3,614</b>	-	<b>4,326</b>
Operating costs	(920)	(2,266)	(5,711)	(8,897)
Impairment of intangibles and goodwill	-	(8)	(2,467)	(2,475)
Impairment of assets	-	-	(451)	(451)
Depreciation	(36)	(215)	(89)	(340)
Amortisation	-	(30)	-	(30)
<b>Operating (loss)/profit</b>	<b>(244)</b>	<b>1,095</b>	<b>(8,718)</b>	<b>(7,867)</b>
Finance income	-	8	304	312
Finance expense	(34)	-	(511)	(545)
Income tax expense	-	(349)	-	(349)
<b>(Loss)/profit for the year</b>	<b>(278)</b>	<b>754</b>	<b>(8,925)</b>	<b>(8,449)</b>
<b>EBITDA *</b>	<b>* (208)</b>	<b>1,340</b>	<b>(8,629)</b>	<b>* (7,497)</b>

\* Earnings Before Interest, Taxation, Depreciation and Amortisation. Adjusted for depreciation included in cost of sales

2012 amounts have been restated due to reclassification of certain entities to discontinued operations (see note 2).

# Notes to the Financial Statements

For the year ended 31 August 2013

## 5. Segment reporting (continued)

### DISCONTINUED OPERATIONS

FOR THE YEAR ENDED 31 AUGUST 2013	HOTELS	AVIATION	PRINTING	OUTSOURCE AND IT SERVICES	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	2,257	-	1,807	653	4,717
Inter segment revenue	(4)	-	(51)	(2)	(57)
<b>Revenue from external customers</b>	<b>2,253</b>	<b>-</b>	<b>1,756</b>	<b>651</b>	<b>4,660</b>
Cost of sales to external customers	(505)	-	(1,115)	(531)	(2,151)
<b>Gross profit</b>	<b>1,748</b>	<b>-</b>	<b>641</b>	<b>120</b>	<b>2,509</b>
Operating costs	(2,317)	(205)	(5,241)	(281)	(8,044)
(Impairment)/write-back of PPE and receivables	(2,084)	-	2,081	362	359
Impairment of intangibles	(825)	-	-	-	(825)
Depreciation	(574)	-	(33)	(11)	(618)
Amortisation	(347)	-	(2)	(5)	(354)
<b>Operating (loss)/profit</b>	<b>(4,399)</b>	<b>(205)</b>	<b>(2,554)</b>	<b>185</b>	<b>(6,973)</b>
Finance income	-	-	-	1	1
Finance expense	(81)	-	(13)	(2)	(96)
Income tax credit/(expense)	212	-	(34)	-	178
<b>(Loss)/profit for the year</b>	<b>(4,268)</b>	<b>(205)</b>	<b>(2,601)</b>	<b>184</b>	<b>(6,890)</b>
<b>EBITDA*</b>	<b>(3,487)</b>	<b>(205)</b>	<b>(2,519)</b>	<b>201</b>	<b>(6,001)</b>

### DISCONTINUED OPERATIONS

FOR THE YEAR ENDED 31 AUGUST 2012	HOTELS	AVIATION	PRINTING	OUTSOURCE AND IT SERVICES	Restated TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	2,462	345	1,864	866	5,537
Inter segment revenue	(12)	-	(47)	(113)	(172)
<b>Revenue from external customers</b>	<b>2,450</b>	<b>345</b>	<b>1,817</b>	<b>753</b>	<b>5,365</b>
Cost of sales to external customers	(556)	-	(1,249)	(1,017)	(2,822)
<b>Gross profit/(loss)</b>	<b>1,894</b>	<b>345</b>	<b>568</b>	<b>(264)</b>	<b>2,543</b>
Operating costs	(2,400)	(987)	(1,190)	(238)	(4,815)
Accelerated write-off of intangibles	-	-	(6,779)	(1,371)	(8,150)
Impairment of assets	-	(3,223)	(296)	-	(3,519)
Other material non-cash items	-	-	-	(601)	(601)
Depreciation	(620)	(254)	(236)	(17)	(1,127)
Amortisation	(313)	-	-	(961)	(1,274)
<b>Operating loss</b>	<b>(1,439)</b>	<b>(4,119)</b>	<b>(7,933)</b>	<b>(3,452)</b>	<b>(16,943)</b>
Finance Income	-	-	-	-	-
Finance Cost	(89)	-	(40)	-	(129)
Income tax credit/(expense)	200	-	(347)	(20)	(167)
<b>Loss for the year</b>	<b>(1,328)</b>	<b>(4,119)</b>	<b>(8,320)</b>	<b>(3,472)</b>	<b>(17,239)</b>
<b>EBITDA*</b>	<b>(506)</b>	<b>(3,865)</b>	<b>(7,697)</b>	<b>(2,474)</b>	<b>(14,542)</b>

\* Earnings Before Interest, Taxation, Depreciation and Amortisation.

2012 amounts have been restated due to reclassification of certain entities to discontinued operations (see note 2).



## 5. Segment reporting (continued)

As detailed in note 2, the Group has reclassified certain items as discontinued. Accordingly the information for the prior period has been restated such that comparative information given in respect of discontinued and continuing operations is consistent in each period. The tables below provide the comparative information as previously published to assist users in assessing the impact of the restatement on the published results of the prior year.

### CONTINUING OPERATIONS (as previously stated)

FOR THE YEAR ENDED 31 AUGUST 2012	HOTELS	INDUSTRIAL CHEMICALS	PRINTING	OUTSOURCE AND IT SERVICES	HEAD OFFICE	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	2,462	3,770	1,864	3,971	-	12,067
Inter segment revenue	(12)	-	(47)	(20)	-	(79)
<b>Revenue from external customers</b>	<b>2,450</b>	<b>3,770</b>	<b>1,817</b>	<b>3,951</b>	-	<b>11,988</b>
Cost of sales to external customers	(556)	(3,058)	(1,249)	(337)	-	(5,200)
<b>Gross Profit</b>	<b>1,894</b>	<b>712</b>	<b>568</b>	<b>3,614</b>	-	<b>6,788</b>
Operating costs	(2,068)	(920)	(1,347)	(1,448)	(5,836)	(11,619)
Accelerated write-off of intangibles and goodwill impairment	-	-	-	(788)	(9,830)	(10,618)
Impairment of assets	-	-	-	-	(1,621)	(1,621)
Depreciation	(620)	(36)	(236)	(215)	(89)	(1,196)
Amortisation	(313)	-	-	(30)	-	(343)
<b>Operating (loss)/profit</b>	<b>(1,107)</b>	<b>(244)</b>	<b>(1,015)</b>	<b>1,133</b>	<b>(17,376)</b>	<b>(18,609)</b>
Finance income	-	-	-	7	318	325
Finance expense	(13)	(34)	(10)	-	(630)	(687)
Income tax credit/(expense)	200	-	(381)	(195)	(120)	(496)
<b>(Loss)/profit for the year</b>	<b>(920)</b>	<b>(278)</b>	<b>(1,406)</b>	<b>945</b>	<b>(17,808)</b>	<b>(19,467)</b>
<b>EBITDA *</b>	<b>(174)</b>	<b>* (204)</b>	<b>* (647)</b>	<b>2,166</b>	<b>(5 836)</b>	<b>* (4,695)</b>

### DISCONTINUED OPERATIONS (as previously stated)

FOR THE YEAR ENDED 31 AUGUST 2012	AVIATION	OUTSOURCE AND IT SERVICES	HEAD OFFICE	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	345	866	-	1,211
Inter segment revenue	-	(113)	-	(113)
<b>Revenue from external customers</b>	<b>345</b>	<b>753</b>	-	<b>1,098</b>
Cost of sales to external customers	-	(1,017)	-	(1,017)
<b>Gross profit/(loss)</b>	<b>345</b>	<b>(264)</b>	-	<b>81</b>
Operating costs	(987)	(239)	-	(1,226)
Impairment of assets	(3,223)	-	-	(3,223)
Other material non-cash items	-	(483)	(118)	(601)
Depreciation	(254)	(17)	-	(271)
Amortisation	-	(961)	-	(961)
<b>Operating loss</b>	<b>(4,119)</b>	<b>(1,964)</b>	<b>(118)</b>	<b>(6,201)</b>
Finance cost	-	(20)	-	(20)
<b>Loss for the year</b>	<b>(4,119)</b>	<b>(1,984)</b>	<b>(118)</b>	<b>(6,221)</b>
<b>EBITDA</b>	<b>(3,865)</b>	<b>(986)</b>	<b>(118)</b>	<b>(4,969)</b>

\* Earnings Before Interest, Taxation, Depreciation and Amortisation. Adjusted for depreciation included in cost of sales.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 5. Segment reporting (continued)

### CONTINUING OPERATIONS

FOR THE YEAR ENDED 31 AUGUST 2013	INDUSTRIAL CHEMICALS	OUTSOURCE AND IT SERVICES	HEAD OFFICE	TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000
Segment assets	1,961	4,850	1,297	8,108
Segment liabilities	766	3,454	5,127	9,347
Capital expenditure	26	265	38	329

FOR THE YEAR ENDED 31 AUGUST 2012	INDUSTRIAL CHEMICALS	OUTSOURCE AND IT SERVICES	HEAD OFFICE	Restated TOTAL
	US\$'000	US\$'000	US\$'000	US\$'000
Segment assets	1,522	2,824	6,014	10,360
Segment liabilities	508	1,121	4,500	6,129
Capital expenditure	95	137	57	289

### ASSETS AND LIABILITIES HELD FOR SALE

FOR THE YEAR ENDED 31 AUGUST 2013		AVIATION	HOTELS	PRINTING	OUTSOURCE AND IT SERVICES	TOTAL
	NOTE	US\$,000	US\$'000	US\$'000	US\$'000	US\$'000
Property, plant and equipment		-	14,764	1,000	-	15,764
Biological assets	14	-	67	-	-	67
Inventories		-	135	-	-	135
Trade and other receivables		-	75	13	-	88
Cash and cash equivalents		-	110	-	-	110
<b>Total assets held for sale</b>		-	<b>15,151</b>	<b>1,013</b>	-	<b>16,164</b>
Trade and other payables		-	790	33	-	823
Provisions		-	60	-	-	60
Deferred tax liabilities		-	3,301	-	-	3,301
<b>Total liabilities held for sale</b>		-	<b>4,151</b>	<b>33</b>	-	<b>4,184</b>
<b>Net assets of disposal groups held for sale</b>		-	<b>11,000</b>	<b>980</b>	-	<b>11,980</b>

At 31 August 2013, the Group considered its Hotel and the remaining assets of its printing division as being held for sale. They are therefore presented within discontinued operations. Income and expenses of discontinued operations are reported separately from those of continuing operations in 2013 and 2012 income and expense comparatives have been restated accordingly. Held for sale assets are stated at their expected proceeds less costs to sell; previously revalued land and building assets, and hotel intangible assets have been impaired to bring the held for sale disposal groups to their held for sale valuation.

