

∞ CAMBRIA



Annual Report  
**2012**



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# Chief Executive Officer's Statement

EDZO WISMAN



## The 2012 financial year was a year of significant change for Cambria Africa plc (“Cambria” or the “Company”).

The Annual General Meeting (AGM) of the Company held on February 24th, 2012, resulted in an almost entirely new Board of Directors, with four new Directors replacing the five Directors representing Lonrho plc (Lonrho).

Arrival of the new Board commenced an exciting new era for Cambria. In line with the launch of this promising new period the Company was renamed Cambria Africa plc, a name invoking a period of growth and renewal.

The transition away from Lonrho signalled the cessation of significant costs borne by the Company resulting from the Lonrho Management Services Agreement.

The change in governance permitted the Company to focus on value creation and profitability and to concentrate on four investments: Payserv, the Leopard Rock Hotel, Millchem, and Celsys.

Furthermore, the new Board decided to take a more prudent view of the value of the various assets on the Company's balance sheet. This review has resulted in significant additional write-offs in Operating Losses amounting to US\$ 19.6 million, with the vast majority relating to intangible assets primarily concerning the Celsys and FMNA investments, the non-compete agreement with Lonrho Plc, extraordinary deterioration in market value of aircraft under lease agreement and the write-off of

significant receivable balances relating to the aircraft lease agreements and the Churchill Estates Loan.

Zimbabwe's economic growth, which until recently continued at a pace well-beyond the growth of many of its peers in Sub-Saharan Africa, a region itself already growing faster than most other parts of the world, slowed markedly. Where Zimbabwe's Gross Domestic Product (GDP) growth was 9.3% in 2011 (Source: Ministry of Finance of Zimbabwe), ranking it the 11th fastest growing economy in the world (Source: IMF), estimated GDP growth for 2012 is 4.7% (Source: Ministry of Finance of Zimbabwe). Even though growth has slowed, Zimbabwe is still in an attractive position compared to many of its peers.

With the date of the referendum for the newly agreed constitution now set for March 16th 2013, and elections anticipated shortly thereafter, 2013 will undoubtedly be an important year for Zimbabwe. Anecdotal evidence suggests the agreement on a new constitution has already resulted in an increased interest by investors in the country as an investment destination. Increased investor confidence should lead to reinvigorated GDP growth levels going forward.

Zimbabwe's inflation remains low at 3.7% for 2012, comparing well with inflation levels in, for example, the United States (2.1%) and South Africa (5.8%).

## Results for the Period

During the 2012 financial year (FY2012) Cambria's revenues increased by 48% to US\$12.0million (FY2011: US\$ 8.1 million) and gross profit increased by 45% to US\$ 6.8 million (FY2011: US\$ 4.7 million (adjusted for reallocation of certain labour costs at the Leopard Rock Hotel)).

Combined revenue and gross profit of Cambria's four core investments during FY2012 showed impressive growth. Revenues grew 52% from US\$8.0 million in FY2011 to US\$ 12.0 million in FY2012. Gross Profit increased by 54% to US\$6.8 million, up significantly from US\$4.4million in FY2011. (adjusted for reallocation of certain labour costs at the Leopard Rock Hotel).

As at 31 August, 2012, the Company had net assets of US\$ 23.3 million (2011: US\$ 52.0 million) and a market capitalization of US\$ 9.0 million. Cambria's assets, following the various write-offs undertaken during the period under review, are almost entirely tangible (US\$ 33.0 million or 94%).

There is a significant discount between the value of the Company's net assets and its market capitalization on the AIM market. As at February 19, 2013, this discount was approximately 61% when compared to net assets per share as at 31 August 2012.

Given the growth rates of the Company's investments, and its increasingly attractive outlook towards group wide profitability, the Board continues to be cognisant of this discount. As such, and as long as this position continues, the Board will review strategic alternatives for all of its investments to unlock (and/or make more apparent) some of the value built-up within its underlying investments. The outcome of this review may lead to, but may not be limited to, a potential sale of certain assets.

On 16 September 2011 the Company raised US\$ 1.4 million gross by way of a placing with institutions of 3,988,439 new ordinary par value shares of £0.0001 each at 23p per share.

On 9 March 2012, through its second largest shareholder Consilium Investment Management, Cambria obtained a combined US\$ 3.0 million shareholder loan.

The Financial Statements are prepared in accordance with the Directors decision announced in the Chief Executive Review in the accounts of 31 August 2011, to change the functional currency of the Company from Pounds Sterling to US Dollars.

## Operational Review Core Investments

### Consolidated results of core investments

Cambria's core portfolio consists of Payserv, the Leopard Rock Hotel, Millchem and Celsys. These investments jointly had a consolidated revenue and gross profit performance as per the following table:

<i>(Audited US\$ millions)</i>	<b>2012</b>	<b>2011</b>	<b>GROWTH</b>
<b>Revenues</b>	12.0	7.9	52%
<b>Gross profit (1)</b>	6.8	4.4	54%
<b>Gross margin</b>	57%	56%	2%

(1) For comparison, FY2011 gross profit adjusted for re-allocation of certain Hotel labour costs to SGA

Growth during FY2012 was entirely organic and can be attributed to the changes made and the initiatives identified, during the strategic reviews of each of these companies: addition of new offerings in existing markets, adding new markets for existing offerings, as well as the impact of more efficient exploitation of existing platforms.

Millchem and Celsys achieved particularly high year-on-year gross profit growth of 93% and 159%, respectively.

Payserv (100% holding)

Payserv, previously trading as Paynet Group, provides EDI switching services (Paynet), payroll services (Autopay), and payroll based microfinance loan processing (Tradanet (51% holding)).

<i>(Audited: US\$ millions)</i>	<b>2012</b>	<b>2011</b>	<b>GROWTH</b>
<b>Revenues</b>	4.0	3.0	30%
<b>Gross profit</b>	3.6	2.2	62%
<b>Gross margin</b>	92%	74%	25%

Paynet provides Electronic Data Interchange (EDI) services to all 22 banks and building societies in Zimbabwe, as well as to over 1,500 corporates (FY2011: over 1,100). Paynet processed 12.3 million transactions (FY2011: 8.3 million) during the period under review, or a 48% increase.

## Chief Executive Officer's Statement (continued)

Autopay, provides payroll services to 172 customers (FY2011: 113), processed over 286,000 pay slips (FY2011: 241,000) during the period under review, or an 18% increase.

Tradanet has seen significant growth in the value of payroll based micro-finance loans processed, which grew to US\$ 140 million (FY2011: US\$ 76 million), representing an 86% increase. At the end of the period the loan book under management stood at US\$ 100 million (FY2011: US\$ 42 million), an increase of 138% when compared to last year.

Payserv is, in cooperation with its bank clients, concluding design and tests to upgrade the EDI Paynet product into a real-time Electronic Fund Transfer (EFT) system. Furthermore, Payserv has been encouraged by its Zimbabwean bank clients to explore opportunities in Zambia and is actively pursuing this.

During the twelve months under review, Payserv continued to return increasing amounts of cash to Cambria.

### Leopard Rock Hotel (100% holding)

*The Leopard Rock Hotel is a four star hotel and resort located in the Eastern Highlands of Zimbabwe. It boasts a world-class golf course, noted as one of the finest in Africa, a family-friendly game park, a casino and fine restaurants offering some of the greatest food in Zimbabwe.*

<i>(Audited US\$ millions)</i>	<i>2012</i>	<i>2011</i>	<i>GROWTH</i>
<i>Revenues</i>	2.5	2.1	17%
<i>Gross profit (1)</i>	1.9	1.6	20%
<i>Gross margin</i>	78%	76%	2%

(1) For comparison, FY2011 gross profit adjusted for re-allocation of certain labour costs

When compared to last year, the Leopard Rock Hotel saw occupancies of 46% (FY2011: 38%), an increase of 21%. Average room rates decreased by 6% to US\$ 111 (FY2011: US\$ 117). During the period, Revenue Per Available Room (RevPAR) increased to US\$ 51 from US\$ 44, an increase of 16%.

At 31 August 2011, certain labour costs were allocated to

'costs of goods sold' (COGS), which were included in Selling, General and Administrative costs in the prior year. In line with industry norms, these amounts have been excluded from COSS again in FY2012 and the comparative FY2011 figures adjusted. Unadjusted, consolidated gross profit for FY2011 was US\$1.0m.

During the period under review a key issue for the Leopard Rock Hotel, which is managed by Lonrho Hotels under a Hotel Management Agreement, was the dramatic increase in operating costs, which increased 31% when compared to the equivalent period last year. This resulted in a significant increase in the EBITDA loss for the Hotel to US\$ 481,000 compared to a loss of US\$ 198,000 the prior year, a 2.4x increase, despite a revenue increase of 17% year-on-year.

Cambria has taken an active interest in resolving this issue and has expressed serious concerns to Lonrho Hotels regarding the disappointing operating results. If the operating issues are not swiftly brought under control Cambria will review various alternatives to lift performance of the Leopard Rock Hotel.

On 14 March 2012, Cambria acquired the well-known "Castle at Leopard Rock" for EUR 0.6 million (US\$ 0.7 million), which is located adjacent to the Leopard Rock Hotel. The Castle is located near the top of the Leopard Rock and boasts spectacular views all around; across Zimbabwe's Eastern Highlands and well into Mozambique.

### Celsys (60% holding)

*After significant investment by Cambria, Celsys has become, in the Company's view, one of the best equipped printers in Zimbabwe. As a result, it has been able to command leading market positions in security and commercial printing.*

<i>(Audited US\$ millions)</i>	<i>2012</i>	<i>2011</i>	<i>GROWTH</i>
<i>Revenues (1)</i>	1.8	1.1	65%
<i>Gross profit (1)</i>	0.6	0.2	159%
<i>Gross margin</i>	32%	20%	57%

(1) Adjusted figures relate to continuing businesses Print and ATM leasing only

Celsys, by focusing on its print division, has made significant strides turning an undercapitalized, 'sub-scale' print-

## Chief Executive Officer's Statement (continued)

er into one of the industry leaders in Zimbabwe. During the period, Celsys has been able to further consolidate the position it now commands as one of the leading commercial printers in Zimbabwe, allowing it to grow sales rapidly while increasing margins.

Transactions processed through Celsys' legacy ATM division continue to grow. Transactions during the period under review, which directly relate to revenue, were US\$ 0.8 million (2011: US\$ 0.4 million), an increase of 100%.

Cambria does not believe the significant goodwill associated with its shareholding in Celsys reflects its true value. The Board therefore made the decision during the first half of financial year 2012 to write off the goodwill associated with the shareholding in Celsys resulting in a write-off of US\$ 6.8 million.

