

∞ CAMBRIA

CAMBRIA AFRICA PLC  
**ANNUAL REPORT**  
**2018**



***Committed to relentlessly  
increasing shareholder value.***



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# About Cambria Africa Plc:

Cambria Africa Plc (AIM: CMB), is an AIM listed investment company holding controlling interests and active management control in companies well-positioned to benefit from the growth and modernisation of Zimbabwe's economy. Its wholly owned operations in Zimbabwe are:

- Payserv Africa, a FinTech company with \$7.57 million in revenues in FY 2018. Payserv's Paynet Zimbabwe subsidiary holds a dominant position in the country's electronic payments market, facilitating about 40% of all payments in the country. Paynet has a proven track record of secure transactions with ubiquitous presence in all financial institutions and Mobile Network Operations (MNO's). Paynet's product is used by every government department and by over 5,500 of the largest private banking customers. Paynet serves over 2.5 million unique final beneficiaries in Zimbabwe. Paynet also cuts a wide swath in Zimbabwe's payroll management and consumer loan processing markets. Payserv is ideally positioned to leverage its existing technology platforms to exploit opportunities which arise from FinTech disruptions. Payserv intends to introduce innovative payment technologies and distributed ledger security to increase its penetration in the consumer market which represents 97% of transaction volumes.
- Millchem Zimbabwe is a value-added chemicals distributor with \$1.88 million in revenues for FY 2018. The company is currently focused on ethanol based solvents due to the significant local availability of ethanol. Millchem achieved its first profit in more than four years following the successful implementation of Cambria's turnaround program.

## Results for the Year

The company achieved record audited earnings per share of 0.50 US cents (0.38 p) in FY 2018. This differs by 0.02 cents per share from the preliminary unaudited results announced by the company on 8 November 2018. The difference is a result of the application of an IFRS2: Share Based Payment audit adjustment relating to expensing shares issued to directors and executives on 22 May 2018.

The Company achieved audited earnings per share of 0.57 US cents (0.44 p) before once-off reorganization costs, an increase of 159%.

In accordance with International Financial Reporting Standards, the closure of Payserv Zambia in early 2017 has been treated as discontinued operations. Accordingly, Payserv Zambia's loss of \$153,000 has been excluded from continuing operations in the comparative FY 2017 results.

### FY 2018 RESULTS HIGHLIGHTS:

12 MONTHS (US\$'000)	2018	2017	CHANGE
<b>Group:</b>			
- Revenue	9,441	8,598	10%
- Consolidated EBITDA	3,459	1,230	181%
- Operating cash flows	4,577	421	987%
- Group Profit/(loss) after tax ("PAT")	1,897	( 349)	\$2,246
- Central costs	185	1,268	( 85%)
- EPS - cents	0.50	( 0.12)	0.62c
<b>Excluding non-recurring legal &amp; reorganisation costs:</b>			
- EPS - cents	0.57	0.22	159%
- Consolidated EBITDA	3,721	2,194	70%
- Central costs	185	311	( 41%)
- Group PAT	2,159	608	255%
<b>Divisional:</b>			
- Payserv - profit after tax ("PAT")	2,336	1,776	32%
- Payserv - EBITDA	3,320	2,648	25%
- Millchem - EBITDA	240	( 143)	\$382

### Group:

- Cambria achieved record Profit after Tax (“PAT”) of \$1.90 million for FY 2018, a turnaround of \$2.25 million from a loss of \$349,000 in FY 2017 on a 10% increase in consolidated revenues to \$9.44 million from \$8.60 million in FY 2017.
- Earnings Per Share (“EPS”) increased to 0.50 US cents, an increase of 0.62 cents from a loss of 0.12 cents per share in FY 2017.
  - Excluding once-off legal and reorganisation costs, EPS increased 163% to 0.57 US cents from 0.22 cents in FY 2017.
- Consolidated EBITDA increased 180% to \$3.46 million from \$1.24 million in FY 2017.
  - Excluding once-off legal and reorganisation Costs, Cambria increased its consolidated EBITDA by 70% to \$3.72 million from \$2.20 million in FY 2017.
- Cambria’s central costs decreased by 85% to \$185,000 from \$1.27 million in FY 2017. Excluding legal costs, Cambria’s central costs decreased by a further 15% to \$263,000 from \$311,000 in FY 2017. Central costs for FY 2018 include an IFRS 2: Share Based Payment expense of \$68,000 relating to the issue of shares to Non-Executive Directors and management on 22 May 2018. Cambria’s CEO continued to render his services to Cambria without compensation during FY 2018.
- Group interest costs fell 32% to \$252,000 after the partial conversion and partial repayment of VAL loans. Consolidated debt decreased to \$619,000 from \$3.33 million at the end of FY 2017, of which \$205,000 is domiciled in Zimbabwe.

### Divisional:

- Payserv achieved record profit before tax (PBT) of \$3.1 million with a:
  - 19% increase in revenues to \$7.57 million,
  - 37% increase in consolidated EBITDA to \$3.63 million, before reorganisation costs of \$262,000,
  - 28% increase in PBT to \$3.1 million,
  - 32% increase in consolidated PAT to \$2.34 million.
- Millchem, at a PAT of \$217,000 achieved profitability for the first time in four years with:
  - \$1.88 million in revenues, a reduction of 16% still reflecting the strategy to focus on a more profitable product mix. Notably, sales volumes on a like-for-like product basis, have started to increase during FY 2018,
  - 29% gross profit margin, a 58% improvement from 18% gross profit margin in FY 2017,
  - \$383,000 turnaround in EBITDA to \$240,000 from a loss of \$143,000 in FY 2017,
  - \$250,000 (45%) reduction in overheads,
  - \$383,000 turnaround in PAT to \$217,000 from a loss of \$169,000 in FY 2017.

## Radar Acquisition and Subsequent Events:

Before the end of the Financial Year Paynet Zimbabwe (Pvt) Ltd (“Paynet”), a wholly owned subsidiary of Cambria, acquired a beneficial interest of 7.83% in Radar Holdings Limited (“Radar”), an unlisted public company in Zimbabwe (“the Radar Acquisition”). The effective date of the Radar Acquisition was 31 August 2018 and has accordingly been included in the Results.

The Radar Acquisition was settled through the subscription by Paynet for 62.84% of the ordinary shares of AF Philip & Company (Pvt) Ltd (“AF Philip”). AF Philip holds a 15.65% interest in Hinshaw (Pvt) Ltd (“Hinshaw”) which, through its wholly owned subsidiaries, holds a 79.65% interest in Radar. The total consideration of \$1.6 million translated into an effective price of 40 US cents per Radar share.

Subsequent to the end of the financial year, Paynet deployed \$400,000 to acquire an additional 1.15% shareholding in Radar. The transaction was implemented through the same subscription mechanism described above at an effective price of 68 US cents per Radar share.

Cambria is in discussions to further increase its shareholding in Radar. Should the opportunity arise, the Company will rely on the pre-emptive rights of AF Philip to increase its shareholding in Hinshaw which owns 79.65% of Radar shares. In the opinion of the Board, Radar will be a direct beneficiary of any uptick in the Zimbabwe economy through its regional monopoly in brick manufacturing and its significant development land holdings. In addition, the Radar investment provides an attractive hedge against the possible deterioration in the purchasing power of cash and cash-equivalents in Zimbabwe.

## Outlook:

The Company updated its shareholders on the impact of shifts in parallel exchange rates in its recent RNS announcements (6 October 2018 and 8 November 2018). On 12 January, the government of Zimbabwe, recognizing these disparities in the parallel rate, increased the mandated price of fuel in “local dollars” to \$3.31 and \$3.14 for petrol and diesel respectively. Tellingly, they maintained a price of \$1.32 and \$1.24 when payment is made with US dollars cash or international credit card – implying the government sees the value of a “real” dollar to be 2.5x the value of local dollars.

The outlook for Direct Foreign Investment (DFI) and balance of payment support for Zimbabwe significantly dimmed following violent protests and the ensuing clampdown by government forces. Historically, companies that have survived such seismic shifts in the country’s fortunes have come back stronger and more profitable. Cambria expects to survive the dislocations created by these events. As some investors turn away, Cambria’s management feels that it will have an opportunity to capitalize on new opportunities at significantly lower investment costs than before. It is our opinion that the recent events will push Zimbabwe into closer economic cooperation with South Africa and in turn this will be a strong basis for a turnaround in the economic and political stability of Zimbabwe – Cambria’s main economic focus.

Payserv Zimbabwe expects to continue to receive funding at 1:1 to the US Dollar to pay license fees and repay loans. Although it would be reasonable to expect a rise in overhead costs for Payserv and Millchem, the reorganisation completed by Payserv in FY 2018 should save the company about \$400,000 annually in cost-to-company salaries, allowing it to absorb a significant portion of such an increase.

Millchem expects the new Exchange Control Regulations, allowing it to charge in “real” US dollars, to facilitate the funding of increased levels of raw material imports, alleviating a significant constraint to its business model over the last two years.

The Company reduced its cash position in Zimbabwe to minimal levels before the start of the current turbulence through investing its available cash in beneficial ownership of Radar shares. At the date of this announcement, cash resources outside Zimbabwe (in “real” US dollars) total \$1.1 million and the Company continues to be actively considering a number of investment opportunities.

The impact of these shifts in exchange rates on the Company’s accounting profits are hard to gauge. In some instances it will exaggerate the Company’s “real dollar” earnings and in some instances overstate its costs. In the main, our earnings are from fees charged to banks. These fees are fixed in “local” dollars however license fees to the parent company remain in “real dollars”. We anticipate that the country’s central bank will continue to honour these obligations, stabilizing “real” earnings, notwithstanding disparities between official and effective rates on accounting revenues and profits. To put this in perspective, the license fee per transaction stands at 5 US cents payable to Payserv Africa in Mauritius. In FY 2018 Paynet generated license fees for 27.7 million transactions forecasting continued and significant “real” cash flows to our Mauritius subsidiary. Accounting for 40% of the total value of financial transactions in Zimbabwe, Paynet is a key player in Zimbabwe’s economy.

# Chief Executive Officer's Statement

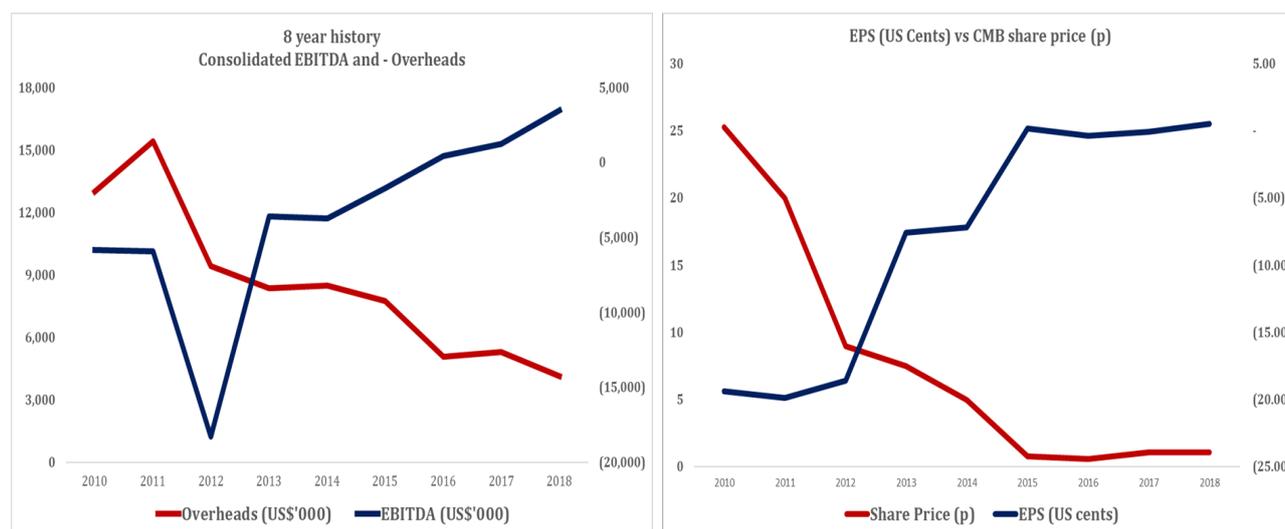
## Introduction

I am pleased to report record earnings of 0.50 US cents per share for the year ended 31 August 2018. After the end of our fiscal year, the government of Zimbabwe introduced a number of economic measures which have created uncertainty and dissipated hopes for increased direct foreign investment and balance of payment support in the near term. Cambria is well-positioned to weather these uncertainties. As a result of our proactive measures in advance of these events, we continue to see the glass as half-full.

The Results reflect the first full year without litigation expenses and excludes the unprofitable operations in Zambia which were discontinued at the end of FY 2017.

- Cambria achieved record after tax profits of \$1.90 million for FY 2018, a turnaround of \$2.24 million from a loss of \$349,000 in FY 2017.
- EPS increased to 0.50 US cents, an increase of 0.62 cents from a loss of 0.12 cents per share in FY 2017.
  - Excluding once-off legal and reorganisation costs, EPS increased 159% to 0.57 US cents.
- Consolidated EBITDA increased 180% to \$3.46 million from \$1.24 million in FY 2017.
- Cash flow from operating activities increased more than ten-fold to \$4.58 million from \$421,000 in FY 2017.
- Central costs decreased by 41% to a record low of \$185,000 from \$311,000 in FY 2017.
- Debt levels, finance costs and shareholder equity improved significantly as a result of healthy cash generation and the successful Open Offer completed in July 2018.