## 5. Segment reporting (continued)

### CONTINUING OPERATIONS (as previously stated)

FOR THE YEAR ENDED 31 AUGUST 2012	HOTELS US\$'000	INDUSTRIAL CHEMICALS US\$'000	PRINTING US\$'000	OUTSOURCE AND IT SER- VICES US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
<b>For the year ended 31 August 2012</b>						
Segment assets	21,498	1,522	4,381	4,889	3,488	35,778
Segment liabilities	4,818	508	725	1,121	4,529	11,701

### DISCONTINUED OPERATIONS (as previously stated)

FOR THE YEAR ENDED 31 AUGUST 2012	HOTELS US\$'000	AVIATION US\$'000	OUTSOURCE AND IT SERVICES US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
<b>For the year ended 31 August 2012</b>					
Segment assets	-	222	139	-	361
Segment liabilities	-	(1)	(509)	-	(510)

## 6. Acquisition and incorporation of subsidiaries

### PAYSERV ZAMBIA LIMITED

On 6 December 2012, the group incorporated a new entity, Payserv Zambia Limited and subscribed for 100% of the issued shares and voting interests in the company for a total consideration of US\$ 20 thousand (ZMW 100 thousand). This investment facilitates the Group's entry into the Zambian market with its EDI (electronic data interchange) switching technology as well as making its other outsourcing products available.

### MILLCHEM ZAMBIA LIMITED

On 22 July 2013, the Group incorporated a new entity Millchem Zambia Limited and subscribed for 100% of the shares and voting interests in the company for a total consideration of US\$ 98 thousand, (ZMW 543 thousand).

### MSA CHEMICALS (PROPRIETARY) LIMITED

On 3 June 2013, the Group incorporated a new entity Millchem South Africa (Pty) Limited and subscribed for 100% of the shares and voting interests in the company for a total consideration of US\$ nil.

### MSA SOURCING B.V.

On 4 October 2013, the Group incorporated a new entity MSA Sourcing B.V and subscribed for 100% of the shares and voting interests in the company for a total consideration of US\$ 272 thousand, (EUR 200 thousand).

Post-acquisition and incorporation to 31 August 2013, the new subsidiaries, in total, contributed US\$ nil to revenue and losses relating to start-up costs of US\$ 146 thousand to the Group's results.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 7. Group net operating costs

	2013 US\$'000	Restated 2012 US\$'000
Cost of sales	3,906	3,395
Administrative expenses	8,647	9,434
<b>Net operating costs</b>	<b>12,553</b>	<b>13,429</b>

Administrative expenses include management related overheads for operations and head office.

	2013 US\$'000	Restated 2012 US\$'000
Operating costs include:		
Depreciation of property, plant and equipment	249	339
Depreciation of property plant and equipment in cost of sales	4	4
Amortisation	291	1,553
Operating lease rentals:		
Land and buildings	253	214
Personnel expenses	3,718	2,695
Gain/(loss) on investments	4	(7)
<b>Auditors remuneration</b>		
<i>Fees Payable to the Company Auditors for:</i>		
Current year audit of the Group's financial statements	113	188
Prior year audit of the Group's financial statements	115	-
Current year audit of the Company's subsidiaries pursuant to legislation	65	83
Prior year audit of the Company's subsidiaries pursuant to legislation	31	-
<b>Total audit fees</b>	<b>324</b>	<b>271</b>

## 8. Personnel expenses

The aggregate remuneration comprised (including Executive Directors):

	2013 US\$'000	Restated 2012 US\$'000
Wages and salaries	3,644	2,635
Compulsory social security contributions	74	60
<b>Total personnel expenses</b>	<b>3,718</b>	<b>2,695</b>
<b>Of which: Remuneration of Group Executive Directors</b>		
Directors' emoluments (see note 39)	1,836	1,401

The average number of employees (including Executive Directors) in continuing operations was:

	2013 Number	Restated 2012 Number
Outsource and IT services	59	60
Industrial chemicals	24	24
Head Office	10	9
<b>Total</b>	<b>93</b>	<b>93</b>

## 9. Net finance (costs)/income

	2013 US\$'000	<i>Restated</i> 2012 US\$'000
Recognised in income statement:		
Bank interest receivable	9	8
Loan interest receivable	273	304
<b>Finance income</b>	<b>282</b>	<b>312</b>
Bank interest payable	(212)	(216)
Loan interest payables	(755)	(329)
<b>Finance costs</b>	<b>(967)</b>	<b>(545)</b>
<b>Net finance costs</b>	<b>(685)</b>	<b>(233)</b>

## 10. Taxation

	2013 US\$'000	<i>Restated</i> 2012 US\$'000
<b>Income tax recognised in the income statement</b>		
<b>Current tax expense</b>		
Current period	216	388
<b>Deferred tax credit</b>		
Origination and reversal of temporary differences	(12)	(39)
<b>Total income tax charge in income statement</b>	<b>204</b>	<b>349</b>

### RECONCILIATION OF EFFECTIVE TAX RATE

	2013 US\$000	<i>Restated</i> 2012 US\$000
Loss before tax	(4,810)	(8,267)
Income tax using the Zimbabwean corporation tax rate 25.75% (2012: 25.75%)	(1,239)	(2,129)
Net losses where no group relief is available	1,443	2,478
<b>Total income tax charge in income statement</b>	<b>204</b>	<b>349</b>

### DEFERRED TAX

	2013 US\$'000	<i>Restated</i> 2012 US\$'000
Relating to losses in subsidiaries	(12)	(38)
	<b>(12)</b>	<b>(38)</b>

Corporation tax is calculated as 25.75% (2012: 25.75%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax assets are only recognised to the extent that there are available offsetting deferred tax liabilities, unless the entity is reasonably assured of earning sufficient future profits to offset against any future tax liabilities.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 11. Disposals and discontinued operations

During the year, the Group sold its investments in the following entities (see note 18), which were disclosed as discontinuing operations in 2012.

- Forgot Me Not Africa (BVI) Limited (FMNA)
- Diospyros Investments (Pvt) Limited (trading as “CES Zimbabwe”)

On 24 July 2013, the Group sold its investment in the following entity (see note 18), which was not held for sale and disclosed as a continuing operation in the prior period.

- Blueberry International Services Ltd

The following entities were reclassified as held for disposal in the period under review. As discussed in note 2 and note 5, the comparatives for the period ended 31 August 2012 are accordingly restated.

- Southern Africa Management Services (SAMS)
- Medalspot Enterprises (Private) Limited
- LonZim Hotels Limited and its subsidiaries

The financial effect of these discontinued operations on the profit or loss and financial position is shown in the operating segment disclosures in note 5.

### CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS

	2013 US\$'000	Restated 2012 US\$'000
Net cash used in operating activities	(6,894)	(2,504)
Net cash (used in)/generated by investing activities	(69)	1,306
Net cash generated by generated by financing activities	5,521	898
<b>Net cash flows for the year</b>	<b>(1,442)</b>	<b>(300)</b>
Cash and cash equivalents held for sale	110	(3)
<b>Net cash (outflow)/inflow</b>	<b>(1,332)</b>	<b>(303)</b>

## 12. Loss per share

The calculation of basic and diluted earnings per share at 31 August 2013 was based on the profit attributable to ordinary shareholders for continuing and discontinued operations at a weighted average number of ordinary shares outstanding during the period as detailed in the table below:

### LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

	2013 EARNINGS PER SHARE US\$'CENTS	2013 US\$'000	Restated 2012 EARNINGS PER SHARE US\$'CENTS	Restated 2012 US\$'000
Loss for the purposes of basic loss and dilutive per share being net loss attributable to equity holders of the parent*	(18.4)	(12,048)	(47.1)	(27,271)
Loss for the purposes of basic loss and dilutive per share being net loss attributable to equity holders of the parent				
- continuing operations	(7.6)	(5,158)	(17.6)	(10,199)
- discontinued operations	(10.8)	(6,890)	(28.5)	(17,072)

### WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	NOTE	2013 000'S	2012 000'S
Weighted average number of ordinary shares for the purposes of basic and dilutive loss per share for all calculations*		65,419	57,959
Actual number of shares outstanding at the end of the period	24	66,749	58,134

\*In the current and prior year the effect of the share options (note 25) were anti-dilutive as the share options were, at all times, priced above the trading value of the shares.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 13. Property, plant and equipment

2013 GROUP	FREEHOLD LAND & BUILDINGS US\$'000	PLANT & MACHINERY US\$'000	MOTOR VEHICLES US\$'000	FURNITURE FIXTURES & FITTINGS US\$'000	TOTAL US\$'000
<b>Cost or valuation</b>					
At 1 September 2012	22,258	1,435	918	2,704	27,315
Additions in year	14	15	260	111	400
Disposals in year	-	(55)	(108)	(23)	(186)
Sale of subsidiary	(207)	(1,324)	(84)	(209)	(1,824)
Revaluation	(838)	-	-	-	(838)
Transfer to intangible assets	-	-	-	(76)	(76)
Transferred to held for sale	(18,923)	-	(185)	(1,563)	(20,671)
<b>Balance at 31 August 2013</b>	<b>2,304</b>	<b>71</b>	<b>801</b>	<b>944</b>	<b>4,120</b>
<b>Accumulated depreciation</b>					
At 1 September 2012	(132)	(254)	(504)	(1,175)	(2,065)
Disposals in year	-	16	45	12	73
Sale of subsidiary	84	324	51	129	588
Depreciation written back on revaluation	116	-	-	-	116
Depreciation charge for the year	(398)	(122)	(188)	(310)	(1,018)
Transfer to intangible assets	-	-	-	15	15
Transferred to held for sale	327	-	147	578	1,052
<b>Balance at 31 August 2013</b>	<b>(3)</b>	<b>(36)</b>	<b>(449)</b>	<b>(751)</b>	<b>(1,239)</b>
<b>Carrying amounts</b>					
At 31 August 2013	2,301	35	352	193	2,881
At 31 August 2012	22,126	1,181	414	1,529	25,250