On 8 May 2012 Cambria stated its intention to acquire the remaining 40% of Celsys' shares not already owned by the Company. On 29 May 2012, Celsys' shareholders approved their takeover by Cambria. This process will be completed when Cambria lists on the Zimbabwe Stock Exchange (ZSE).

Cambria announced on 31 August 2012 that its proposed listing on the (ZSE) had been rescheduled to take place following the publication of its audited results for the year ended 31 August 2012. In the interim, Celsys Limited has been suspended from trading on the ZSE, effective from 28 August 2012 and until the proposed ZSE listing of Cambria.

The Proposed ZSE Listing is a secondary listing for the Company as its primary listing will remain on the AIM market of the London Stock Exchange, where it has been listed since 2007.

### Millchem (100% holding)

*Millchem, previously trading as Millpal Chemicals, is a value-added chemicals distributor with leading market positions in Zimbabwe in solvents, metal treatment products and alkyd resins.*

<i>(Audited US\$ millions)</i>	<i>2012</i>	<i>2011</i>	<i>GROWTH</i>
<i>Revenues</i>	3.8	1.7	126%
<i>Gross profit</i>	0.7	0.4	93%
<i>Gross margin</i>	19%	22%	(15%)

The significant gross profit growth achieved by Millchem over the period resulted from continued expansion of Millchem's core solvent business, increased diversification into new, more specialized product lines (e.g. alkyd resins, mining chemicals, other), entry into new market sectors, and through sourcing product at much improved terms including entry into bulk markets.

Millchem has been able to make initial sales into Zambia (and, after the end of the period under review, Malawi), and will continue to actively pursue regional expansion.

During the period under review Millchem became the only African member of the National Association of Chemicals Distributors (NACD), the U.S. industry association for value added chemicals distributors, making it a natural partner in the future for U.S. chemicals producers seeking distribution in Zimbabwe.

### Accelerated write-offs, net assets and non-recurring items

The new Board decided to take a more prudent and fully reflective view of the value of the various assets on the Company's balance sheet. This has resulted in significant write-offs in Operating Losses over the course of the year amounting to US\$ 19.0 million. US\$ 10.7 million of this was already disclosed in the 1st half of 2012. The vast majority related to intangible assets primarily concerning the Celsys, FMNA investments and a non-compete agreement with Lonrho Plc.

Other write offs incurred during the period under review relate to airplanes which were owned by the Company and were sold and a loan provided to a farming concern in Zimbabwe for which the recovery is uncertain. More detail on the situation surrounding the aircraft and the loan to the farming concern is provided later on in this report.

During financial year 2012 there were a significant number of costs incurred in relation to the separation from Lonrho. In addition, discontinued operations had a significant combined operating loss over the period.

In the interests of full transparency, the table below details line by line the loss for the period, so that shareholders and investors can fully understand where losses arose and understand that they are predominately one-off write offs.

As a result of the Boards review, these losses were anticipated, Cambria's objective, as tough as some of the

## Chief Executive Officer's Statement (continued)

decisions were, was to have a transparent and a more accurate balance sheet going forward.

### Adjusted loss for the period

<i>(Audited; US\$ millions)</i>	<b>2012</b>
<b>Reported loss for the period</b>	<b>25.7</b>
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<b>Accelerated write offs</b>	<b>19.6</b>
<i>Churchill Estates</i>	1.3
<i>Airplanes</i>	3.3
<i>Non-compete</i>	2.5
<i>Celsys Goodwill</i>	6.8
<i>FMNA Goodwill and Intangible</i>	1.4
<i>Write-offs in Discontinued Operations</i>	2.6
<i>Receivables</i>	1.7
<b>Non recurring costs</b>	<b>1.4</b>
<i>Separation costs</i>	0.5
<i>ZSE Listing costs</i>	0.4
<i>Management fee</i>	0.5
<b>Exceptional gains</b>	<b>0.5</b>
<b>Adjusted loss for the period</b>	<b>5.2</b>

Following the various write-offs and operating losses, as at 31 August 2012 tangible assets of the Group were US\$ 33.0 million.

Net tangible assets exclude certain balances which are not necessarily recoverable and have been disclosed as contingent assets (US\$ 8.5 million). These contingent assets include the loan extended to Churchill Estates and claims against Five Forty Aviation Ltd.

## Other and corporate overheads

### *Aldeamento Turistico de Macuti SARL (ATdM) (80% holding)*

On 30 September 2011 Cambria sold its 80% stake in ATdM, a Mozambique entity holding the rights to a significant coastal property in Beira, Mozambique, for US\$ 5.1 million payable over 60 months, carrying 7% interest per annum. This transaction generated a book profit on sale of US\$ 575k. As part of the transaction the buyer also agreed to repay Cambria a shareholder loan which was provided to ATdM. This loan will be repaid over 24 months carrying a 7% interest per annum.

### *ForgetMeNot Africa Limited (FMNA) (51% holding)*

FMNA, a mobile phone technology venture, generated US\$1.0million (2011: US\$1.1million) in operating losses during the period under review.

Cambria could no longer be confident that any of its investment would be recovered and the board decided to write off Cambria's FMNA'S shareholders loans, as well as any goodwill associated with Cambria's shareholding in FMNA. Cambria's share of total write offs in the period under review associated with FMNA are US\$3.4million.

On August 24 2012, Cambria announced that it had signed a Memorandum of Understanding with ForgetMeNot Software Limited (FMN), its joint venture partner in FMNA, regarding the sale of its shares in FMNA to FMN. The completion of this sale was announced on February 14, 2013. Proceeds of the sale of US\$ 250k, which are payable on achieving certain milestones or at latest 24 months from completion of the sale, have been accounted for as a contingent asset.

### *Diospyros Investments (Private) Limited (t/a "CES Zimbabwe") (CES) (100% holding)*

The provision of IT services through CES Zimbabwe was considered a key business for Cambria. However, CES Zimbabwe is jointly managed by Cambria and Complete Enterprise Solutions Mauritius (CES Mauritius) through a franchise agreement between CES Mauritius and Cambria sharing investment, risk and profits in CES. This structure proved unsustainable.

CES Mauritius is a regional IT services company and itself a joint venture between Lonrho and other individual shareholders.

On August 24, 2012, Cambria announced it had executed agreements related to the conditional sale of its shares in Diospyros Investments (Pvt) Ltd (Diospyros) to CES Mauritius. Under this agreement, Cambria is to receive US\$ 0.2 million from CES Mauritius for the shares, completion of which is conditional on certain regulatory approvals being obtained. As of the date of this report these regulatory approvals had not yet been received.



## *Chief Executive Officer's Statement (continued)*

### *LonZim Air (B.V.I.) Limited (100% holding)*

Cambria owned two aircraft through its subsidiary LonZim Air (B.V.I.) Limited: a Fokker F27-500 Cargo (F27) and an ATR 42-320 (ATR). The F27 was leased to 540 (Uganda) Limited in September 2008 and the ATR was leased to Five Forty Aviation Limited in July 2009. Both entities (collectively "540") were, or were understood to be subsidiaries of Lonrho. A third aircraft leased by 540 was destroyed in an accident in January 2011.

A number of disputes have arisen in relation to these aircraft and associated contracts. These disputes relate, inter alia, to the payment of insurance proceeds, outstanding lease payments, maintenance reserves and the condition of the two remaining aircraft. Cambria considers that substantial sums are due from 540. 540 contends that no sums are due to Cambria and/or its associated companies and that, overall, it is owed approximately US\$ 0.8 million in relation to the aircraft, although the basis for this claim has not yet been set out.

Investigations by the Company during the second half of the financial year 2012 determined the ATR and F-27, which were kept in poor condition, were missing equipment and were not airworthy. The Company subsequently announced on 8 August 2012 it had sold the aircraft for an aggregate sum of US\$ 0.2 million to a Kenyan operator. The price was in line with an independent third party valuation obtained by the Company and represented as a book loss on sale US\$ 3.2 million.

In the interim, Lonrho is believed to have sold its stake in 540 to an entity now called Fastjet plc, in which Lonrho currently holds a reported 61% stake.

In summary, Cambria will pursue recovery of US\$ 6.9 million. These amounts relate to, inter alia, to maintenance reserve and lease charges and related contractual interest, payment of insurance proceeds, the deterioration in market value of the aircraft, and the significantly lower amount the Company was able to obtain through a sale, due to the poor condition the aircraft were found to be in.

### *Churchill Estates loan*

During 2008 Cambria, then managed by Lonrho, extended a loan to what is believed to be a Zimbabwe farming concern, Churchill Estates (1995) Private Ltd (CE). This loan was extended to CE as an unsecured five-year loan, at a

15% annualized interest rate with principal and interest to be repaid at the end of the term. No financial performance reporting is required under the terms of the loan.

Even though the Board will vigorously enforce repayment of this loan by CE when it is due in October 2013, the Board considered it at this point prudent to recognise impairment of the value of this loan as well as any associated accumulated interest.

The Board made this decision given the difficulty to assess the ability of CE to repay the loan due to the absence of any financial information on CE. Moreover, the Company and its auditors have, due to the lack of any type of response, been unable to verify the loan with CE. Despite this the Board will vigorously enforce repayment of this loan by CE when it is due in October 2013

### **Corporate overheads**

During the first half of 2012 costs associated with the Lonrho Management Services Agreement relating to Cambria were still being carried by the Company, a total of US\$ 284k was paid in the current year.

Monies paid to Lonrho in relation to this management agreement, as well as other fees, (re-)charges and reimbursements paid to Lonrho during the period under review amounted to a approximately US\$500k. This amount excludes monies accrued as due to Lonrho Hotels under the Hotel Management Agreement associated with the Leopard Rock Hotel.

At the beginning of the period under review Cambria also carried a US\$ 3.8 million intangible asset associated with a non-compete agreement with Lonrho. The Board does not believe there is value associated with this non-compete agreement and has therefore written this off entirely.

The vast majority, if not all of the costs, fees and other charges related to Cambria's prior relationship with Lonrho, were in the opinion of Cambria's Board no longer incurred from the end of February 2012 onwards.

One-off expenses incurred during the period under review associated with Cambria's transition away from Lonrho are approximately US\$ 0.5 million. These are, amongst others, costs associated with legal advice and professional fees.