Historical performance - An 8-year history of Consolidated EBITDA, Overheads and Earnings Per Share from FY 2010 to FY 2018, illustrate the remarkable turnaround in Cambria's performance:



These charts demonstrate that despite an extraordinary turnaround in earnings to record levels, the share price has not recovered. The Company has taken a number of steps to improve liquidity and reduce unnecessary uncertainty:

- Fear of delisting - During the Open Offer, I committed that VAL which holds a majority stake in Cambria, would not support delisting.
- Misclassification – As a result of the misclassification of Cambria as a “closed end fund” many potential and current shareholders were precluded by their brokerage firms from trading in Cambria shares. We have taken active steps to correct this information and we believe the matter has been rectified.
- Liquidity and spread – To help reduce the large bid/ask spread and volatility in the share price, in December 2018 we appointed SVS Securities as joint brokers.
- Free float - We hope a recovery in the share price will allow VAL to be diluted, increasing the share’s free float and liquidity.

## Divisional Review

### *Payserv Africa Group*

The Payserv Africa Group achieved record revenues and profits in FY 2018.

#### **PAYSERV AFRICA DIVISIONAL RESULTS (FROM CONTINUING OPERATIONS)**

(US\$ '000)	2018	2017	CHANGE
<b>Revenues</b>	<b>7,565</b>	<b>6,370</b>	<b>19%</b>
Gross profit	6,900	5,958	16 %
Gross margin	91%	94%	( 2%)
Overheads excluding reorganisation costs	( 3,318)	( 3,310)	( 0.5%)
<b>EBITDA before reorganisation costs</b>	<b>3,582</b>	<b>2,648</b>	<b>35%</b>
Profit before interest and tax	3,132	2,499	25%
Interest	( 27)	( 71)	( 62%)
Profit before tax	3,105	2,428	28%
<b>Profit after tax</b>	<b>2,336</b>	<b>1,563</b>	<b>49%</b>
<b>PAT (excluding minority interests)</b>	<b>1,986</b>	<b>1,311</b>	<b>51%</b>

Payserv’s consolidated EBITDA before reorganisation costs (\$262,000) increased by 35% to \$3.58 million from \$2.65 million in FY 2017. PBT increased by 30% to \$3.1 million from \$2.4 million and consolidated PAT increased by 49% to \$2.34 million from \$1.56 million in FY 2017. This was achieved on the back of a 19% increase in revenues to \$7.57 million from \$6.37 million in FY 2017. All these figures exclude the results of the discontinued operations of Payserv Zambia.

Payserv has completed a reorganisation which resulted in once-off costs of \$262,000. Resultant annual savings are estimated at \$400,000 which will assist in absorbing expected inflationary pressures on the overhead cost base in Zimbabwe. Any residual savings will be allocated to developing new FinTech initiatives and improving Payserv’s existing technology.

## Paynet Zimbabwe

Paynet Zimbabwe allows government and corporate clients of all banks and Mobile Network Operators (MNO's) to electronically pay employees and suppliers throughout Zimbabwe's financial network. Paynet facilitated 27.7 million transactions in FY 2018 representing 40% of Zimbabwe's electronic transactions by value. Paynet branded software is subscribed to by all government departments, all insurance entities, and 5,500 of the largest corporate entities in Zimbabwe, reaching over 2.5 million beneficiaries.

Despite this dominant position in the corporate and government sector, Paynet controls only 2% of the total volumes of electronic transactions in a market which is now dominated by EcoCash, the leading mobile wallet.

Paynet's ubiquitous bank presence gives it the credibility and opportunity to introduce new products:

- Paynet is ideally positioned to create new front-end universal retail products such as mobile payments and P2P chat payments (through WhatsApp and Telegram etc.).
- Creation of net settlement systems and exposure monitoring for banks and central banks.
- Sale of ICT products and services to the banking sector and major corporates.
- Developing distributed ledger technologies to enhance transaction security and reduce transaction costs.
- Developing integrated banking biometric KYC systems.
- Creating settlement and payment systems for closed-loop marketing and purchasing groups such as the Tobacco Marketing and Grain Marketing Boards.
- Establishing a foothold as a last-mile service provider to multiple international remittance operations by improving their distribution channels and value addition.

## Autopay Zimbabwe

Autopay is a leading payroll management business offering 1) a full-service Payroll Bureau; 2) Software and licensing of payroll and HR Products to major corporates and; 3) Online SME payroll processing.

Autopay traded profitably and the process of realigning Autopay's strategy to increase its penetration into the SME market resulted in a 19% increase in gross profit on the back of a 5% increase in the number of payslips being processed to 363,000 from 345,000 in FY 2017. Autopay's payment bureau, launched in 2017, processed 400,000 transactions, up almost seven-fold from 59,000 in FY 2017.

The Autopay management team aims to continue building on this success through leveraging its integral relations with Paynet's payment services and Tradanet's loan services.

## Tradanet (51% owned)

Tradanet provides customised loan processing and management software for Zimbabwe’s largest Building Society CABS. It also provides hosted loan management solutions for emerging microfinance entities.

Tradanet’s improvement in loan volumes continued in FY 2018 increasing 8% to \$125 million from \$116 million in FY 2017. Tradanet’s loan book grew by 46% to \$178 million from \$122 million at the end of FY 2017. The improvement is mainly a result of the reinstatement of Credit Partners and the success achieved with Flexicredit, a card-based loan product, which replaced the CPS loan product (a straight line of credit).

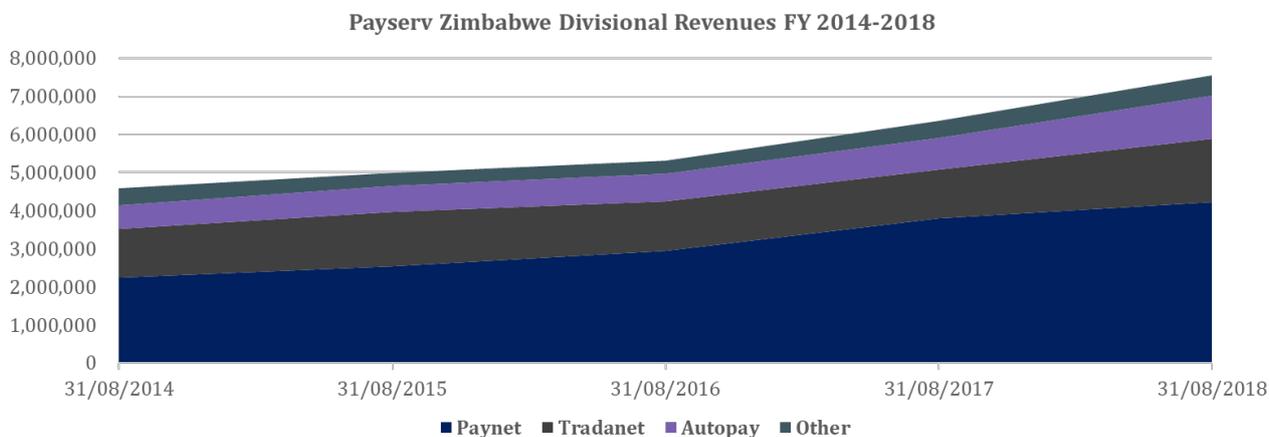
Tradanet also expects to increase its revenues through other new products it has received or is seeking approval from CABS:

- Flexicredit Hybrid – a product directed at employees of larger publicly held corporates which can be evaluated by reliance on publicly disclosed information.
- Insurance Premium Financing.
- Automobile ownership financing.

## Payserv Zambia operations discontinued

Payserv Zambia was discontinued in FY 2017. In line with International Financial Reporting Standards, Payserv Zambia’s performance for FY 2017 is reflected separately as a “discontinued operation” and excluded from the balance of Payserv’s and Cambria’s continuing operations. Payserv Zambia did not have a material impact on the Results for FY 2018.

## Payserv Zimbabwe Divisional Revenues



## Millchem Zimbabwe

(US\$ '000)	2018	2017	GROWTH
<b>Revenues</b>	<b>1,876</b>	<b>2,228</b>	<b>( 16%)</b>
Gross profit	540	407	33%
Gross margin	29%	18%	58%
Overheads	( 300)	( 550)	( 46%)
<b>EBITDA</b>	<b>240</b>	<b>( 143)</b>	<b>\$383</b>
<b>Profit/(loss) after tax</b>	<b>217</b>	<b>( 166)</b>	<b>\$386</b>

Millchem has recorded an after-tax profit of \$217,000 for FY 2018, its first profit in more than four years. The turnaround from FY 2017 supports the case for a sustained recovery for Millchem:

- \$1.88 million in revenues, a reduction of 16% caused by a focus on a more profitable product mix. Notably, sales volumes on a like-for-like product basis, have started to increase during FY 2018,
- 29% gross profit margin, a 58% improvement from 18% gross profit margin in FY 2017,
- \$383,000 turnaround in EBITDA to \$240,000 from a loss of \$143,000 in FY 2017,
- \$250,000 (46%) reduction in overheads,
- \$386,000 turnaround in PAT to \$217,000 from a loss of \$169,000 in FY 2017.

## Board of Directors and Compensation

Cambria issued 5,000,000 shares to its Non-Executive Directors and management in May 2018. This resulted in an adjustment to our preliminary results of \$68,000 (0.02 US cents per share) in accordance with the provisions of IFRS 2: Share Based Payments

As the ultimate beneficiary of over 69% of Cambria shares, I continued to serve without compensation during FY 2018.

## Radar and FinTech Innovation

I have repeatedly expressed my conviction that “Zimbabwe provides the best regional opportunity for successful investment and growth in the short to medium term”. We are actively pursuing a number of investment opportunities aligned with this strategy. One such opportunity was investing in Radar shares. Radar is literally a brick and mortar company. Radar, a public unlisted company, has a dominant position in the brick market in the nation’s second largest city and significant real estate holdings.

By investing almost all available cash held in Zimbabwe in this attractive investment, we hedged against the deterioration of purchasing power of cash equivalents in Zimbabwe. This advantage was borne out by the fact that the last acquisition cost of shares has risen from 40 US cents equivalent for our first investment of \$1.6 million compared to 68 US cents equivalent for our second investment of \$400,000.

In addition to the strategy of increasing our shareholding in Radar, I am focused on creating value through investing in, and developing a strategy of FinTech Innovation. Our FinTech subsidiary Payserv already holds a leading position in the electronic payments market. It has a proven track record and ubiquitous presence in all financial institutions and MNO’s. We are ideally positioned to be in the frontline of the FinTech disruption in Zimbabwe which for all practical purposes has become a cashless and fully digitized society. I believe however that we have underperformed our true potential, especially in the consumer market. Our strategic focus in FY 2019 will be to unlock this potential by focusing on innovation through strategic partnerships.

SAMIR SHASHA  
CHIEF EXECUTIVE OFFICER  
31 JANUARY 2019

# Directors

## Paul Turner, 72

### **NON-EXECUTIVE 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. Initially appointed to the Cambria board on 1 July 2008, he was appointed as Chairman on 8 July 2015.

## Samir Shasha, 58

### **CHIEF EXECUTIVE OFFICER**

Samir Shasha started his involvement in Southern Africa with supplying and leasing trucks for the operations of a transport company focused on relief aid. In 1995 he established S. Shasha & Associates in Zimbabwe and introduced Freightliner Trucks in Southern Africa for the first time. In 2002, S. Shasha & Associates purchased Zimbabwe Online, an Internet Service Provider in Zimbabwe, and took on the role of CEO until 2006. The company was sold to Liquid Telecom in 2012. Mr. Shasha received his bachelor's from Vassar College with Honours in Economics in 1981. Following Ventures Africa Limited's investment in the Company in April 2015, Mr. Shasha was appointed to the Cambria board on 5 June 2015 and as CEO on 3 August 2015.

## Josephine Petra Watenphul, 38

### **NON-EXECUTIVE DIRECTOR**

Josephine Watenphul is a qualified Chartered Accountant (South Africa). She joined the UCS Group Limited ("UCS"), a Johannesburg-based investment holding company in technology and associated businesses listed on the Johannesburg Stock Exchange, in April 2004. In April 2009, Josie was appointed Group CFO, a position which she held until May 2015. During her tenure at UCS, which was later renamed Capitaleye Investments upon delisting in October 2011, Josie assisted in various corporate actions and restructurings. She was appointed to the Cambria board on 17 June 2015.

## Dipak Champaklal Pandya, 60

### **NON-EXECUTIVE DIRECTOR**

Dipak Pandya is a Chartered Accountant and has since March 2009 been the financial controller at Strauss Logistics Limited, a fuel trading and distribution company active in Central and Southern Africa. Prior to this, Dipak was the financial controller at Playwize Plc, a computer software development company. Dipak was appointed to the Cambria board on 26 June 2015.

## Changes to the Board

No change to the board of directors has occurred during the financial period under review and up to the date of this report.

## 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 laws 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 Group and 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 2018*

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 2018.