2012 GROUP	FREEHOLD LAND & BUILDINGS US\$'000	LONG LEASE- HOLD LAND & BUILDINGS US\$'000	PLANT & MACHINERY US\$'000	MOTOR VEHICLES US\$'000	FURNITURE FIXTURES & FITTINGS US\$'000	TOTAL US\$'000
<b>Cost or valuation</b>						
At 1 September 2011	21,258	8,005	1,329	754	2,603	33,949
Additions in year	727	2	209	175	360	1,473
Disposals in year	-	(8,005)	(103)	(11)	(196)	(8,315)
Revaluation	273	-	-	-	-	273
Transferred to assets held for sale	-	(2)	-	-	(63)	(65)
<b>Balance at 31 August 2012</b>	<b>22,258</b>	<b>-</b>	<b>1,435</b>	<b>918</b>	<b>2,704</b>	<b>27,315</b>
<b>Accumulated depreciation</b>						
At 1 September 2011	(103)	-	(118)	(295)	(739)	(1,255)
Disposals in year	-	-	-	9	11	20
Depreciation written back on revaluation	363	-	-	-	-	363
Depreciation on charge for the year	(392)	-	(136)	(218)	(471)	(1,217)
Transferred to assets held for sale	-	-	-	-	24	24
<b>Balance at 31 August 2012</b>	<b>(132)</b>	<b>-</b>	<b>(254)</b>	<b>(504)</b>	<b>(1,175)</b>	<b>(2,065)</b>
<b>Carrying amounts</b>						
At 31 August 2012	22,126	-	1,181	414	1,529	25,250
At 31 August 2011	21,155	8,005	1,211	459	1,864	32,694



## 13. Property, plant and equipment (continued)

### Valuations

#### LE HAR (PRIVATE) LIMITED REVALUATION – PROPERTY

An external, professional and independent valuer with appropriate and recognised qualifications, T.W.R.E Zimbabwe (Pvt) Limited, carried out a valuation of the freehold land and buildings as at 31 August 2013. Fair value at 31 August 2013 of US\$2,300 thousand (2012: US\$1,900 thousand) was made by reference to observable market evidence. The Directors consider the fair value at the reporting date to not be materially different from the carrying value. The change in the fair value of the property has been recorded in the revaluation reserve.

### Valuations within discontinued operations

#### LEOPARD ROCK HOTEL COMPANY (PRIVATE) LIMITED\* REVALUATION – LAND AND BUILDINGS

An external, professional and independent valuer with appropriate and recognised qualifications, C K Hollands, carried out a valuation of the land and buildings as at 31 August 2013 in accordance with the C K Hollands Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair value at 31 August 2013 of US\$18,500 thousand (2012: US\$18,500 thousand) was made by reference to observable market evidence with adjustments made for:

- Age of the property
- Aesthetic quality and accommodation offered
- State of repair and maintenance and quality of fixture and fittings
- Location and size of land.

In considering the estimated valuation, and the useful lives of the assets and their estimated residual values, the directors determined that in accordance with prior year, a more prudent assessment of fair value should include a set-off in respect of the net book value of the refurbishment completed in 2010. Additionally the adjustment to fair value representing depreciation charged in the period under review was not reflected. The net effect is that land and buildings are recorded at US\$16,996 thousand.

#### EASTINTEG INVESTMENTS (PRIVATE) LIMITED \* REVALUATION – LAND AND BUILDINGS

An external, professional and independent valuer with appropriate and recognised qualifications, C K Hollands, carried out a valuation of the land and buildings as at 31 August 2013 in accordance with the C K Hollands Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair value at 31 August 2013 of US\$600 thousand (2012: not applicable) was made by reference to observable market evidence with adjustments made for:

- Age of the property
- Aesthetic quality and accommodation offered
- State of repair and maintenance and quality of fixture and fittings
- Location and size of land.

\*The land and buildings held by the Leopard Rock Hotel Company (Private) Limited and by Eastinteg Investments (Private) Limited form part of the Hotel disposal group held for sale at the year end. The whole disposal group has been impaired to bring its carrying value down to its expected realisable value and US\$3,855 thousand of this has been allocated to land and buildings of which US\$1,982 thousand was charged through the income statement and US\$1,873 thousand via the revaluation reserve.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 13. Property, plant and equipment (continued)

### Valuations within discontinued operations (continued)

Both the Leopard Rock Hotel and Eastinteg land and buildings are included in the Hotel held for sale disposal group. As such, in addition to the valuations noted above, the disposal as a group has been considered for an impairment in assessing its expected net disposal proceeds. The impairment assessed has been allocated to land and buildings after extinguishment of all intangible assets in the disposal group (see note 5).

#### MEDALSPOT ENTERPRISES (PRIVATE) LIMITED

##### REVALUATION – LAND AND BUILDINGS

An external, professional and independent valuer with appropriate and recognised qualifications T.W.R.E Zimbabwe (Pvt) Limited carried out a valuation of the property as at 31 August 2013. Fair value at 31 August 2013 US\$2,200 thousand (2012: US\$2,200 thousand) was made by reference to observable market evidence.

In assessing the valuation, the Directors also considered the intention to dispose of the asset in the short term. An appropriate fair value at 31 August 2013 is deemed to be US\$1,000 thousand. The change in the fair value of the property has been recorded in the revaluation reserve to the full extent available and thereafter in the available non-distributable reserve which arose at dollarisation.

## 14. Biological assets

Included in discontinued operations are biological assets as detailed below.

	GROUP 2013	GROUP 2012
	US\$'000	US\$'000
Balance at 1 September	83	82
Acquired during the year	-	3
Increase/(decrease) due to births/(deaths)	2	(2)
Loss on fair valuation during the year	(18)	-
<b>Total</b>	<b>67</b>	<b>83</b>

Biological assets which consist of 276 (2012: 267) living animals for game viewing at the Leopard Rock Hotel are valued with the assistance of African Wildlife Management and Conservation and their values are deemed as acceptable.

## 15. Goodwill

As at 31 August 2013, the consolidated statement of financial position included goodwill of US\$717 thousand (2012: US\$717 thousand). Goodwill is allocated to the Group's cash-generating units ("CGUs"), or groups of cash-generating units, that are expected to benefit from the synergies of the business combination that gave rise to the goodwill as follows:

CASH GENERATING UNIT (CGU)	ORIGINAL COST	COST AT 1	CARRYING VALUE AT	ACCELERATED	CARRYING VALUE AT
	US\$'000	SEPTEMBER 2012	1 SEPTEMBER 2012	WRITE-OFF	31 AUGUST 2013
		US\$'000	US\$'000	US\$'000	US\$'000
Paynet Limited	717	717	717	-	717
<b>Total</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>-</b>	<b>717</b>

## 15. Goodwill (continued)

### ESTIMATES AND JUDGEMENTS

The following assumptions are held in the assessment on the impairment or otherwise of goodwill:

- Growth rates are based on a range of growth rates that reflect the products, industries and countries in which the relevant CGU or group of CGUs operate. Growth rates have been calculated based on management's expected forecast volumes and market share increases on normalisation of the Zimbabwean economy.
- The key assumptions on which the cash flow projections for the most recent forecast are based relate to discount rates, growth rates, expected changes in selling prices and direct costs.
- The cash flow projections have been discounted using rates based on the Group's pre-tax weighted average cost of capital. The rate used was 15%.
- The growth rates applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that is significant to the total carrying amount of goodwill were in a range between 0% and 5%.
- Changes in selling price and direct costs are based on past results and expectations of future changes in the market.
- In respect of the value in use calculations, cash flows have been considered for both the conservative and the full forecast potential of future cash-flows with no impact to the valuation of goodwill.

### IMPAIRMENT LOSS

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Directors believe that the value of the Group's investments are long term and will only be realised on the full recovery of the Zimbabwean economy. The Directors do not believe any further impairment to goodwill is necessary in the current period.

## 16. Intangible assets

	ORIGINAL COST US\$'000	NET BOOK VALUE AT 1 SEPTEMBER 2012 US\$'000	RECLASSIFIED FROM TANGIBLE ASSETS	AMORTISATION US\$'000	RECLASSIFIED AS HELD FOR SALE (NOTE 5) US\$'000	CLOSING BALANCE AT 31 AUGUST 2013 US\$'000
Payserv software licences	1,425	447	-	(268)	-	179
Leopard Rock Hotel brand name	1,129	758	-	(115)	(643)	-
Leopard Rock Hotel casino licence	1,000	346	-	(198)	(148)	-
Leopard Rock Hotel software	76	-	61	(27)	(34)	-
<b>Total</b>	<b>3,630</b>	<b>1,551</b>	<b>61</b>	<b>(608)</b>	<b>(825)</b>	<b>179</b>

### AMORTISATION

The amortisation charge is recognised within administration expenses (note 7) in the income statement. The remaining amortisation period at 31 August 2013 is 9-67 months for other intangibles. The Group tests other intangible assets for impairment if there are indications that they might be impaired.

The amortisation periods for other intangible assets are:

Software licences	3-6 years
Brand names	9 years
Casino licence	6 years

# Notes to the Financial Statements

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## 17. Long-term receivables

	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Celpay International BV receivable	361	-	-	-
ATDM sale proceeds	-	-	3,145	3,145
ATDM Shareholder loan account	-	-	84	84
ForgetMe Not Africa (BVI) Limited sale proceeds	250	-	-	-
Provision against sale proceeds	(250)	-	-	-
<b>Total</b>	<b>361</b>	<b>-</b>	<b>3,229</b>	<b>3,229</b>

### *Celpay International BV*

On 29 April 2013, the Group entered into a memorandum of understanding with Celpay International BV ("Celpay"), whereby Paynet Limited agreed inter alia to provide working capital funding, while carrying out due diligence on the company, which capital would be repayable to Paynet Limited, either on termination of the contract or through a change in shareholding of Celpay.