## Events following end of period under review

Following the end of the period under review, which ended 31 August 2012, Cambria has undertaken a number of corporate actions:

- On 5 October 2012 the Company raised US\$ 1.4 million gross by way of a placing of 8,615,115 new ordinary par value shares of £0.0001 each at 10p per share. The placement received support from directors, who subscribed for 22.5% of the offering, existing shareholders, as well as from WH Ireland, nominated advisor and broker to the Company, who subscribed for 23.8% of the offering.
- On 6 December 2012 Cambria negotiated with Consilium Investment Management (Consilium) an extension of maturity of the first US\$ 1 million tranche of the previously mentioned US\$ 3 million loan (arranged through Consilium March 2012) from 31 December 2012 to 8 March 2014.
- On 15 February 2013 Cambria announced the completion of the sale of FMNA to FMN.
- During the first half of financial year 2013 Payserv established a Lusaka office in December 2012, in anticipation of entering the Zambian market. Partnering with existing players it expects to lead with its Payment EDI switching technology and make available its other outsourcing products to Zambia's growing financial and business sector.
- During the first half of financial year 2013 Payserv invested a significant amount of capital in developing various new offerings for its Paynet product, the first of which was launched in February 2013.
- On 19 February 2013, Cambria arranged an increase of the US\$ 3 million loan with Consilium by US\$ 1.5 million, bringing the total facility to US\$ 4.5 million.
- On 19 February 2013, Cambria announced its intent to invest in a more structured presence for Millchem, in Zambia, including a Lusaka office and warehouse. Various existing suppliers, encouraged by Millchem's rapid growth in Zimbabwe, have already offered to extend Millchem's Zimbabwe agencies into Zambia.
- After a year of transition, and in line with the new Board's uncompromising strategy of focus and profitability, the first half of financial year 2013

shows positive indicators of significant improvement over the same period last year.

The significant changes over the past financial year 2012 have laid a strong foundation for Cambria. During financial year 2013 the Board is working hard to build on this new foundation, increasingly moving Cambria towards sustainable growth and profitability.

Some legacy issues are, of course, still being dealt with by the Board. However, increasingly, Cambria is solely focused on looking forward and reaping the rewards of the foundation built during 2012.

Moreover, the Board, cognizant of the significant difference between net asset value and current market capitalization, continues to review ways to narrow this discount in the ways as described earlier in this report.

Importantly, as already indicated at the end of the CEO report for the first half of financial year 2012, the Board continues to confidently pursue profitability, scale and efficiency for Cambria. Shareholders can be assured that during the ongoing growth of the Company the Board of Directors of Cambria has one clear objective: To relentlessly pursue value for our shareholders' profitability.

**Edzo Wisman**  
**Chief Executive Officer**  
**28 February 2012**

## Directors

### Ian Perkins, 63

#### Executive Chairman

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

### Edzo Wisman, 39

#### Chief Executive Officer

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

### Tania Sanders, 40

#### Director and Chief Financial Officer

Tania Sanders previously held increasingly senior roles within finance and IT with Anheuser-Busch Europe Ltd.,

culminating in her role as European IS Manager. Tania is a Chartered Accountant and holds a Bachelor of Commerce (Accounting) from University of Cape Town and a Post Graduate Diploma in Accounting from the University of South Africa. Appointed 3 April 2012.

### Paul Turner, 66

#### Non-Executive Director and Deputy Chairman

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

### Itai Mazaiwana, 52

#### Non-Executive Director

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

## Fred Jones, 43

### Non-Executive Director

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

## Paul Heber\*, 49

### Non-Executive Director

Paul Heber is an investment manager and stockbroker with more than 20 years experience in global stock markets, following 3 years in the oil industry and formerly with bespoke boutique Savoy Investment Management SGHambros, Nat West and WICarr. Paul has a broad pan-African clientele alongside his domestic UK, European and Bermudan businesses. Paul is also a Non-Executive Director of Shanta Gold Plc. \* Paul Heber resigned as a Director on 10 December 2012

*The following Directors resigned during the period under review*

Director		Date of resignation
Colin Orr-Ewing	Non - Executive Director	31 October 2011
David Lenigas	Executive Chairman	24 February 2012
Geoffrey White	Director and Chief Executive Officer	24 February 2012
David Armstrong	Finance Director	24 February 2012
Emma Priestley	Executive Director	24 February 2012
Jean Ellis	Non-Executive Director	24 February 2012

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

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

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

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

# Directors' Report

For the year ended 31 August 2012

The Directors of Cambria Africa Plc (formerly Lonzim Plc) (the "Company") and its subsidiaries (together the "Group") submit their report, together with the audited financial statements for the year ended 31 August 2012.

## Principal activities

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

## Investment Strategy

The Company's investment objective is to provide Shareholders with long term capital appreciation through the investment of its capital primarily in Zimbabwe and, if appropriate, the region of Mozambique known as the Beira Corridor, which links Zimbabwe to the coast. 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 that have a significant exposure to assets, businesses or operations within Zimbabwe. The Company will only be able to achieve its investment objective in the event the Zimbabwean economy radically improves.

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

The Company's interest in a proposed investment or acquisition may range from a minority position to full ownership. The Company intends, in any event, to actively manage the operations of the companies it has invested in. The Com-

pany has an established management team in Zimbabwe to provide local day to day management of companies and businesses acquired. Wherever possible the Company will seek to achieve Board control or financial control of its portfolio companies. Indigenization legislation within Zimbabwe may, however, prevent the Company from acquiring majority shareholder control in Zimbabwean businesses.

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 thorough due diligence process is undertaken by the Company's appointed specialist financial and legal advisors.

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

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

## Results

The Group made a consolidated loss after non-controlling interests of US\$27,271 thousand (2011: loss US\$9,195 thousand) during the year and this has been transferred to reserves.

## Share capital

On 16 September 2011, the Company announced that it had raised £917 thousand by way of a placing of 3,988,439 new ordinary shares at 23p per share, resulting in the issued share capital of the Company being increased to 58,133,908 ordinary shares.

Post year end, on 1 October 2012, the Company announced the placing of 8,615,115 new ordinary shares at 10p per share, resulting in the issued share capital of the Company being increased to 66,749,023.

## Business review and development

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

The requirements of the enhanced business review in relation to strategy and progress thereon are contained in the Chief Executive's review of operations. The principal risks and uncertainties relate to the revenue generation in the Group's businesses which, being located in Africa, are subject to respective government policies, political stability, general economic conditions in the relevant country and exposure to foreign currency movements.

The Group monitors cash flow as its primary key performance indicator. Given current global financial conditions, as well as current developments in Zimbabwe, the Directors are carefully monitoring cash resources within the Group and have instigated a number of initiatives to ensure funding will be available to meet obligations as they fall due and for planned projects. If such funding cannot be secured, the projects will be delayed or cancelled to ensure that the Group can manage its cash resources for the foreseeable future and hence the financial statements have been prepared on a going concern basis. The Group also uses a number of other key performance indicators which are measured at different tiers in the operation. At the top level, the Group tracks revenues, gross profit, EBITDA, cash generation and performance against budget.

The Directors mitigate risk by proper evaluation of every

investment that is made and have therefore developed a risk analysis reporting procedure, which links into the Company's Corporate Governance procedures.

Further information regarding the Group's policies and exposure to financial risk can be found in note 30 to the financial statements.

## Post balance sheet events

Details of significant events since the reporting date are contained in note 37 to the financial statements.

## Dividends

The Directors do not recommend the payment of a dividend (2011: US\$nil).

## Corporate Governance

### *Compliance with the UK Corporate Governance Code*

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

### *Board of Directors*

Mr Colin Orr-Ewing resigned as a director on 31 October 2011. At the last Annual General Meeting held February 24, 2012, David Lenigas, Geoffrey White, David Armstrong and Jean Ellis resigned. Ms Emma Priestley resigned by rotation and was not re-appointed. Following the Annual General meeting the Board of Directors comprised of an Executive Director, and four Non-Executive Directors, one of whom is the Chairman. Ms Tania Sanders subsequently joined the Board as an Executive Director on 3 April 2012. Mr Paul Heber resigned as a Director on 10 December 2012.

The Directors are of the opinion that the Board comprises a suitable balance to enable the recommendations of

*Directors' Report (continued)*  
**For the year ended 31 August 2012**  
*Corporate Governance (continued)*

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

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

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

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

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

### *Internal controls*

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

Any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregu-

larities will be detected or that the risk of failure to achieve business objectives is eliminated.

### *Committees*

The Board has devolved duties to the following committees:

#### *Audit Committee*

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

#### *Remuneration Committee*

The Remuneration Committee makes recommendations to the Board on the remuneration policy that applies to Executive Directors and senior employees. Prior to 24 February 2012, the members of the Remuneration Committee were Paul Heber (Chairman), Paul Turner and Colin Orr-Ewing.

Subsequent to Colin Orr-Ewing's resignation on 31 October 2011, the Remuneration Committee comprised Paul Heber (Chairman) and Paul Turner.

Subsequent to the appointment of new Directors on 24 February 2012, the Remuneration Committee comprised Ian Perkins (Chairman), Paul Heber and Fred Jones. Subsequent to the resignation of Paul Heber, Paul Turner was re-appointed to the Remuneration Committee.

#### *Nomination Committee*

The Nomination Committee is responsible for identifying candidates to fill vacancies on the Board, as and when they arise, and nominate them for approval by the Board.

## Directors' Report (continued)

For the year ended 31 August 2012

### Corporate Governance (continued)

#### Committees (continued)

Prior to 24 February 2012, the Nomination Committee comprised Paul Heber (Chairman), Paul Turner and Geoffrey White. Following the Annual General Meeting, the Nomination Committee comprises Paul Turner (Chairman), Edzo Wisman and Itai Mazaiwana.

#### Corporate Governance Committee

The Corporate Governance Committee is responsible for ensuring proper corporate governance of the Company and is authorised by the Board to undertake regular reviews of external issues which have the potential for serious impact on the Company's business, and to have the oversight of social, environmental and reputational management of the Company. At 24 February 2012, the Terms Reference of the committee were accepted and Edzo Wisman (Chairman), Fred Jones and Paul Heber were appointed to the committee. Itai Mazaiwana was appointed subsequent to Paul Heber's resignation.

## Declared substantial shareholdings

The Directors have been advised of the following shareholdings at 27 February 2013 in 3 per cent or more of the Company's issued share capital:

	<i>Number of shares</i>	<i>Percentage of the issued capital</i>
<i>Russell Investments Ltd</i>	14,252,663	21.35%
<i>Jutland Capital Management Ltd</i>	10,102,352	15.13%
<i>Consilium Emerging Market Absolute Return Masters Fund Ltd</i>	6,159,132	9.23%
<i>Contrarian Capital Management</i>	4,860,000	7.28%

## Directors

Biographical details of all Directors as well date of appointment and resignation are set out on pages 11 and 12.

## Directors' share interests

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

	<i>At 25.02.13 No. of shares</i>	<i>At 31.08.12 No. of shares</i>	<i>At 31.08.11 No. of shares</i>
<i>Directors</i>			
<i>Ian Perkins</i>	880,250	265,000	Nil
<i>Fred Jones</i>	615,250	Nil	Nil
<i>Edzo Wisman</i>	615,250	Nil	Nil
<i>Paul Heber *</i>	350,00	350,000	176,946
<i>Tania Sanders</i>	92,280	Nil	Nil
<i>Paul Turner</i>	Nil	Nil	Nil

Share options held by the Directors are detailed in note 23 of the financial statements

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

The following Directors participated in the share placement on 1 October 2012 for the following number of shares.

