

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

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☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law.

☒ What this form is for
You cannot use this
an alteration of manner
with accounting requirements.

Part 1 Corporate company name

Corporate name of
overseas company ①

CAMBRIA AFRICA PLC

UK establishment
number

B R 0 1 5 0 5 8

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

ISLE OF MAN

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

③ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ③

IFRS AS ADOPTED BY THE EU

A3 Accounts

Accounts


Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

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A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature'. <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.	Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ①	IFRS AND APB'S	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.	
Part 3 Signature		
	I am signing this form on behalf of the overseas company.	
Signature	Signature X  X	
	This form may be signed by: Director, Secretary, Permanent representative.	

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	HENDRIK J LOUW					
Company name						
Address	245 MARAIS STREET					
	BROOKLYN					
Post town	PRETORIA					
County/Region						
Postcode	0	1	8	1		
Country	COUNTRY					
DX						
Telephone	+27 82 805 2145					

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Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.

Important information

Please note that all this information will appear on the public record.

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England and Wales:

The Registrar of Companies, Companies House,
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Scotland:

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Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
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Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

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CAMBRIA AFRICA PLC
ANNUAL REPORT
2019



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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 a turnaround and modernisation of Zimbabwe's economy. Its wholly owned operations in Zimbabwe are:

- Payserv Africa, a FinTech company with \$4 million in revenues in FY 2019. Payserv's Paynet Zimbabwe subsidiary has a proven track record of offering secure transactions to financial institutions and MNO's. Paynet also cuts a wide swath in Zimbabwe's payroll management and consumer loan processing markets. Payserv's objective is to leverage its technology platforms to exploit opportunities which arise from FinTech disruptions.
- Millchem Zimbabwe is a value-added chemicals distributor with \$1.04 million in revenues for FY 2019. The company is currently focused on ethanol-based solvents due to the significant local availability of ethanol. Millchem continues to trade profitability following the successful implementation of Cambria's turnaround program.

Results for the year

The Company achieved Consolidated Profit After Tax of \$1.66 million for FY 2019. These profits were almost entirely attributable to the first half of FY 2019. The company basically broke even in the second half of FY 2019. Second half results were impacted by:

- Introduction of a local currency for the first time since 2009 to replace the US dollar. Subsequently all accounts, contracts, assets and liabilities denominated in US Dollars were by legislation deemed to be at parity to the new currency (ZWL). The new currency opened at ZWL 2.5: US \$1.0 (current interbank rate at ZWL 17.5: US \$1.0),
- The suspension by Paynet Zimbabwe of its services to Bank customers in June 2019 following their refusal to settle invoices in their contractual currency of US Dollars. Banks have subsequently refused to transact with Paynet despite the lack of a credible replacement for its services.

In response, the Company adopted a defensive approach in the second half by reducing expenses, hedging its assets and cashflow and minimising its cost of capital. The Company's focus on preserving its Statement of Financial Position resulted in a 28% increase in Net Asset Value (NAV) per share to 1.36 US cents (1.05p) in FY 2019 from 1.06 US cents (0.82p) in FY 2018.

The Company basically achieved breakeven in the second half despite an 86% drop in revenues to \$609,000 from \$4.39 million in the first half of FY 2019, with operating costs reducing by 57% to \$615,000 from \$1.43 million in the first half of FY 2019 (first half figures extracted from unaudited interim results).

The Company achieved Earnings Per Share (EPS) of 0.26 US cents. Our year end procedures revealed an error in the Interim Reported EPS which should have been reported at 0.24 US cents per share instead of 0.27 US cents per share reported for the six months ended 28 February 2019.

FY 2019 RESULTS HIGHLIGHTS:

12 MONTHS (US\$ '000)	2019	2018	CHANGE
Group:			
- Revenue	4,996	9,441	(47%)
- Operating Costs	2,155	3,997	(46%)
- Consolidated EBITDA	2,047	3,459	(41%)
- Consolidated Profit after tax ("PAT")	1,662	2,244	(26%)
- PAT attributable to shareholders (excluding minority interest)	1,405	1,897	(26%)
- Central costs	216	185	17%
- EPS - cents	0.26	0.50	(48%)
- Net Asset Value (NAV)	7,390	5,755	28%
- NAV per share - cents	1.36	1.06	28%
Weighted average shares in issue ('000)	544,576	379,486	44%
Shares in issue at year-end ('000)	544,576	544,576	-
Divisional:			
- Payserv – consolidated profit after tax ("PAT")	1,702	2,336	(27%)
- Payserv – consolidated EBITDA	2,030	3,320	(39%)
- Millchem - EBITDA	198	240	(18%)

Group:

- Net Equity (NAV) increased by \$1.63 million (28%) to \$7.39 million from \$5.76 million at 31 August 2018. NAV per share increased by 28% from 1.06 US cents (81p) in FY 2018 to 1.36 US cents (1.05p) in FY 2019 demonstrating the success of the Company's strategy to preserve shareholder equity and to hedge its Statement of Financial Position assets against currency disruptions in Zimbabwe.
- Group finance costs fell 80% to \$51,000 from \$252,000 in FY 2018 after the partial conversion of Venture Africa Limited's (VAL) loans implemented in July 2018. Consolidated debt decreased to \$552,000 from \$619,000 at the end of FY 2018. Consolidated debt has decreased by \$2.77 million from \$3.33 million at the end of FY 2017.
- Consolidated operating costs decreased 46% to \$2.2 million from \$3.99 million following drastic cost saving measures introduced by the Group.
- Cambria's Consolidated PAT decreased 26% to \$1.66 million from \$2.24 million in FY 2018, mainly as a result of the suspension of Paynet's operations on 10 June 2019 and the impact of ZWL devaluation since 22 February 2019 on local operations.
- Earnings Per Share (EPS) decreased by 48% to 0.26 US Cents from 0.50 US Cents in FY 2018 as result of the decrease in PAT and a 44% increase in weighted average shares in issue to 544.6 million from 379.5 million at the end of FY 2018.
- Consolidated EBITDA decreased 41% to \$2.05 million from \$3.46 million in FY 2018.
- Cambria's central costs increased by \$31,000 to \$216,000 from \$185,000 in FY 2018. Cambria's CEO and Directors rendered services to Cambria without compensation during FY 2019.
- The Statement of Comprehensive Income includes a foreign currency translation adjustment (profit) of \$251,000 attributable to Cambria.

Divisional:

- The suspension by Paynet Zimbabwe of its services to Bank customers following their refusal to settle invoices in the contractual currency of US Dollars and the disruptions caused by the new currency introduced in Zimbabwe, significantly impacted Payserv's results with a:
 - 48% decrease in revenues to \$3.96 million from \$7.57 million,
 - 39% decrease in consolidated EBITDA to \$2.03 million from \$3.32 million,
 - 40% decrease in PBT to \$1.85 million from \$3.1 million,
 - 27% decrease in consolidated PAT to \$1.7 million from \$2.34 million.
- Despite the significant macro-economic challenges, Millchem demonstrated resilience maintaining profitability and reporting:
 - \$1.04 million in revenues, a reduction of 45%,
 - 36% gross profit margin, a 7% improvement from 29% gross profit margin in FY 2018 demonstrating the results of the Company's strategy to focus on a more profitable product mix,
 - 18% decrease in EBITDA to \$198,000 from \$240,000 in FY 2018,
 - 43% reduction in overheads to \$171,000 from \$300,000 in FY 2018,
 - 15% decrease in PAT to \$184,000 from \$217,000 in FY 2018.

Net Asset Value (NAV):

Cambria proactively engaged in strategies to preserve shareholder value and strengthen its Statement of Financial Position.

The Company reported audited NAV at 31 August 2019 of \$7.39 million (1.36 US cents per share), an increase of \$1.63 million (0.30 US cents per share) compared to \$5.76 million (1.06 US cents per share) in FY 2018. NAV is underpinned by the following material components:

- Investment Property at fair value of \$2.5 million included in property, plant and equipment,
- Investment in Radar at \$1.84 million (net of minority interests),
- Listed Marketable Securities at fair value of \$496,000,
- Cash and cash equivalents of \$1.92 million, of which \$900,000 was held outside Zimbabwe at 31 August 2019 and the balance covered by the RBZ's commitment to honour Paynet Zimbabwe's Legacy Foreign Debt at ZWL1.00:USD1.00. Subsequent to the end of FY 2019, the RBZ has transferred \$600,000 of these funds to Payserv Africa in Mauritius,
- Liabilities include Loans and Borrowings of \$552,000 of which \$443,000 is owed to Cambria's majority shareholder, VAL.

Radar:

In December 2018, the Company's wholly owned subsidiary Paynet Zimbabwe (Pvt) Ltd ("Paynet"), deployed an additional \$400,000 to increase its effective interest in Radar Holdings Limited (Radar) to 8.98% from 7.83%. The Radar investment is held through Paynet's 72.07% (FY 2018: 62.84%) interest in 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.

AF Philip is consolidated into Cambria's Statement of Financial Position with the Radar investment reflected at a fair value of \$2.55 million (\$1.84 million after minority interests) translating into 40 US cents per Radar share. The Board considers the carrying value of 40 US cents per Radar share a reasonable reflection of the investment's fair value. The fair value of the Radar investment is underpinned by its Net Asset Value per share of 58 US cent reported in its most recent published financial statements.

Cambria remains desirous of increasing its investment in Radar and Paynet will continue to rely on the pre-emptive rights of AF Philip to increase its shareholding in Hinshaw.

Divisional Review

Payserv Africa Group

(US\$ '000)	2019	2018	CHANGE
Revenues	3,957	7,565	(48%)
Gross profit	3,644	6,900	(47%)
Gross margin	92%	91%	1%
Overheads	(1,614)	(3,580)	(55%)
EBITDA	2,030	3,320	(39%)
Profit before interest and tax	1,849	3,132	(41%)
Interest	3	(27)	\$30
Profit before tax	1,852	3,105	(40%)
Profit after tax	1,702	2,336	(27%)
PAT (excluding minority interests)	1,445	1,986	(27%)

Payserv's revenues decreased by 48% to \$3.96 million from \$7.57 million in FY 2018 as a result of the suspension of Paynet's services and the currency translation impact in the second half of FY 2019. Consolidated EBITDA decreased by 39% to \$2.03 million from \$3.32 million in FY 2018. PBT decreased by 40% to \$1.85 million from \$3.1 million and consolidated PAT decreased by 27% to \$1.70 million from \$2.34 million in FY 2018.