## Principal activities

During the year, the Group was an investment company holding investments in Zimbabwe over which it exercises management control.

## Investing policy

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 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 control in a Zimbabwean business.

The Directors believe that through their individual and collective experience of investing and managing acquisitions and disposals 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 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.

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 profit after tax, discontinued operations and minorities of \$1,897,000 (FY2017: loss of \$349,000) during the year and this has been set against reserves.

## Share capital

Details of changes to the Company's share capital and share premium during the financial year are contained in note 21 to the financial statements.

## Share price performance

Between 1 September 2017 and 31 August 2018, the share price varied between a closing high of 1.30p and a low of 1.03p (2017: high of 1.75p and low of 0.60p). At 31 August 2018 the market price of the shares at close of business was 1.03p (2017:1.10p) whilst on 22 January 2019 the mid-price of the share was 1.00p.

## Substantial shareholdings

The Directors have been advised of the following shareholdings at 22 January 2019 of holding 2.5 per cent or more of the Company's issued share capital:

	NUMBER OF SHARES	PERCENTAGE OF ISSUED CAPITAL
Ventures Africa Ltd*	377,000,000	69.2%
Hargreaves Lansdown (Nominees) LTD	24,558,515	4.5%
Consilium Investment Management LLC	16,262,798	3.0%
Russell Investments Group LTD	14,252,663	2.6%

\*Ventures Africa Limited is beneficially owned by S Shasha, a director and the CEO of the Company

## Directors

Biographical details of all Directors as well as the dates of appointment and resignation (if applicable) are set out on page 6.

## Directors' share interests

The Directors', who were in office at the beginning and end of the current financial year, had the following interests in the shares of the Company:

DIRECTORS	AT 31.08.18 NO. OF SHARES	AT 31.08.17 NO. OF SHARES
Samir Shasha*	377,000,000	232,000,000
Josephine Watenphul	2,500,000	-
Dipak Pandya	1,000,000	-
Paul Turner	1,000,000	-
Total	<u>381,500,000</u>	<u>232,000,000</u>

\*Held indirectly through Ventures Africa Limited

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.

## Auditors

Baker Tilly Isle of Man LLC continues to be the appointed auditors.

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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

## Post statement of financial position events

Details of significant events since the reporting date are contained in note 35 to the financial statements.

## Statement of Compliance with the QCA Corporate Governance Code:

As a listed company traded on the AIM market of the London Stock Exchange (LSE) we recognise the importance of sound Corporate Governance throughout our Group. It is the Board's responsibility to ensure that Cambria is managed for the long-term benefit of all stakeholders, with effective and efficient decision-making. Corporate Governance is an important part of this, reducing risk and adding value to our investments, shareholders and other stakeholders alike.

In my capacity as Chairman, I have ultimate responsibility for ensuring the Board adopts and implements a recognised Corporate Governance Code in compliance with the LSE's recent changes to the AIM Rules requiring all AIM-listed companies to adopt such a Code. The Board has committed to the adoption of, and working to, the Quoted Companies Alliance (QCA) Corporate Governance Code 2018.

The Chief Executive Officer (CEO) has responsibility for the implementation of governance throughout our organisation, commensurate with our size of business and scope of operations.

The QCA Corporate Governance Code 2018 has ten key principles and we set out below how we apply those principles to our business.

### Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

Cambria is a long term active investment company holding investments in Zimbabwe. We currently own two core subsidiaries, Payserv and Millchem. The Company is one of only a few AIM listed companies which allows investors to participate in Zimbabwe's unique potential.

Our Board is committed to the creation of long-term shareholder value through our investments and being actively involved in developing investee strategy, optimising their operations and growing their businesses. We adopt a prudent and conservative investment philosophy, balancing expected returns in the context of identifiable risks.

Our focus on Zimbabwe stems from our belief that the new political environment in Zimbabwe will provide a growing market for our current investments and opportunities which the management team is uniquely positioned to identify and act on.

### Principle 2: Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communications and having constructive dialogue with both its institutional and private shareholders. Shareholders are kept informed through our public announcements and corporate website.

The Company website also allows shareholders and prospective shareholders to register for automatic news alerts for regulatory announcements.

In addition to the above, the Board encourages direct engagement from our shareholders with our most senior Executives, including our CEO, with his direct contact details provided on our website and all company announcements. This is in line with our strategy of shortening the communication distance between Executives and Shareholders.

### Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Board recognises that the Company's continued growth and long-term success are reliant on its relations with its stakeholders, both internal (employees and shareholders) and external (customers, service providers, suppliers and advisors).

The Group's employees are considered key in delivering successful growth and as such the Company fosters an open dialogue throughout its workforce. The Company endeavours to keep its workforce informed on the Company's progress.

The Company also maintains regular dialogue with its external stakeholders particularly its clients and customers which help drive business development. The Company works closely with its advisors to ensure it operates in conformity of its listing and other regulations in the UK, as well as the social and legal requirements of Zimbabwe. Our clients and customers are our most important stakeholders and understanding their needs is a crucial element to the growth and long-term success of the Company.

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments.

## Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

### AUDIT, RISK AND INTERNAL CONTROLS

#### FINANCIAL CONTROLS

The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company.

- The Board is responsible for reviewing and approving overall Company strategy, approving operating and capital budgets, and for determining the financial structure of the Company including treasury, tax and dividend policy.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, operational and financial controls.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.
- The Company has a consistent system of prior appraisal for investments, overseen by the Board, with defined financial controls and procedures with which each business area is required to comply.

#### NON-FINANCIAL CONTROLS

The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to our strategy. The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by Executive Management.
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks.
- A comprehensive annual budgeting process approved by the Board.
- Detailed monthly reporting of performance against budget.
- Central control over key areas such as capital expenditure authorisation and banking facilities.

The Group continuously reviews its system of internal control to ensure compliance with best practice, while also having regard to its size and the resources available. As part of the Group's review a number of non-financial controls covering areas such as regulatory compliance, business integrity, health and safety, risk management, business continuity and corporate social responsibility (including ethical trading, supplier standards, environmental concerns and employment diversity) have been assessed.

## Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair

The Board comprises the CEO and three Non-Executive Directors, including the Non-Executive Chairman. The Board will meet at least every quarter or at any other time deemed necessary for the good management of the business and at a location agreed between the Board members.

The Non-Executive Directors, Paul Turner, Dipak Pandya and Josie Watenphul, are all considered independent directors notwithstanding Paul Turner's length of service and role as Chairman.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational.

### **DIRECTORS' CONFLICT OF INTEREST**

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

## Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of fin-tech, information technology, distribution, finance, business development, trading and marketing. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. The business reports monthly on its subsidiaries' performance against their agreed budgets and the Board reviews the monthly reports on performance and any significant variances are reviewed.

The current composition of the Board may be found here:

<http://www.cambriafrica.com/about-us/directors-and-senior-management>

All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

## Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Board considers evaluation of its performance and that of its committees and individual directors to be an integral part of Corporate Governance to ensure it has the necessary skills, experience and abilities to fulfil its responsibilities. The goal of the Board evaluation process is to identify and address opportunities for improving the performance of the board and to solicit honest, genuine and constructive feedback.

The Board considers the evaluation process is best carried out internally given the Company's current size.

The internal evaluation process includes the following aspects which are subject to review annually or as required by circumstances:

**a) Board Evaluation**

- Board composition in terms of skills, experience and balance
- Board cohesion
- Board operational effectiveness and decision making
- Board meetings conduct and content and quality of information
- The Board's engagement with shareholders and other stakeholders
- The corporate vision and business plan

**b) Committee Evaluation**

- Board Committees' composition in terms of skills, experience and balance
- Board Committees' Terms of Reference
- Board Committees' effectiveness

**c) Individual Director Evaluation**

- Executive Director performance in executive role
- Executive Director performance and contribution to the Board
- Non-Executive Director performance and contribution to the Board
- Non-Executive Director's independence and time served
- All Directors' attendance at Board and Committee meetings

The Board will, as a whole or in part as appropriate, undertake the evaluation process aided by the Chairman, CEO and Non-Executive Directors. The Chairman is responsible in ensuring the evaluation process is 'fit for purpose', as well as dealing with matters raised during the process. The Chairman will keep under review the frequency, scope and mechanisms for the evaluation process and amend the process as required.

Where deficiencies are identified these will be addressed in a constructive manner. The evaluation process will be focused on the improvement of Board performance through open and constructive dialogue and the development and implementation of action plans.

Succession planning is a vital task for boards and the management of succession planning represents a key measure of the effectiveness of the Board and a key responsibility of both the Nominations Committee and wider Board.

## Principle 8: Promote a culture that is based on ethical values and behaviours

The Board recognises that a corporate culture based on sound ethical values and behaviours is an asset and a likely competitive advantage. The Board aims to lead by example and do what is in the best interests of the Company.

Conducting its business in an ethical, professional and responsible manner, treating our employees, clients, suppliers and business partners with equal courtesy and respect at all times, are non-negotiables adopted by the Board and visible in the actions and decisions of the CEO and the rest of the management team. It is a key element in every aspect of the Group's businesses, including recruitment, nominations, training and engagement. The Group's performance and reward system endorses the desired ethical behaviours across the Company.

## Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

### **ROLES OF THE BOARD, CHAIRMAN AND CEO.**

The Board is responsible for the long-term success of the Company. The Board is intimately involved in all material decisions of the Company and its subsidiaries. It is responsible for overall Group and subsidiary strategy; approval of major investments; approval of the annual and interim results; annual budgets; dividend policy and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The CEO is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Company.

The CEO is responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. He also manages and oversees key risks, management development and corporate responsibility programmes. The controls applied in respect of financial and non-financial matters are set out earlier in this document and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

### **BOARD COMMITTEES**

The Board is supported by the Audit, Remuneration and Nomination committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the committee to discharge its duties. The terms of references of each committee are available at

<http://www.cambriafrica.com/about-us/directors-responsibilities-committees>.

## Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with all of its stakeholders, including shareholders, providing them with access to information to enable them to come to informed decisions about the Company.

The Investor Relations section of the Company's website provides all required regulatory information as well as additional information shareholders may find helpful including information on Board Members, Advisors and Significant Shareholdings, a historical list of the Company's Announcements, Corporate Governance information, the Company's publications including historic Annual Reports and Notices of General Meetings, together with Share Price information and interactive Charting facilities to assist shareholders analyse performance.

Results of shareholder meetings and details of votes cast will be publicly announced through the regulatory system and displayed on the Company's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.

ON BEHALF OF THE BOARD.

PAUL TURNER

CHAIRMAN

31 JANUARY 2019

# Report of the Independent Auditors

*For the year ended 31 August 2018*

## Report of the Independent Auditors, Baker Tilly Isle of Man LLC, to the members of Cambria Africa Plc

### Opinion

We have audited the financial statements of Cambria Africa Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Consolidated and Company Income Statement, the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2018, and of the group's and parent company's results for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

## Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Chief Executive Officer's Statement and the directors' report.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of Our Report

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement letter dated 9 January 2018. 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.

BAKER TILLY ISLE OF MAN LLC,  
CHARTERED ACCOUNTANTS,  
P O BOX 95  
2A LORD STREET  
DOUGLAS  
ISLE OF MAN IM99 1HP  
31 JANUARY 2019

# Consolidated Income Statement

For the year ended 31 August 2018

	NOTE	GROUP 2018 TOTAL US\$'000	GROUP 2017 TOTAL US\$'000
Revenue	5	9,441	8,598
Cost of sales	6	(2,001)	(2,233)
<b>Gross profit</b>		<b>7,440</b>	<b>6,365</b>
Operating costs	6	(3,997)	(5,307)
Other income		70	23
Exceptionals		(264)	(9)
<b>Operating profit</b>		<b>3,249</b>	<b>1,072</b>
Finance income	8	23	15
Finance costs	8	(252)	(371)
<b>Net finance costs</b>		<b>(229)</b>	<b>(356)</b>
<b>Profit before tax</b>		<b>3,020</b>	<b>716</b>
Income tax	9	(776)	(660)
<b>Profit for the period from continuing operations</b>		<b>2,244</b>	<b>56</b>
<b>Discontinued operations</b>			
Profit / (loss) for the year from discontinued operations, net of tax	5	3	(153)
Profit / (loss) for the year		<u>2,247</u>	<u>(97)</u>
<b>Attributable to:</b>			
Owners of the company		1,897	(349)
Non-controlling Interests		350	252
<b>Profit / (loss) for the year</b>		<u>2,247</u>	<u>(97)</u>
<b>Earnings / (loss) per share - all operations</b>			
Basic and diluted earnings / (loss) per share (cents)	11	0.50c	(0.12c)
<b>Earnings / (loss) per share - continuing operations</b>			
Basic and diluted earnings / (loss) per share (cents)	11	0.50c	(0.07c)
<b>Earnings / (loss) per share - discontinued operations</b>			
Basic and diluted earnings / (loss) per share (cents)	11	0.00c	(0.05c)

The notes on pages 30 to 67 are an integral part of these consolidated financial statements.