Ian Perkins	615,250
Fred Jones	615,250
Edzo Wisman	615,250
Tania Sanders	92,280
Total	1,938,030

\* Paul Heber resigned as a Director on 10 December 2012

## Anti-Corruption and Bribery Policy

The Company has in place an Anti-Corruption and Bribery Policy which has been adopted by the Company across all divisions of the Group. The Board has overall responsibility for ensuring compliance by Directors, employees and other persons associated with the Group with applicable legal and ethical obligations. The Company's Finance Director has primary and day-to-day responsibility for implementation of the policy. Management at all levels of the Group



*Directors' Report (continued)*  
**For the year ended 31 August 2012**  
*Anti-Corruption and Bribery Policy (continued)*

are responsible for ensuring those reporting to them are made aware of, and understand, the policy. The policy gives guidance on risk identification and the procedures to follow where a risk is identified, together with clear guidelines on gifts, entertainment and donations.

## Insurance

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

## Share price performance

Between 1 September 2011 and 31 August 2012 the share price varied between a high of 18.5p and a low of 9.60p. At 31 August 2012 the mid-market price of the shares at close of business was 9.90p (2011: 21.5p). At 27 February 2013 the mid-market price of the shares was 9.63p.

## Payment to suppliers

The Group does not follow any code or standard with regard to the payment of its suppliers. The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Amounts due to suppliers at the reporting date are contained in note 28.

## Change in reporting currency

On 11 November 2011, the Directors announced their decision to report the results of the Company in US Dollars in order to give a clearer understanding of the Company's performance, reflecting the profile of the Group's revenue and results, which are primarily in US Dollars. The change became effective from 1 September 2011.

## Auditors

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

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each

aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

## Annual General Meeting

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

### **On behalf of the Board.**

Paul Turner  
Deputy Chairman  
28 February 2013

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

We have audited the Group and Parent Company financial statements (the “financial statements”) of Cambria Africa Plc for the year ended 31 August 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

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

## Respective responsibilities of Directors and Auditor

As explained more fully in the Directors’ Responsibilities Statement set out on page 12, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

closed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company’s affairs as at 31 August 2012 and of the Group’s loss for the year then ended; and
- have been properly prepared in accordance with IFRSs.

KPMG Audit LLC  
Chartered Accountants  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man  
IM99 1H  
28 February 2013

# Consolidated Income Statement

For the year ended 31 August 2012

	<i>Note</i>	<i>2012 Total US\$'000</i>	<i>*Restated 2011 Total US\$'000</i>
Revenue	4	11,988	8,077
Cost of Sales	5	(5,200)	(3,397)
<b>Gross Profit</b>		<b>6,788</b>	<b>4,680</b>
Operating Costs	5	(13,158)	(13,071)
Accelerated Write-off of Intangibles and Goodwill Impairment	13,14	(10,618)	(288)
Net Losses on disposal on Investments and Impairment of Assets	16	(1,621)	-
<b>Results from operating activities before net finance costs</b>		<b>(18,609)</b>	<b>(8,679)</b>
Finance Income	7	312	299
Finance costs	7	(674)	(963)
<b>Net Finance Income</b>		<b>(362)</b>	<b>(664)</b>
<b>Loss Before Tax</b>		<b>(18,971)</b>	<b>(9,343)</b>
Income Tax	8	(496)	(69)
<b>Loss for the Period from Continuing Operations</b>		<b>(19,467)</b>	<b>(9,274)</b>
<b>Discontinued Operations</b>			
Loss for the year from discontinued operations	9	(6221)	(901)
<b>Loss for the year</b>		<b>(25,688)</b>	<b>(10,175)</b>
<b>Attributable To:</b>			
Owners of the Company		(27,271)	(9,195)
Non-controlling Interests		1,583	(980)
<b>Loss for the year</b>		<b>(25,688)</b>	<b>(10,175)</b>
<b>Earnings per share</b>			
Basic and diluted loss per share (Cents)	10	(47.1c)	(19.1c)
<b>Earnings per share-continuing operations</b>			
Basic and diluted loss per share (Cents)	10	(36.6c)	(17.4c)

*The notes on pages 25 to 76 are an integral part of these consolidated financial statements.*

*\*Amounts have been restated due to a change in presentational currency from Pounds Sterling to United States Dollars (see note 2).*

# Consolidated Statement of Comprehensive Income

For the year ended 31 August 2012

	2012	*Restated 2011
	US\$'000	US\$'000
<b>Loss for the year</b>	(25,688)	(10,175)
<b>Other comprehensive income</b>		
Foreign currency translation differences for overseas operations	(1,601)	(170)
Deferred tax adjustment	(2,839)	-
Revaluation of property, plant and equipment	273	2,122
<b>Total comprehensive loss for the year</b>	<b>(29,855)</b>	<b>(8,223)</b>
<b>Attributable to:</b>		
Owners of the company	(28,562)	(7,326)
Non-controlling interest	(1,293)	(897)
<b>Total comprehensive loss for the year</b>	<b>(29,855)</b>	<b>(8,223)</b>

*The notes on pages 25 to 76 are an integral part of these consolidated financial statements.*

*\*Amounts have been restated due to a change in presentational currency from Pounds Sterling to United States Dollars (see note 2).*

# Consolidated Statement of Changes in Equity

For the year ended 31 August 2012

	Attributable to owners of the Company									
	<i>Share Capital</i>	<i>Share premium</i>	<i>Re-valuation reserve</i>	<i>Foreign exchange reserve</i>	<i>Share based payment reserve</i>	<i>Retained earnings</i>	<i>NDR</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total Equity</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Balance at 31 August 2011</b>	10	75,854	6,327	(12,276)	270	(20,676)	3,044	52,553	(492)	(52,061)
Loss for the year	-	-	-	-	-	(27,271)	-	(27,271)	1,583	(25,688)
Revaluation of property	-	-	273	-	-	-	-	273	-	273
Deferred tax adjustment	-	-	(2,839)	-	-	-	-	(2,839)	-	(2,839)
Foreign currency translation differences for overseas operations	-	-	(349)	1,626	-	(2,833)	-	(1,601)	-	(1,601)
<b>Total comprehensive loss for the year</b>	-	-	(2,960)	1,626	-	(30,104)	-	(31,438)	1,583	(29,855)
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>										
Reclassification of reserves	-	-	(243)	21	-	3,468	(916)	2,330	(2,330)	-
Dividends paid	-	-	-	-	-	-	-	-	(546)	(546)
Issue of ordinary shares	1	1,545	-	-	-	-	-	1,546	-	1,546
Share based payment transaction	-	-	-	-	85	-	-	85	-	85
<b>Total contributions by and distributions to owners of the Company</b>	1	1,545	(243)	21	85	3,468	(916)	3,961	(2,876)	1,085
<b>Balance at 31 August 2012</b>	11	77,399	3,124	(10,629)	355	(47,312)	2,128	25,076	(1,785)	23,291

*The notes on pages 25 to 76 are an integral part of these consolidated financial statements.*

*\*Amounts have been restated due to a change in presentational currency from Pounds Sterling to United States Dollars (see note 2).*

# Consolidated Statement of Changes in Equity

For the year ended 31 August 2011

## Attributable to owners of the Company

	Share Capital	Share premium	Re- valuation reserve	Foreign exchange reserve	Share based payment reserve	Retained earnings	NDR	Total	Non-con- trolling interests	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 31 August 2010</b>	8	68,208	4,205	(12,023)	270	(11,481)	3,044	52,231	405	(52,636)
Loss for the year	-	-	-	-	-	(9,195)	-	(9,195)	(980)	(10,175)
<b>Total other comprehensive income</b>	-	-	2,122	(253)	-	-	-	1,869	83	1,952
<b>Contributions by and distributions to owners of the Company recognised directly in equity</b>										
Issue of ordinary shares	2	7,646	-	-	-	-	-	7,648	-	7,648
Share based payment transaction	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	2	7,646	-	-	-	-	-	7,648	-	7,648
<b>Balance at 31 August 2011</b>	10	75,854	6,327	(12,276)	270	(20,676)	3,044	52,227	(492)	51,735

*All amounts have been restated due to a change in presentational currency from Pounds Sterling to United States Dollars (see note 2).*

*The notes on pages 25 to 76 are an integral part of these consolidated financial statements.*

# Consolidated and Company Statement of Financial Position

As at 31 August 2012

	Notes	Group 2012	Company 2012	•Restated Group 2011	•Restated Company 2011
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>					
Property, plant and equipment	11	25,250	97	32,694	136
Biological Assets	12	83	-	82	-
Goodwill	13	717	-	8,080	-
Intangible assets	14	1,551	-	6,825	3,792
Longterm Receivables	15	3,229	3,229	-	-
Investment in subsidiaries	16	-	-	-	4,418
Deferred tax assets	26	-	-	1,305	-
<b>Total Non-Current Assets</b>		<b>30,830</b>	<b>3,326</b>	<b>48,986</b>	<b>8,346</b>
Inventories	17	936	-	732	-
Other Investments	18	42	-	109	-
Trade and other receivables	19	2,625	24,668	4,514	38,712
Cash and cash equivalents	20	468	178	1,076	597
Assets held for sale	9	361	-	3,451	-
<b>Total Current Assets</b>		<b>4,432</b>	<b>24,846</b>	<b>9,882</b>	<b>39,309</b>
<b>Total Assets</b>		<b>35,262</b>	<b>28,172</b>	<b>58,868</b>	<b>47,655</b>
<b>Equity</b>					
Issued share capital	21,22	11	11	10	10
Share premium account	21,22	77,399	77,399	75,854	75,854
Revaluation reserve	21,22	3,124	-	6,327	-
Share based payment reserve	21,22,23	355	355	270	270
Foreign exchange reserve	21	(10,629)	(13,186)	(12,276)	(13,101)
Non distributable reserves	21	2,128	-	3,044	-
Retained losses	21	(47,312)	(40,907)	(20,676)	(18,320)
<b>Equity Attributable to Owners of Company</b>	<b>21</b>	<b>25,076</b>	<b>23,672</b>	<b>52,553</b>	<b>44,713</b>
<b>Non Controlling Interests</b>		<b>(1,785)</b>	<b>-</b>	<b>(492)</b>	<b>-</b>
<b>Total Equity</b>		<b>23,291</b>	<b>23,672</b>	<b>52,061</b>	<b>44,713</b>
<b>Liabilities</b>					
Loans and borrowing	24	2,054	2,000	-	-
Provisions	25	161	-	1,050	1,050
Deferred Tax liabilities	26	4,108	-	1,269	-
<b>Total Non-Current Liabilities</b>		<b>6,323</b>	<b>2,000</b>	<b>2,319</b>	<b>1,050</b>
Bank overdraft	20	337	-	47	-
Current tax liabilities		284	-	262	57
Loans and borrowings	27	1,692	1,250	1,500	1,500
Trade and other payables	28	2,825	1,250	2,679	335
Liabilities held for sale	9	510	-	-	-
<b>Total Current Liabilities</b>		<b>5,648</b>	<b>2,500</b>	<b>4,488</b>	<b>1,892</b>
<b>Total Liabilities</b>		<b>11,971</b>	<b>4,500</b>	<b>6,807</b>	<b>2,942</b>
<b>Total Equity and Liabilities</b>		<b>35,262</b>	<b>28,172</b>	<b>58,868</b>	<b>47,655</b>