### *ATDM*

The proceeds on sale of shares of Aldeamento Turistico de Macuti SARL ("ATDM") on 30 September 2011 were receivable over a period of 60 months. The Group's Loan to ATDM at the date of sale, was repayable over a period of 24 months.

On 18 July 2013, the company entered into a Settlement Agreement with Lonrho Plc, whereby Cambria Africa Plc received US\$2,665 thousand, which included inter alia the settlement of the outstanding balances related to the proceeds on sale of ATDM and the ATDM shareholder loan. The Group loss on settlement of the loan balances was US\$309 thousand.

### *ForgetMeNot Africa (BVI)*

The proceeds on sale of shares of ForgetMeNot Africa (BVI) Limited on 14 February 2013, are receivable based on various defined milestones but no later than the second anniversary of the agreement. Given the nature of the defined milestones and extended period permitted until settlement, the Directors determined that it would be appropriate to provide fully against the receivable.

## 18. Investments in subsidiaries and associates

The Company has investments in the following subsidiaries which principally affected the profits or net assets of the Company. The direct investments in subsidiaries held by the Company are stated at cost. This is subject to impairment testing.

### CONTINUING OPERATIONS

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2013	2012
African Solutions Limited	Mauritius	100%	100%
Autopay (Pvt) Limited	Zimbabwe	100%	100%
Gardoserve (Pvt) Limited	Zimbabwe	100%	100%
Le Har (Pvt) Limited	Zimbabwe	100%	100%
LonZim Enterprises Limited	United Kingdom	100%	100%
LonZim Holdings Limited +	Isle of Man	100%	100%
Millchem Africa Limited	Isle of Man	100%	0%
Millchem Holdings Limited *	Isle of Man	100%	100%
Millchem Zambia Limited	Zambia	100%	0%
MSA Chemicals (Pty) Limited	South Africa	100%	0%
MSA Sourcing BV	Netherlands	100%	0%
Para Meter Computers (Pvt) Limited	Zimbabwe	100%	100%
Paynet Limited	Mauritius	100%	100%
Paynet Zimbabwe (Pvt) Limited	Zimbabwe	100%	100%
Payserv (Pvt) Limited	Zimbabwe	100%	0%
Payserv Zimbabwe (Pvt) Limited **	Zimbabwe	100%	100%
Payserv Zambia Limited	Zambia	100%	0%
Tradanet (Pvt) Limited	Zimbabwe	51%	51%
Yellowwood Projects (Pvt) Limited	Zimbabwe	100%	100%

+ Held directly by Cambria Africa Plc.

\* Previously LonZim Properties Limited

\*\* Previously Lanuarna Enterprises (Private) Limited

# Notes to the Financial Statements

For the year ended 31 August 2013

## 18. Investments in subsidiaries and associates (continued)

### DISCONTINUED OPERATIONS

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2013	2012
Blueberry International Services Limited #	British Virgin Islands	0%	100%
Blueberry Print (Zambia) Limited #	British Virgin Islands	0%	100%
Celsys Limited #	Zimbabwe	0%	60%
Chenyakwaremba Farm (Pvt) Limited ++	Zimbabwe	100%	100%
Diospyros Investments (Pvt) Limited #	Zimbabwe	0%	100%
Eastinteg Investments (Pvt) Ltd ++	Zimbabwe	100%	100%
ForgetMeNot Africa (BVI) Limited #	British Virgin Islands	0%	51%
ForgetMeNot Nigeria Limited #	Nigeria	0%	51%
Leopard Rock Hotel Company (Pvt) Limited ++	Zimbabwe	100%	100%
Linus Business Options (Pvt) Limited ++	Zimbabwe	100%	100%
LonZim Agribusiness (BVI) Limited ++	British Virgin Islands	100%	100%
LonZim Air (BVI) Limited	British Virgin Islands	100%	100%
LonZim Hotels Limited ++	Isle of Man	100%	100%
Lyons Africa Holdings BV ++	Netherlands	100%	100%
Lyons Africa Holdings Limited ++	United Kingdom	100%	100%
Medalspot Enterprises (Pvt) Limited ++	Zimbabwe	100%	100%
Morningdale Properties Limited ++	Zimbabwe	100%	100%
Panafmed (Pty) Limited	South Africa	51%	51%
Peak Mine (Pvt) Limited #	Zimbabwe	0%	100%
Quickvest525 (Pty) Limited	South Africa	100%	100%
Quintech Investments (Pvt) Limited	Zimbabwe	100%	0%
Rex Mining Holdings (Pvt) Limited #	Zimbabwe	0%	100%
Southern Africa Management Services Limited	Mauritius	100%	100%
Wardlaw (1989) Limited #	United Kingdom	0%	100%
W S Foods (Pty) Limited ++	South Africa	100%	100%

++ Held for Sale

# Subsidiaries disposed in the year

## 19. Inventory

	GROUP 2013	GROUP 2012
	US\$'000	US\$'000
Raw materials and consumables	361	462
Work in progress	-	6
Goods in transit	25	129
Finished goods	539	339
<b>Total</b>	<b>925</b>	<b>936</b>

## 20. Financial assets at fair value through profit or loss

### CONTINUING OPERATIONS

	GROUP 2013 US\$'000	GROUP 2012 US\$'000
Quoted investments portfolio	58	42
<b>Total</b>	<b>58</b>	<b>42</b>

  

	GROUP 2013 US\$'000	GROUP 2012 US\$'000
<b>QUOTED INVESTMENTS PORTFOLIO:</b>		
Balance at 1 September	42	49
Acquired during the year	2	3
Disposed during the year	(5)	(3)
Gain/(loss) on fair valuation during the year	19	(7)
<b>At end of the year</b>	<b>58</b>	<b>42</b>

The portfolio is managed by an asset management company who makes the decisions regarding the sale and purchase of shares. This investment is held at fair value. The portfolio, which was purchased in "payment" of a trade vendor liability which could not be settled due to exchange control regulations, is callable at the option of the vendor. See note 26.

## 21. Trade and other receivables

	NOTE	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Amounts owed by Group undertakings		-	25,617	-	23,291
Trade receivables		619	-	960	-
Other receivables		80	-	89	77
ATDM sale proceeds – current portion	17	-	-	1,020	1,020
ATDM shareholder loan account – current portion	17	-	-	280	280
Prepayments and accrued income		115	31	276	-
<b>Total</b>		<b>814</b>	<b>25,648</b>	<b>2,625</b>	<b>24,668</b>

The average credit period taken on sales of goods is 45 days. No interest is charged on receivables.

The Directors consider the carrying amount of trade and other receivables approximates their fair value. In determining the recoverability of the trade receivable, the Group considers any change in the credit quality of trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

### CREDIT RISK

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cashflows.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 22. Cash and cash equivalents

	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Bank balances	2,136	1,210	468	178
Bank overdrafts	(398)	-	(337)	-
<b>Net cash and cash equivalents</b>	<b>1,738</b>	<b>1,210</b>	<b>131</b>	<b>178</b>
Net cash included in held for sale	110	-	32	-
<b>Total cash and cash equivalents in statement of financial position</b>	<b>1,838</b>	<b>1,210</b>	<b>163</b>	<b>178</b>

## 23. Capital and reserves

### REVALUATION RESERVE

The revaluation reserve relates to property, plant and equipment which has been revalued in the Zimbabwean subsidiary Payserv Zimbabwe (Private) Limited ("Payserv") and Le Har (Private) Limited, which holds the property from which Payserv operates.

### FOREIGN EXCHANGE RESERVE

This reserve arises on translation of subsidiary entities where their functional currency is not United States Dollars, the presentational currency of the Group. The Company foreign exchange currency reserve relates to the translation of net assets due to a change in the functional currency of the Company from Pounds Sterling to United States Dollars as at 1 September 2011.

### SHARE BASED PAYMENT RESERVE

The share based payment reserve comprises of the charges arising from the calculation of the share based payment posted to the income statement in 2008 and 2012, and partially released on expiration of options never exercised, in 2013, restated to US\$ at closing rates (see note 25).

### NON DISTRIBUTABLE RESERVE

The non distributable reserve arises on the restatement of the assets and liabilities on dollarisation in Zimbabwe. Amounts held within this reserve are ring fenced from retained earnings. Distributions can only be made from retained earnings and not from the non distributable reserve. Amounts transferred to the non distributable reserve are determined by the directors as necessary, unless specifically required to do so as part of any financing arrangements.



## 24. Share capital & share premium

	ORDINARY SHARES 2013		ORDINARY SHARES 2012	
	NUMBER	US\$'000	NUMBER	US\$'000
<b>Authorised</b>				
Ordinary £0.0001 shares	66,749,023	12	58,133,908	10
<b>Issued fully paid</b>				
At 1 September 2012	58,133,908	11	54,145,469	10
Issued in period	8,615,115	1	3,988,439	1
<b>At 31 August 2013</b>	<b>66,749,023</b>	<b>12</b>	<b>58,133,908</b>	<b>11</b>

The Group has also issued share options (see note 25). At 31 August 2013, 1,000,000 shares were held in reserve to issue in the event that these options are exercised. At 10 December 2012, 500,000 utilised share options expired and were not renewed.

The following warrants over the ordinary shares of the Company were granted in the period.

HOLDER	DATE OF GRANT	NUMBER OF WARRANTS GRANTED	WARRANT PRICE	PERIOD DURING WHICH EXERCISABLE	MARKET PRICE PER SHARE AT DATE OF GRANT
Consilium Corporate Recovery Master Fund Limited	18.02.2013	3,000,000	13p	06.12.2012 - 06.12.2015	10.25p
Consilium Corporate Recovery Master Fund Limited	18.02.2013	5,000,000	13p	18.02.2013 - 18.02.2016	9.63p

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Directors are authorised in any period between consecutive annual general meetings, to allot any number of ordinary shares on such terms as they shall, in their discretion, determine up to such maximum number as represents 50 per cent of the issued share capital at the beginning of such period. Further ordinary shares may be allotted on terms determined by the Directors but subject to the pre-emption rights prescribed by Section 36 of the Isle of Man Companies Act 2006.