# Company Income Statement

For the year ended 31 August 2018

	COMPANY 2018 TOTAL US\$'000	COMPANY 2017 TOTAL US\$'000
Revenue	-	-
Cost of sales	-	-
<b>Gross profit</b>	<b>-</b>	<b>-</b>
Operating costs	( 184)	( 1,155)
Other income	19	-
Exceptionals	17	( 70)
<b>Operating loss</b>	<b>( 148)</b>	<b>( 1,225)</b>
Finance income	-	34
Finance costs	( 201)	( 286)
<b>Net finance costs</b>	<b>( 201)</b>	<b>( 252)</b>
<b>Loss before tax</b>	<b>( 349)</b>	<b>( 1,477)</b>
Income tax	-	-
<b>Loss for the period from continuing operations</b>	<b>( 349)</b>	<b>( 1,477)</b>
<b>Discontinued operations</b>		
Profit /(loss) for the year from discontinued operations, net of tax	-	-
<b>Loss for the year</b>	<b>( 349)</b>	<b>( 1,477)</b>
<b>Attributable to:</b>		
Owners of the company	( 349)	( 1,477)
Non-controlling interests	-	-
<b>Loss for the year</b>	<b>( 349)</b>	<b>( 1,477)</b>
<b>Loss per share - all operations</b>		
Basic and diluted loss per share (cents)	( 0.04c)	( 0.45c)
<b>Loss per share - continuing operations</b>		
Basic and diluted loss per share (cents)	( 0.04c)	( 0.45c)
<b>Loss per share - discontinued operations</b>		
Basic and diluted loss per share (cents)	0.00c	0.00c

The notes on pages 30 to 67 are an integral part of these consolidated financial statements.

# Consolidated & Company Statements of Comprehensive Income

For the year ended 31 August 2018

## Consolidated

	GROUP 2018 US\$'000	GROUP 2017 US\$'000
<b>Profit / (loss) for the year</b>	<b>2,247</b>	<b>( 97)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to income statement:</i>		
Revaluation of property	200	-
Related deferred tax adjustment	( 36)	-
Foreign currency translation differences for overseas operations	3	1
<b>Total comprehensive profit / (loss) for the year</b>	<b><u>2,414</u></b>	<b><u>( 96)</u></b>
<b>Attributable to:</b>		
Owners of the company	2,064	( 348)
Non-controlling interests	350	252
<b>Total comprehensive profit / (loss) for the year</b>	<b><u>2,414</u></b>	<b><u>( 96)</u></b>

## Company

	COMPANY 2018 US\$'000	COMPANY 2017 US\$'000
<b>Loss for the year</b>	<b>( 349)</b>	<b>( 1,477)</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to income statement:</i>		
Foreign currency translation differences for overseas operations	-	-
<b>Total comprehensive loss for the year</b>	<b><u>( 349)</u></b>	<b><u>( 1,477)</u></b>
<b>Attributable to:</b>		
Owners of the company	( 349)	( 1,477)
Non-controlling interests	-	-
<b>Total comprehensive loss for the year</b>	<b><u>( 349)</u></b>	<b><u>( 1,477)</u></b>

The notes on pages 30 to 67 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 August 2018

ATTRIBUTABLE TO THE OWNERS OF THE COMPANY										
	SHARE CAPITAL	SHARE PREMIUM	RE-VALUATION 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 1 September 2017</b>	<b>51</b>	<b>85,686</b>	<b>438</b>	<b>(10,627)</b>	-	<b>(76,558)</b>	<b>1,905</b>	<b>895</b>	<b>99</b>	<b>994</b>
Profit for the year	-	-	-	-	-	1,897	-	1,897	350	2,247
Revaluation of land & buildings	-	-	200	-	-	-	-	200	-	200
Related deferred tax adjustment	-	-	(36)	-	-	-	-	(36)	-	(36)
Foreign currency translation differences for overseas operations - continuing & discontinued	-	-	-	3	-	-	-	3	-	3
<b>Total comprehensive profit for the year</b>	<b>-</b>	<b>-</b>	<b>164</b>	<b>3</b>	<b>-</b>	<b>1,897</b>	<b>-</b>	<b>2,064</b>	<b>350</b>	<b>2,414</b>
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>										
Issue of ordinary shares (net of share issue costs)	26	2,773	-	-	-	-	-	2,799	-	2,799
NCI on new investment in A F Philip & Company	-	-	-	-	-	-	-	-	947	947
Deferred tax adjustment	-	-	-	-	-	(3)	-	(3)	-	(3)
Transfers between reserves	-	-	-	(21)	-	(445)	466	-	-	-
Dividends paid to minorities	-	-	-	-	-	-	-	-	(405)	(405)
<b>Total contributions by and distributions to owners of the Company</b>	<b>26</b>	<b>2,773</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>(448)</b>	<b>466</b>	<b>2,796</b>	<b>542</b>	<b>3,338</b>
<b>Balance at 31 August 2018</b>	<b>77</b>	<b>88,459</b>	<b>602</b>	<b>(10,645)</b>	<b>-</b>	<b>(75,109)</b>	<b>2,371</b>	<b>5,755</b>	<b>991</b>	<b>6,746</b>

ATTRIBUTABLE TO THE OWNERS OF THE COMPANY										
	SHARE CAPITAL	SHARE PREMIUM	RE-VALUATION 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 1 September 2016</b>	<b>34</b>	<b>83,950</b>	<b>438</b>	<b>(10,628)</b>	<b>43</b>	<b>(76,247)</b>	<b>1,900</b>	<b>(510)</b>	<b>(4)</b>	<b>(514)</b>
(Loss)/profit for the year	-	-	-	-	-	(349)	-	(349)	252	(97)
Foreign currency translation differences for overseas operations	-	-	-	1	-	-	-	1	-	1
<b>Total comprehensive (loss)/profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(349)</b>	<b>-</b>	<b>(348)</b>	<b>252</b>	<b>(96)</b>
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>										
Issue of ordinary shares (net of share issue costs)	17	1,736	-	-	-	(5)	5	1,753	-	1,753
Expiry of share options	-	-	-	-	(43)	43	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(149)	(149)
<b>Total contributions by and distributions to owners of the Company</b>	<b>17</b>	<b>1,736</b>	<b>-</b>	<b>-</b>	<b>(43)</b>	<b>38</b>	<b>5</b>	<b>1,753</b>	<b>(149)</b>	<b>1,604</b>
<b>Balance at 31 August 2017</b>	<b>51</b>	<b>85,686</b>	<b>438</b>	<b>(10,627)</b>	<b>-</b>	<b>(76,558)</b>	<b>1,905</b>	<b>895</b>	<b>99</b>	<b>994</b>

The notes on pages 30 to 67 are an integral part of these consolidated financial statements.

# Company Statement of Changes in Equity

For the year ended 31 August 2018

ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	FOREIGN EXCHANGE RESERVE US\$'000	SHARE BASED PAYMENT RESERVE US\$'000	RETAINED EARNINGS US\$'000	TOTAL EQUITY US\$'000
Balance at 1 September 2017	51	85,686	(13,186)	-	(73,243)	(692)
Loss for the year	-	-	-	-	(349)	(349)
<b>Total comprehensive loss for the year</b>	-	-	-	-	(349)	(349)
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>						
Issue of ordinary shares (net of share issue costs)	26	2,773	-	-	-	2,799
<b>Total contributions by and distributions to owners of the Company</b>	26	2,773	-	-	-	2,799
<b>Balance at 31 August 2018</b>	<b>77</b>	<b>88,459</b>	<b>(13,186)</b>	<b>-</b>	<b>(73,592)</b>	<b>1,758</b>

ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	FOREIGN EXCHANGE RESERVE US\$'000	SHARE BASED PAYMENT RESERVE US\$'000	RETAINED EARNINGS US\$'000	TOTAL EQUITY US\$'000
Balance at 1 September 2016	34	83,950	(13,186)	43	(71,766)	(925)
Loss for the year	-	-	-	-	(1,477)	(1,477)
<b>Total comprehensive loss for the year</b>	-	-	-	-	(1,477)	(1,477)
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>						
Issue of ordinary shares (net of share issue costs)	17	1,736	-	-	-	1,753
Expiry of share options	-	-	-	(43)	-	(43)
<b>Total contributions by and distributions to owners of the Company</b>	17	1,736	-	(43)	-	1,710
<b>Balance at 31 August 2017</b>	<b>51</b>	<b>85,686</b>	<b>(13,186)</b>	<b>-</b>	<b>(73,243)</b>	<b>(692)</b>

The notes on pages 30 to 67 are an integral part of these consolidated financial statements.

# Consolidated and Company Statement of Financial Position

*As at 31 August 2018*

	NOTES	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
<b>Assets</b>					
Property, plant and equipment	12	2,943	-	2,727	-
Goodwill	13	717	-	717	-
Intangible assets	14	16	-	27	-
Investments at fair value	15	2,546	-	-	-
<b>Total non-current assets</b>		<b>6,222</b>	<b>-</b>	<b>3,471</b>	<b>-</b>
Inventories	16	243	-	233	-
Financial assets at fair value through profit or loss	17	131	-	86	-
Trade and other receivables	18	843	3,380	1,730	4,322
Cash and cash equivalents	19	3,259	758	1,045	143
Discontinued operation	5,10	1	-	29	-
<b>Total current assets</b>		<b>4,477</b>	<b>4,138</b>	<b>3,123</b>	<b>4,465</b>
<b>Total assets</b>		<b>10,699</b>	<b>4,138</b>	<b>6,594</b>	<b>4,465</b>
<b>Equity</b>					
Issued share capital	21	77	77	51	51
Share premium account	21	88,459	88,459	85,686	85,686
Revaluation reserve	20	602	-	438	-
Share based payment reserve	20,22	-	-	-	-
Foreign exchange reserve	20	( 10,645)	( 13,186)	( 10,627)	( 13,186)
Non-distributable reserves	20	2,371	-	1,905	-
Retained losses		( 75,109)	( 73,592)	( 76,558)	( 73,243)
<b>Equity attributable to owners of company</b>		<b>5,755</b>	<b>1,758</b>	<b>895</b>	<b>( 692)</b>
Non-controlling interests		991	-	99	-
<b>Total equity</b>		<b>6,746</b>	<b>1,758</b>	<b>994</b>	<b>( 692)</b>
<b>Liabilities</b>					
Loans and borrowings	23	-	-	1,770	1,565
Trade and other payables	23	120	-	79	-
Provisions	24	188	-	186	-
Deferred tax liabilities	25	223	-	184	-
<b>Total non-current liabilities</b>		<b>531</b>	<b>-</b>	<b>2,219</b>	<b>1,565</b>
Current tax liabilities	27	477	-	397	-
Loans and borrowings	26	619	413	1,556	926
Trade and other payables	27	2,303	1,967	1,374	2,666
Discontinued operation	5,10	23	-	54	-
<b>Total current liabilities</b>		<b>3,422</b>	<b>2,380</b>	<b>3,381</b>	<b>3,592</b>
<b>Total liabilities</b>		<b>3,953</b>	<b>2,380</b>	<b>5,600</b>	<b>5,157</b>
<b>Total equity and liabilities</b>		<b>10,699</b>	<b>4,138</b>	<b>6,594</b>	<b>4,465</b>

These financial statements were approved by the Board of Directors and authorised for issue on 31 January 2019.

They were signed on their behalf by:

**MR. S SHASHA**  
EXECUTIVE DIRECTOR

*The notes on pages 30 to 67 are an integral part of these consolidated financial statements.*

# Consolidated Statement of Cash Flows

As at 31 August 2018

	NOTES	GROUP 2018 US\$'000	GROUP 2017 US\$'000
<b>Cash generated from operations</b>	<b>28</b>	<b>5,270</b>	<b>960</b>
Taxation paid		( 693)	( 539)
<b>Cash generated from operating activities</b>		<b>4,577</b>	<b>421</b>
<b>Cash flows from investing activities</b>			
Proceeds on disposal of property, plant and equipment		36	21
Purchase of property, plant and equipment		( 213)	( 291)
Other investing activities		( 1,600)	( 2)
Interest received		23	15
<b>Net cash used in investing activities</b>		<b>( 1,754)</b>	<b>( 257)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to non-controlling interests		( 405)	( 149)
Interest paid		( 51)	( 85)
Proceeds from issue of share capital		2,731	1,753
Loans repaid	23,26	( 2,945)	( 2,660)
Proceeds from drawdown of loans	23,26	37	1,344
<b>Net cash (utilised) / generated by financing activities</b>		<b>( 633)</b>	<b>203</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,190</b>	<b>367</b>
Cash and cash equivalents at 1 September		1,069	701
Foreign exchange		-	1
<b>Net cash and cash equivalents at 31 August</b>	<b>19</b>	<b>3,259</b>	<b>1,069</b>
Cash and cash equivalents as above comprise the following:			
Cash and cash equivalents attributable to continuing operations		3,259	1,045
Cash and cash equivalents attributable to discontinued operations		-	24
<b>Net cash and cash equivalents at 31 August</b>	<b>19</b>	<b>3,259</b>	<b>1,069</b>

The notes on pages 30 to 67 are an integral part of these consolidated financial statements.