\*Amounts have been restated due to a change in presentational currency from Pounds Sterling to United States Dollars (see note 2)

The notes on pages 25 to 76 are an integral part of these consolidated financial statements. These financial statements were approved by the Board of Directors and authorised for issue on 28 February 2013. They were signed on their behalf by: E Wisman Director & Chief Executive Officer

# Consolidated and Company Statement of cash flows

For the year ended 31 August 2012

	Notes	Group 2012	• Restated Group 2011
		US\$'000	US\$'000
<b>Cash Flows from Operating Activities</b>	<b>29</b>	<b>(5,908)</b>	<b>(5,441)</b>
(Increase in inventories	29	(204)	(260)
Decrease/(increase) in cash due from customers	29	(1,751)	265
(Decrease)/increase in cash due to suppliers	29	(71)	(240)
<b>Cash Used in Operations</b>	<b>29</b>	<b>(7,934)</b>	<b>(5,676)</b>
Interest Paid		(707)	(241)
Interest Received		326	300
Dividends Paid		(323)	-
Tax Paid		(509)	-
<b>Net Cash Used in Operating Activities</b>	<b>29</b>	<b>(9,147)</b>	<b>(5,617)</b>
<b>Cash Flows from Investing Activities</b>		-	
Proceeds on disposal of property, plant and equipment		312	1,108
Purchase of property, plant and equipment	11	(1,473)	(1,655)
Purchase of intangibles	14	-	(1,082)
Proceeds from sale of investments		1,197	142
Write down of investments	16	4,418	(61)
<b>Net Cash used Investing Activities</b>		<b>4,454</b>	<b>(1,548)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of share capital	21	1,546	7,875
Transaction costs of issue of shares	21	-	(226)
Proceeds from/(repayment of) loans		2,249	(75)
<b>Net Cash from Financing Activities</b>		<b>3,795</b>	<b>7,574</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(898)</b>	<b>409</b>
Cash and cash equivalents at 1 September		1,029	451
Foreign exchange movements		-	169
<b>Net Cash and Cash Equivalents at 31 August</b>		<b>313</b>	<b>1,029</b>
Cash and cash equivalents as above comprise the following:			
Cash and cash equivalents		468	1,029
Bank overdraft		(337)	(47)
<b>Net Cash and Cash Equivalents at 31 August</b>		<b>131</b>	<b>1,029</b>

*The notes on pages 25 to 76 are an integral part of these consolidated financial statements.*

*\*Amounts have been restated due to a change in presentational currency from Pounds Sterling to United States Dollars (see note 2)*



# Notes to the Financial Statements

For the year ended 31 August 2012

## 1. Reporting entity

Cambria Africa Plc (the “Company”) is a public limited company incorporated in the Isle of Man under the Companies Act 2006. The consolidated financial statements of the Group for the year ended 31 August 2012 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The financial statements were authorised for issue by the Directors on 28 February 2013.

## 2. Basis of preparation

### *Statement of compliance*

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

### *Functional and presentation currency*

The consolidated financial statements are presented in United States Dollars, which, with effect from 1 September 2011, is the Company’s functional currency. The change in presentational currency is to better reflect the Groups business activities as cash flows and economic returns are now principally denominated in United States Dollars.

A change in presentation currency is a change in accounting policy, accordingly is accounted for retrospectively. The financial information included within the consolidated financial statements of the Group for the year ended 31 August 2011 was previously reported in Pounds Sterling and has been restated into United States Dollars using the procedures outlined below:

- assets and liabilities denominated in non-United States Dollar currencies were translated into United States Dollars at closing rates of exchange. Non-United States Dollar trading results were translated into

United State Dollars at a weighted average rate of exchange. Differences resulting from the retranslation of the opening net assets and the results for the year have been taken to reserves;

- share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions; and
- all exchange rates used were extracted from the Group’s underlying financial records.

### *Basis of measurement*

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

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

### *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.

*Notes to the Financial Statements (continued)*  
For the year ended 31 August 2012

*2. Basis of preparation (continued)*

*Use of estimates and judgements (continued)*

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 12 – Biological assets

Note 13 – Goodwill

Note 11 – Property Plant and equipment

Note 25 – Provisions

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

*Going concern*

The Group's business activities and financial performance are set out in the Chief Executive's Review on pages 4 to 10. In addition, note 30 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.

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

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

*Changes in accounting policies*

*Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)*

The amendments to IFRS 7 have been adopted by the Company for the first time for its financial reporting year ended 31 August 2012.

In terms of the amendments, additional disclosure needs to be provided regarding transfers of financial assets that are

- not de-recognised in their entirety; and
- de-recognised in their entirety but for which the Company retains continuing involvement.

The above amendment has not resulted in any additional disclosures.

*Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12)*

The amendments to IAS 12 have been adopted by the Company for the first time for its financial reporting year ended 31 August 2012.

The amendment introduces an exception to the general measurement requirements of IAS 12 Income Taxes in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.

The above amendment has not resulted in any additional disclosures.

**3. Significant accounting policies**

The following accounting policies have been applied consistently by Group.

*Notes to the Financial Statements (continued)*  
For the year ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(a) Basis of consolidation**

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

The interest of non-controlling shareholders is stated at the non-controlling interests' 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, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets

that are classified as held for sale in accordance with IFRS 5, which are recognised and measured at fair value less costs to sell.

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

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

**(b) Intangible assets**

***Goodwill***

Goodwill arising on consolidations is recognised as an asset. Following initial recognition, goodwill is subject to impairment reviews, at least annually, and measured at cost less accumulated impairment losses. The recoverable amount is estimated at each reporting date. Any impairment loss is recognised immediately in the income statement and is not subsequently reversed when the carrying amount of the asset exceeds its recoverable amount.

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

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

*Notes to the Financial Statements (continued)*  
For the year ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(b) Intangible assets (continued)**

*Other intangible assets*

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

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

Amortisation of intangible assets is charged over their useful economic life, on the following basis:-

Non-compete agreement	5 ½ years
Licences	5-6 years
Brand name	7 years

**(c) Foreign currencies**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entities are expressed in United States Dollars, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

As of 1 September 2011, the Company changed its reporting currency to the US Dollar (note 2)

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

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

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

Exchange differences arising on the retranslation of non-monetary items earned at fair value are included within the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate so as to have a material impact on the financial statements during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and are transferred to the Group's foreign currency translation reserve within equity. Such translation is recognised as income or as expenses in the period in which the operation is disposed of.

**(d) Taxation**

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

*Notes to the Financial Statements (continued)*  
For the year ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(d) Taxation (continued)**

*Current taxation*

Current tax is based on taxable profit for the period for the Group. Taxable profit differs from net profit as reported 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 and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**(e) Other investments**

Other asset investments are stated at cost less accumulated impairment losses.

**(f) Property, plant and equipment**

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

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

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(f) Property, plant and equipment**  
**(continued)**

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

Freehold buildings	2%
Leasehold land and buildings	Over the term of the lease
Plant and machinery	10%
Motor cars	15%-25%
Fixtures and fittings	15%-25%

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

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

In respect of aircraft, subsequent costs incurred which lend enhancement to future periods such as long term scheduled maintenance and major overhaul of aircraft and engines are capitalised and amortised over the length of the period benefiting from these enhancements, except when assets are held for sale they are accrued over the time to the next maintenance overhaul. All other costs relating to maintenance are charged to the income statement as incurred.

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

**(g) Biological assets**

Biological assets which consist of living animals (game) are

measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured. All costs related to biological assets that are measured at fair value are recognized as expenses when incurred, other than costs to purchase biological assets.

**(h) Impairment of assets excluding goodwill**

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

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

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.

### **3. Significant accounting policies**

*(continued)*

#### **(i) Financial instruments**

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

#### *Cash and cash equivalents*

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

#### *Trade receivables*

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

#### *Trade payables*

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

#### *Financial liabilities*

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

#### *Capital management*

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

#### *Bank borrowings*

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

#### *Equity instruments*

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

#### **(j) Inventories**

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

#### **(k) Share based payments**

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

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

putation of earnings per share.

**3. Significant accounting policies**  
*(continued)*

**(k) Share based payments**  
**(continued)**

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

**(l) Interest-bearing borrowings**

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

**(m) Dividends**

Interim dividends are recognised as a liability in the period in which they are proposed and declared.

Final dividends are recognised when approved by the shareholders.

**(n) Provisions**

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

A sale of services is recognised when the service has been rendered.

Aircraft lease income is recognised on an accruals basis

over the period of the lease.

**(o) Revenue recognition**

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

A sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, the associated costs and possible return of goods can be estimated reliably. This is when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

**(p) Leases**

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

*Finance leases*

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

*Operating leases*

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



*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

**3. Significant accounting policies**  
(continued)

**(q) Borrowing cost**

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

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

**(r) Loss per share**

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

**(s) Non-current assets held for sale**

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale, measured at *Standard/Interpretation*

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

**(t) Segment reporting**

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

**(u) New standards interpretations and amendments to published standards**

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 August 2012 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position. These statements, where applicable, will be applied in the year when they are effective.

*Effective date Annual periods beginning on or after*

Amendments to IAS 1	Presentation of items of other comprehensive income	1 July 2012*
IFRS 10	Consolidated Financial Statements	1 January 2013*
IFRS 11	Joint Arrangements	1 January 2013*
IFRS 12	Disclosure of Interest in Other Entities	1 January 2013*
IFRS 13	Fair Value Measurement	1 January 2013*

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*3. Significant accounting policies (continued)*

**(u) New standards interpretations and amendments to published standards (continued)**

<i>Standard/Interpretation</i>	<i>Effective date</i>	<i>Annual periods beginning on or after</i>
IAS 27	Separate Financial Statements (2011)	1 January 2013*
IAS 28	Investments in Associates and Joint Ventures (2011)	1 January 2013*
IAS 19	Employee Benefits (amended 2011)	1 January 2013*
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013*
Amendments to IFRS 1	Government Loans	1 January 2013*
Amendments to IFRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities	1 January 2013*
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013*
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2013*
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities	1 January 2013*
IFRS 9	Financial Instruments	1 January 2013*

\* All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

*Presentation of Items of Other Comprehensive Income (Amendments to IAS 1 Presentation of financial statements)*

The amendments to IAS 1 will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013. The standard will be applied retrospectively.