Following the tumultuous events in the second half of FY 2019, Payserv is in the process of repositioning itself by focusing on the identification of replacement revenue streams for its existing technologies, containing its overheads and restarting its strategy of developing new FinTech initiatives using its current and new technologies.

Payserv achieved PAT of \$211,000 in the second half of FY 2019.

Paynet Zimbabwe

Paynet Zimbabwe suspended its services to Zimbabwe's Banks on 10 June 2019 resulting in a significant reduction in operational activity. Accordingly, the number of transactions facilitated by Paynet in FY 2019 decreased by 33% to 18.6 million from 27.7 million transactions in FY 2018. No transactions are currently being processed for Paynet's historic portfolio of bank clients.

As part of its strategy to find replacement revenue streams, Paynet Zimbabwe concluded a fee-sharing arrangement with EcoCash Zimbabwe for the use of bulk payment software developed by Payserv Africa. The software is used by merchants using EcoCash to distribute salaries and initiate payments to other merchants. EcoCash is Zimbabwe's dominant mobile payments operator.

Our partnership with Ecocash is gaining traction with 136,000 transactions with an aggregate value of ZWL 60 million processed since its inception on 19 June 2019. Paynet is entitled to a percentage revenue share translating to average revenue per transaction of ZWL5.00 to ZWL10.00 from transactions processed through its technology on the Ecocash platform.

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 continues to trade profitably in local currency and managed to increase its prices to absorb some of the negative currency fluctuations. It also continues the realignment of its strategy to increase its penetration into the SME market. Despite the increase in prices, it reported a 32% decrease in gross profit. The number of payslips processed increased 5.2% to 382,000 from 363,000 in FY 2018. Autopay's payment bureau processed 395,000 transactions, in line with that processed in FY 2018.

Subsequent to the end of FY 2019 Autopay became aware that Paywell SA, the owner of the payroll software licensed to Autopay in terms of an Exclusive Agency Agreement, has been targeting the Zimbabwe market, through distribution channels other than Autopay. Following a legal dispute raised by Autopay, Paywell SA gave notice to cancel its agency agreement with Autopay with effect from July 2020. In accordance with its Paywell Software License Agreement, Autopay's Paywell licenses will continue to be active for 12 months until end December 2020. The Company views these events as an opportunity to migrate its significant client base to improved payroll software platforms. The Company has commenced the process of engaging alternative software providers in addition to evaluating the merits of developing a proprietary payroll software solution.

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.

The introduction of the new functional currency had a significant impact on Tradanet with loan volumes decreasing to ZWL96.1 million (US \$9 million) from US \$125 million in FY 2018. Tradanet's loan book also decreased drastically totalling ZWL186 million (\$17.4 million) at the end of FY 2019 vs US \$178 million at the end of FY 2018.

Similar to the Company's other divisions, Tradanet adopted a defensive approach in the second half of FY 2019 aimed at ensuring breakeven and re-establishing a base from which to grow. It will aim to increase its revenues through pricing adjustments to reflect the inflationary pressures in Zimbabwe and the introduction of new products which include:

- 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.

Millchem Zimbabwe

(US\$ '000)	2019	2018	GROWTH
Revenues	1,039	1,876	(45%)
Gross profit	369	540	(32%)
Gross margin	36%	29%	7%
Overheads	(171)	(300)	(43%)
EBITDA	198	240	(18%)
Profit/(loss) after tax	184	217	(15%)

Millchem recorded a 15% decrease in after-tax profit to \$184,000 from \$217,000 for FY 2018 on the back of:

- \$1.04 million in revenues, a reduction of 45%,
- 36% gross profit margin, a 7% improvement from 29% gross profit margin in FY 2018,
- 18% decrease in EBITDA to \$198,000 from \$240,000 in FY 2018,
- 43% reduction in overheads to \$171,000 from \$300,000 in FY 2018.

Millchem's after tax profit for the second half of FY 2019 came in at \$67,000 with the majority of the \$184,000 reported PAT attributable to the first half of FY 2019.

Basis of Presentation and Foreign Currency Translation

The Consolidated Financial Statements are presented in US Dollars (USD), the Group's presentational currency. With effect from 22 February 2019, all its Zimbabwe subsidiaries have adopted the US Dollar as presentation currency with Zimbabwe's Dollar (ZWL) as the functional currency. In translating the results of its Zimbabwe subsidiaries from functional (ZWL) to presentation currency (USD), the Company applied IAS 21 – Effects of Changes in Foreign Exchange Rates and IAS 29 – Financial Reporting in Hyperinflationary Economies. In addition, it complied with local laws and regulations with emphasis on Statutory Instrument 33 of 2019, the Monetary Policy Statement of 20 February 2019 and Public Accountants and Auditors Board (PAAB) guidance of 21 March 2019.

Up to 22 February 2019, all cumulative income statement transactions, assets, liabilities and equity balances were translated at ZWL1.00:USD1.00 and any local transactions thereafter treated as ZWL transactions. For the Company's USD reporting purposes, transactions up to 22 February 2019 were maintained in USD. All ZWL transactions after 22 February 2019 were adjusted for Hyperinflationary conditions in accordance with IAS 29 before translation at the official interbank rate at the 31 August 2019. At 31 August 2019, all monetary ZWL asset and liability balances of its Zimbabwe subsidiaries were converted at the closing interbank rate with the exception of \$1.2 million in monetary assets covered by the Reserve Bank of Zimbabwe (RBZ)'s commitment to honour "Legacy Foreign Debts" originating before 22 February 2019 at parity. Non-monetary assets were recorded at their original historical USD cost after considering the applicable provisions of IAS 29. Net monetary gains or losses were not material and have been included directly in reserves. Resultant foreign exchange translation differences were accounted for through the foreign currency translation reserve in the Statement of Other Comprehensive Income reflecting a foreign currency translation adjustment (profit) of \$251,000 attributable to Cambria.

The interbank rate has decreased from ZWL2.50:USD1.00 at the end of the Company's Interim Reporting Period (28 February 2019) to ZWL10.71:USD1.00 at 31 August 2019. At this writing, the interbank rate stands at ZWL 17.50 against the US dollar.

Subsequent Events

Legacy loans/ Blocked Funds allocated by RBZ

Governor John P. Mangudya of the RBZ has allocated at parity (ZWL\$1.00:USD\$1.00) the sum of \$600,000 of \$1.2 million owed by Paynet Zimbabwe to Payserv Africa Limited, our wholly owned subsidiary in Mauritius.

Relying on the Governor's written commitment, in its Interim Results published on 31 May 2019, the Company announced that the RBZ would expunge Paynet Zimbabwe's obligations to Payserv Africa by mid-September 2019. While the commitment by the Governor to expunge the full amount of legacy debts by mid-September has been met with delays, we believe that he has shown tangible good faith in fulfilling his promises in this regard. Citing Zimbabwe's poor tobacco receipts, Governor Mangudya rescheduled his commitment to mid-October. On his behalf, Deputy Director of Financial Markets Ernest Matiza, then committed to weekly allocations of US \$100,000 starting in the week of 30 September. To date, Paynet Zimbabwe has been able to confirm 6 of the twelve allocations which have come due. Paynet Zimbabwe continues to constructively engage the RBZ on this matter.

Legal Updates

Exception to summons against BAZ upheld

Cambria announced on 18 November 2019, in relation to Payserv Africa's summons seeking damages of \$100 million from Bankers Association of Zimbabwe (BAZ), that the Exception filed by BAZ has been upheld by Justice Mushore and Payserv Africa's lawsuit has been dismissed with Payserv Africa liable for BAZ's legal costs. Through its Payserv subsidiaries, the Company is seeking Senior Counsels advice on the merits of reissuing summons against the BAZ and/or individual banks. The Company is also seeking advice on the merits of invoking the Doctrine of Effect to claim jurisdiction against certain banks in South Africa and the European Union.

Arbitration relating to Radar Share Offer

The Arbitration proceedings related to the purchase of additional shares in Radar through Hinshaw has been finalised. The Arbitrator has made an award in favour of the defendants and on advice from its Legal Counsel, Cambria will not seek to set the ruling aside.

In terms of the Arbitration proceedings the Company sought, through Paynet Zimbabwe, to enforce its pre-emptive rights to purchase a further 20% of shares in Hinshaw, which has a 79.65% shareholding in Radar. The Arbitrator ruled that Paynet Zimbabwe's pre-emptive rights were not triggered since in his opinion, no irrevocable offer had been made by Caulicle Investments (Pvt) Ltd, a 20% shareholder of Hinshaw, to sell its Hinshaw shares.

Changes to the board:

The Cambria board remains unchanged.

Chief Executive Officer's Statement

In very simple terms, I failed to fully avert the impact of de-dollarization on Cambria (sudden devaluation and hyperinflation). Zimbabwe has introduced a currency which forced the conversion of US dollar contracts into a currency which has dropped from parity to the US dollar (1:1) to an official interbank rate of ZWL 17.50 to US \$1.00 at the date of this report. Parallel market rates are reported at ZWL 28: US \$1.

The government has legislated that all local contracts, assets, and liabilities in US dollars would be at parity – effectively a retroactive devaluation. For example, if a company owed the bank US \$10 million, today it would owe ZWL 10 million or US \$574,000 at the official rate and less than \$400,000 at the parallel rate. This created obvious winners and losers. We realized immediately that unless we maintain the real value of our service, we would be losers either way. The banks, working in concert through the Interbank Operations Committee (IOC) of the Bankers Association of Zimbabwe blocked this attempt, claimed they had an alternative, and have effectively embargoed our services as an industry.

Despite triumphant proclamations to the contrary, seven months down the line the only encrypted, interbank bulk payment and clearing solution remains Paynet. Today, the only client for this service is EcoCash, which is using the competitive advantage of the Paynet solution to make inroads into bulk salary and merchant payments.