# Company Statement of Cash Flows

For the year ended 31 August 2018

	NOTES	COMPANY 2018	COMPANY 2017
		US\$'000	US\$'000
<b>Cash generated from operations</b>	<b>28</b>	<b>163</b>	<b>551</b>
Taxation paid		-	-
<b>Cash generated from operating activities</b>		<b>163</b>	<b>551</b>
<b>Cash flows from investing activities</b>			
Interest received		-	34
<b>Net cash used in investing activities</b>		<b>-</b>	<b>34</b>
<b>Cash flows from financing activities</b>			
Interest paid		(201)	(286)
Proceeds from issue of share capital		2,731	1,753
Loans repaid	23,26	(2,078)	(1,909)
<b>Net cash generated/ (utilised) by financing activities</b>		<b>452</b>	<b>(442)</b>
<b>Net increase in cash and cash equivalents</b>		<b>615</b>	<b>143</b>
Cash and cash equivalents at 1 September		143	-
<b>Net cash and cash equivalents at 31 August</b>	<b>19</b>	<b>758</b>	<b>143</b>
<i>Cash and cash equivalents as above comprise the following:</i>			
Cash and cash equivalents attributable to continuing operations		758	143
<b>Net cash and cash equivalents at 31 August</b>	<b>19</b>	<b>758</b>	<b>143</b>

The notes on pages 30 to 67 are an integral part of these consolidated financial statements.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## 1. Reporting entity

Cambria Africa Plc (the “Company”) is a public limited company listed on 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 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The majority shareholder is Ventures Africa Limited, the ultimate controlling entity is S Shasha and Associates and the ultimate beneficial owner Mr. S Shasha.

The financial statements were authorised for issue by the Directors on 31 January 2019.

## 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, and the Isle of Man Companies Act 2006.

### ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

#### STANDARDS ADOPTED IN THE CURRENT PERIOD

In the current year, the Group has adopted revised Standards, Amendments and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that were relevant to its operations. The accounting policies adopted are consistent with those of the previous year.

New and revised Standards and Interpretations adopted in this period are summarised as follows:

STANDARD/ INTERPRETATION		ISSUED	EFFECTIVE DATE
IFRS 12	Disclosure of Interests in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)	Dec-16	1-Jan-17
IFRS for SME’s	Amendments as the result of the first comprehensive review	Dec-15	1-Jan-17
IAS 7	Statement of Cash Flows - Amendments as a result of the Disclosure initiative	Jan-16	1-Jan-17
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	Jan-16	1-Jan-17

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## NEW AND AMENDED STANDARDS EFFECTIVE FOR FUTURE PERIODS

The following standards and interpretations were in issue but not yet effective and were not applied in these financial statements.

STANDARD/ INTERPRETATION		ISSUED	EFFECTIVE DATE
IFRS 1	First-time Adoption of IFRS – Amendments resulting from Annual Improvements 2014-2016 Cycle (removing short-term exemptions)	Dec-16	1-Jan-18
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	Jun-16	1-Jan-18
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)	Dec-17	1-Jan-19
IFRS 3	Business Combinations – Amendments to clarify the definition of a business	Oct-18	1-Jan-20
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	Sep-16	1-Jan-18
IFRS 9	Financial Instruments – Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	Jul-14	1-Jan-18
IFRS 9	Financial Instruments – Amendments regarding the interaction of IFRS 4 and IFRS 9	Sep-16	1-Jan-18
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	Oct-17	1-Jan-19
IFRS 11	Joint Arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)	Dec-17	1-Jan-19
IFRS 15	Revenue from Contracts with Customers - Original issue	May-14	1-Jan-18
IFRS 15	Revenue from Contracts with Customers – Amendments to defer the effective date to 1 January 2018	Sep-15	1-Jan-18
IFRS 15	Revenue from Contracts with Customers – Clarifications to IFRS 15	Apr-16	1-Jan-18
IFRS 16	Leases - Original issue	Jan-16	1-Jan-19
IFRS 17	Insurance Contracts - Original issue	May-17	1-Jan-21
IAS 1	Presentation of Financial Statements – Amendments regarding the definition of material	Oct-18	1-Jan-20
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material	Oct-18	1-Jan-20
IAS 12	Income Taxes - Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends)	Dec-17	1-Jan-19
IAS 19	Employee benefits – Amendments regarding plan amendments, curtailments or settlements	Feb-18	1-Jan-19
IAS 23	Borrowing Costs - Amendments resulting from Annual Improvements 2015–2017 Cycle (borrowing costs eligible for capitalisation)	Dec-17	1-Jan-19
IAS 28	Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying certain fair value measurements)	Dec-16	1-Jan-18
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	Oct-17	1-Jan-19
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Nov-13	Applies when IFRS 9 is applied
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	Dec-16	1-Jan-18

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## **BASIS OF MEASUREMENT**

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

- land and buildings measured at revalued amounts.
- share-based payments measured at fair value.

## **FUNCTIONAL AND PRESENTATION CURRENCY**

The consolidated financial statements are presented in United States Dollars, which is the Group's presentational currency and the Company's functional currency and all amounts have been rounded to the nearest thousand 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 13 – Goodwill
- Note 12 – Property, plant and equipment
- Note 24 – 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 4 to 9. In addition, note 29 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 Board has considered the cash flow forecasts for the ensuing 12 months including the maturity profile of its contractual debt obligations. The financial position of the Group has improved significantly as a result of the Open Offer and VAL Loan Conversion and positive cashflows. External group debt has reduced to \$619,000 from \$3,41 million at the end of the previous financial year.

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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## 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 is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 interests 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.

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 consolidation 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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

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, disclosed under operating costs in note 6, is charged over their useful economic lives, as follows: -

Software licenses	3 years
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## (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).

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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## **(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.

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) INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiary undertakings are carried at cost with annual reviews undertaken for impairment.

## **(F) OTHER INVESTMENTS**

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

## **(G) PROPERTY, PLANT AND EQUIPMENT**

Land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any 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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

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 and buildings, over their estimated useful lives. The annual depreciation rates used for this purpose are:

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

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 land and buildings.

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

## **(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.

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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## **(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 objective is to continue to restore and rebuild the group's capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

### 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 or 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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## **(K) SHARE BASED PAYMENTS**

The Group provides benefits to certain 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.

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) 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.

## **(N) 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 customer and the goods have been delivered to a contractually agreed location. A sale of services is recognised when the service has been rendered.

## **(O) 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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## **(P) EARNINGS / (LOSS) PER SHARE**

Basic earnings / (loss) per share is calculated based on the weighted average number of ordinary shares outstanding during the year. Diluted earnings / (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.

## **(Q) 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.

## **(R) 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 re-measurement 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 coordinated 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 resale.

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 represented as if the operation had been discontinued from the start of the comparative year.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## 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.

### **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.

If the market for an equity investment debt instrument or other financial asset that is not active, for example an unlisted investment, the Group establishes fair value by using generally accepted valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and where applicable, option pricing models making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

### **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 rental 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.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## 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 are 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**

Fintech and industrial chemicals, now operate solely in Zimbabwe. Separate geographical analysis is therefore not presented.

### **BUSINESS SEGMENTS**

For management purposes, continuing operations are organised into three main business segments:

- Fintech - includes payments systems and business process outsourcing and payroll services;
- Industrial chemicals - includes the manufacture and distribution of industrial solvents and mining chemicals;
- Head office (or central).

In addition, the following segment is reported separately as a discontinued operation in respect of the 2018 & 2017 financial years: Payserv Zambia Limited, previously in the Fintech segment.

# Notes to the Financial Statements

For the year ended 31 August 2018

## 5. Segment reporting

### CONTINUING OPERATIONS – CURRENT PERIOD

	INDUSTRIAL CHEMICALS US\$'000	FINTECH US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
FOR THE YEAR ENDED 31 AUGUST 2018				
Revenue	1,876	7,565	-	9,441
Inter-segment revenue	-	-	-	-
<b>Revenue from external customers</b>	<b>1,876</b>	<b>7,565</b>	-	<b>9,441</b>
Cost of sales to external customers	(1,336)	(665)	-	(2,001)
<b>Gross profit</b>	<b>540</b>	<b>6,900</b>	-	<b>7,440</b>
Operating costs	(328)	(3,539)	(185)	(4,052)
Other operating income	45	6	19	70
Impairment of assets	(25)	-	18	(7)
Depreciation	(14)	(174)	-	(188)
Amortisation	-	(14)	-	(14)
<b>Operating profit / (loss) for the year</b>	<b>218</b>	<b>3,179</b>	<b>(148)</b>	<b>3,249</b>
Finance income	-	23	-	23
Finance expense	(1)	(50)	(201)	(252)
Income tax expense	-	(769)	(7)	(776)
<b>Profit / (loss) for the year</b>	<b>217</b>	<b>2,383</b>	<b>(356)</b>	<b>2,244</b>
<b>EBITDA *</b>	<b>240</b>	<b>3,367</b>	<b>(148)</b>	<b>3,459</b>

### CONTINUING OPERATIONS – PRIOR PERIOD

	INDUSTRIAL CHEMICALS US\$'000	FINTECH US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
FOR THE YEAR ENDED 31 AUGUST 2017				
Revenue	2,228	6,373	-	8,601
Inter-segment revenue	-	(3)	-	(3)
<b>Revenue from external customers</b>	<b>2,228</b>	<b>6,370</b>	-	<b>8,598</b>
Cost of sales to external customers	(1,821)	(412)	-	(2,233)
<b>Gross profit</b>	<b>407</b>	<b>5,958</b>	-	<b>6,365</b>
Operating costs	(618)	(3,333)	(1,198)	(5,149)
Other operating income	-	23	-	23
Impairment of assets	61	-	(70)	(9)
Depreciation	(17)	(128)	-	(145)
Amortisation	-	(13)	-	(13)
<b>Operating profit / (loss) for the year</b>	<b>(167)</b>	<b>2,507</b>	<b>(1,268)</b>	<b>1,072</b>
Finance income	3	12	-	15
Finance expense	(2)	(83)	(286)	(371)
Income tax expense	-	(660)	-	(660)
<b>Profit / (loss) for the year</b>	<b>(166)</b>	<b>1,776</b>	<b>(1,554)</b>	<b>56</b>
<b>EBITDA *</b>	<b>(150)</b>	<b>2,648</b>	<b>(1,268)</b>	<b>1,230</b>

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

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## 5. Segment reporting (continued)

### DISCONTINUED OPERATIONS – CURRENT PERIOD

FOR THE YEAR ENDED 31 AUGUST 2018	FINTECH US\$'000	TOTAL US\$'000
Revenue	-	-
<b>Revenue from external customers</b>	-	-
Cost of sales to external customers	-	-
<b>Gross profit</b>	-	-
Operating costs	-	-
Depreciation	-	-
Amortisation	-	-
<b>Operating loss</b>	-	-
Finance income	-	-
Finance expense	-	-
Recycling of foreign exchange differences	3	3
<b>Profit for the year</b>	<b>3</b>	<b>3</b>
<b>EBITDA*</b>	<b>-</b>	<b>-</b>

### DISCONTINUED OPERATIONS – PRIOR PERIOD

FOR THE YEAR ENDED 31 AUGUST 2017	FINTECH US\$'000	TOTAL US\$'000
Revenue	47	47
<b>Revenue from external customers</b>	<b>47</b>	<b>47</b>
Cost of sales to external customers	-	-
<b>Gross profit</b>	<b>47</b>	<b>47</b>
Operating costs	(198)	(198)
Depreciation	(2)	(2)
Amortisation	-	-
<b>Operating loss</b>	<b>(153)</b>	<b>(153)</b>
Finance income	-	-
Finance expense	-	-
<b>Loss for the year</b>	<b>(153)</b>	<b>(153)</b>
<b>EBITDA*</b>	<b>(151)</b>	<b>(151)</b>

# Notes to the Financial Statements

For the year ended 31 August 2018

## 5. Segment reporting (continued)

### CONTINUING OPERATIONS - SEGMENT ASSETS & LIABILITIES

	INDUSTRIAL CHEMICALS US\$'000	OUTSOURCE AND IT SERVICES US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
FOR THE YEAR ENDED 31 AUGUST 2018				
Segment assets	545	6,878	3,275	10,698
Segment liabilities	95	3,168	667	3,930
Capital expenditure	8	205	-	213

	INDUSTRIAL CHEMICALS US\$'000	OUTSOURCE AND IT SERVICES US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
FOR THE YEAR ENDED 31 AUGUST 2017				
Segment assets	776	2,788	3,001	6,565
Segment liabilities	127	2,050	3,369	5,546
Capital expenditure	1	289	-	290

### ASSETS AND LIABILITIES HELD FOR SALE – CURRENT PERIOD

	OUTSOURCE AND IT SERVICES US\$'000	TOTAL US\$'000
FOR THE YEAR ENDED 31 AUGUST 2018		
Property, plant and equipment	1	1
Trade and other receivables	-	-
Cash and cash equivalents	-	-
<b>Total assets held for sale</b>	<b>1</b>	<b>1</b>
Trade and other payables	23	23
Provisions	-	-
Deferred tax liabilities	-	-
<b>Total liabilities held for sale</b>	<b>23</b>	<b>23</b>
<b>Net assets of disposal group held for sale</b>	<b>( 22 )</b>	<b>( 22 )</b>

### ASSETS AND LIABILITIES HELD FOR SALE – PRIOR PERIOD

	OUTSOURCE AND IT SERVICES US\$'000	TOTAL US\$'000
FOR THE YEAR ENDED 31 AUGUST 2017		
Property, plant and equipment	2	2
Trade and other receivables	3	3
Cash and cash equivalents	24	24
<b>Total assets held for sale</b>	<b>29</b>	<b>29</b>
Trade and other payables	50	50
Provisions	4	4
Deferred tax liabilities	-	-
<b>Total liabilities held for sale</b>	<b>54</b>	<b>54</b>
<b>Net assets of disposal group held for sale</b>	<b>( 25 )</b>	<b>( 25 )</b>

# Notes to the Financial Statements

For the year ended 31 August 2018

## 6. Group net operating costs

	2018 US\$'000	2017 US\$'000
Cost of sales	2,001	2,233
Administrative expenses	3,997	5,307
<b>Net operating costs</b>	<b>5,998</b>	<b>7,540</b>

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

	NOTE	2018 US\$'000	2017 US\$'000
Operating costs include, inter alia:			
Depreciation of property, plant and equipment		187	146
Depreciation of property plant and equipment in cost of sales		8	7
Amortisation		14	14
Operating lease rentals:			
Land and buildings		134	136
Personnel expenses	7	2,509	2,528
<b>Auditors remuneration</b>			
<i>Fees Payable to the Group Auditors for:</i>			
<b>Current year audit of the Group's financial statements</b>		<b>42</b>	<b>32</b>

## 7. Personnel expenses

The aggregate remuneration comprised (including Executive Directors):

	2018 US\$'000	2017 US\$'000
Wages and salaries	2,485	2,504
Compulsory social security contributions	24	24
<b>Total personnel expenses</b>	<b>2,509</b>	<b>2,528</b>

A further \$262,000 not included above was utilised to implement a staff restructuring exercise during July 2018 at Paynet Zimbabwe. This process entailed making certain administrative executives redundant resulting in minimum savings of \$400,000 per annum. These savings are being invested in recruiting technical staff and developers to improve Paynet's response to its customers' needs.