The amendments:

- require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
- do not change the existing option to present profit or loss and other comprehensive income in two statements; and
- change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, the entity is still allowed to use other titles.

The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

The impact on the financial statements for the Company has not yet been estimated.

*IFRS 10 Consolidated Financial Statements*

The standard will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 10 changes the definition of control, such that the same consolidation criteria will apply to all entities. The revised definition focuses on the need to have both “power” and “variable returns” for control to be present.

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(u) New standards interpretations and amendments to published standards (continued)**

*IFRS 10 Consolidated Financial Statements (continued)*

Power is the current ability to direct the activities that significantly influence returns. Variable returns can be positive, negative or both. The determination of power is based on current facts and circumstances (including substantive potential voting rights) and is continuously assessed.

An investor with more than half the voting rights would meet the power criteria in the absence of restrictions or other circumstances. However, an investor could have power over the investee even when it holds less than the majority of the voting rights in certain cases.

IFRS 10 provides guidance on participating and protective rights, and brings the notion of “de facto” control firmly within the guidance. The standard also requires an investor with decision making rights to determine if it is acting as a principal or an agent and provides factors to consider. If an investor acts as an agent, it would not have the requisite power and, hence, would not consolidate.

The impact on the financial statements for the Company has not yet been estimated.

*IFRS 11 Joint Arrangements*

The standard will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013.

IFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as it is currently the case). It:

- distinguishes joint arrangements between joint operations and joint ventures; and

- always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation.

The impact on the financial statements for the Company has not yet been estimated.

*IFRS 12 Disclosure of Interests with Other Entities*

The standard will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013.

IFRS 12 sets out the required disclosures for entities reporting under IFRS 10 and IFRS 11. The objective of IFRS 12 is to require entities to disclose information that helps financial statement readers to evaluate the nature, risks, and financial effects associated with the entity’s involvement with subsidiaries, associates, joint arrangements, and unconsolidated structured entities. Specific disclosures include the significant judgments and assumptions made in determining control as well as detailed information regarding the entity’s involvement with these investees.

The impact on the financial statements for the Company has not yet been estimated.

*IFRS 13 Fair Value Measurement*

The standard will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(u) New standards interpretations and amendments to published standards (continued)**

*IFRS 13 Fair Value Measurement (continued)*

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

The impact on the financial statements for the Company has not yet been estimated.

*IAS 27 Separate Financial Statements (2011)*

The amendments to IAS 27 will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013. The standard will be applied retrospectively.

The standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.

The impact on the financial statements for the Company has not yet been estimated.

*IAS 28 Investments in Associates and Joint Ventures (2011)*

The amendments to IAS 28 will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013. The standard will be applied retrospectively.

*IAS 28 makes the following amendments:*

- IFRS 5 applies to an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and
- On cessation of significant influence or joint control,

even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not re-measure the retained interest.

The impact on the financial statements for the Company has not yet been estimated.

*IAS 19: Employee Benefits (amended 2011)*

The amendments to IAS 19 will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013.

One of the significant changes in the amended standard is the elimination of the 'corridor method' under which the recognition of actuarial gains and losses could be deferred. Instead, all actuarial gains and losses are recognised immediately in other comprehensive income. This is generally expected to have a significant impact on those entities currently applying the corridor method. However, even if an entity does not currently apply the corridor method, the amended standard may still have a significant effect on entities with funded defined benefit plans. This is principally because it introduces a new approach to calculating and presenting the net interest income or expense on the net defined benefit liability (asset). This is now calculated as a single net interest figure, based on the discount rate that is used to measure the defined benefit obligation. As a consequence, an entity is no longer able to recognise in profit or loss the long-term expected return on the plan assets actually held; for many entities this will result in a reduction in net profit from that reported under the current IAS 19.

The amended standard alters both the timing and location of recognition of the changes in the net defined benefit liability (asset) and each entity will need to evaluate the impact from its own perspective.

The impact on the financial statements for the Company has not yet been estimated.

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(u) New standards interpretations and amendments to published standards (continued)**

*IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*

If applicable, the standard would be required to be adopted by the Company for the first time for its financial reporting period ending 31 August 2013.

In IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognises that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalising such costs.

As the Company is not engaged in Surface Mining Operations, no impact on the financial statements is anticipated.

*Government Loans (Amendments to IFRS 1)*

The standard will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013.

The amendments add a new exception to retrospective application of IFRS. A first-time adopter of IFRS now applies the measurement requirements of the financial instrument standards to a government loan with a below-market rate of interest prospectively from the date of transition to IFRS.

The impact on the financial statements for the Company has not yet been estimated.

*Disclosures – Offsetting financial assets and financial liabilities (Amendments to IFRS 7)*

The amendments to IFRS 7 will be adopted by the Company for the first time for its financial reporting period ending 31 August 2013. The standard will be applied retrospectively.

The amendments to IFRS 7 include minimum disclosure requirements related to financial assets and financial liabilities that are:

- offset in the statement of financial position; or
- subject to enforceable master netting arrangements or similar agreements.

They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position.

The impact on the financial statements for the Company has not yet been estimated.

*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)*

The amendments will be adopted by the Company for the first time for its financial reporting year ended 31 August 2013. The standard will be applied retrospectively

Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from disclosures that could have been onerous.

The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged.

In addition, the date of initial application is now defined in IFRS 10 as the beginning of the annual reporting period in which the standard is applied for the first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its investees.

The impact on the financial statements for the Company has not yet been estimated.

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(u) New standards interpretations and amendments to published standards (continued)**

*Offsetting financial assets and financial liabilities (Amendments to IAS 32)*

The amendments to IAS 32 will be adopted by the Company for the first time for its financial reporting period ending 31 August 2014. The standard will be applied retrospectively.

The amendments to IAS 32 clarify that: an entity currently has a legally enforceable right to set-off if that right is:-

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and
- gross settlement is equivalent to net settlement if and only if gross settlement mechanism has features that;
- eliminate or result in insignificant credit and liquidity risk; and
- process receivables and payables in a single settlement process or cycle

The impact on the financial statements for the Company has not yet been estimated.

*Investments entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

The standards will be adopted by the Company for the first time for its financial reporting year ended 31 August 2014.

A qualifying investment entity is required to account for investments in controlled entities – as well as investments in associates and joint ventures – at fair value through profit or loss (FVTPL); the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. The consolidation exception is manda-

tory – not optional.

The parent of an investment entity (that is not itself an investment entity) is still required to consolidate all subsidiaries.

New disclosures include quantitative data about the investment entity's exposure to risks arising from its unconsolidated subsidiaries – i.e. the disclosures now apply to the investee as a single investment rather than to the consolidated investee's underlying financial assets and financial liabilities.

*IFRS 9: Financial Instruments*

IFRS 9 (2010) will be adopted by the Company for the first time for its financial reporting period ending 31 August 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 (2009) addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9, there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

**3. Significant accounting policies**  
*(continued)*

**(u) New standards interpretations and amendments to published standards (continued)**

*IFRS 9: Financial Instruments*

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, barring the following two aspects:

fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining change is recognised in profit or loss. However, if the requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

Under IFRS 9, derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

The impact on the financial statements for the Company has not yet been estimated.

**(v) 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 dis-

posal group, are remeasured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

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

*Discontinued operations*

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

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

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

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

## 4. Segment reporting

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is 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.

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 comprise mainly income-earning assets and revenue, 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.

Inter-segment revenue is eliminated.

### *Geographical segments*

Support services and hotels operate primarily in Zimbabwe and the Beira Corridor of Mozambique. Separate geographical analysis has therefore not been presented.

### *Business segments*

For management purposes, the Group is currently organised into five main business segments.

- Aviation
- Hotels
- Outsource and It Services
  - Payments and Business Process Outsourcing
  - Payroll services

- IT Hardware Distribution
- Industrial Chemicals
  - Manufacture and Distribution of industrial solvents and industrial and mining chemicals
- Commercial Printing
- Head Office

In addition, the following segments are reported separately as discontinued operations:

- Hotels
- Mobile Communication Hardware Services
- Aviation
- Outsource and IT Services, including, Pharmaceuticals



*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**4. Segment reporting (continued)**

*Business segments*

Continuing operations

<b>For the year end 31 August 2012</b>	Hotels	Industrial Chemicals	Printing	Outsource and IT Services	Head office	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers	2,450	3,770	1,817	3,951	-	11,988
Cost of sales to external customers	(556)	(3,058)	(1,249)	(337)	-	(5,200)
Operating costs	(3,001)	(956)	(1,583)	(1,693)	(5,925)	(13,158)
Net Losses on disposal of investments and impairment of assets	-	-	-	-	(1,621)	(1,621)
Accelerated write off of intangibles and goodwill impairment	-	-	-	(788)	(9,830)	(10,618)
<b>Operating (loss) /profit</b>	<b>(1,107)</b>	<b>(244)</b>	<b>(1,015)</b>	<b>1,133</b>	<b>(17,376)</b>	<b>(18,609)</b>
Net financing (expenses)/ income	(13)	(34)	(10)	7	(312)	(362)
Income tax credit/ (expense)	200		(381)	(195)	(120)	(496)
<b>(Loss)/Profit for the year</b>	<b>(920)</b>	<b>(278)</b>	<b>(1,406)</b>	<b>945</b>	<b>(17,808)</b>	<b>(19,467)</b>

Continuing operations

<b>For the year end 31 August 2011</b>	Hotels	Industrial Chemicals	Printing	Outsource and IT Services	Head office	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers	2,096	1,665	1,270	3,046	-	8,077
Cost of sales to external customers	(1,093)	(1,292)	(213)	(799)	-	(3,397)
Operating costs	(1,631)	(594)	(1,017)	(2,065)	(7,764)	(13,071)
Accelerated write off of intangibles and goodwill impairment	-	(34)	-	-	(245)	(288)
<b>Operating (loss) /profit</b>	<b>(628)</b>	<b>(255)</b>	<b>40</b>	<b>182</b>	<b>(8,018)</b>	<b>(8,679)</b>
Net financing (expenses)/ income					(664)	(664)
Income tax credit/ (expense)	143	(64)	49	(59)	-	69
<b>(Loss)/Profit for the year</b>	<b>(485)</b>	<b>(319)</b>	<b>89</b>	<b>123</b>	<b>(8,682)</b>	<b>(9,274)</b>