Those who hoped to celebrate our demise, are yet to see their goals realized. We have had our armour pierced but it remains intact and we continue to compete and re-invent ourselves.

- Paynet has concluded a service agreement with EcoCash, the country's largest mobile payments operator, developing state of the art solutions for bulk payments of salaries and supplier payments. We expect to grow with EcoCash as it continues to disrupt traditional banking services. Risks to this strategy include attempts by traditional players to retard the entry of EcoCash into the salary and merchant payments space.
- Through Tradanet, we continue to provide consumer loan processing services to CABS – Zimbabwe's largest building society owned by Old Mutual. Whilst our revenues and earnings are negligible, any turnaround in consumer buying power will have a direct positive impact on our earnings.
- Through AutoPay we continue to provide full-service payroll processing for the largest companies in Zimbabwe. We have now expressed our charges as a percentage of the payroll, to reduce the impact of inflation and devaluation on the revenue stream.

Legacy Debts:

The February Monetary Policy Statement allowed for registration of "Legacy Debts" to be provisioned for at parity to the US dollar. Governor John P. Mangudya of the RBZ has allocated at parity (ZWL\$1.00: USD\$1.00) the sum of \$600,000 of \$1.2 million owed by Paynet Zimbabwe to Payserv Africa Limited, our wholly owned subsidiary in Mauritius.

Relying on the Governor's written commitment, in its Interim Results published on 31 May 2019, the Company announced that the RBZ would expunge Paynet Zimbabwe's obligations to Payserv Africa by mid-September 2019. While the commitment by the Governor to expunge the full amount of Legacy Debts by mid-September has been met with delays, we believe that he has shown tangible good faith in fulfilling his promises in this regard. Citing Zimbabwe's poor tobacco receipts, Governor Mangudya rescheduled his commitment to mid-October. On his behalf, Deputy Director of Financial Markets Ernest Matiza, then committed to weekly allocations of US \$100,000 starting in the week of 30 September. To date, Paynet Zimbabwe has been able to confirm 6 of the thirteen allocations which have come due. Paynet Zimbabwe continues to constructively engage the RBZ on this matter.

Outlook:

Despite heralding an era of market determined exchange rates, foreign exchange remains in short supply due to the disparity between what is effectively an official rate and the market rate.

As long as Zimbabwe is unable to allow market forces to determine optimal economic allocation, foreign direct investment will elude most sectors of the economy which are not export oriented. To the extent that we have cash resources outside of Zimbabwe, and assets which have a market value, we have our defences.

We continue to develop financial technologies which are designed to ease mobile payments. Our revenue sharing model with EcoCash, protects us to some degree from inflation and devaluation. However, until there is a realistic market translation of ZWL income into repatriated US dollars earnings, the resultant earnings will remain exposed to currency devaluation.

On the other hand, Zimbabwe still presents an unparalleled opportunity if economic policies become aligned with free market economics and the country prioritises entry into a customs union with South Africa, Botswana, Lesotho, Namibia, and Swaziland.

What we do with our internal cash resources is limited to keeping our operations which are all locally profitable afloat and prepared for a turnaround. What we do with our external cash resources is to decide whether to pursue and fund legal avenues for redress or to make investments in areas we find value – one such investment being Radar Holdings.

The circumstances in Zimbabwe are quite fluid. Economic policies have proven to be unpredictable if not counterintuitive. With each new policy, the Company has to adjust its outlook and strategy. At the end of the first six months of our fiscal year, we had continued a string of record earnings, contained costs and brought profitability to Cambria for the first time. I believe that is an indication that the policies we pursued were sound and our understanding of this economy enabled me to navigate the company into profitability. The Company has survived what I believe was a chaotic departure from prudent economic policies, and it has done so with a significant net asset base. The Company is positioned to benefit from a return to a path of economic prudence and take advantage of opportunities created by the current displacements in Zimbabwe's economy.

SAMIR SHASHA
CHIEF EXECUTIVE OFFICER
28 FEBRUARY 2020

Directors

Paul Turner, 73

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. His past roles bring an unparalleled level of experience in the structure and operation of businesses in Zimbabwe in general, and also valuable insights and experience in corporate governance, financial and statutory reporting. Initially appointed to the Cambria board on 1 July 2008, he was appointed as Chairman on 8 July 2015.

Samir Shasha, 59

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 degree from Vassar College with Honours in Economics in 1981. Mr. Shasha brings a wealth of experience to the Board. His skills encompass operational and strategic management experience at executive level with a successful track-record in optimal capital allocation in Zimbabwe and Southern Africa, with experience of operating in the dynamic environment presented by the Zimbabwe economy. 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, 39

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, Josephine 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, Josephine assisted in various corporate actions and restructurings. Josephine's experience allows her to provide the Board with guidance and input on financial reporting, strategy, corporate governance and corporate transactions in a listed company environment. She was appointed to the Cambria board on 17 June 2015.

Dipak Champaklal Pandya, 61

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 brings extensive financial management and strategic skills to the Board, with an intimate knowledge of the Zimbabwe market and experience in operating business in Southern Africa. He 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.

Company law requires the Directors to maintain financial records that are sufficient to show and explain the Group's transactions and will, at any time, enable the financial position of the Group to be determined with reasonable accuracy. 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 2019

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 2019.

Principal activities

During the year, the Group was an investment company with a portfolio of investments in Zimbabwe.

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 \$1,405,000 (FY2018: \$1,897,000) during the year and this has been set against reserves.

Share capital

There were no changes to the Company's share capital and share premium during the financial year. Full details on share capital and share premium are contained in note 21 to the financial statements.

Share price performance

Between 1 September 2018 and 31 August 2019, the share price varied between a closing high of 1.63p and a low of 0.45p (2018: high of 1.30p and low of 1.03p). At 31 August 2019 the market price of the shares at close of business was 0.45p (2018: 1.03p) whilst on 19 February 2020 the mid-price of the share was 0.32p.

Substantial shareholdings

The Directors have been advised of the following shareholdings at 19 February 2020 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	17,492,892	3.2%
Luna Nominees Ltd	15,533,020	2.9%
Consilium Investment Management LLC	13,608,854	2.5%

*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 10.

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 31.08.19 NO. OF SHARES	AT 31.08.18 NO. OF SHARES
Samir Shasha*	377,000,000	377,000,000
Josephine Watenphul	2,500,000	2,500,000
Dipak Pandya	1,000,000	1,000,000
Paul Turner	1,000,000	1,000,000
Total	381,500,000	381,500,000

*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 34 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.

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 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 Millichem. The Company is one of 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 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 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.
- 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 and CEO, 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 periodically or at any other deemed time 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 Josephine 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 CEO reviews the monthly reports on performance and any significant variances are reviewed.

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 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) 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.

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

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 Board.

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*.

Given the size of the Company, separate Audit committee meetings have not been held and an Audit committee or similar report was not produced. Instead the related issues were dealt with by the Company's Board. Since, the Directors did not receive any Remuneration during the year, no Remuneration Committee meeting was held and no Directors' Remuneration report was applicable.

ON BEHALF OF THE BOARD.
PAUL TURNER
CHAIRMAN
28 FEBRUARY 2020

Report of the Independent Auditors

For the year ended 31 August 2019

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 2019 which comprise the Consolidated and Company Income Statements, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows and related 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 the Parent Company's affairs as at 31 August 2019, and of the profit 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.

EMPHASIS OF MATTER

We draw attention to the "Functional and Presentational Currency and the effect of Hyperinflation" section of Note 2 of the financial statements which describes the effects of the change in functional currency of a number of the Group entities and the subsequent hyperinflationary conditions which have prevailed during the second half of the financial year.

Our opinion is not modified in relation to these matters.

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 where:

- 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 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 11, 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 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 the 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 scepticism 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 and 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 of 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
28 FEBRUARY 2020

Consolidated Income Statement

For the year ended 31 August 2019

	NOTE	GROUP 2019 TOTAL US\$'000	GROUP 2018 TOTAL US\$'000
Revenue	5	4,996	9,441
Cost of sales	6	(983)	(2,001)
Gross profit		4,013	7,440
Operating costs	6	(2,155)	(3,997)
Other income		66	70
Exceptionals		(72)	(264)
Operating profit		1,852	3,249
Finance Income	8	11	23
Finance costs	8	(51)	(252)
Net finance costs		(40)	(229)
Profit before tax		1,812	3,020
Income tax	9	(150)	(776)
Profit for the period from continuing operations		1,662	2,244
Discontinued operations			
Profit for the year from discontinued operations, net of tax	5	-	3
Profit for the year		1,662	2,247
Attributable to:			
Owners of the company		1,405	1,897
Non-controlling Interests		257	350
Profit for the year		1,662	2,247
Earnings per share - all operations			
Basic and diluted earnings per share (cents)	11	0.26c	0.50c
Earnings per share - continuing operations			
Basic and diluted earnings per share (cents)	11	0.26c	0.50c
Earnings per share - discontinued operations			
Basic and diluted earnings per share (cents)	11	-	0.00c

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 2019

	COMPANY 2019 TOTAL US\$'000	COMPANY 2018 TOTAL US\$'000
Revenue	72	-
Cost of sales	-	-
Gross profit	72	-
Operating costs	(207)	(184)
Other Income	35	19
Exceptionals	683	17
Operating profit / (loss)	583	(148)
Finance income	-	-
Finance costs	(43)	(201)
Net finance costs	(43)	(201)
Profit/ (loss) before tax	540	(349)
Income tax	-	-
Profit / (loss) for the period from continuing operations	540	(349)
Discontinued operations		
Profit / (loss) for the year from discontinued operations, net of tax	-	-
Profit / (loss) for the year	540	(349)
Attributable to:		
Owners of the company	540	(349)
Non-controlling Interests	-	-
Profit / (loss) for the year	540	(349)
Profit / (loss) per share - all operations		
Basic and diluted profit / loss per share (cents)	0.10c	(0.04c)
Profit / (loss) per share - continuing operations		
Basic and diluted profit / loss per share (cents)	0.10c	(0.04c)
Profit / (loss) per share - discontinued operations		
Basic and diluted profit / loss per share (cents)	-	-