### SHARE PREMIUM

The share premium represents the value of the premium arising on shares issued as follows:

1 Oct 2012	8,615,115 ordinary shares at a price of 10p (US\$1,400 thousand) per share.
16 Sep 2011	3,988,439 ordinary shares at a price of 23p (US\$1,448 thousand) per share net of issue costs of nil.
10 Dec 2010	17,813,944 ordinary shares at a price of 28p per share net of issue costs of £143 thousand (US\$7,646 thousand).
9 Dec 2009	4,255,525 ordinary shares at a price of 27.5p per share net of issue costs of £58 thousand (US\$1,820 thousand).
14 Jul 2009	Cost of purchasing and cancelling 4,374,000 shares at 30.5p per share (US\$2,174 thousand).
11 Dec 2007	36,450,000 ordinary shares at a price of 100p per share net of issue costs of £2,753 thousand (US\$68,659 thousand).

# Notes to the Financial Statements

For the year ended 31 August 2013

## 25. Share options

The following share options over ordinary shares were granted under an Unapproved Share Option scheme:

NAME	DATE OF GRANT	NUMBER OF SHARE OPTIONS GRANTED	EXERCISE PRICE	PERIOD DURING WHICH EXERCISABLE	MARKET PRICE PER SHARE AT DATE OF GRANT
Edzo Wisman	10.03.2011	500,000	30p	01.07.2011 – 30.06.2016	21.75p
Edzo Wisman	10.03.2011	500,000	30p	01.07.2012 – 30.06.2017	21.75p
<b>Total</b>		<b>1,000,000</b>			
<b>OPTIONS EXPIRED IN THE PERIOD</b>					
Paul Heber	11.12.2007	500,000	150p	11.12.2007 - 10.12.2012	100p

In accordance with IFRS 2 'Share-based payments' the equity settled share options granted have been measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity (other reserves). The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model. The estimated value of the options granted on 11 December 2007 was £165 thousand (US\$270 thousand). The estimated value of the options granted on 10 March 2011 was £53 thousand (US\$85 thousand).

Options may be exercised in whole or in part until the expiry of the exercise period. Holders of the options are entitled to receive notice of certain proposed transactions or events of the Company which may dilute or otherwise affect their options, and may exercise or be deemed to have exercised their options prior to the occurrence thereof. The Company shall keep available sufficient authorised but unissued share capital to satisfy the exercise of the options. Ordinary Shares issued pursuant to an exercise of the options shall rank pari passu in all respects with the Company's existing Ordinary Shares save as regards any rights attaching by reference to a record date prior to the receipt by the Company of the notice of exercise of options. The Company shall apply to admit to trading on AIM the Ordinary Shares issued pursuant to the exercise of options.

The following assumptions have been used:

	DATE GRANT 10 MARCH 2011	DATE OF GRANT 10 MARCH 2011	DATE OF GRANT 11 DECEMBER 2007
Number of shares	500,000	500,000	500,000
Share price at vesting date (Date of Grant)	21.75p	21.75p	100p
Exercise price	30p	30p	150p
Expected volatility	30.2%	30.2%	44.0%
Expected life	5.4 years	6.4 years	5.0 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate	5.00%	5.00%	5.00%

Volatility has been calculated by reference to industry indices at vesting dates.

All share options vested at date of grant and the basis of settlement is in shares of the company.

Share options which expired on 10 December 2012, expired without being renewed.

## 25. Share options (continued)

The number and weighted average exercise price of share options are as follows:

	WEIGHTED AVERAGE EXERCISE PRICE PENCE	NUMBER OF OPTIONS
Exercisable at 1 September 2012	70	1,500,000
Outstanding at 31 August 2013	30	1,000,000
<b>Exercisable at 31 August 2013</b>	<b>30</b>	<b>1,000,000</b>

The Directors are authorised to grant options over the Ordinary Shares on such terms as they shall in their discretion determine up to such maximum number as represents 10 per cent of the number of Ordinary Shares as was in issue at the date of the Company's most recent annual general meeting. 66,749,023 Ordinary Shares were in issue at the annual general meeting of 22 April 2013.

## 26. Loans and borrowings - long term

	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Consilium facility	4,500	4,500	2,000	2,000
Nurture Paynet	2,000	-	-	-
Other trade payables	53	-	54	-
<b>Total</b>	<b>6,553</b>	<b>4,500</b>	<b>2,054</b>	<b>2,000</b>

The 2012 long term payables are in respect of a secured loan facility agreement which the Company entered into on 9 March 2012, with Consilium Corporate Recovery Master Fund Ltd for US\$2,000 thousand. On the same date, the Company entered into a short term secured loan facility agreement with Consilium Emerging Markets Absolute Return Master Fund Ltd for US\$1,000 thousand respectively ("Consilium"). Both these loans were secured by a fixed and floating charge over the assets of the Group.

On 6 December 2012, the Company entered an agreement with Consilium to extend the maturity of the short term facility to 8 March 2014. Consilium simultaneously agreed to lift the general charge over the assets of the Group for 3,000,000 warrants over the ordinary shares of the company as disclosed in note 24.

On 18 February 2013, the Company entered into a further secured loan agreement with Consilium for US\$1,500 thousand for 5,000,000 warrants, as disclosed in note 24 and a first fixed charge over the assets of LonZim Hotels Limited. This facility expires in tandem with all the Consilium debt on 8 March 2014. The total Consilium facility carries a 15% annualised interest rate and fees as follows: 2% drawdown fee, 2% first anniversary fee and 2% repayment charge.

On 1 May 2013, the Company extended the maturity of its debt facility with Consilium to 30 April 2016.

In the event of default, Consilium shall have the option to convert all, or any portion of the outstanding indebtedness at the time of default into shares in Cambria at a 15% discount to the share price at the date of the facility agreements. The option price is 14.05p.

The Consilium Corporate Recovery Master Fund Ltd and Consilium Emerging Markets Absolute Master Fund Ltd share the same investment manager as Consilium Emerging Markets Absolute Return Master Fund Ltd, a substantial shareholder of Cambria, and the transactions are therefore deemed a related party transaction for the purpose of the AIM Rules for Companies.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 26. Loans and Borrowings - longterm (continued)

On 8 May 2013, the Company executed agreements with Cerulean (Mauritius) PCC, ("Nisela") a special purpose vehicle created by a subsidiary of Nisela Capital relating to the placement of US\$2,000 thousand secured, convertible debt into Paynet Limited, its investee company. The conversion feature with the debt represents and embedded derivative for accounting purposes. Included within the loan balance above is an amount of \$91 thousand representing the value of the conversion feature.

The Nisela secured loan facility carries 2% drawdown fee, a 15% coupon, matures on 17 July 2016, and is convertible into 21.3% of Paynet Limited's ordinary share capital at the option of the lender at any time between 17 July 2014 and 12 July 2016. The loan facility is immediately convertible if there is a change in control in the shareholders or Board of Directors of the beneficial owners of Paynet Limited or if there is an initial public offering of the ordinary shares in Paynet Limited on a securities exchange.

The Nisela facility is secured over the property held by Le Har (Private) Ltd and by the cession of the entire portfolio of Paynet Limited's trade debtors as existed at the date of the agreement and in the future.

Other non-current trade payables are in respect of historic Paywell software licence fees with the Payserv Group, which could not be remitted due to Zimbabwe Exchange Regulations. The amounts due were invested in a listed portfolio (see note 20).

## 27. Provisions

	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Provisions	203	29	161	-
<b>Total</b>	<b>203</b>	<b>29</b>	<b>161</b>	<b>-</b>

Provisions at 31 August 2013, are in respect of the maximum Leave Pay and Retirement Gratuity, which may become payable by individual companies on termination of employment.

## 28. Deferred tax liability

### RECOGNISED DEFERRED LIABILITY

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current year.

GROUP	2013		2012	
	ACCELERATED TAX DEPRECIATION US\$'000	TOTAL US\$'000	ACCELERATED TAX DEPRECIATION US\$'000	TOTAL US\$'000
At 1 September	4,108	4,108	1,269	1,269
Recognised directly in reserves	(111)	(111)	2,839	2,839
Other movements	(12)	(12)	-	-
Disposal of subsidiaries	(131)	(131)	-	-
Transfer to held for sale disposal group	(3,301)	(3,301)	-	-
<b>At 31 August</b>	<b>553</b>	<b>553</b>	<b>4,108</b>	<b>4,108</b>

Deferred tax assets off set against deferred tax liabilities in the period were US\$ nil (2012:US\$44 thousand).

## 29. Loans and borrowings - short term

	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Consilium	-	-	1,250	1,250
Purchase of the castle at Leopard Rock Hotel	-	-	442	-
Finance Leases	94	-	-	-
<b>Total</b>	<b>94</b>	<b>-</b>	<b>1,692</b>	<b>1,250</b>

The short term loans and borrowings in the prior year were in respect of secured loan facility agreements which the Company entered into on 9 March 2012 and 9 October 2012 (as a rollover of an existing facility) with Consilium as discussed in note 26.

On 6 December 2012, the loan facilities were extended until 8 March 2014 and thus moved to long term borrowings discussed in note 26.

## 30. Trade and other payables

	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Trade payables	861	-	1,534	-
Non trade payables and accrued expenses	461	2,205	1,291	1,250
<b>Total</b>	<b>1,322</b>	<b>2,205</b>	<b>2,825</b>	<b>1,250</b>
Current tax liability	187	-	284	-
<b>Total</b>	<b>1,509</b>	<b>2,204</b>	<b>3,109</b>	<b>1,250</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purposes is 45 days.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 31. Notes to the statement of cash flows

	GROUP 2013 US\$'000	GROUP 2012 US\$'000
<b>Loss for the year</b>	<b>(11,904)</b>	<b>(25,688)</b>
<i>Adjusted for *:</i>		
Amortisation of intangible assets	608	2,019
Impairment of goodwill	-	7,363
Impairment of held for sale assets	2,807	-
Depreciation of property, plant and equipment	871	1,217
Loss on sale of property, plant and equipment	93	3,243
Impairment of current assets	626	3,301
Valuation adjustments to inventories, receivables and other assets	49	7
Fair value adjustment of intangibles	-	3,428
Gain on write-off of non Group shareholder loan	-	(863)
Loss on disposal of subsidiaries	1,823	-
Finance income	(283)	(312)
Finance costs	1,063	674
Share based payment reserve	(269)	85
Increase/(decrease) in provisions	102	(889)
Income tax charge	204	496
Foreign exchange	-	11
<b>Operating cash flows before movements in working capital</b>	<b>(4,210)</b>	<b>(5,908)</b>
Increase in inventories	(329)	(204)
Decrease/(increase) in trade and other receivables	308	(1,751)
Decrease in trade and other payables	(850)	(71)
Decrease/(increase) in long term receivables	3,702	-
<b>Cash used in operations</b>	<b>(1,379)</b>	<b>(7,934)</b>

\* All amounts include both continuing and discontinued. Cash flows for discontinued operations are given in note 11.