Discontinued operations

<b>For the year end 31 August 2012</b>	Hotels	Aviation	Outsource and IT Services	Head office	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers		345	753	-	1,098
Cost of sales to external customers		-	(1,017)	-	(1,017)
Operating costs		(1,241)	(1,217)	-	(2,458)
Net Losses on disposal of investments and impairment of assets		(3,223)	-	-	(3,223)
<b>Operating (loss) /profit</b>		<b>(4,119)</b>	<b>(1,481)</b>	<b>-</b>	<b>(5,600)</b>
Non-operating exceptional expenses		-	(483)	(118)	(601)
Internet payable		-	(20)	-	(20)
<b>Loss for the year</b>		<b>(4,119)</b>	<b>(1,984)</b>	<b>(118)</b>	<b>(6,221)</b>

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**4. Segment reporting (continued)**

*Business segments (continued)*

Discontinued operations

<b>For the year end 31 August 2011</b>	Hotels	Aviation	Outsource and IT Services	Head office	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers	-	638	872	-	1,510
Cost of sales to external customers	-	-	(822)	-	(822)
Operating costs	-	(1,249)	(174)	-	(1,423)
<b>Operating loss</b>	-	(611)	(124)	-	(735)
Interest payable	-	(166)	-	-	(166)
<b>Loss for the year</b>	-	(777)	(124)	-	(901)

Continuing operations

<b>For the year end 31 August 2012</b>	Hotels	Industrial Chemicals	Printing	Outsource and IT Services	Head office	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Segment Assets	21,498	1,522	4,381	4,889	3,488	34,901
Segment Liabilities	4,818	508	725	1,121	4,529	11,461
<b>For the year ended 31 August 2011</b>						
Segment Assets	20,947	774	4,275	4,832	16,812	55,418
Segment Liabilities	765	289	798	371	2,652	6,807

The following table shows the assets and liabilities for discontinued operations. The presentation requirements for assets and liabilities classified as held for sale at the end of the reporting period do not apply retrospectively, therefore the figures below relating to 2011 are not represented in the statement of financial position, however are disclosed below for completeness of segment reporting.

Discontinued operations

<b>For the year end 31 August 2012</b>	Hotels	Aviation	Outsource and IT Services	Head office	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Segment Assets	-	222	139	-	361
Segment Liabilities	-	(1)	(509)	-	(510)
<b>For the year ended 31 August 2011</b>					
Segment Assets	3,123	5,274	1,778	1,302	11,477
Segment Liabilities	(953)	(714)	(508)	-	(2,175)

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

## 5. Group net operating costs

	2012 US\$'000	2011 US\$'000
Cost of sales	5,200	3,397
Administrative expenses	13,158	13,071
<b>Net operating costs</b>	<b>18,358</b>	<b>16,468</b>

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

	2012 US\$'000	2011 US\$'000
Operating costs include:		
Depreciation of property, plant and equipment	1,217	1,035
Amortisation	2,019	3,045
Operating lease rentals		
Land and Buildings	224	166
Personnel expenses	4,899	4,121
(Loss) / gain on investments	(7)	13

### Auditors Remuneration

Fees Payable to the Company Auditors for :		
The audit of the Group's Financial Statements	188	180
The audit of the Company's subsidiaries pursuant to legislation	145	49
<b>Total audit fees</b>	<b>333</b>	<b>229</b>

## 6. Personnel expenses

*The aggregate remuneration comprised (including Executive Directors):*

	2012 US\$'000	2011 US\$'000
Wages and salaries	4,787	4,003
Compulsory social security contributions	112	118
Total personnel expenses	4,899	4,121

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*6. Personnel expenses (continued)*

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

	2012 Number	2010 Number
Aviation	-	-
Hotels	132	200
Outsource and IT services	65	59
Industrial chemicals	24	20
Printing	74	76
Head Office	9	7
<b>Total</b>	<b>304</b>	<b>362</b>

	2012 US\$'000	2011 US\$'000
<b>Remuneration of Directors</b>		
Directors' emoluments (see note 36)	1,598	1,109

**7. Net finance (costs)/income**

	2012 US\$'000	2011 US\$'000
Recognised in income statement:		
Bank interest receivable	8	-
Loan interest receivable	304	299
<b>Finance income</b>	<b>312</b>	<b>299</b>
Foreign exchange loss	-	(683)
Bank interest payable	(332)	(280)
Loan interest payables	(342)	-
<b>Finance costs</b>	<b>(674)</b>	<b>(963)</b>
<b>Net finance (costs)/income</b>	<b>(362)</b>	<b>(664)</b>

The foreign exchange loss of nil (2011: loss of US\$683 thousand) has arisen on the translation of inter-company balances.

**8. Taxation**

	2012 US\$'000	2011 US\$'000
<b>Income tax recognised in the income statement</b>		
<b>Current tax expense</b>		
Current period	174	184
<b>Deferred tax expense / (credit)</b>		
Origination and reversal of temporary differences	(59)	(253)
Deferred tax assets derecognised	381	-
<b>Total income tax credit in income statement</b>	<b>496</b>	<b>(69)</b>

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**8. Taxation (continued)**

*Reconciliation of effective tax rate*

	2012 US\$'000	2011 US\$'000
Loss before tax	(18,971)	(9,343)
Income tax using the U.K. corporation tax rate 26% (2011:28%)	(4,932)	(2,616)
Net losses where no group relief is available	4,932	2,616
	-	-

*Deferred tax*

	2012 US\$'000	2011 US\$'000
Charge relating to intangible assets	-	-
Relating to losses in subsidiaries	(59)	(253)
Deferred tax assets derecognised	381	-
	<b>322</b>	<b>(253)</b>

Corporation tax is calculated as 26 per cent (2011: 28 per cent) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax is recognised as an asset on the basis that the Group will generate future profits to offset against the asset. The asset is derived from the losses which the Group has experienced to date.

**9. Discontinued operations**

During the year, the Company sold its investments in the following entities (see note 16):

- ALDEAMENTO TURISTICO DE MACUTI SARL (“ATDM”)
- CELSYS ZAMBIA LIMITED (“Celsys Zambia”)
- SOL AVIATION PRIVATE LIMITED (“Sol Aviation”)
- FIRST FOOD ENTERPRISES (PRIVATE) LIMITED (“FIRST FOOD”)

During the year, the Company classed the following subsidiaries as discontinued operations, on the basis that they are held for sale and meet the criteria of discontinued operations under IFRS 5:

- Lonzim Air (BVI) Limited “Lonzim Air”
- Diospyros Investments (Pvt) Limited (trading as “CES”)
- Forget Me Not Africa (BVI) Limited (“FMNA”)
- Panafmed (Pty) Limited

The financial effect of these discontinued operations is shown in the operating segment disclosures in note 4.

**10. Loss per share**

The calculation of basic and diluted earnings per share at 31 August 2012 was based on the profit attributable to ordinary shareholders of US\$27,271 thousand (2011: US\$9,195 thousand) and a weighted average number of ordinary shares outstanding of 57,959 thousand (2011: 48,207 thousand), calculated as follows:

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**  
**10. Loss per share (continued)**

*Profit attributable to ordinary shareholders*

	2012 US\$'000	2011 US\$'000
Loss for the purposes of basic loss and dilutive per share being net loss attributable to equity holders of the parent*	(27,271)	(9,195)
Loss for the purposes of basic loss and dilutive per share being net loss attributable to equity holders of the parent - (continuing operations)	(21,050)	(10,096)

*Weighted average number of ordinary shares*

	2012 000's	2011 000's
Weighted average number of ordinary shares for the purposes of basic and dilutive loss per share*	57,959	48,207
Loss for the purposes of basic loss and dilutive per share being net loss attributable to equity holders of the parent - (continuing operations)	57,959	48,207

*\*In the current year and prior year the effect of the share options (note 23) were anti-dilutive as the share options were out of the money.*

## 11. Property, plant and equipment

*2012 Group*

	<i>Freehold land and buildings US\$'000</i>	<i>Long leasehold land and buildings US\$'000</i>	<i>Plant and machinery US\$'000</i>	<i>Motor vehicles US\$'000</i>	<i>Furniture fixtures and fittings US\$'000</i>	<i>Total US\$'000</i>
<b>Cost or valuation</b>						
At 1 September 2011	21,258	8,005	1,329	754	2,603	33,949
Additions in year	727	2	209	175	360	1,473
Disposals in year	-	(8,005)	(103)	(11)	(17)	(8,136)
Assets Written Off	-	-	-	-	(179)	(179)
Revaluation	273	-	-	-	-	273
Reclassified to assets held for sale	-	(2)	-	-	(63)	(65)
<b>Balance at 31 August 2012</b>	<b>22,258</b>	<b>-</b>	<b>1,435</b>	<b>918</b>	<b>2,704</b>	<b>27,315</b>
<b>Accumulated depreciation</b>						
At 1 September 2011	(103)	-	(118)	(295)	(739)	(1,255)
Disposals in year	-	-	-	9	11	20
Depreciation written back on revaluation	363	-	-	-	-	363
Depreciation charge for the year	(392)	-	(136)	(218)	(417)	(1,217)
Reclassified to assets held for sale	-	-	-	-	24	24
<b>Balance at 31 August 2012</b>	<b>(132)</b>	<b>-</b>	<b>(254)</b>	<b>(504)</b>	<b>(1,175)</b>	<b>(2,065)</b>
<b>Carrying amounts</b>						
At 31 August 2012	22,126	-	1,181	414	1,529	25,250
At 31 August 2011	21,155	8,005	1,211	459	1,864	32,694

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*11. Property, plant and equipment (continued)*

*2011 Group*

	<i>Freehold land and buildings US\$'000</i>	<i>Long leasehold land and buildings US\$'000</i>	<i>Plant and machinery US\$'000</i>	<i>Motor vehicles US\$'000</i>	<i>Furniture fixtures and fittings US\$'000</i>	<i>Aircraft US\$'000</i>	<i>Total US\$'000</i>
<b>Cost or valuation</b>							
At 1 September 2010	20,098	8,005	713	540	1,972	6,003	37,349
Additions in year	75	-	632	309	650	-	1,666
Disposals in year	-	-	-	(81)	(3)	(575)	(659)
Fair value adjustment	(250)	-	-	-	-	(1,000)	(1,250)
Revaluation	2,122	-	-	-	-	-	2,122
Effect of movements in foreign exchange	(787)	-	(34)	(14)	(16)	-	(851)
Reclassified to assets held for sale	-	-	-	-	-	(4,428)	(4,428)
<b>Balance at 31 August 2011</b>	<b>21,258</b>	<b>8,005</b>	<b>1,329</b>	<b>754</b>	<b>2,603</b>	<b>-</b>	<b>33,949</b>
<b>Accumulated depreciation</b>							
At 1 September 2010	(34)	-	(25)	(196)	(378)	(587)	(1,220)
Disposals in year	-	-	-	23	-	-	23
Depreciation on charge for the year	(69)	-	(93)	(122)	(361)	(390)	(1,035)
Reclassified to assets held for sale	-	-	-	-	-	977	977
<b>Balance at 31 August 2011</b>	<b>(103)</b>	<b>-</b>	<b>(118)</b>	<b>(295)</b>	<b>(739)</b>	<b>-</b>	<b>(1,255)</b>
<b>Carrying amounts</b>							
At 31 August 2011	21,115	8,005	1,211	459	1,864	-	32,694
At 31 August 2010	20,064	8,005	706	344	1,594	5416	32,363

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*11. Property, plant and equipment (continued)*

*Valuations:*

*ATdM*

**Long leasehold land and buildings**

ATdM was disposed of on 30 September 2011 (see note 9) which included the leasehold land and buildings. In the prior year the long leasehold land and buildings was included at the Directors' valuation at 31 August 2010. The Directors obtained evidence of observable prices in an active market to determine their valuation. The Directors considered the fair value at the reporting date to not be materially different from the carrying value. Leasehold Land and buildings were disposed of on 30 September 2011.