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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 2019

Consolidated

	GROUP 2019 US\$'000	GROUP 2018 US\$'000
Profit for the year	1,662	2,247
Other comprehensive income		
<i>Items that will not be reclassified to income statement:</i>		
Revaluation of property	-	200
Related deferred tax adjustment	-	(36)
Increase in Investment In subsidiary – impact on equity	(164)	-
Foreign currency translation differences for overseas operations	251	3
Total comprehensive profit for the year	1,749	2,414
Attributable to:		
Owners of the company	1,492	2,064
Non-controlling interest	257	350
Total comprehensive profit for the year	1,749	2,414

Company

	COMPANY 2019 US\$'000	COMPANY 2018 US\$'000
Profit / (loss) for the year	540	(349)
Other comprehensive income		
<i>Items that will not be reclassified to income statement:</i>		
Foreign currency translation differences for overseas operations	-	-
Total comprehensive profit / (loss) for the year	540	(349)
Attributable to:		
Owners of the company	540	(349)
Non-controlling interest	-	-
Total comprehensive profit / (loss) for the year	540	(349)

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 2019

	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	RE-VALUA- TION RESERVE US\$'000	FOREIGN EXCHANGE RESERVE US\$'000	RETAINED EARNINGS US\$'000	NDR US\$'000	TOTAL US\$'000	NON-CON TROLLING INTERESTS US\$'000	TOTAL US\$'000
Balance at 1 September 2017	51	85,686	438	(10,627)	(76,558)	1,905	895	99	994
Profit for the period	-	-	-	-	1,897	-	1,897	350	2,247
Revaluation of property	-	-	200	-	-	-	200	-	200
Related deferred tax adjustment	-	-	(36)	-	-	-	(36)	-	(36)
Foreign currency translation differences for overseas operations	-	-	-	3	-	-	3	-	3
Total comprehensive profit for the year	-	-	164	3	1,897	-	2,064	350	2,414
Contributions by/distributions to owners of the Company recognised directly in equity									
Deferred tax adjustment	-	-	-	-	(3)	-	(3)	-	(3)
Issue of ordinary shares (net of share issue costs)	26	2,773	-	-	-	-	2,799	-	2,799
Transfers between reserves	-	-	-	(21)	(445)	466	-	-	-
Dividends paid to minorities	-	-	-	-	-	-	-	(405)	(405)
NCI on purchase of A F Philip & Company	-	-	-	-	-	-	-	947	947
Total contributions by and distributions to owners of the Company	26	2,773	-	(21)	(448)	466	2,796	542	3,338
Balance at 31 August 2018	77	88,459	602	(10,645)	(75,109)	2,371	5,755	991	6,746

	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	RE-VALUA- TION RESERVE US\$'000	FOREIGN EXCHANGE RESERVE US\$'000	RETAINED EARNINGS US\$'000	NDR US\$'000	TOTAL US\$'000	NON-CON TROLLING INTERESTS US\$'000	TOTAL US\$'000
Balance at 1 September 2018	77	88,459	602	(10,645)	(75,109)	2,371	5,755	991	6,746
Profit for the period	-	-	-	-	1,405	-	1,405	257	1,662
Increase in Investment in subsidiary - impact on equity	-	-	-	-	(164)	-	(164)	(235)	(399)
Transfer between reserves - IAS 29 application	-	-	(602)	-	602	-	-	-	-
Foreign currency translation differences for overseas operations	-	-	-	251	-	-	251	-	251
Foreign currency translation differences for overseas operations - NCI	-	-	-	143	-	-	143	(143)	-
Total comprehensive profit for the year	-	-	(602)	394	1,843	-	1,635	(121)	1,514
Contributions by/distributions to owners of the Company recognised directly in equity									
Dividends paid to minorities	-	-	-	-	-	-	-	(123)	(123)
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	(123)	(123)
Balance at 31 August 2019	77	88,459	-	(10,251)	(73,266)	2,371	7,390	747	8,137

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 2019

	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	FOREIGN EXCHANGE 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)
Total comprehensive loss for the year	-	-	-	(349)	(349)
Contributions by and distributions to owners of the Company recognised directly in equity					
Issue of ordinary shares (net of share issue costs)	26	2,773	-	-	2,799
Total contributions by and distributions to owners of the Company	26	2,773	-	-	2,799
Balance at 31 August 2018	77	88,459	(13,186)	(73,592)	1,758

	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	FOREIGN EXCHANGE RESERVE US\$'000	RETAINED EARNINGS US\$'000	TOTAL EQUITY US\$'000
Balance at 1 September 2018	77	88,459	(13,186)	(73,592)	1,758
Profit for the year	-	-	-	540	540
Total comprehensive profit for the year	-	-	-	540	540
Balance at 31 August 2019	77	88,459	(13,186)	(73,052)	2,298

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 2019

	NOTES	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
Property, plant and equipment	12	2,757	-	2,943	-
Goodwill	13	717	-	717	-
Intangible assets	14	2	-	16	-
Investments in subsidiaries and associates	15	2,546	-	2,546	-
Total non-current assets		6,022	-	6,222	-
Inventories	16	286	-	243	-
Financial assets at fair value through profit and loss	17	496	478	131	-
Trade and other receivables	18	481	3,095	843	3,380
Cash and cash equivalents	19	1,920	447	3,259	758
Assets for discontinued operation	5,10	-	-	1	-
Total current assets		3,183	4,020	4,477	4,138
Total assets		9,205	4,020	10,699	4,138
Equity					
Issued share capital	21	77	77	77	77
Share premium account	21	88,459	88,459	88,459	88,459
Revaluation reserve	20	-	-	602	-
Foreign exchange reserve	20	(10,251)	(13,186)	(10,645)	(13,186)
Non-distributable reserves	20	2,371	-	2,371	-
Retained losses		(73,266)	(73,052)	(75,109)	(73,592)
Equity attributable to owners of the company		7,390	2,298	5,755	1,758
Non-controlling interests		747	-	991	-
Total equity		8,137	2,298	6,746	1,758
Liabilities					
Loans and Borrowings	23	49	-	-	-
Trade and other payables	23	18	-	120	-
Provisions	24	8	-	188	-
Deferred tax liabilities	25	204	-	223	-
Total non-current liabilities		279	-	531	-
Current tax liabilities	27	24	-	477	-
Loans and borrowings	26	503	443	619	413
Trade and other payables	27	262	1,279	2,303	1,967
Liabilities for discontinued operation	5,10	-	-	23	-
Total current liabilities		789	1,722	3,422	2,380
Total liabilities		1,068	1,722	3,953	2,380
Total equity and liabilities		9,205	4,020	10,699	4,138

These financial statements were approved by the Board of Directors and authorised for issue on 28 February 2020. 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 2019

	NOTES	GROUP 2019 US\$'000	GROUP 2018 US\$'000
Cash generated from operations	28	70	5,270
Taxation paid		(621)	(693)
Cash (used in)/ generated from operating activities		<u>(551)</u>	<u>4,577</u>
Cash flows from Investing activities			
Proceeds on disposal of property, plant and equipment		53	36
Purchase of property, plant and equipment		(18)	(213)
Other investing activities		(844)	(1,600)
Interest received		11	23
Net cash (used in) investing activities		<u>(798)</u>	<u>(1,754)</u>
Cash flows from financing activities			
Dividends paid to non-controlling interests		(123)	(405)
Interest paid		(51)	(51)
Proceeds from issue of share capital		-	2,731
Loans repaid	23,26	(277)	(2,945)
Proceeds from drawdown of loans	23,26	210	37
Net cash (utilised) by financing activities		<u>(241)</u>	<u>(633)</u>
Net (decrease)/increase in cash and cash equivalents		(1,590)	2,190
Cash and cash equivalents at the beginning of the Period		3,259	1,069
Foreign exchange		251	-
Net cash and cash equivalents at 31 August	19	<u><u>1,920</u></u>	<u><u>3,259</u></u>
<i>Cash and cash equivalents as above comprise the following</i>			
Cash and cash equivalents attributable to continuing operations		1,920	3,259
Net cash and cash equivalents at 31 August	19	<u><u>1,920</u></u>	<u><u>3,259</u></u>

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 2019

	NOTES	COMPANY 2019 US\$'000	COMPANY 2018 US\$'000
Cash generated from operations	28	145	163
Taxation paid		-	-
Cash generated from operating activities		145	163
Cash flows from investing activities			
Other investing activities		(443)	-
Net cash (used in) investing activities		(443)	-
Cash flows from financing activities			
Interest paid		-	(201)
Proceeds from issue of share capital		-	2,731
Loans repaid	23,26	(13)	(2,078)
Net cash (utilised)/generated by financing activities		(13)	452
Net (decrease)/increase in cash and cash equivalents		(311)	615
Cash and cash equivalents at the beginning of the Period		758	143
Foreign exchange		-	-
Net cash and cash equivalents at 31 August	19	447	758
<i>Cash and cash equivalents as above comprise the following</i>			
Cash and cash equivalents attributable to continuing operations		447	758
Net cash and cash equivalents at 31 August	19	447	758

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 2019

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 2019 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 28 February 2020.

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 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	Jun-16	1-Jan-18
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. Amendments regarding the interaction of IFRS 4 and IFRS 9	Jul-14	1-Jan-18
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
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 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 2019

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 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 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	Sep-19	1-Jan-20
IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	Oct-17	1-Jan-19
IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	Sep-19	1-Jan-20
IFRS 11 Joint Arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)	Dec-17	1-Jan-19
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 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	1-Jan-19
IAS 39 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	Sep-19	1-Jan-20

It is not anticipated that the adoption of these standards in future periods will have a material impact upon the financial statements.

Notes to the Financial Statements

For the year ended 31 August 2019

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.

FUNCTIONAL AND PRESENTATIONAL CURRENCY AND THE EFFECT OF HYPERINFLATION

During the year ended 31 August 2019, the Group's Zimbabwean entities experienced a change in functional currency from USD to ZWL with effect from 22 February 2019.