## 32. Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (comprises: foreign currency risk and interest rate risk)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

### RISK MANAGEMENT FRAMEWORK

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

## 32. Financial instruments (continued)

### CREDIT RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are regularly monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit- ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. At the reporting date, there were no significant credit risks.

### EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the Group and Company's maximum exposure to credit risk at the reporting date, being the total of the carrying amount of financial assets, excluding equity investments is shown in the table below.

	NOTE	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Cash and cash equivalents	22	1,838	1,210	131	178
Trade and other receivables	5,17,21	1,263	31	5,579	4,606
Shareholder loan receivables	21	-	25,617	-	23,291
Other investments	20	58	-	42	-
<b>Total</b>		<b>3,159</b>	<b>26,858</b>	<b>5,752</b>	<b>28,075</b>

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	GROUP 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
United Kingdom	31	24,760	4,529	27,897
Southern Africa	1,229	818	-	-
Mauritius	-	67	1,050	-
Europe	3	3	-	-
<b>Total</b>	<b>1,263</b>	<b>25,648</b>	<b>5,579</b>	<b>27,897</b>

# Notes to the Financial Statements

For the year ended 31 August 2013

## 32. Financial instruments (continued)

The maximum exposure to credit risk for trade and other receivables (excluding trade creditors which are linked to listed investments per contract with the supplier - see note 20 US\$58 thousand (2012: US\$42 thousand)) at the reporting date by type of counterparty was:

	GROSS 2013 US\$'000	COMPANY 2013 US\$'000	GROUP 2012 US\$'000	COMPANY 2012 US\$'000
Trade customers	902	31	1,050	77
Sale of investment proceeds (note 17 and 21)	361	-	4,529	4,529
Amounts owed by Group undertakings	-	25,617	-	23,291
<b>Total</b>	<b>1,263</b>	<b>25,648</b>	<b>5,579</b>	<b>27,897</b>

The ageing of trade and other receivables at the reporting date was:

	GROUP			COMPANY		
	GROSS 2013 US\$'000	IMPAIRMENT 2013 US\$'000	TOTAL 2013 US\$'000	GROSS 2013 US\$'000	IMPAIRMENT 2013 US\$'000	TOTAL 2013 US\$'000
Neither past nor impaired	564	-	564	25,617	-	25,617
Past due 1-30 days	572	(19)	553	31	-	31
Past due 31-60 days	84	-	84	-	-	-
Past due 61-90 days	71	(9)	62	-	-	-
Past due 91-days +	54	(54)	-	-	-	-
<b>Total</b>	<b>1,345</b>	<b>(82)</b>	<b>1,263</b>	<b>25,648</b>	<b>-</b>	<b>25,648</b>

Based on the Group's monitoring of customer credit risk, the Group believes that no further impairment allowance is necessary in respect of trade receivables not past due.

### LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash and another financial asset.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by regularly monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.



## 32. Financial instruments (continued)

### LIQUIDITY RISK MANAGEMENT (CONTINUED)

The following are the contractual, undiscounted maturities of financial liabilities, including estimated interest payments and excluding the effect of netting arrangements:

GROUP	CONTRACTUAL CASH FLOWS 2013			CONTRACTUAL CASH FLOWS 2012		
	CARRYING AMOUNT US\$'000	1 YEAR OR LESS US\$'000	2 TO < 5 YEARS US\$'000	CARRYING AMOUNT US\$'000	1 YEAR OR LESS US\$'000	1 TO < 5 YEARS US\$'000
Bank overdrafts	398	398	-	337	337	-
Trade and other payables	1,546	1,546	-	2,825	2,825	-
Loans and borrowings	6,647	1,082	5,565	3,746	1,692	2,054
<b>Total</b>	<b>8,591</b>	<b>3,026</b>	<b>5,565</b>	<b>6,908</b>	<b>4,854</b>	<b>2,054</b>

COMPANY	CONTRACTUAL CASH FLOWS 2013			CONTRACTUAL CASH FLOWS 2012		
	CARRYING AMOUNT US\$'000	1 YEAR OR LESS US\$'000	2 TO < 5 YEARS US\$'000	CARRYING AMOUNT US\$'000	1 YEAR OR LESS US\$'000	1 TO < 5 YEARS US\$'000
Trade and other payables	598	598	-	1,250	1,250	-
Shareholder loan payables	1,607	1,607	-	-	-	-
Loans and borrowings (note 27)	4,500	666	3,834	3,250	1,250	2,000
<b>Total</b>	<b>6,705</b>	<b>2,871</b>	<b>3,834</b>	<b>4,500</b>	<b>2,500</b>	<b>2,000</b>

As disclosed in note 26 the loans and borrowings amounts due to Consilium are secured by a fixed and floating charge over the assets of the Group. In the event of default, Consilium shall have the option to convert all, or any portion of the outstanding indebtedness at the time of default into shares in Cambria at a 15% discount to the share price at the date of the facility agreements. The effective option price is £14.05p.

It is not expected that the cash flows included in the maturity analysis will occur significantly earlier, or at significantly different amounts.

### FOREIGN CURRENCY RISK MANAGEMENT

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than United States Dollars. The currencies giving rise to this risk are primarily the Pound Sterling, Euro, Zambian Kwacha, and the South African Rand. In respect of other monetary assets and liabilities held in currencies other than United States Dollars, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The following significant exchange rates applied during the year:

	AVERAGE RATE 2013	REPORTING DATE SPOT RATE 2013	AVERAGE RATE 2012	REPORTING DATE SPOT RATE 2012
Pounds Sterling (GBP)	0.64	0.65	0.64	0.63
Euro (EUR)	0.76	0.76	0.77	0.80
Zambian Kwacha (ZMW)	5.14	5.35	-	-
South African Rand (ZAR)	9.11	8.99	8.31	8.43

# Notes to the Financial Statements

For the year ended 31 August 2013

## 32. Financial instruments (continued)

### FOREIGN CURRENCY RISK MANAGEMENT (CONTINUED)

With effect from 1 January 2013, the Zambian Kwacha was re-denominated by dividing the currency denomination by one thousand units. The currency ticker was amended to ZMW. The Group had no exposure to the Zambian Kwacha (ZMK) in the prior period.

The Company does not have any exposure to currency forward exchange contracts at the reporting date (2012: US\$nil).

### SENSITIVITY ANALYSIS

In managing foreign currency risks the Group aims to reduce the impact of short and long-term fluctuations on the Group's earnings. A 10 percent strengthening/weakening of the listed currencies against the USD at 31 August 2013 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. This analysis is performed on the same basis for 2012 and assumes that all other variables remain the same.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date and their sensitivity is as follows:

	EXPOSURE IN FINANCIAL STATE- MENT POSITION US\$'000	STRENGTHENING PROFIT OR LOSS US\$'000	WEAKENING PROFIT OR LOSS US\$'000
<b>31 AUGUST 2013</b>			
Pounds Sterling (GBP)	(290)	17	(17)
Euro (EUR)	13	(1)	1
South African Rand (ZAR)	(53)	1	(1)
Zambian Kwacha (ZMW)	22	-	-
<b>31 AUGUST 2012</b>			
Pounds Sterling (GBP)	(723)	42	(42)
Euro (EUR)	(438)	32	(32)
South African Rand (ZAR)	51	-	-

### INTEREST RATE RISK MANAGEMENT

Due to the liquidity constraints in the Zimbabwean economy, the consequential interest rate risk the Group would be subject to if it relied solely on short term Zimbabwean sourced borrowings, would be marked. The Group has, where possible, secured one year fixed interest rate overdraft and loan agreements with its bankers in Zimbabwe and has subsequent to year end, engaged with ZETREF (Zimbabwe Economic and Trade Revival Facility) to provide longterm funding at rates linked to Libor, but significantly discounted to that available directly from the Zimbabwean Banks. Additionally, the Company has, mitigated its interest rate risk, by entering into a number of long term, offshore facility agreements with fixed rates of interest.

## 32. Financial instruments (continued)

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. At the reporting date the interest rate profile of the Group's interest bearing financial instruments was as follows :

CARRYING VALUE	2013 US\$'000	<i>Restated</i> 2012 US\$,000
<b>FIXED RATE INSTRUMENTS</b>		
Financial assets	-	4,529
Financial liabilities	(6,594)	(3,250)
<b>Total</b>	<b>(6,594)</b>	<b>(1,279)</b>
<b>VARIABLE RATE INSTRUMENTS</b>		
Financial assets	2,136	359
Financial liabilities	(398)	(199)
<b>Total</b>	<b>1,738</b>	<b>160</b>

## CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

Currently management is discussing alternatives for extending the Group's share option programme beyond key management and other senior employees. No decisions have been made.

The Board seeks to maintain a balance between higher returns that might be possible with high levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a long term return on capital above 20%. In 2013 the return was (13%), (2012: (64%)). In comparison the weighted average interest expense on interest bearing borrowings (excluding liabilities with imputed interest) was 15% (2012: 17%).