### Of which: Remuneration of Group Executive Directors

Please see Directors' emoluments note 33

### PENSION FUNDS

The group provides for pensions on the retirement of employees by means of the compulsory Zimbabwean National Social Security Authority (NSSA) fund and the Cambria Staff Pension fund administered on our behalf by Old Mutual. Contributions for the year were as follows:

	COMPANY US\$'000	EMPLOYEES US\$'000	TOTAL US\$'000
NSSA	24	24	48
Cambria Staff Pension Fund	98	98	196

# Notes to the Financial Statements

For the year ended 31 August 2018

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

	2018 NUMBER	2017 NUMBER
Outsource and IT services	73	74
Industrial chemicals	10	16
Head Office	2	3
<b>Total</b>	<b>85</b>	<b>93</b>

## 8. Net finance costs

	2018 US\$'000	2017 US\$'000
Recognised in income statement:		
Bank interest receivable	23	15
<b>Finance income</b>	<b>23</b>	<b>15</b>
Bank interest payable	(1)	-
Loan interest payable	(251)	(371)
<b>Finance costs</b>	<b>(252)</b>	<b>(371)</b>
<b>Net finance costs</b>	<b>(229)</b>	<b>(356)</b>

## 9. Taxation

	2018 US\$'000	2017 US\$'000
<b>Income tax recognised in the income statement</b>		
<b>Current tax expense</b>		
Current period	773	628
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	3	32
<b>Total income tax charge in income statement</b>	<b>776</b>	<b>660</b>

### RECONCILIATION OF EFFECTIVE TAX RATE

	2018 US\$'000	2017 US\$'000
Profit before tax	3,020	716
Income tax using the Zimbabwean corporation tax rate of 25.75% (2017: 25.75%)	778	184
Net losses where no group relief is available	(2)	476
<b>Total income tax charge in income statement</b>	<b>776</b>	<b>660</b>

### DEFERRED TAX

	2018 US\$'000	2017 US\$'000
Relating to temporary tax differences in subsidiaries	3	32
<b>Total</b>	<b>3</b>	<b>32</b>

Corporation tax for Zimbabwean entities is calculated at 25.75% (2017: 25.75%) of the estimated assessable profit 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 2018

## 10. Disposals and discontinued operations

The following entity was reclassified as held for disposal in the previous year financial year, as discussed in note 3 and note 5.

- Payserv Zambia Limited, a subsidiary of Payserv Africa Limited

### CASH FLOWS FROM DISCONTINUED OPERATIONS:

	OUTSOURCE AND IT SERVICES 2018 US\$'000	OUTSOURCE AND IT SERVICES 2017 US\$'000
Net cash used in operating activities	( 24 )	( 55 )
Net cash used in investing activities	-	( 1 )
Net cash generated from financing activities	-	77
<b>Net cash flows for the year</b>	<b>( 24 )</b>	<b>21</b>
<b>Cash and cash equivalents held for sale</b>	<b>-</b>	<b>24</b>

### ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS:

	OUTSOURCE AND IT SERVICES 2018 US\$'000	OUTSOURCE AND IT SERVICES 2017 US\$'000
Property, plant and equipment	1	2
Trade and other receivables	-	3
<b>Total assets of discontinued subsidiary</b>	<b>1</b>	<b>5</b>
Trade and other payables	23	50
Provisions	-	4
<b>Total liabilities of discontinued subsidiary</b>	<b>23</b>	<b>54</b>
<b>Cash and cash equivalents</b>	<b>-</b>	<b>24</b>

## 11. Earnings / (loss) per share

The calculation of basic and diluted earnings per share at 31 August 2018 has been based on the earnings or (loss) attributable to ordinary shareholders for continuing and discontinued operations at the weighted average of ordinary shares outstanding during the period as detailed in the table below:

### EARNINGS / (LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

	2018 EARNINGS PER SHARE US\$'CENTS	2018 US\$'000	2017 EARNINGS PER SHARE US\$'CENTS	2017 US\$'000
Earnings / (loss) for the purposes of basic earnings / (loss) and dilutive per share being net earnings / (loss) attributable to equity holders of the parent	0.50	1,897	( 0.12 )	( 349 )
- continuing operations	0.50	1,894	( 0.07 )	( 196 )
- discontinued operations	0.00	3	( 0.05 )	( 153 )

### WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	NOTE	2018 000'S	2017 000'S
Weighted average number of ordinary shares for the purposes of calculating basic and dilutive earnings / (loss) per share		379,486	281,275
Actual number of shares outstanding at the end of the period	21	544,576	348,839

# Notes to the Financial Statements

For the year ended 31 August 2018

## 12. Property, plant and equipment

### 2018 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 2017	2,317	77	686	1,075	4,155
Additions in year	-	8	2	203	213
Revaluations	200	-	-	-	200
Disposals in year	-	(5)	(97)	-	(102)
<b>Balance at 31 August 2018</b>	<b><u>2,517</u></b>	<b><u>80</u></b>	<b><u>591</u></b>	<b><u>1,278</u></b>	<b><u>4,466</u></b>
<b>Accumulated depreciation</b>					
At 1 September 2017	(34)	(61)	(392)	(941)	(1,428)
Disposals in year	-	2	98	-	100
Depreciation charge for the year	-	(6)	(104)	(85)	(195)
<b>Balance at 31 August 2018</b>	<b><u>(34)</u></b>	<b><u>(65)</u></b>	<b><u>(398)</u></b>	<b><u>(1,026)</u></b>	<b><u>(1,523)</u></b>
<b>Carrying amounts</b>					
At 31 August 2018	<u>2,483</u>	<u>15</u>	<u>193</u>	<u>252</u>	<u>2,943</u>
At 31 August 2017	<u>2,283</u>	<u>16</u>	<u>294</u>	<u>134</u>	<u>2,727</u>

### 2017 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 2016	2,317	76	526	1,032	3,951
Additions in year	-	1	247	43	291
Disposals in year	-	-	(87)	-	(87)
<b>Balance at 31 August 2017</b>	<b><u>2,317</u></b>	<b><u>77</u></b>	<b><u>686</u></b>	<b><u>1,075</u></b>	<b><u>4,155</u></b>
<b>Accumulated depreciation</b>					
At 1 September 2016	(34)	(55)	(371)	(900)	(1,360)
Disposals in year	-	-	85	-	85
Depreciation charge for the year	-	(6)	(106)	(41)	(153)
<b>Balance at 31 August 2017</b>	<b><u>(34)</u></b>	<b><u>(61)</u></b>	<b><u>(392)</u></b>	<b><u>(941)</u></b>	<b><u>(1,428)</u></b>
<b>Carrying amounts</b>					
At 31 August 2017	<u>2,283</u>	<u>16</u>	<u>294</u>	<u>134</u>	<u>2,727</u>
At 31 August 2016	<u>2,283</u>	<u>21</u>	<u>155</u>	<u>132</u>	<u>2,591</u>

# Notes to the Financial Statements

For the year ended 31 August 2018

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

### 2018 COMPANY

	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 2017	-	-	-	10	10
Additions in year	-	-	-	-	-
Disposals in year	-	-	-	-	-
<b>Balance at 31 August 2018</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
<b>Accumulated depreciation</b>					
At 1 September 2017	-	-	-	( 10)	( 10)
Additions in year	-	-	-	-	-
Disposals in year	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-
<b>Balance at 31 August 2018</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 10)</u>	<u>( 10)</u>
<b>Carrying amounts</b>					
At 31 August 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 2017 COMPANY

	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 2016	-	-	-	10	10
Additions in year	-	-	-	-	-
Disposals in year	-	-	-	-	-
<b>Balance at 31 August 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
<b>Accumulated depreciation</b>					
At 1 September 2016	-	-	-	( 10)	( 10)
Additions in year	-	-	-	-	-
Disposals in year	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-
<b>Balance at 31 August 2017</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 10)</u>	<u>( 10)</u>
<b>Carrying amounts</b>					
At 31 August 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## VALUATIONS

### LE HAR (PRIVATE) LIMITED – PROPERTY

An external, professional and independent valuer with appropriate and recognised qualifications, Hollands Estate Agents Harare ('Hollands') carried out a valuation of the freehold land and buildings as at 31 August 2018 with reference to observed market evidence. The directors having considered the Hollands report consider this value to be an accurate reflection of the fair value at 31 August 2018 being US\$2,50 million (2017: US\$2,30 million).

# Notes to the Financial Statements

For the year ended 31 August 2018

## 13. Goodwill

As at 31 August 2018, the consolidated statement of financial position included goodwill of US\$717,000 (2017: US\$717,000). 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:

	ORIGINAL COST US\$'000	COST AT 1 SEPTEMBER 2017 US\$'000	CARRYING VALUE AT 1 SEPTEMBER 2017 US\$'000	ACCELERATED WRITE-OFF US\$'000	CARRYING VALUE AT 31 AUGUST 2018 US\$'000
Payserv Africa Limited	717	717	717	-	717
<b>Total</b>	<b>717</b>	<b>717</b>	<b>717</b>	<b>-</b>	<b>717</b>

## 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 cash generation in place at the date of this report and taking factors existing at that date into consideration.
- 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 significantly exceeds the reported value thereof and that the respective book values do not adequately reflect the value of the Group's investments and proprietary technologies. The Directors do not believe any impairment to goodwill is necessary in the current period.

# Notes to the Financial Statements

For the year ended 31 August 2018

## 14. Intangible assets

	ORIGINAL	NET BOOK	ADDITIONS	DISPOSALS	AMORTISATION	CLOSING
	COST	VALUE AT				BALANCE AT
	US\$'000	1 SEPTEMBER 2017 US\$'000	US\$'000	US\$'000	US\$'000	31 AUGUST 2018 US\$'000
Payserv software licenses	1,538	27	3	-	(14)	16
Total	1,538	27	3	-	(14)	16

### AMORTISATION

The amortisation charge is recognised within operating expenses (note 6) in the income statement. The Group tests other intangible assets for impairment if there are indications that they might be impaired.

The amortisation periods for intangible assets are:

Software licenses                      3 years

## 15. Investments in subsidiaries and associates

The Company has investments in the following subsidiaries which principally affect the profits and/or net assets of the Company. The direct investments in subsidiaries held by the Company are stated at cost. These are subject to impairment testing.

### CONTINUING OPERATIONS

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		2018	2017
A F Philip & Company (Pvt) Limited	Zimbabwe	62.84%	0%
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 Holdings Limited	Isle of Man	100%	100%
Para Meter Computers (Pvt) Limited	Zimbabwe	100%	100%
Paynet Zimbabwe (Pvt) Limited	Zimbabwe	100%	100%
Payserv (Pvt) Limited	Zimbabwe	100%	100%
Payserv Africa Limited	Mauritius	100%	100%
Payserv Zimbabwe (Pvt) Limited	Zimbabwe	100%	100%
Quintech Investments (Pvt) Limited	Zimbabwe	100%	100%
Tradanet (Pvt) Limited	Zimbabwe	51.0%	51.0%
Yellowwood Projects (Pvt) Limited	Zimbabwe	100%	100%

+ Held directly by Cambria Africa Plc.