The assessment of change in functional currency included consideration of whether the various modes of settlement may represent different forms of currency. In doing so, management considered parameters set in IAS 21 as follows:

- The currency that mainly influences the sales prices for goods and services,
- The currency of competitive forces and regulations that mainly determines the sales prices of goods and services,
- The currency that mainly influences labour, material and other costs of providing goods and services (normally the currency in which such costs are denoted and settled),
- The currency in which funds from financing activities are generated, and
- The currency in which receipts from operating activities are usually retained.

Since 2009, Zimbabwe has been under a multi-currency system, under which the USD has emerged as the currency of reference for business and government. New legislation was promulgated in the form of Statutory Instruments 133 of 2016 and 122a of 2017 which prescribed bond notes and coins issued by the Reserve Bank of Zimbabwe as legal tender with a 1:1 parity with the USD. With the acute shortage of USD cash and other foreign currencies in the country, increases in the utilisation of different modes of payment for goods and services such as settlement via the Real Time Gross Settlement (RTGS) system overseen by the Reserve Bank of Zimbabwe (RBZ), Point of sale machines (POS) and mobile money platforms, were observed.

In October 2018 the Central Bank through the Exchange Control directive RT120 introduced the separation of bank accounts into Nostro foreign currency account (herein referred as Nostro) and the existing foreign currency accounts for domestic purposes. These Nostro accounts are held with financial institutions operating in Zimbabwe in which money in the form of foreign currency is deposited from offshore or domestic sources. The separation of the pre-existing FCA and Nostro accounts suggests that in substance the values were not equal. Since the 1st of October 2018, Zimbabwe witnessed significant changes in the economy, with the economy being characterized by a highly inflationary environment. Whereas the official position from Government was that the Bond note and RTGS balances had a value of 1:1 to the United States of America Dollar, the foreign exchange premiums on the parallel market ranged between 1.40 to 4.0 during the reporting period to end of February 2019.

The Group has complied with the local laws and regulations with emphasis on Statutory Instrument 33 of 2019, the Monetary Policy Statement of 20 February 2019 and PAA8 guidance of 21 March 2019 which stated that the exchange rate between the USD and ZWL balances (including bond notes) was 1:1 as at 22 February 2019.

The Consolidated Financial Statements are presented in US Dollars (USD), the Group's presentational currency. With effect from 22 February 2019, all its Zimbabwe subsidiaries have adopted the US Dollar as presentational currency with Zimbabwe's Dollar (ZWL) as the functional currency.

Notes to the Financial Statements

For the year ended 31 August 2019

Up to 22 February 2019, all cumulative income statement transactions, assets, liabilities and equity balances were translated at ZWL1.00:USD1.00 and any local transactions thereafter treated as ZWL transactions. For the Company's USD reporting purposes, transactions up to 22 February 2019 were maintained in USD. In accordance with guidance issued by the PAAB of Zimbabwe, the country is a hyperinflationary economy effecting reporting periods ending after 01 July 2019. Accordingly, all ZWL transactions after 22 February 2019 were first adjusted for Hyperinflationary conditions in terms of IAS 29 using historic cost basis and official inflation price indexes published by the Reserve Bank of Zimbabwe, before translation at the official Interbank rate at the financial year end. The net monetary gain/loss was not material and is included directly in reserves. At 31 August 2019, all monetary ZWL asset and liability balances of its Zimbabwe subsidiaries were converted at the closing Interbank rate with the exception of \$1.2 million in monetary assets covered by the Reserve Bank of Zimbabwe (RBZ)'s commitment to honour "Legacy Foreign Debts" originating before 22 February 2019 at parity. Non-monetary assets were recorded in accordance with the provisions of IAS 29 before conversion at the year-end rate in accordance with paragraphs 42 and 43 of IAS 21. The Statement of Financial Position was unaffected by IAS 29. Resultant foreign exchange translation differences were accounted for through the foreign currency translation reserve in the Statement of Other Comprehensive Income.

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 significant events impacting the Zimbabwe economy and the Group's businesses saw the Group adopt a defensive approach by reducing expenses, hedging its assets and cashflow and minimising its cost of capital.

Defensive measures have put the Group into a breakeven position despite a 47% drop in revenues to \$5.0 million from \$9.44 million in FY 2018, with operating costs reducing by 46% to \$2.16 million from \$3.99 million.

The Group's focus on preserving its balance sheet resulted in a 28% increase in Net Equity (NAV) increasing by \$1.63 million to \$7.39 million from \$5.76 million at 31 August 2018. Liabilities include Loans and Borrowings of \$552,000 of which \$443,000 is owed to Cambria's majority shareholder, VAL which is beneficially owned by the Group CEO. The vast majority of the Company's assets (\$7.6 million out of \$9.2 million) are represented by tangible assets in the form of Investment Property, AF Philip's Investment in Radar Holdings Ltd, Listed Securities and US Dollar cash and equivalents. These assets tend to retain their value in real US Dollar terms. The Group held cash of \$1.92 million at 31 August 2019. At the date of this report \$1.4 million cash is held outside Zimbabwe.

Notes to the Financial Statements

For the year ended 31 August 2019

Despite the suspension of Paynet's services to banks, the Company's operating subsidiaries continue to trade profitably in local currency, albeit at significantly reduced levels in comparison to prior years. Autopay has a significant client base and reach in the market and strategies are being explored to grow this.

Overheads have been reduced in response to the challenges and new revenue streams are being explored of which the EcoCash relationship is an example. Millchem Zimbabwe continues to trade profitably in local currency.

The Board has considered the cash flow forecasts for the ensuing 12 months including the maturity profile of its contractual debt obligations. Considering the quality of the Group's Statement of Financial Position, 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.

The Group's business activities and financial performance are set out in the Chief Executive's Review on pages 8 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.

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

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.

Notes to the Financial Statements

For the year ended 31 August 2019

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.

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 life, as follows:

Software licenses	3 years
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(C) FOREIGN CURRENCIES

The Consolidated Financial Statements are presented in US Dollars (USD), the Group's presentation currency. With effect from 22 February 2019, all its Zimbabwe subsidiaries have adopted the US Dollar as presentation currency with Zimbabwe 's Dollar (ZWL) as the functional currency.

In preparing the financial statements of the individual Group entities, transactions denominated in foreign currencies are translated into the respective functional currency of the individual 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 presentation currency at the interbank rate of exchange ruling at the reporting date.

Notes to the Financial Statements

For the year ended 31 August 2019

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

For the purpose of presenting consolidated financial statements, the assets and liabilities and results of the Group's foreign operations are translated from their functional currency to presentation currency, as disclosed in note 2.

(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.

Notes to the Financial Statements

For the year ended 31 August 2019

(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.

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:

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 2019

(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.

ADOPTION OF IFRS 9

(A) CLASSIFICATION AND MEASUREMENT

The Group has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk. IFRS 9 requires that such element can be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Group has not designated any financial liabilities at fair value through profit or loss, therefore, this requirement has not had an impact on the Group.

(B) IMPAIRMENT

IFRS 9 requires the Group to record expected credit losses (ECLs) on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Group to credit risk, this amendment has not had a material impact on the financial statements. The Group only holds trade receivables with no financing component and that have no maturities less than 12 months at amortised cost.

Financial assets carried at fair value continue to be considered for impairment at the reporting date.

(C) HEDGE ACCOUNTING

The Group has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

IMPACT OF ADOPTION OF IFRS 9

	ORIGINAL CLASSIFICATION UNDER IAS 39	NEW CLASSIFICATION UNDER IFRS 9	ORIGINAL CARRYING AMOUNT UNDER IAS 39 AT 31 AUGUST 2018 US\$'000	NEW CARRYING AMOUNT UNDER IFRS 9 AT 1 SEPTEMBER 2018 US\$'000
Financial assets				
Other investments	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss	131	131
Trade and other receivables	Loans and receivables	Amortised cost	843	843
Cash and cash equivalents	Loans and receivables	Amortised cost	3,259	3,259
Total financial assets			4,233	4,233
Financial liabilities				
Loans and borrowings	Loans and receivables	Amortised cost	619	619
Trade and other payables	Loans and receivables	Amortised cost	2,423	2,423
Total financial liabilities			3,042	3,042

Notes to the Financial Statements

For the year ended 31 August 2019

In line with the characteristics of the Group's financial instruments as well as its approach to their management, the Group neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Group's financial instruments due to changes in measurement categories. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be. Trade Receivable in excess of 120 days are fully provided for.

There will be no impact on the Group's accounting for financial liabilities that are designated at fair value through profit or loss as the Group does not have any such liabilities.

Overall, there has been no material impact.

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, following the poor results of the last few years, is 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 and net realisable value. Cost comprises direct materials and where applicable direct expenditure and attributable overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements

For the year ended 31 August 2019

(K) SHARE BASED PAYMENTS

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

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

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods and services. Determining the timing of the transfer of control at a point in time or over time requires judgement.

IFRS 15 provides a single, principles based, five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Applying the five-step model:

Revenue generated from contracts with Fintech customers:

- Contracts are in place with all customers using the payment platform, loan processing, or payroll services.
- The Group provides services for the provision of electronic payments, loan processing and payroll administration.
- The transaction price is as stipulated in the contract with the customer. It is stated at a price per transaction processed that varies based upon the volume or value of transactions processed.

Notes to the Financial Statements

For the year ended 31 August 2019

- Monthly invoices are raised based on the total number or value of transactions processed by the financial institutions or other customers in that given month.
- The Group recognises revenue as and when it becomes due, pursuant to the agreements.

When there are variations in contract work, claims or incentive payments revenue is recognised to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The Group does not have any revenue from contracts that is recognised over a period of time as such no disaggregation is made regarding the timing of revenue in the notes to these financial statements.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

There has been no impact on the Groups accounting for revenue following the introduction of IFRS 15 during the year.

(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.

(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.

Notes to the Financial Statements

For the year ended 31 August 2019

(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 2019

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.

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. 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. Although external valuations are obtained, 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 2019

5. Segment reporting

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

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

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

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

GEOGRAPHICAL SEGMENTS

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*.