# Notes to the Financial Statements

For the year ended 31 August 2013

## 32. Financial instruments (continued)

### FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

GROUP	LOANS AND RECEIVABLES 2013 US\$'000	CARRYING AMOUNT 2013 US\$'000	FAIR VALUE 2013 US\$'000
Cash and cash equivalents (net of bank overdraft)	1,738	1,738	1,738
Trade and other receivables	12,724	12,724	12,724
Other investments	58	58	58
Trade and other payables	(1,546)	(1,546)	(1,546)
Loans and borrowings	(6,647)	(6,647)	(6,647)
<b>Total</b>	<b>6,327</b>	<b>6,327</b>	<b>6,327</b>

GROUP	LOANS AND RECEIVABLES 2012 US\$'000	CARRYING AMOUNT 2012 US\$'000	FAIR VALUE 2012 US\$'000
Cash and cash equivalents (net of bank overdraft)	131	131	131
Trade and other receivables	5,579	5,579	5,579
Other investments	42	42	42
Trade and other payables	(2,825)	(2,825)	(2,825)
Loans and borrowings	(3,746)	(3,746)	(3,746)
<b>Total</b>	<b>(819)</b>	<b>(819)</b>	<b>(819)</b>

COMPANY	LOANS AND RECEIVABLES 2013 US\$'000	CARRYING AMOUNT 2013 US\$'000	FAIR VALUE 2013 US\$'000
Cash and cash equivalents (net of bank overdraft)	1,210	1,210	1,210
Trade and other receivables	25,648	25,648	25,648
Trade and other payables	(2,205)	(2,205)	(2,205)
Loans and borrowings	(4,500)	(4,500)	(4,500)
<b>Total</b>	<b>20,153</b>	<b>20,153</b>	<b>20,153</b>

COMPANY	LOANS AND RECEIVABLES 2012 US\$'000	CARRYING AMOUNT 2012 US\$'000	FAIR VALUE 2012 US\$'000
Cash and cash equivalents (net of bank overdraft)	178	178	178
Trade and other receivables	27,897	27,897	27,897
Trade and other payables	(1,250)	(1,250)	(1,250)
Loans and borrowings	(3,250)	(3,250)	(3,250)
<b>Total</b>	<b>23,575</b>	<b>23,575</b>	<b>23,575</b>

## 32. Financial instruments (continued)

THE FAIR VALUE OF ASSETS AND LIABILITIES CAN BE CLASSED IN THREE LEVELS.

Level 1	Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 August 2013, the Group holds the following investment at fair value:

GROUP	LEVEL 1 2013 US\$'000	LEVEL 2 2013 US\$'000	LEVEL 3 2013 US\$'000	TOTAL 2013 US\$'000
Quoted investments portfolio	58	-	-	58
<b>Total</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>58</b>

GROUP	LEVEL 1 2012 US\$'000	LEVEL 2 2012 US\$'000	LEVEL 3 2012 US\$'000	Restated TOTAL 2012 US\$'000
Quoted investments portfolio	42	-	-	42
<b>Total</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>42</b>

### ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table.

#### CASH AND CASH EQUIVALENTS (NET OF BANK OVERDRAFT)

Fair value approximates its carrying amount largely due to the short-term maturities of this instrument.

#### LOANS AND BORROWINGS

Fair value has been derived from quoted prices.

#### TRADE RECEIVABLES AND PAYABLES

For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

#### LOANS AND BORROWINGS

Fair value has been derived from quoted prices.

# Notes to the Financial Statements

For the year ended 31 August 2013

## 32. Financial instruments (continued)

### OTHER INVESTMENTS

Fair value has been derived from quoted prices.

## 33. Operating leases

### LEASES AS LESSEE

At the reporting date, the Group had US\$nil (2012: US\$ nil) outstanding annual commitments for future minimum lease payments under non-cancellable operating leases.

During the year ended 31 August 2013, US\$253 thousand (2012: US\$214 thousand, as restated) was recognised as an expense in the income statement in respect of operating leases. Operating lease payments represents rentals payable by the Group for certain of its properties. Leases are negotiated for a minimum term of 1 year and rentals are fixed for the period.

### LEASES AS LESSOR

At the reporting date, the Group had US\$15 thousand (2012: US\$nil) outstanding annual commitments for future minimum lease receipts under operating leases. These were not non-cancellable leases and amounts are receivable to 31 December 2013. During the year ended 31 August 2013, US\$3 thousand (2012: US\$nil, as restated) was received under lease agreements.

## 34. Finance leases

	GROUP 2013	GROUP 2012
	US\$'000	US\$'000
<b>CREFIN LOAN</b>		
Minimum lease payments	122	-
Finance cost	(28)	-
<b>Present value</b>	<b>94</b>	

The above current financial liability, measure at amortised cost is secured by a finance lease agreement in respect of motor vehicles. Ownership will transfer to Paynet Zimbabwe (Pvt) Ltd, after payment of the nominal amount. Interest is charged at 28.27% per annum for one agreement and 25.7% for the other. The amount is included in current trade and other payables.

## 35. Income statement of Cambria Africa Plc

There is no requirement under the Isle of Man Companies Act 2006 to present a company income statement. The loss for the year to 31 August 2013 was US\$4,662 thousand (2012: US\$22,587 thousand).

## 36. Capital commitments

The capital commitments at 31 August 2013 totalled US\$nil (2012: US\$nil).

## 37. Guarantees

On 1 February 2013, the Company renewed an unsecured Deed of Guarantee with MEKZ Limited for US\$355 thousand, which expires on 30 June 2014. The Guarantee is in respect of the credit facility which is provided to Gardoserve (Pvt) Limited, a Group company.

## 38. Contingent liabilities and assets

### CONTINGENT LIABILITIES

Tradanet (Private) Limited ("Tradanet"), a 51% subsidiary of the Group, has formally appealed against the decision of the Commissioner General of the Zimbabwe Revenue Authority ("ZIMRA") to levy penalty interest of US\$53 thousand relating to the payment of a Value Added Tax ("VAT") liability. During the period, ZIMRA re-assessed the tax status of Tradanet, and determined that the entity should have been registered for VAT, having initially declined registration. Due to the circumstances, the potential 100% penalties were waived in full by ZIMRA. The historic VAT liability of US\$294 thousand has been charged to income in the period under review.

On 30 July 2013, the Group, pursuant to its disposal of Blueberry International Limited, ("Blueberry"), provided warranties to the Purchaser, relating to the disclosure of assets and liabilities and certain representations made during the sale process. These warranties remain in force and effect until 30 September 2014 in respect of a General Warranty Claim and 30 September 2015, for a Fundamental Warranty Claim. The liability of the Group in respect of the aggregate of all warranty claims shall not be less than US\$25 thousand for a single claim and US\$50 thousand in aggregate and all claims shall not in total exceed US\$1,000 thousand. To the date of the report, no formal warranty claim has been lodged by the Purchaser.

## 38. Contingent liabilities and assets (continued)

### CONTINGENT LIABILITIES (CONTINUED)

At the balance sheet date, the Leopard Rock Hotel Company (Pvt) Ltd, a Group company, had eleven open labour cases with the courts. Total exposure for unprovided settlement amounts is not anticipated to exceed US\$25 thousand.

On 26 August 2011, the Group, pursuant to its disposal of Sol Aviation (Pvt) Ltd, ("Sol Aviation") entered into a Memorandum of Understanding with the purchaser, whereby the purchaser would be fully indemnified in respect of any claim, made either by Royal Khmer Airlines International (Pte) Limited ("Royal Khmer") or Fly540 Aviation Limited ("Fly540") pursuant to the Memorandum of Understanding entered into by Sol Aviation and Royal Khmer and a licence agreement entered into between Sol Aviation and Fly540. To the date of this report no claims have been lodged under this indemnity against the Group.

On 16 August 2012, the Group, pursuant to its disposal of the scrap remains of the aircraft owned by LonZim Air (BVI) Limited, indemnified the purchaser, against any claims or costs arising in connection with any claim made by 540 (Uganda) Limited against LonZim Air (BVI) Limited to a maximum value of US\$50 thousand.

There are no other known contingent liabilities at the balance sheet date.

### CONTINGENT ASSETS

At the balance sheet date, the Company has the following contingent assets:

#### LONZIM AIR (B.V.I.) LIMITED

Cambria owned two aircraft through its subsidiary LonZim Air (B.V.I.) Limited, a Fokker F27-500 Cargo (F27) and an ATR 42-320 (ATR). The F27 was leased to 540 (Uganda) Limited in September 2008 and the ATR was leased to Five Forty Aviation Limited in July 2009, (both entities collectively "540"). A third aircraft leased by 540 was destroyed in an accident in January 2011. Cambria considers that substantial sums are due from 540 which relate to, inter alia, maintenance reserve and lease charges, related contractual interest payment of insurance proceeds, the deterioration in market value of the aircraft and the significantly lower amount the Company was able to obtain through a sale due to the poor condition the aircraft were found to be in.

## 39. Related parties

### IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its subsidiaries (see note 18), and with its Directors and executive officers.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. All related party transactions are conducted on terms equivalent to arms length transactions.

### GROUP AND COMPANY

### TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE ENTITY

At the date of listing on AIM, 11 December 2007, the Company issued shares to the value of US\$14,854 thousand (£7,290 thousand) to Lonrho Plc in exchange for Lonrho Plc entering into a non-compete agreement. The agreement covered a period of five and a half years and had been initially recognised as an intangible asset with a valuation of US\$14,854 thousand (£7,290 thousand). The book value of this intangible asset which was being amortised over the period of the agreement, was fully written off in the prior period.

On 12 September 2012, the company was advised that Lonrho Plc had disposed of its 22% shareholding in the Company to an interest of less than 3%, the minimum notification threshold.

On 18 July 2013, the Company entered into a Settlement Agreement with Lonrho Plc, whereby Cambria Africa Plc received US\$2,665 thousand, in settlement of various claims and receivables balances which included, inter alia, extinguishment of outstanding balances related to the sale of ATDM (note 17), the Churchill Estates receivable, which the group had fully provided for in the prior year, claims related to the Management Services and Continuing Relationship Agreement between the Company and Lonrho Plc, claims relating to the Hotel Refurbishment and Management Agreement between LonZim Hotels Limited and Lonrho Hotels Management Services (BVI) Limited ("LHMS") ("Hotel Management Agreement"), the early termination of the Hotel Management Agreement, and other claims between the Company and its subsidiaries and Lonrho Plc Group companies. The Group loss on the settlement agreement, before amounts provided for in the prior period was US\$348 thousand.