# Notes to the Financial Statements

For the year ended 31 August 2018

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

### NON-CONTROLLING INTERESTS (“NCI”) - TRADANET

Ottonby Trading (Pvt) Ltd (address: Northridge Park, Northend Close, Harare, Zimbabwe) holds a 49% interest in Tradanet (Pvt) Ltd. Tradanet’s salient financial information is as follows:-

	2018 <u>US\$’000</u>	2017 <u>US\$’000</u>
Profit attributable to NCI	351	252
Dividends paid to NCI	( 405)	( 149)
Accumulated NCI at year end	44	99
Non-current assets	80	74
Current assets	294	390
Non-current liabilities	2	2
Current liabilities	279	261
Cash flow from operations	812	462
Cash utilised in investing activities	( 46)	( 51)
Cash utilised in financing activities (including dividends)	( 819)	( 316)
Cash and cash equivalents	219	273

### NON-CONTROLLING INTERESTS (“NCI”) – A F PHILIP & COMPANY

On 31 August 2018, the Group finalised the purchase of a 62.837% shareholding in A F Philip and Company (Pvt) Limited, a Zimbabwean registered entity, for a cash consideration of \$1,600,000. This was advised to shareholders in a RNS issued on 18 September 2018. Through a network of associated companies, this investment gave the Group an effective 4,000,000 shares in Radar Holdings Limited, or 7.83% of their issued share capital. As a result, the Group also has the right to nominate a director onto the Radar Board.

Radar is a public but unlisted company incorporated in Zimbabwe and has interests in brick manufacturing through Macdonald bricks, are the owners of 2,166 hectares of prime development land as well as 8 residential properties. Radars most recent published audited consolidated results for the 12 month period ended 30 June 2018 reported Revenues of \$9,20 million, a Loss after Tax of \$42,500 and Net Assets of \$ 29,95 million.

Constold (Pvt) Ltd (address: 4th floor, Tanganyika House, 3rd Street, Harare, Zimbabwe) holds a 37.163% interest in A F Philip & Company (Pvt) Ltd. A F Philip’s salient financial information is as follows:-

	2018 <u>US\$’000</u>
Profit attributable to NCI	-
Dividends paid to NCI	-
Accumulated NCI at year end	947
Non-current assets	2,546
Current assets	1,600
Non-current liabilities	-
Current liabilities	( 1,600)
Cash flow from operations	-
Cash utilised in investing activities	-
Cash utilised in financing activities (including dividends)	-
Cash and cash equivalents	1,600

# Notes to the Financial Statements

For the year ended 31 August 2018

## 16. Inventory

	GROUP 2018 US\$'000	GROUP 2017 US\$'000
Raw materials and consumables	28	25
Goods in transit	75	37
Finished goods	140	171
<b>Total</b>	<b>243</b>	<b>233</b>

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

	GROUP 2018 US\$'000	GROUP 2017 US\$'000
Quoted investments portfolio	131	86
<b>Total</b>	<b>131</b>	<b>86</b>

QUOTED INVESTMENTS PORTFOLIO:	GROUP 2018 US\$'000	GROUP 2017 US\$'000
Balance at 1 September	86	40
Acquired during the year	-	-
Disposed during the year	-	-
Gain on fair valuation during the year	45	46
<b>Balance at end of the year</b>	<b>131</b>	<b>86</b>

The portfolio is managed by an asset management company who makes all decisions regarding the sale and purchase of listed 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 Zimbabwe foreign currency constraints at the time, is callable at the option of the vendor. See note 23.

## 18. Trade and other receivables

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
Amounts owed by Group undertakings	-	3,364	-	3,763
Trade receivables	801	-	824	-
Other receivables	42	16	674	559
Prepayments and accrued income	-	-	232	-
<b>Total</b>	<b>843</b>	<b>3,380</b>	<b>1,730</b>	<b>4,322</b>

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 receivables, 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 2018*

## 19. Cash and cash equivalents

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
Bank balances	3,259	758	1,045	143
Bank overdrafts	-	-	-	-
Net cash and cash equivalents	3,259	758	1,045	143
Net cash included in held for sale	-	-	24	-
Total cash and cash equivalents in statement of financial position	<u>3,259</u>	<u>758</u>	<u>1,069</u>	<u>143</u>

## 20. Capital and reserves

### REVALUATION RESERVE

The revaluation reserve relates to property, plant and equipment which has been revalued in the Zimbabwean subsidiaries 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 comprised of the charges arising from the calculation of the share-based payment posted to the income statement in 2011 and 2012, and released on expiration of options never exercised in 2013, 2016 and finally in 2017.

### 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.

# Notes to the Financial Statements

For the year ended 31 August 2018

## 21. Share capital & share premium

	ORDINARY SHARES 2018			ORDINARY SHARES 2017		
	NUMBER	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	NUMBER	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000
<b>Issued and fully paid</b>						
At 1 September	348,839,012	51	85,686	207,920,406	34	83,950
Issued in period	195,736,593	26	2,773	140,918,606	17	1,736
<b>At 31 August</b>	<b>544,575,605</b>	<b>77</b>	<b>88,459</b>	<b>348,839,012</b>	<b>51</b>	<b>85,686</b>

All shares issued are classed as Ordinary Shares with a par value of 0.01 pence each and are all ranked equally. There are no other classes of shares in issue. No warrants were granted during the current financial year and no warrants are outstanding.

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, or consecutive 12-month periods, 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 also 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:

16 July 2018	190,736,593 ordinary shares at a price of 1.10p per share (US\$ 2,706,084)
22 February 2017	140,918,606 ordinary shares at a price of 1.0p per share (US\$ 1,736,223).
17 April 2015	107,000,000 ordinary shares at a price of 0.85p per share (US\$1,337,000).
6 March 2014	4,133,333 ordinary shares at a price of 7.5p per share (US\$508,000).
4 March 2014	28,272,806 ordinary shares at a price of 7.5p per share (US\$3,475,000 of which US\$ 719,000 related to settlement of expenses and liabilities).
1 October 2012	8,615,115 ordinary shares at a price of 10p per share (US\$1,400,000).
16 September 2011	3,988,439 ordinary shares at a price of 23p per share (US\$1,448,000).
10 December 2010	17,813,944 ordinary shares at a price of 28p per share net of issue costs of £143,000 (US\$7,646,000).
9 December 2009	4,255,525 ordinary shares at a price of 27.5p per share net of issue costs of £58,000 (US\$1,820,000).
14 July 2009	Cost of purchasing and cancelling 4,374,000 shares at 30.5p per share (US\$2,174,000).
11 December 2007	36,450,000 ordinary shares at a price of 100p per share net of issue costs of £2,753,000 (US\$68,659,000).

# Notes to the Financial Statements

For the year ended 31 August 2018

## 22. Share options

All share options issued in prior years have now expired and were not exercised

## 23. Loans and borrowings - long term

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
VAL Loan	-	-	1,565	1,565
CABS Loan - long term portion	-	-	205	-
Other trade payables	120	-	79	-
<b>Total</b>	<b>120</b>	<b>-</b>	<b>1,849</b>	<b>1,565</b>

The VAL Loan carried interest at 8% per annum. It was repayable after three years on 30 November 2019 with early repayment at the election of VAL from any proceeds realised from a Liquidity Event. A Liquidity Event shall comprise the sale, whether partly or in full, of Cambria's investments. The VAL Loan was secured through a pledge and cession over the Company's shares in its subsidiaries.

During the financial year ended 31 August 2018, the Company announced that VAL would participate in the Open Offer in terms of which VAL converted £1.595 million (approximately \$2.12 million) of the VAL Loan into 145 million ordinary shares at 1.00p per share. The result of the VAL Loan Conversion is incorporated into the figures above.

Other non-current trade payables are in respect of historic Paywell software license fees within the Payserv Group, which could not be remitted due to Zimbabwean foreign currency constraints at the time. The amounts due were invested into a listed portfolio (see note 17).

## 24. Provisions

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
Provisions	188	-	186	-
<b>Total</b>	<b>188</b>	<b>-</b>	<b>186</b>	<b>-</b>

Provisions at 31 August 2018 are in respect of the maximum Leave Pay and Retirement Gratuities which may become payable by individual companies to employees on termination of their employment.

## 25. 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	2018		2017	
	ACCELERATED TAX DEPRECIATION US\$'000	TOTAL US\$'000	ACCELERATED TAX DEPRECIATION US\$'000	TOTAL US\$'000
At 1 September	184	184	152	152
Recognised directly in reserves	36	36	-	-
Other movements	3	3	32	32
<b>At 31 August</b>	<b>223</b>	<b>223</b>	<b>184</b>	<b>184</b>

Deferred tax assets off set against deferred tax liabilities in the period were US\$ nil (2017: US\$ nil).

# Notes to the Financial Statements

For the year ended 31 August 2018

## 26. Loans and borrowings - short term

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
VAL Bridging Loan	413	413	926	926
CABS Loan - short term portion	206	-	630	-
<b>Total</b>	<b>619</b>	<b>413</b>	<b>1,556</b>	<b>926</b>

The Company previously announced on 18 October 2016 that Payserv's wholly owned subsidiary, Paynet Zimbabwe (Pvt) Limited ("Paynet"), successfully concluded a \$1.2 million loan facility agreement with Central Africa Building Society ("CABS Loan"). The CABS Loan currently bears interest at 9% per annum with an annual renewal fee of 1% and was subject to an establishment fee of 2%. The loan is repayable over 24 months, the last instalment being due in December 2018. As security, a mortgage has been registered in favour of CABS over one of two properties owned by Le Har (Pvt) Ltd, a wholly owned subsidiary of the Company. The remaining property owned by Le Har remains unencumbered.

The CABS Loan was used by Paynet to repay in part its license fees and loan obligations to Payserv Africa. Payserv Africa in turn used the funds to settle the remaining portion of the VAL Bridging Facility via Cambria.

## 27. Trade and other payables

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
Trade payables	54	15	807	730
Non-trade payables and accrued expenses	2,249	1,952	567	1,936
<b>Total</b>	<b>2,303</b>	<b>1,967</b>	<b>1,374</b>	<b>2,666</b>
Current tax liability	477	-	397	-
<b>Total</b>	<b>2,780</b>	<b>1,967</b>	<b>1,771</b>	<b>2,666</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. 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 2018

## 28. Notes to the statement of cash flows – Consolidated & Company

	GROUP 2018 US\$'000	GROUP 2017 US\$'000
<b>Profit / (loss) for the year</b>	<b>2,247</b>	<b>( 97)</b>
<i>Adjusted for *:</i>		
Amortisation of intangible assets	14	14
Depreciation of property, plant and equipment	195	154
Profit on sale of property, plant and equipment	( 33)	( 19)
Valuation adjustments to inventories, receivables and other assets	( 45)	( 46)
Finance income	( 23)	( 15)
Finance costs	252	371
Share based payment charge	68	-
(Decrease)/increase in provisions	3	( 16)
Income tax charge	776	660
<b>Operating cash flows before movements in working capital</b>	<b>3,454</b>	<b>1,006</b>
(Increase) / decrease in inventories	( 10)	174
(Increase) / decrease in trade and other receivables	887	( 421)
Increase / (decrease) in trade and other payables	939	201
<b>Cash generated from operations</b>	<b>5,270</b>	<b>960</b>

\* All amounts include both continuing and discontinued operations.

	COMPANY 2018 US\$'000	COMPANY 2017 US\$'000
<b>Loss for the year</b>	<b>( 349)</b>	<b>( 1,477)</b>
<i>Adjusted for :</i>		
Finance income	-	( 34)
Finance costs	201	286
Share based payment charge/ (credit)	68	( 42)
Income tax charge	-	-
<b>Operating cash flows before movements in working capital</b>	<b>( 80)</b>	<b>( 1,267)</b>
(Increase) / decrease in inventories	-	-
(Increase) / decrease in trade and other receivables	942	2,052
Increase / (decrease) in trade and other payables	( 699)	( 234)
<b>Cash generated from operations</b>	<b>163</b>	<b>551</b>

## 29. Financial instruments

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

- a. credit risk
- b. liquidity risk
- c. 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.

# Notes to the Financial Statements

For the year ended 31 August 2018

## 29. 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 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
Cash and cash equivalents	19	3,259	758	1,069	143
Trade and other receivables	18	843	16	1,730	559
Amounts owed by group undertakings	18	-	3,364	-	3,809
Other investments	17	131	-	86	-
<b>Total</b>		<b>4,233</b>	<b>4,138</b>	<b>2,885</b>	<b>4,511</b>

The maximum exposure to credit risk for financial assets at the reporting date by geographic region was:

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
United Kingdom	774	774	702	702
Zimbabwe	3,147	3,364	2,160	3,809
Mauritius	312	-	23	-
<b>Total</b>	<b>4,233</b>	<b>4,138</b>	<b>2,885</b>	<b>4,511</b>

# Notes to the Financial Statements

For the year ended 31 August 2018

## 29. 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 17 US\$131,000 (2017: US\$86,000)) at the reporting date by type of counterparty was:

	GROUP 2018 US\$'000	COMPANY 2018 US\$'000	GROUP 2017 US\$'000	COMPANY 2017 US\$'000
Trade customers and other receivables	843	16	1,730	559
Amounts owed by Group undertakings	-	3,364	-	3,763
<b>Total</b>	<b>843</b>	<b>3,380</b>	<b>1,730</b>	<b>4,322</b>

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

	GROSS 2018 US\$'000	IMPAIRMENT 2018 US\$'000	TOTAL 2018 US\$'000
Neither past nor impaired	620	-	620
Past due 1-30 days	36	-	36
Past due 31-60 days	16	( 8)	8
Past due 61-90 days	13	( 10)	3
Past due 91-days +	122	( 120)	2
Other receivables	174	-	174
<b>Total</b>	<b>981</b>	<b>( 138)</b>	<b>843</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 other financial assets.