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

Notes to the Financial Statements

For the year ended 31 August 2019

5. Segment reporting

CONTINUING OPERATIONS – CURRENT PERIOD

FOR THE YEAR ENDED 31 AUGUST 2019	INDUSTRIAL CHEMICALS US\$'000	FINTECH US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
Revenue	1,039	3,957	72	5,068
Inter-segment revenue	-	-	(72)	(72)
Revenue from external customers	1,039	3,957	-	4,996
Cost of sales to external customers	(670)	(313)	-	(983)
Gross profit	369	3,644	-	4,013
Operating costs	(189)	(1,635)	(216)	(2,040)
Other operating income	10	21	35	66
Impairment of assets	-	-	-	-
Depreciation	(6)	(167)	-	(173)
Amortisation	-	(14)	-	(14)
Operating profit / (loss) for the year	184	1,849	(181)	1,852
Finance income	-	11	-	11
Finance expense	-	(8)	(43)	(51)
Income tax expense	-	(150)	-	(150)
Profit / (loss) for the year	184	1,702	(224)	1,662
EBITDA *	198	2,030	(181)	2,047

CONTINUING OPERATIONS – PRIOR PERIOD

FOR THE YEAR ENDED 31 AUGUST 2018	INDUSTRIAL CHEMICALS US\$'000	FINTECH US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
Revenue	1,876	7,565	-	9,441
Inter-segment revenue	-	-	-	-
Revenue from external customers	1,876	7,565	-	9,441
Cost of sales to external customers	(1,336)	(665)	-	(2,001)
Gross profit	540	6,900	-	7,440
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)
Operating profit / (loss) for the year	218	3,179	(148)	3,249
Finance income	-	23	-	23
Finance expense	(1)	(50)	(201)	(252)
Income tax expense	-	(769)	(7)	(776)
Profit / (loss) for the year	217	2,383	(356)	2,244
EBITDA *	240	3,367	(148)	3,459

* 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 2019

5. Segment reporting (continued)

DISCONTINUED OPERATIONS

There were no discontinued operations in the current period. In the prior year \$3,000 in Exchange differences were recognised in relation to the discontinued Fintech operations in Zambia.

CONTINUING OPERATIONS - SEGMENT ASSETS & LIABILITIES

	INDUSTRIAL CHEMICALS US\$'000	FINTECH US\$'000	HEAD OFFICE US\$'000	TOTAL US\$'000
FOR THE YEAR ENDED 31 AUGUST 2019				
Segment assets	375	5,394	3,436	9,205
Segment liabilities	11	345	712	1,068
Capital expenditure	14	4	-	18

	INDUSTRIAL CHEMICALS US\$'000	FINTECH 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

ASSETS AND LIABILITIES HELD FOR SALE

There are no assets or liabilities held for sale at 31 August 2019. In the prior year the Group held plant and equipment of \$1,000 and trade and other liabilities of \$23,000 related to discontinued Fintech operations in Zambia.

Notes to the Financial Statements

For the year ended 31 August 2019

6. Group net operating costs

	2019 US\$'000	2018 US\$'000
Cost of sales	983	2,001
Administrative expenses	2,155	3,997
Net operating costs	<u>3,138</u>	<u>5,998</u>

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

	NOTE	2019 US\$'000	2018 US\$'000
Operating costs include, inter alia:			
Depreciation of property, plant and equipment		173	187
Depreciation of property plant and equipment in cost of sales		8	8
Amortisation		14	14
Operating lease rentals:			
Land and buildings		74	134
Personnel expenses	7	979	2,509
Auditors remuneration			
Fees Payable to the Group Auditors for:			
Current year audit of the Group's financial statements		<u>36</u>	<u>42</u>

7. Personnel expenses

The aggregate remuneration comprised (including Executive Directors):

	2019 US\$'000	2018 US\$'000
Wages and salaries	967	2,485
Compulsory social security contributions	12	24
Total personnel expenses	<u>979</u>	<u>2,509</u>

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
2019			
NSSA	6	6	12
Cambria Staff Pension Fund	19	19	38
Total	<u>25</u>	<u>25</u>	<u>50</u>

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

	2019 NUMBER	2018 NUMBER
Fintech	62	73
Industrial chemicals	10	10
Head Office	2	2
Total	<u>74</u>	<u>85</u>

Notes to the Financial Statements

For the year ended 31 August 2019

8. Net finance costs

	2019 US\$'000	2018 US\$'000
Recognised in income statement:		
Bank interest receivable	11	23
Finance income	11	23
Bank interest payable	-	(1)
Loan interest payable	(51)	(251)
Finance costs	(51)	(252)
Net finance costs	(40)	(229)

9. Taxation

	2019 US\$'000	2018 US\$'000
Income tax recognised in the income statement		
Current tax expense		
Current period	169	773
Deferred tax expense		
Origination and reversal of temporary differences	(19)	3
Total income tax charge in income statement	150	776

RECONCILIATION OF EFFECTIVE TAX RATE

	2019 US\$'000	2018 US\$'000
Profit before tax	1,812	3,020
Income tax using the Zimbabwean corporation tax rate 25.75% (2018: 25.75%)	467	778
Net losses where no group relief is available	(317)	(2)
Total income tax charge in income statement	150	776

DEFERRED TAX

	2019 US\$'000	2018 US\$'000
Relating to temporary tax differences in subsidiaries	(19)	3
Total	(19)	3

Corporation tax for Zimbabwean entities is calculated at 25.75% (2018: 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 2019

10. Disposals and discontinued operations

The following entities were reclassified as held for disposal in the 2017 financial year, with relevant numbers of what remained in FY 2018 disclosed in note 5.

- Payserv Zambia Limited, a subsidiary of Payserv Africa Limited

CASH FLOWS FROM DISCONTINUED OPERATIONS:

	FINTECH 2019 US\$'000	FINTECH 2018 US\$'000
Net cash (used in) operating activities	-	(24)
Net cash used in investing activities	-	-
Net cash generated from financing activities	-	-
Net cash flows for the year	-	(24)
Cash and cash equivalents held for sale	-	-

ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS:

	FINTECH 2019 US\$'000	FINTECH 2018 US\$'000
Property, plant and equipment	-	1
Trade and other receivables	-	-
Total assets of discontinued subsidiary	-	1
Trade and other payables	-	23
Provisions	-	-
Total liabilities of discontinued subsidiary	-	23
Cash and cash equivalents	-	-

11. Earnings per share

The calculation of basic and diluted earnings per share at 31 August 2019 has been based on the earnings 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 ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

	2019 EARNINGS PER SHARE US\$'CENTS	2019 US\$'000	2018 EARNINGS PER SHARE US\$'CENTS	2018 US\$'000
Earnings for the purposes of basic earnings and dilutive per share being net earnings attributable to equity holders of the parent	0.26	1,405	0.50	1,897
- continuing operations	0.26	1,405	0.50	1,894
- discontinued operations	-	-	0.00	3

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	NOTE	2019 000'S	2018 000'S
Weighted average number of ordinary shares for the purposes of calculating basic and dilutive earnings per share		544,576	379,486
Actual number of shares outstanding at the end of the period	21	544,576	544,576

Notes to the Financial Statements

For the year ended 31 August 2019

12. Property, plant and equipment

2019 GROUP

	FREEHOLD LAND & BUILDINGS US\$'000	PLANT & MACHINERY US\$'000	MOTOR VEHICLES US\$'000	FURNITURE FIXTURES & FITTINGS US\$'000	TOTAL US\$'000
Cost or valuation					
At 1 September 2018	2,517	80	591	1,278	4,466
Additions in year	-	14	-	4	18
Revaluations	-	-	-	-	-
Disposals in year	-	(3)	(86)	(7)	(96)
Balance at 31 August 2019	2,517	91	505	1,275	4,388
Accumulated depreciation					
At 1 September 2018	(34)	(65)	(398)	(1,026)	(1,523)
Disposals in year	-	3	64	6	73
Depreciation charge for the year	(1)	(15)	(83)	(82)	(181)
Balance at 31 August 2019	(35)	(77)	(417)	(1,102)	(1,631)
Carrying amounts					
At 31 August 2019	2,482	14	88	173	2,757
At 31 August 2018	2,483	15	193	252	2,943

2018 GROUP

	FREEHOLD LAND & BUILDINGS US\$'000	PLANT & MACHINERY US\$'000	MOTOR VEHICLES US\$'000	FURNITURE FIXTURES & FITTINGS US\$'000	TOTAL US\$'000
Cost or valuation					
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)
Balance at 31 August 2018	2,517	80	591	1,278	4,466
Accumulated depreciation					
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)
Balance at 31 August 2018	(34)	(65)	(398)	(1,026)	(1,523)
Carrying amounts					
At 31 August 2018	2,483	15	193	252	2,943
At 31 August 2017	2,283	16	294	134	2,727

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 2019 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 2019 being US\$2.5 million (2018: US\$2.5 million). The Directors consider the fair value at the reporting date to not be materially different from the carrying value.