# Notes to the Financial Statements

*For the year ended 31 August 2013*

## 39. Related parties (continued)

### TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE ENTITY (CONTINUED)

During the period up to 18 July 2013, LHMS, a subsidiary of Lonrho Plc provided Management Services to Leopard Rock Hotel Company (Pvt) Ltd (the "Hotel"), a Group company, under contract, fees for which are determined as a percentage of Turnover and Operating Profit. Subsequent to the Settlement Agreement entered into with Lonrho Plc and the Company, management fees for the year were US\$89 thousand (2012: US\$187 thousand). Other recharges from LHMS to the Hotel amounted to US\$1 thousand (2012: US\$85 thousand). At 31 August 2013, the amount payable to LHMS was US\$nil (2012: US\$221 thousand). The gain on write-off the management fees and recharges relating to the prior year US\$282 thousand, and other Lonrho debtors US\$33 thousand.

Rollex (Private) Limited ("Rollex"), a subsidiary of Lonrho Plc, provided freight services and delivery of provisions to the Hotel. Total purchases for the year ended 31 August 2013 was US\$23 thousand (2012: US\$21 thousand). At 31 August 2012, the amount payable to Rollex was US\$nil thousand (2012: US\$23 thousand).

Global Horizons Ltd T/A as AFEX, a subsidiary of Lonrho Plc, provided satellite landing rights to the Hotel for the provision of its Internet Services. Total purchases for the year ended 31 August 2013 was US\$31 thousand (2012: US\$58 thousand). At 31 August 2012, the amount payable to AFEX was US\$ nil (2012: US\$5 thousand).

Diospyros Investments (Pvt) Limited, trading as CES Zimbabwe has a franchise agreement with Complete Enterprise Solutions Mauritius ("CES Mauritius"), a Lonrho Plc group company for the use of its proprietary interest trademarks and brand names, business model and management expertise. Under the agreement CES Mauritius also provided working capital support to CES Zimbabwe. During the period, under review, CES Zimbabwe paid service charges of US\$nil thousand (2012: US\$38 thousand). Other interest recharges amounted to US\$nil (2012: US\$16 thousand). At 31 August 2012, the amount payable to CES Mauritius was US\$nil (2012: US\$255 thousand). At 31 August 2013 CES Zimbabwe was disposed for US\$ nil (see note 11 and 18).

During the period Itai Mazaiwana, a director of the Company, provided additional consultancy services to the Company amounting to US\$13 thousand (2012: US\$44 thousand) At 31 August 2013, the amount payable to Itai Mazaiwana was US\$nil (2012: US\$14 thousand).

During the period Paul Heber, a director of the Company until 10 December 2012, provided additional consultancy services to the Company amounting to US\$11 thousand (2012: US\$nil) At 31 August 2012, the amount payable to Paul Heber was US\$nil (2012: US\$nil)

At 31 August 2012, the following amounts were payable to Directors in respect of Directors fees : Edzo Wisman US\$13 thousand (2012: US\$88 thousand), Tania Sanders US\$11 thousand (2012: US\$nil), Ian Perkins US\$nil (2012: US\$81 thousand).

On 14 February 2013, FMNA was sold to ForgetMeNot Software Limited ("FMNS"), the 49% shareholder in FMNA (see notes 11 and 18).

During the period up to 14 February, FMNS provided services and processed recharges to FMNA in the period totalling US\$3 thousand (2012: US\$191 thousand).

FMN Research Limited ("FMNR") (a company controlled by Mr J George, the Chief Executive Office and Managing Director of FMNA), provided services up to 14 February 2013 totalling US\$74 thousand (2012: US\$218 thousand). The services provided by FMNR included technical support and software enhancements for FMNA customers, and marketing support.

Lonrho Africa Holdings Limited ("LAHL"), a subsidiary of Lonrho Plc, provided services to FMNA in the period for US\$nil (2012: US\$17 thousand).

During the period the Company entered into a number of transactions with The Consilium Corporate Recovery Master Fund Ltd, the Consilium Emerging Markets Absolute Return Master Fund Ltd (jointly "Consilium") a substantial shareholder of Cambria. Loan funding received during the period amounted to US\$1,500 thousand (2012: US\$3,250 thousand). Interest and Fees paid during the period amounted to US\$755 thousand (2012: US\$240 thousand) (see notes 24 and 26).



### 39. Related parties (continued)

#### TRANSACTIONS WITH ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE ENTITY (CONTINUED)

On 1 October 2012, Consilium participated in the Company's equity placement, for US\$375 thousand, purchasing 2,308,000 shares at 10p per share for total value US\$375 thousand.

#### TRANSACTIONS WITH SUBSIDIARY ENTITIES WITHIN THE GROUP

##### *Celsys Limited*

Celsys Limited, was until 31 July 2013, a 60% held subsidiary of the Group and provided printing services to Group Companies of US\$16 thousand (2012: US\$12 thousand). All charges were at market value, arms length rates.

##### *Leopard Rock Hotel Company (Private) Limited ("LRH")*

LRH, a 100% subsidiary of the Group, provided hospitality services to the Group amounting to US\$4 thousand (2012: US\$12 thousand). All charges were at market value, arms length rates.

Hospitality services provided to employees and individuals with significant influence over the entity amounted to US\$2 thousand. The market value of such related party services provided was US\$3 thousand (2012: US\$2 thousand, and US\$2 thousand respectively).

In the prior year, LRH provided short term bridge financing to Gardoserve (Pvt) Ltd which reached a maximum amount of US\$130 thousand, over a period of 6 months from 1 December 2012 at an interest rate of 23% per annum. Interest paid on this funding was US\$ nil (2012: US\$ 7,674). No balances remained outstanding at year end (2012: US\$ nil).

##### *Diospyros Investments (Private) Limited – T/A CES Zimbabwe ("CES")*

CES was until 31 August 2013, a 100% subsidiary of the Group. CES provided IT hardware and IT maintenance services to Group companies amounting to US\$25 thousand (2012: US\$113 thousand). Group companies enjoyed a 5% discount to the market price on all hardware and paid arms length prices for IT maintenance services.

##### *Paynet Zimbabwe (Private) Limited ("Paynet Zimbabwe")*

Paynet Zimbabwe, a 100% subsidiary of the Group provides services including payroll processing, software licensing, training and utility and property sublets to fellow subsidiaries which amounted to US\$21 thousand (2012: US\$20 thousand). All charges were at market value, arms length rates.

Up until 5 September 2013, Paynet Zimbabwe provided hardware hosting services to Celsys Limited on a no charge basis. The estimated market value of the hosting services provided for the period under review was US\$4 thousand (2012: US\$4 thousand).

Paynet Zimbabwe holds a licence to use, sell and develop software owned by Paynet Limited and uses the Paywell software through a licence with fellow subsidiary African Solutions Limited. Total licence fees paid in the period were US\$772 thousand (2012: US\$614 thousand).

#### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel are the holding Company Directors and executive officers. Edzo Wisman an Executive Director, participates in the share option scheme. Other Directors and key personnel are eligible to participate in the share option scheme (see note 25). Total remuneration is included in "personnel expenses" (see note 8).

	YEAR ENDED 31 AUGUST 2013 US\$'000	YEAR ENDED 31 AUGUST 2012 US\$'000
Directors	783	751
Executive officers	1,053	847

# Notes to the Financial Statements

For the year ended 31 August 2013

## 39. Related parties (continued)

### DIRECTOR'S REMUNERATION

	TOTAL 2013 US\$000	TOTAL 2012 US\$000
E Wisman	317	239
T Sanders	237	83
I Perkins	120	80
P Turner	50	200
I Mazaiwana	38	19
F Jones	15	-
P Heber	6	68
J Ellis	-	19
D Lenigas	-	9
G White	-	9
D Armstrong	-	9
E Priestley	-	9
C Orr-Ewing	-	7
<b>Total</b>	<b>783</b>	<b>751</b>

## 40. Events after the reporting date

### *Gardoserve (Private) Limited*

On 13 September 2013, FBC Bank Limited, of Zimbabwe substituted a portion of Gardoserve (Private) Limited's working capital overdraft facility for funds amounting to US\$300 thousand, to be provided by Zimbabwe Economic and Trade Revival Facility (ZETREF). The Government of Zimbabwe provides 30% of the capital funding of ZETREF operations. The facility incurs interest at Libor for 3 months deposit plus 8% per annum, and is renewable on 21 August 2014.

### *Equity Placement*

On 19 February 2014, Cambria announced that approximately US\$4 million (before expenses), or UK£2.4 million, has been raised by a placing with new and existing institutional and other investors of 32,406,139 new ordinary shares in the Company.

The placing price was 7.5 pence per Ordinary Share being a 9.6% discount to the 30-day volume weighted average market price on 10 February 2014.

The Placing will provide working capital to support the Company's expansion strategy for Millchem and Payserv as in the Chief Executive's Report.

#### COMPANY SECRETARY AND CONTACT DETAILS

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# Shareholder Information

*For the year ended 31 August 2013*

## Analysis of ordinary shareholdings as at 18 February 2014

	NUMBER OF HOLDERS	% OF TOTAL HOLDERS	NUMBER OF SHARES	% OF TOTAL SHARES
<b>Category of shareholder</b>				
Private shareholder	79	31.73	2,184,165	3.27
Banks, nominees and other corporate bodies	170	68.27	64,564,858	96.73
<b>Total</b>	<b>249</b>	<b>100%</b>	<b>66,749,023</b>	<b>100%</b>
<b>Shareholding range</b>				
1 – 5,000	92	36.95	228,848	0.35
5,001 – 50,000	75	30.12	1,404,771	2.10
50,001 – 100,000	29	11.65	2,218,701	3.32
100,001 – 500,000	31	12.45	8,561,337	12.83
500,001 – 1,000,000	10	4.02	7,578,121	11.35
1,000,001 – 5,000,000	9	3.61	19,197,742	28.76
5,000,001 – 10,000,000	2	0.80	13,306,840	19.94
10,000,001 – 50,000,000	1	0.40	14,252,663	21.35
<b>Total</b>	<b>249</b>	<b>100%</b>	<b>66,749,023</b>	<b>100%</b>

## REGISTRARS

All administrative enquiries relating to shareholdings, such as queries concerning dividend payments, notification of change of address or the loss of a share certificate, should be addressed to the Company's registrars.

## UNSOLICITED MAIL

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should write to the Mailing Preference Society, Freepost 29 Lon20771, London W1E 0ZT.

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