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

# Notes to the Financial Statements

For the year ended 31 August 2018

## 29. 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 2018			CONTRACTUAL CASH FLOWS 2017		
	CARRYING	1 YEAR	2 TO <5	CARRYING	1 YEAR	2 TO <5
	AMOUNT	OR LESS	YEARS	AMOUNT	OR LESS	YEARS
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other payables	2,423	2,423	-	1,374	1,374	-
Loans and borrowings	619	674	-	3,405	1,697	1,930
<b>Total</b>	<b>3,042</b>	<b>3,097</b>	<b>-</b>	<b>4,779</b>	<b>3,071</b>	<b>1,930</b>

COMPANY	CONTRACTUAL CASH FLOWS 2018			CONTRACTUAL CASH FLOWS 2017		
	CARRYING	1 YEAR	2 TO <5	CARRYING	1 YEAR	2 TO <5
	AMOUNT	OR LESS	YEARS	AMOUNT	OR LESS	YEARS
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Trade and other payables	1,967	1,967	-	2,666	2,666	-
Loans and borrowings	413	450	-	2,491	1,009	1,706
<b>Total</b>	<b>2,380</b>	<b>2,417</b>	<b>-</b>	<b>5,157</b>	<b>3,675</b>	<b>1,706</b>

### 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 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	REPORTING DATE SPOT RATE	AVERAGE RATE	REPORTING DATE SPOT RATE
	2018	2018	2017	2017
Pounds Sterling (GBP)	0.74	0.77	0.79	0.77
Euro (EUR)	0.84	0.86	0.91	0.84
Zambian Kwacha (ZMW)	9.89	10.23	9.48	9.05
South African Rand (ZAR)	12.97	14.69	13.39	13.01

# Notes to the Financial Statements

For the year ended 31 August 2018

## 29. 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	2018 US\$'000	2017 US\$'000
<b>FIXED RATE INSTRUMENTS</b>		
Financial assets	-	-
Financial liabilities	( 619)	( 3,326)
<b>Total</b>	<b>( 619)</b>	<b>( 3,326)</b>
<b>VARIABLE RATE INSTRUMENTS</b>		
Financial assets	3,259	1,069
Financial liabilities	-	-
<b>Total</b>	<b>3,259</b>	<b>1,069</b>

### 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 2018 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 as for 2017 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 STATEMENT POSITION US\$'000	STRENGTHENING PROFIT OR LOSS US\$'000	WEAKENING PROFIT OR LOSS US\$'000
<b>31 AUGUST 2018</b>			
Pounds Sterling (GBP)	523	( 37)	37
Zambian Kwacha (ZMW)	( 23)	-	-
<b>31 AUGUST 2017</b>			
Pounds Sterling (GBP)	( 382)	27	( 27)
Euro (EUR)	( 23)	2	( 2)
South African Rand (ZAR)	( 1)	-	-
Zambian Kwacha (ZMW)	( 27)	-	-

### INTEREST RATE RISK MANAGEMENT

The Company does not believe it faces any risk from its interest rate exposure. The rates of interest it is exposed to are not expected to change over the tenure of its borrowings.

Currently the Company has only two lenders, Central African Building Society (CABS) Zimbabwe and Ventures Africa Limited (VAL) which holds 69.2% of the Company's equity. As a percent of total borrowings, 67% is represented by VAL and 33% by CABS with a weighted average interest cost of 9.67% p.a.

# Notes to the Financial Statements

For the year ended 31 August 2018

## 29. Financial instruments (continued)

As a related party, VAL has established interest rates at the same levels which its funding was used to displaced former lenders and maintained parity with rates which the Company has been able to obtain funding at in Zimbabwe. However, VAL does not charge the Company establishment fees or anniversary fees. VAL has actively converted debt to equity to assist the company in reducing its interest rate exposure and has announced its intention for further debt to equity conversions.

The rate of interest on the CABS loan is currently 9% which as a result of increased domestic liquidity has fallen from 11% in FY2017. The Company expects this loan to be fully repaid by December 2018.

### 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.

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.

### 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	HIERARCHY	CARRYING AMOUNT 2018	FAIR VALUE 2018
		US\$'000	US\$'000
Cash and cash equivalents	Level 3	3,259	3,259
Trade and other receivables	Level 3	843	843
Quoted investment portfolio	Level 1	131	131
Trade and other payables	Level 3	( 2,326)	( 2,326)
Loans and borrowings	Level 3	( 619)	( 619)
<b>Total</b>		<b><u>1,288</u></b>	<b><u>1,288</u></b>

GROUP	HIERARCHY	CARRYING AMOUNT 2017	FAIR VALUE 2017
		US\$'000	US\$'000
Cash and cash equivalents	Level 3	1,045	1,045
Trade and other receivables	Level 3	1,730	1,730
Quoted investment portfolio	Level 1	86	86
Trade and other payables	Level 3	( 1,374)	( 1,374)
Loans and borrowings	Level 3	( 3,405)	( 3,405)
<b>Total</b>		<b><u>( 1,918)</u></b>	<b><u>( 1,918)</u></b>

# Notes to the Financial Statements

For the year ended 31 August 2018

## 29. Financial instruments (continued)

COMPANY	HIERARCHY	CARRYING	FAIR VALUE
		AMOUNT 2018 US\$'000	2018 US\$'000
Cash and cash equivalents	Level 3	758	758
Trade and other receivables	Level 3	3,380	3,380
Trade and other payables	Level 3	(1,967)	(1,967)
Loans and borrowings	Level 3	(413)	(413)
<b>Total</b>		<b><u>1,758</u></b>	<b><u>1,758</u></b>

COMPANY	HIERARCHY	CARRYING	FAIR VALUE
		AMOUNT 2017 US\$'000	2017 US\$'000
Cash and cash equivalents	Level 3	143	143
Trade and other receivables	Level 3	4,322	4,322
Trade and other payables	Level 3	(2,666)	(2,666)
Loans and borrowings	Level 3	(2,491)	(2,491)
<b>Total</b>		<b><u>(692)</u></b>	<b><u>(692)</u></b>

### 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).

### 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

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 discounting future cash flows at the cost of debt.

### 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.

### QUOTED INVESTMENT PORTFOLIO

Fair value has been derived from quoted prices.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## 30. Operating leases

### LEASES AS LESSEE

At the reporting date, the Group had the following outstanding annual commitments for future minimum lease payments under non-cancellable operating leases:

<i>Operating lease commitments</i>	<i>US\$'000</i>
Payable in next 12 months	77
Payable in 1 to 5 years	60
Payable thereafter (> 5 years)	-
<b>Total</b>	<b><u>137</u></b>

During the year ended 31 August 2018, US\$134,000 (2017: US\$136,000) 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.

## 31. Capital commitments

The capital commitments at 31 August 2018 were US\$ nil (2017: US\$ nil).

## 32. Contingent liabilities

The Group had no outstanding contingent liabilities at the end of the period.

## 33. Related parties

### IDENTITY OF RELATED PARTIES

The Group has a related party relationship with its subsidiaries (see note 15) and with its Directors and executive officers.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and there is no requirement for them to be disclosed in this note.

### GROUP AND COMPANY

At 31 August 2018, no amounts were due to Directors in respect of Directors fees, nor had any been paid in the year under review.

VAL is the controlling shareholder of Cambria with a 69.2% interest as at 31 August 2018. Mr. Samir Shasha is the ultimate beneficial owner of VAL and the CEO and Director of Cambria. VAL has provided loan funding to Cambria in the form of the VAL Loan and the VAL Bridging Facility as set out in notes 23 and 26 respectively. Interest accrued during the period amounted to US\$111,000 in respect of the VAL Loan and \$90,000 in respect of the VAL Bridging Facility.

### TRANSACTIONS WITH SUBSIDIARY ENTITIES WITHIN THE GROUP

Paynet Zimbabwe (Private) Limited ("Paynet"), a 100% subsidiary of the Group, provides services including payroll processing, software licensing and training to fellow subsidiaries which amounted to US\$1,000 (2017: US\$3,000). All charges were at market value and arm's length rates.

# Notes to the Financial Statements

For the year ended 31 August 2018

## 33. Related parties (continued)

### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel are the holding Company Directors and executive officers. None of the current active directors received any remuneration during the financial year except for the issue of shares, as announced on 15 May 2018, as follows:-

Cambria's Directors have, since their appointment in 2015, provided services and management support without any compensation. While the Board was willing to continue serving without compensation through to the end of FY 2018, the Board accepted a proposal from the CEO Mr. S Shasha to issue 5,000,000 Cambria shares ("the Directors' Shares") to Directors and Consultants as compensation for their services as follows:

	<u>POSITION</u>	<u>NUMBER OF SHARES</u>
P Turner	Non-executive Chairman	1,000,000
D C Pandya	Non-executive director	1,000,000
J P Watenphul	Non-executive director	2,500,000
H J Louw	Consultant	500,000
<b>Total</b>		<b>5,000,000</b>

The Directors' Shares were issued in terms of Section 38 of the Isle of Man Companies Act, 2006 ("Section 38") and the Company's Articles of Association ("the Directors Share Issue"). The Directors Shares Issue was implemented prior to the Open Offer.

In accordance with the provisions of Section 38, the Cambria Board has determined that, in their opinion, the present cash value of the non-money consideration for the Directors Share Issue is not less than the amount to be credited for the issue of the Cambria ordinary shares.

Mr. S Shasha, as the ultimate beneficiary of over 65.6% of Cambria's shares, did not participate in the Directors Share Issue and will continue to serve without compensation in the current financial year.

Directors remuneration for the period (included in personnel expenses. See note 7, also see note 34) was as follows.

	<u>TOTAL</u> <u>2018</u> <u>US\$000</u>	<u>TOTAL</u> <u>2017</u> <u>US\$000</u>
S Shasha	-	-
P Turner	14	-
JP Watenphul	33	-
DC Pandya	<u>14</u>	<u>-</u>
Total	<u><u>61</u></u>	<u><u>-</u></u>

## 34. Share-Based Payment

During the year the company issued 4,500,000 shares to Directors and 500,000 to a consultant.

The fair value at the grant date of the reward given, for the purposes of IFRS 2: Share-Based Payment, was determined with reference to the average closing share price of the company over the 12 months preceeding the issue date being 22 May 2018.

The resultant charge had the effect of reducing the consolidated and company only profits by \$68,000. This charge has been taken to Directors remuneration and operating costs respectively in the Income Statement.

See Notes 11, 21 & 33.

# Notes to the Financial Statements

*For the year ended 31 August 2018*

## 35. Events after the reporting date

Subsequent to the end of the financial year, Paynet paid \$400,000 to acquire an additional 1.15% shareholding, or 588 235 shares, in Radar Holdings Ltd. This brings Paynet's Investment in Radar to 8.98%. The transaction was implemented through the same subscription mechanism as the earlier investment at an effective price of 68 cents per Radar share. Please also see Note 15.

Cambria is in discussions to further increase its shareholding in Radar. It will also seek to rely on its pre-emptive rights in Hinshaw (Pvt) Ltd, one of the associated companies in the Radar shareholding structure, should the opportunity arise to do so. In the opinion of the Board, Radar will be a direct beneficiary of any upturn in the Zimbabwe economy through its regional monopoly in brick manufacturing and its significant development land holdings. In addition, the Radar investment provides an attractive hedge against the possible deterioration in the purchasing power of cash and cash-equivalents in Zimbabwe.

# Corporate Information

*For the year ended 31 August 2018*

## **REGISTERED OFFICE AND AGENT**

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# Shareholder Information

*For the year ended 31 August 2018*

## ANALYSIS OF ORDINARY SHAREHOLDINGS AS AT 22 JANUARY 2019

Note: the shareholding analysis has been performed on 22 January 2019 incorporating changes since the year end of 31 August 2018

	NUMBER OF HOLDERS	% OF TOTAL HOLDERS	NUMBER OF SHARES	% OF TOTAL SHARES
<b>Category of shareholder</b>				
Private shareholder	80	41.2%	24,775,163	4.5%
Banks, nominees and other corporate bodies	114	58.8%	519,800,442	95.5%
<b>Total</b>	<b>194</b>	<b>100.0%</b>	<b>544,575,605</b>	<b>100.0%</b>
<b>Shareholding range</b>				
1 – 5,000	54	27.9%	117,390	0.0%
5,001 – 50,000	44	22.7%	942,910	0.2%
50,001 – 500,000	47	24.2%	9,783,988	1.8%
500,001 – 5,000,000	41	21.1%	77,928,749	14.3%
5,000,001 – 50,000,000	7	3.6%	78,802,568	14.5%
50,000,001 – 250,000,000	1	0.5%	377,000,000	69.2%
<b>Total</b>	<b>194</b>	<b>100.0%</b>	<b>544,575,605</b>	<b>100.0%</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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