Notes to the Financial Statements

For the year ended 31 August 2019

13. Goodwill

As at 31 August 2019, the consolidated statement of financial position included goodwill of US\$717,000 (2018: 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 2018 US\$'000	CARRYING VALUE AT 1 SEPTEMBER 2018 US\$'000	ACCELERATED WRITE-OFF US\$'000	CARRYING VALUE AT 31 AUGUST 2019 US\$'000
Payserv Africa Limited	717	717	717	-	717
Total	717	717	717	-	717

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 2019

14. Intangible assets

	ORIGINAL COST US\$'000	NET BOOK VALUE AT 1 SEPTEMBER 2018 US\$'000	ADDITIONS US\$'000	DISPOSALS US\$'000	AMORTISATION US\$'000	CLOSING BALANCE AT 31 AUGUST 2019 US\$'000
Payserv software licenses	1,538	16	-	-	(14)	2
Total	1,538	16	-	-	(14)	2

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	
		2019	2018
A F Phillip & Company (Pvt) Limited	Zimbabwe	72.07%	62.84%
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 2019

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:-

	2019 US\$'000	2018 US\$'000
Profit attributable to NCI	257	350
Dividends paid to NCI	(123)	(405)
Accumulated NCI at year end	36	44
Non-current assets	44	80
Current assets	66	294
Non-current liabilities	-	2
Current liabilities	37	279
Cash flow from operations	79	812
Cash utilised in investing activities	(1)	(46)
Cash utilised in financing activities (including dividends)	(256)	(819)
Cash and cash equivalents	41	219

NON-CONTROLLING INTERESTS ("NCI") - A F PHILIP & COMPANY

In February 2019, the Group increased its investment in A F Philip and Company (Pvt) Limited (A F Philip) to a 72.07% shareholding from 62.84% at 31 August 2018. This investment was implemented through the subscription of additional shares in the issued share capital of A F Philip against a subscription consideration of \$400,000. Through a network of associated companies, the investment in A F Philip gives the Group an effective interest in 4,587,986 shares in Radar Holdings Limited (Radar), or 8.98% (FY 2018: 7.83%) of Radar's total issued shares. 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 and is the owner of prime development land as well as a portfolio of residential properties. Radar's most recent published audited consolidated results for the 12 month period ended 30 June 2019 reported Revenues of ZWL13.1 million (\$2 million), a Profit After Tax of ZWL77.2 million (\$11.8 million), mostly attributable to the revaluation of its investment properties, and Net Asset Value (NAV) of ZWL192.9 million (\$ 29.5 million). NAV per share equaled ZWL378 cents (58 US cents). The Group's investment in Radar is carried at an effective value of 40 US cents per share which the Board considers fair and reasonable given the NAV of Radar, underpinned by its portfolio of assets. This results in an investment valued at \$2.5 m (2018: \$2.5 m) being recognised in the considered Statement of Financial Position.

Constold (Pvt) Ltd (address: 4th floor, Tanganyika House, 3rd Street, Harare, Zimbabwe) holds a 27.93% (FY 2018: 37.16%) interest in A F Philip. A F Philip's salient financial information is as follows:-

	2019 US\$'000	2018 US\$'000
Profit attributable to NCI	-	-
Dividends paid to NCI	-	-
Accumulated NCI at year end	711	947
Non-current assets	2,546	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 2019

16. Inventory

	GROUP 2019 US\$'000	GROUP 2018 US\$'000
Raw materials and consumables	3	28
Goods in transit	188	75
Finished goods	207	238
	398	341
Inventories (write downs)	(112)	(98)
	<u>286</u>	<u>243</u>

17. Financial assets at fair value through profit or loss

	GROUP 2019 US\$'000	GROUP 2018 US\$'000
Quoted investments	496	131
Total	<u>496</u>	<u>131</u>

QUOTED INVESTMENTS PORTFOLIO:	GROUP 2019 US\$'000	GROUP 2018 US\$'000
Balance at 1 September	131	86
Acquired during the year	443	-
Disposed during the year	-	-
(Loss)/ gain on fair valuation during the year	(78)	45
Balance at end of the year	<u>496</u>	<u>131</u>

Quoted Investments consists of:

- Listed Old Mutual Ltd shares held by the Company at fair value of \$478,000 on 31 August 2019. The Company acquired these shares for a total consideration of \$443,000 during FY 2019 resulting in a fair value gain through profit and loss of \$35,000. These shares are held for the Company's own account.
- A portfolio of \$18,000 worth of listed shares managed by an asset management company who makes all the decisions regarding the sale and purchase of these listed shares. This investment is also held at fair value with a fair value loss of \$113,000 during FY 2019. 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 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
Amounts owed by Group undertakings	-	3,083	-	3,364
Trade receivables	386	-	801	-
Other receivables	95	12	42	16
Prepayments and accrued income	-	-	-	-
Total	<u>481</u>	<u>3,095</u>	<u>843</u>	<u>3,380</u>

No interest is charged on receivables.

Notes to the Financial Statements

For the year ended 31 August 2019

18. Trade and other receivables (continued)

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

CREDIT RISK

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

19. Cash and cash equivalents

	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
Bank balances	1,920	447	3,259	758
Bank overdrafts	-	-	-	-
Net cash and cash equivalents in statement of financial position	<u>1,920</u>	<u>447</u>	<u>3,259</u>	<u>758</u>

Included in cash and cash equivalents is \$900,000 which was held outside Zimbabwe at 31 August 2019 and a balance of \$1.0 million representing ZWL amounts covered by the RBZ's commitment to honour Paynet Zimbabwe's Legacy Foreign Debt at ZWL1.00:USD1.00. Subsequent to the end of FY 2019, the RBZ has transferred \$600,000 of these funds to Payserv Africa in Mauritius.

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 and Le-Har (Private) Limited. In accordance with IAS 29, these reserves were re-allocated to retained earnings during FY 2019.

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.

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 2019

21. Share capital & share premium

	ORDINARY SHARES 2019			ORDINARY SHARES 2018		
	NUMBER	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000	NUMBER	SHARE CAPITAL US\$'000	SHARE PREMIUM US\$'000
Issued and fully paid						
At 1 September	544,575,605	77	88,459	348,839,012	51	85,686
Issued in period	-	-	-	195,736,593	26	2,773
At 31 August	<u>544,575,605</u>	<u>77</u>	<u>88,459</u>	<u>544,575,605</u>	<u>77</u>	<u>88,459</u>

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 1.0p 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 2019

22. Share options

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

23. Loans and borrowings - long term

	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
CABS Loan - long term portion	49	-	-	-
Other trade payables	18	-	120	-
Total	67	-	120	-

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"). This original CABS Loan bore interest at 9% per annum with an annual renewal fee of 1% and was subject to an establishment fee of 2%. The original CABS loan was repayable over 24 months, the last instalment being due in December 2018. Paynet renewed the CABS facility on 6 May 2019. The renewed CABS facility of ZWL 2.4 million bears interest at 9.5% per annum and is repayable over 24 equal monthly instalments. Subsequent to the end of the financial year and with effect from 1 September 2019, CABS increased the interest rate to 28% per annum. 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.

Other non-current trade payables are in respect of historic Paywell software license fees within the Payserv Group. A portion of this which could not be remitted due to Zimbabwean foreign currency constraints at the time, was invested in a portfolio of quoted shares, currently valued at \$18,000 as disclosed in note 17.

24. Provisions

	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
Provisions	8	-	188	-
Total	8	-	188	-

Provisions at 31 August 2019 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.

Notes to the Financial Statements

For the year ended 31 August 2019

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	2019		2018	
	ACCELERATED TAX DEPRECIATION US\$'000	TOTAL US\$'000	ACCELERATED TAX DEPRECIATION US\$'000	TOTAL US\$'000
At 1 September	223	223	184	184
Recognised directly in reserves	(19)	(19)	36	36
Other movements	-	-	3	3
At 31 August	<u>204</u>	<u>204</u>	<u>223</u>	<u>223</u>

Deferred tax assets off set against deferred tax liabilities in the period were US\$ nil (2018: US\$ nil).

26. Loans and borrowings - short term

	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
VAL Bridging Loan	443	443	413	413
CABS Loan - short term portion (see note 23)	60	-	206	-
Total	<u>503</u>	<u>443</u>	<u>619</u>	<u>413</u>

The VAL Bridging Facility is owed to Ventures Africa Ltd (VAL), the majority shareholder of the Company and the ultimate beneficial owner of which is Mr Samir Shasha, the CEO of the Company. It carries interest of 10% per annum and is to be settled as soon as alternative funding becomes available to Payserv and/or its subsidiaries, with early repayment, at the election of VAL should a significant liquidity event occur.

27. Trade and other payables

	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
Trade payables	34	33	54	15
Non-trade payables and accrued expenses	228	1,246	2,249	1,952
Total	<u>262</u>	<u>1,279</u>	<u>2,303</u>	<u>1,967</u>
Current tax liability	24	-	477	-
Total	<u>286</u>	<u>1,279</u>	<u>2,780</u>	<u>1,967</u>

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 2019

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

	GROUP 2019 US\$'000	GROUP 2018 US\$'000
Profit for the year	1,662	2,247
<i>Adjusted for *:</i>		
Amortisation of intangible assets	14	14
Depreciation of property, plant and equipment	181	195
Profit on sale of property, plant and equipment	(28)	(33)
Valuation adjustments to inventories, receivables and other assets	78	(45)
Finance income	(11)	(23)
Finance costs	51	252
Share based payment charge	-	68
(Decrease)/increase in provisions	(180)	3
Income tax charge	150	776
Operating cash flows before movements in working capital	1,917	3,454
(Increase) in inventories	(43)	(10)
Decrease in trade and other receivables	362	887
(Decrease) / increase in trade and other payables	(2,166)	939
Cash generated from operations	70	5,270

* All amounts include both continuing and discontinued operations.

	COMPANY 2019 US\$'000	COMPANY 2018 US\$'000
Profit / (loss) for the year	540	(349)
<i>Adjusted for:</i>		
Finance income	-	-
Finance costs	43	201
Valuation adjustments to inventories, receivables and other assets	(35)	-
Share based payment (credit)	-	68
Operating cash flows before movements in working capital	548	(80)
Decrease in trade and other receivables	285	942
(Decrease) in trade and other payables	(688)	(699)
Cash generated from operations	145	163

Notes to the Financial Statements

For the year ended 31 August 2019

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.

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.

Notes to the Financial Statements

For the year ended 31 August 2019

29. Financial instruments (continued)

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 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
Cash and cash equivalents	19	1,920	447	3,259	758
Trade and other receivables	18	481	12	843	16
Amounts owed by group undertakings	18	-	3,083	-	3,364
Other investments	17	496	478	131	-
Total		2,897	4,020	4,233	4,138

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

	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
United Kingdom	955	459	774	774
Zimbabwe	1,473	3,561	3,147	3,364
Mauritius	469	-	312	-
Total	2,897	4,020	4,233	4,138

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	GROUP 2019 US\$'000	COMPANY 2019 US\$'000	GROUP 2018 US\$'000	COMPANY 2018 US\$'000
Trade customers and other receivables	481	12	843	16
Amounts owed by Group undertakings	-	3,083	-	3,364
Total	481	3,095	843	3,380

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

	GROSS 2019 US\$'000	IMPAIRMENT 2019 US\$'000	TOTAL 2019 US\$'000
Neither past nor impaired	403	-	403
Past due 1-30 days	65	(6)	59
Past due 31-60 days	8	(2)	6
Past due 61-90 days	2	(1)	1
Past due 91-days +	2	(2)	-
Other receivables	12	-	12
Total	492	(11)	481

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.

Notes to the Financial Statements

For the year ended 31 August 2019

29. Financial instruments (continued)

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.

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 2019			CONTRACTUAL CASH FLOWS 2018		
	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	304	286	18	2,423	2,423	-
Loans and borrowings	552	563	80	619	674	-
Total	856	849	98	3,042	3,097	-

COMPANY	CONTRACTUAL CASH FLOWS 2019			CONTRACTUAL CASH FLOWS 2018		
	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	1,279	1,279	-	1,967	1,967	-
Loans and borrowings	443	488	-	413	450	-
Total	1,722	1,767	-	2,380	2,417	-

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 currency giving rise to this risk is primarily the Zimbabwe Dollar (ZWL), since its adoption as the functional currency in the Zimbabwe entities since 22 February 2019, and to a lesser extent Pound Sterling in which some of the Group's central overheads are denominated. 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, and actively monitors the exchange rate market to ensure the net equity in its balance sheet is preserved as much as possible. The following significant exchange rates applied during the year:

	AVERAGE RATE 2019	REPORTING DATE SPOT RATE 2019	AVERAGE RATE 2018	REPORTING DATE SPOT RATE 2018
Zimbabwe Dollar (ZWL)	5.59	10.71	N/A	N/A
Pounds Sterling (GBP)	0.76	0.82	0.74	0.77
Euro (EUR)	0.88	0.91	0.84	0.86
South African Rand (ZAR)	14.97	15.24	12.97	14.69
Zambian Kwacha (ZMW)	N/A	N/A	9.89	10.23

Notes to the Financial Statements

For the year ended 31 August 2019

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	2019 US\$'000	2018 US\$'000
FIXED RATE INSTRUMENTS		
Financial assets	-	-
Financial liabilities	(552)	(619)
Total	(552)	(619)
VARIABLE RATE INSTRUMENTS		
Financial assets	1,920	3,259
Financial liabilities	-	-
Total	1,920	3,259

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 2019 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 Legacy Debt's registered with the RBZ at ZWL1.00:USD1.00 which would help to absorb the impact of movements in the ZWL. It also ignores the possible impact on forecast sales and purchases.

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 CURRENCY US\$'000	WEAKENING CURRENCY US\$'000
31 AUGUST 2019			
Zimbabwe Dollar (ZWL)*	1,161	129	(106)
Pounds Sterling (GBP)	(39)	(4)	4
31 AUGUST 2018			
Pounds Sterling (GBP)	523	(37)	37
Zambian Kwacha (ZMW)	(23)	-	-

* Excluding the impact of Legacy Debt's registered with the RBZ at ZWL1.00:USD1.00 which acts as a hedge against currency fluctuations.

INTEREST RATE RISK MANAGEMENT

The Company does not believe it faces significant risk from its interest rate exposure. The rates of interest it is exposed to may, and will likely change in respect of the facility from Central African Building Society (CABS) Zimbabwe due to inflationary pressures but at 31 August 2019, the facility has been reduced to \$109,000 to minimize and manage this exposure.

Currently the Company has only two lenders, CABS and Ventures Africa Limited (VAL) which holds 69.2% of the Company's equity. As a percent of total borrowings, 80% is represented by VAL (\$443,000) and 20% by CABS (\$109,000) with a weighted average interest cost of 9.9%.

Notes to the Financial Statements

For the year ended 31 August 2019

29. Financial instruments (continued)

As a related party, VAL has established interest rates at the same levels which its funding was used to displace 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.

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 2019 US\$'000	FAIR VALUE 2019 US\$'000
Cash and cash equivalents	Level 3	1,920	1,920
Trade and other receivables	Level 3	481	481
Quoted investment portfolio	Level 1	496	496
Trade and other payables	Level 3	(304)	(304)
Loans and borrowings	Level 3	(552)	(552)
Total		2,041	2,041

GROUP	HIERARCHY	CARRYING AMOUNT 2018 US\$'000	FAIR VALUE 2018 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)
Total		1,288	1,288

Notes to the Financial Statements

For the year ended 31 August 2019

29. Financial instruments (continued)

COMPANY	HIERARCHY	CARRYING AMOUNT 2019 US\$'000	FAIR VALUE 2019 US\$'000
Cash and cash equivalents	Level 3	447	447
Trade and other receivables	Level 3	3,095	3,095
Quoted Investment portfolio	Level 1	478	478
Trade and other payables	Level 3	(1,279)	(1,279)
Loans and borrowings	Level 3	(443)	(443)
Total		2,298	2,298

COMPANY	HIERARCHY	CARRYING AMOUNT 2018 US\$'000	FAIR VALUE 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)
Total		1,758	1,758

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 2019

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	64
Payable in 1 to 5 years	3
Payable thereafter (> 5 years)	-
Total	67

During the year ended 31 August 2019, US\$74,000 (2018: US\$134,000) 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 2019 were US\$ nil (2018: 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

Other than \$14,000 due to Mr. Samir Shasha in respect of an expense reimbursement, no amounts were due to Directors at 31 August 2019 in respect of Directors fees or otherwise, nor had any Directors fees been paid in the year under review.

VAL is the controlling shareholder of Cambria with a 69.2% interest as at 31 August 2019. 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 Bridging Facility as set out in note 26. Interest accrued during the period amounted to US\$43,000 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 (2018: US\$1,000).

Paynet rents its offices in Mount Pleasant, Harare from Le-Har (Pvt) Ltd, a 100% subsidiary of the Group. The lease rentals for the year amounted to \$28,000 (2018: \$47,000). Paynet was also charged a management fee of \$72,000 (2018: \$nil) by the holding company Cambria. Payserv Africa Limited charges license fees to Paynet for the use of its Transwitch software which amounted to \$924,000 (2018: \$561,000) and African Solutions Limited charges Paynet payroll license fees which amounted to \$152,093 (2018: \$120,000).

Notes to the Financial Statements

For the year ended 31 August 2019

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.

Total remuneration is included in "personnel expenses" (see note 7).

	TOTAL 2019 US\$000	TOTAL 2018 US\$000
S Shasha	-	-
P Turner	-	14
JP Watenphul	-	33
DC Pandya	-	14
Total	-	61

The expense for FY 2018 arose from the issue of 4,500,000 shares to Directors. 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 and expensed as Directors Remuneration for the year ended 31 August 2018.

34. Events after the reporting date

LEGACY LOANS/ BLOCKED FUNDS ALLOCATED BY RBZ

Governor John P. Mangudya of the RBZ has to the date of this report allocated at parity (ZWL\$1.00:USD\$1.00) the sum of \$600,000 of \$1.2 million owed by Paynet Zimbabwe to Payserv Africa Limited, our wholly owned subsidiary in Mauritius.

Relying on the Governor's written commitment, in its Interim Results published on 31 May 2019, the Company announced that the RBZ would expunge Paynet Zimbabwe's obligations to Payserv Africa by mid-September 2019. While the commitment by the Governor to expunge the full amount of legacy debts by mid-September has been met with delays, we believe that he has shown tangible good faith in fulfilling his promises in this regard. Citing Zimbabwe's poor tobacco receipts, Governor Mangudya rescheduled his commitment. On his behalf, Deputy Director of Financial Markets Ernest Matiza, then committed to weekly allocations of US \$100,000 starting in the week of 30 September. To date, Paynet Zimbabwe has been able to confirm 6 of the thirteen allocations which have come due. Paynet Zimbabwe continues to constructively engage the RBZ on this matter.

EXCEPTION TO SUMMONS AGAINST BAZ UPHELD

Cambria announced on 18 November 2019, in relation to Payserv Africa's summons seeking damages of \$100 million from Bankers Association of Zimbabwe (BAZ), that the Exception filed by BAZ has been upheld by Justice Mushore and Payserv Africa's lawsuit has been dismissed with Payserv Africa liable for BAZ's legal costs.

ARBITRATION RELATING TO RADAR SHARE OFFER

The Arbitration proceedings related to the purchase of additional shares in Radar through Hinshaw, and referred to in the Interim Results released on 31 May 2019, has been finalised. The Arbitrator has made an award in favour of the defendants and on advice from its Legal Counsel, Cambria will not seek to set the ruling aside.

In terms of the Arbitration proceedings the Company sought, through Paynet Zimbabwe, to enforce its pre-emptive rights to purchase a further 20% of shares in Hinshaw, which has a 79.65% shareholding in Radar. The Arbitrator ruled that Paynet Zimbabwe's pre-emptive rights were not triggered since in his opinion, no irrevocable offer had been made by Caulicle Investments (Pvt) Ltd, a 20% shareholder of Hinshaw, to sell its Hinshaw shares.

Corporate Information

For the year ended 31 August 2019

REGISTERED OFFICE AND AGENT

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REGISTRARS

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PRINCIPAL GROUP BANKERS

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Shareholder Information

For the year ended 31 August 2019

ANALYSIS OF ORDINARY SHAREHOLDINGS AS AT 19 FEBRUARY 2020

Note: the shareholding analysis has been performed on 19 February 2020 incorporating changes since the year end of 31 August 2019.

	NUMBER OF HOLDERS	% OF TOTAL HOLDERS	NUMBER OF SHARES	% OF TOTAL SHARES
Category of shareholder				
Private shareholder	81	43.78%	21,167,536	3.89%
Banks, nominees and other corporate bodies	104	56.22%	523,408,069	96.11%
Total	185	100.00%	544,575,605	100.00%
Shareholding range				
1 - 5,000	51	27.73%	110,498	0.02%
5,001 - 50,000	42	22.65%	956,845	0.18%
50,001 - 500,000	43	23.19%	9,051,036	1.66%
500,001 - 5,000,000	41	22.11%	72,775,887	13.36%
5,000,001 - 50,000,000	7	3.78%	84,681,339	15.55%
50,000,001 - 250,000,000	1	0.54%	377,000,000	69.23%
Total	185	100.00%	544,575,605	100.00%

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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