*Paynet*

**Revaluation – property**

An external, professional and independent valuer with appropriate and recognised qualifications, T.W.R.E Zimbabwe (Pvt) Limited, carried out a valuation of the freehold land and buildings as at 31 August 2012. Fair value at 31 August 2012 of US\$1,900 thousand (2011: US\$1,750 thousand) was made by reference to observable market evidence. The Directors consider the fair value at the reporting date to not be materially different from the carrying value. The change in the fair value of the property has been recorded in the revaluation reserve.

*Leopard Rock*

**Revaluation – land and buildings**

An external, professional and independent valuer with appropriate and recognised qualifications, C K Hollands, carried out a valuation of the land and buildings as at 31 August 2012 in accordance with the C K Hollands Valuation Manual and the Real Estate Institute of Zimbabwe Standards. Fair value at 31 August 2012 of US\$18,500 thousand (2011: US\$18,500 thousand) was made by reference to observable market evidence with adjustments made for:

- Age of the property
- Aesthetic quality and accommodation offered

- State of repair and maintenance and quality of fixture and fittings
- Location and size of land.

In considering the estimated valuation, and the useful lives of the assets and their estimated residual values, the directors determined that a more prudent assessment of fair value should include a set-off in respect of the net book value of the refurbishment completed in 2010. The net effect is that land and buildings are recorded at US\$17,300 thousand. The Directors consider the fair value at the reporting date to not be materially different from the carrying value. The change in the fair value has been recorded in the revaluation reserve.

*Medalspot*

**Revaluation – property**

An external, professional and independent valuer with appropriate and recognised qualifications T.W.R.E Zimbabwe (Pvt) Limited carried out a valuation of the property as at 31 August 2012. Fair value at 31 August 2012 US\$2,200 thousand (2011: US\$2,200 thousand) was made by reference to observable market evidence. The Directors consider the fair value of other assets at the reporting date to not be materially different from the carrying value. The change in the fair value of the property has been recorded in the revaluation reserve.

*Assets held for sale*

At 31 August 2012, the Group held assets for sale to the value of US\$40 thousand (2011: US\$3,451 thousand) for sale. This represents the fixtures and fittings assets within the disposal groups FMNA and CES.



*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

*11. Property, plant and equipment (continued)*

*2012 Company*

	<i>Motor vehicles US\$'000</i>	<i>Furniture fixtures and fittings US\$'000</i>	<i>Total US\$'000</i>
<b>Cost</b>			
At 1 September 2011	207	21	228
Additions in year	36	21	57
<b>Balance at 31 August 2012</b>	<b>243</b>	<b>42</b>	<b>285</b>
<b>Accumulated depreciation</b>			
At 1 September 2011	(83)	(9)	(92)
Depreciation charge for the year	(77)	(19)	(96)
<b>Balance at 31 August 2012</b>	<b>(160)</b>	<b>(28)</b>	<b>(118)</b>
<b>Carrying amounts</b>			
At 31 August 2012	83	14	97
At 31 August 2011	124	12	136

*2011 Company*

	<i>Motor vehicles US\$'000</i>	<i>Furniture fixtures and fittings US\$'000</i>	<i>Total US\$'000</i>
At 1 September 2010	60	8	68
Additions in year	147	13	160
<b>Balance at 31 August 2011</b>	<b>207</b>	<b>21</b>	<b>228</b>
<b>Accumulated depreciation</b>			
At 1 September 2010	(24)	(4)	(28)
Depreciation charge for the year	(59)	(5)	(64)
<b>Balance at 31 August 2011</b>	<b>(83)</b>	<b>(9)</b>	<b>(92)</b>
<b>Carrying amounts</b>			
At 31 August 2011	124	12	136
At 31 August 2010	36	4	40

**12. Biological assets**

	<i>Group 2012 US\$'000</i>	<i>Group 2011 US\$'000</i>
Balance at 1 September	82	69
Acquired during the year	3	-
Increase due to births	5	2
Loss due to deaths	(7)	(6)
Loss on fair valuation during the year	-	17
<b>Total</b>	<b>83</b>	<b>82</b>

*Biological assets which consist of 267 (2011: 286) living animals for game viewing at the Leopard Rock Hotel are valued in with the assistance of African Wildlife Management and Conservation and their values are deemed as acceptable.*

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

## 13. Goodwill

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

<i>Cash generating unit (CGU)</i>	<i>Original Cost</i>	<i>Cost at 1 September 2011</i>	<i>Carrying value at 1 September 2011</i>	<i>Accelerated write-off</i>	<i>Carrying value at 31 August 2012</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Paynet	717	717	717	-	717
Celsys	6,779	6,779	6,779	(6,779)	-
FMNA	584	584	584	(584)	-
ATM	240	240	-	-	-
<b>Total</b>	<b>8,320</b>	<b>8,320</b>	<b>8,080</b>	<b>(7,363)</b>	<b>717</b>

### *Estimates and judgements*

During the period, the Directors assessed that it would be appropriate, given the results of the affected operations to date, that it would be appropriate to impair the carrying value of goodwill as follows:

- Celsys goodwill of US\$6,779 thousand is fully impaired, as the directors do not consider the significant goodwill carried at 1 September 2011 reflects the true value of the shareholding
- ForgetMeNot Africa (BVI) Limited goodwill of US\$584 thousand is fully impaired. This impairment is consistent with the agreement of sale executed for this entity on 14 February 2013
- Paynet – the directors assessed that no impairment is required.

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

- Growth rates are based on a range of growth rates that reflect the products, industries and countries in which the relevant CGU or group of CGUs operate. Growth rates have been calculated based on management's expected forecast volumes and market share increases on normalisation of the Zimbabwean economy.
- The key assumptions on which the cash flow projections for the most recent forecast are based relate

to discount rates, growth rates, expected changes in selling prices and direct costs

- The cash flow projections have been discounted using rates based on the Group's pre-tax weighted average cost of capital. The rate used was 15%.
- The growth rates applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that is significant to the total carrying amount of goodwill were in a range between 0% and 5%.
- Changes in selling price and direct costs are based on past results and expectations of future changes in the market.
- In respect of the value in use calculations, cash flows have been considered for both the conservative and the full forecast potential of future cash-flows with no impact to the valuation of goodwill.

### *Impairment loss*

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

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

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

## 14. Intangible assets

	<i>Original Cost</i> <i>US\$'000</i>	<i>Cost at 1</i> <i>September 2011</i> <i>US\$'000</i>	<i>Amortisation</i> <i>US\$'000</i>	<i>Accelerated</i> <i>write-off</i> <i>US\$'000</i>	<i>Closing balance</i> <i>at 31 August</i> <i>2012</i> <i>US\$'000</i>
Leopard Rock Hotel Brand Name	1,129	873	(115)	-	758
Leopard Rock Hotel Casino Licence	1,000	544	(198)	-	346
Payserv software licences	1,425	655	(208)	-	447
Sol Aviation Licence	405	-	-	-	-
Non-Compete Agreement	14,854	3,792	(1,325)	(2,467)	-
FMNA Software Licence	1,081	961	(173)	(788)	-
<b>Total</b>	<b>19,894</b>	<b>6,825</b>	<b>(2,019)</b>	<b>(3,255)</b>	<b>1,551</b>

### *Amortisation*

The amortisation charge is recognised within administration expenses (note 5) in the income statement. The remaining amortisation period at 31 August 2012 is 21-79 months for other intangibles.

The Group tests other intangible assets for impairment if there are indications that they might be impaired.

The amortisation periods for other intangible assets are:

- Non compete agreement                      5.5 years
- Licences    5-6 years
- Brand names                                        9 years

#### Non-compete agreement

The agreement, entered into on the listing of Cambria Africa Plc on the Aim in December 2007, covered a period of five and a half years and under its terms, without the express permission of Cambria Africa Plc, Lonrho Plc was not permitted to;

- invest in, carry on or be engaged or in any way be interested in any competing business of Cambria which was carried on in Zimbabwe or the Beira Corridor;
- provide any of the services provided to any other organization competing in Zimbabwe or the Beira Corridor;
- induce or assist any other person or company to do any of the things that Lonrho itself was prohibited from.

The non-compete agreement was originally recognised as an intangible asset valued at US\$14,854 thousand (£7,290 thousand) being the value of the shares issued. It was deemed impractical to use any other basis for the valuation.

Following the resignation of the Directors of Lonrho from the Board of Cambria on 24 February 2012, the Directors deemed it appropriate to write-off of the remaining Intangible at that date.

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

## 15. Long-term receivables

	<i>Group 2012 US\$'000</i>	<i>Company 2012 US\$'000</i>	<i>Group 2011 US\$'000</i>	<i>Company 2011 US\$'000</i>
ATDM Sale Proceeds	3,145	3,145	-	-
ATDM Shareholder Loan account	84	84	-	-
<b>Total</b>	<b>3,229</b>	<b>3,229</b>	-	-

The proceeds on sale of shares of Aldeamento Turistico de Macuti SARL (“ATDM”) on 30 September 2011 are receivable over a period of 60 months. At 31 August 2012 US\$4,165 thousand was receivable of which US\$1,020 thousand is receivable within the forthcoming 12 months, the remaining US\$3,145 thousand is due after 12 months.

The Group’s Loan to ATDM at the date of sale, is repayable over a period of 24 months. At 31 August 2012 US\$365 thousand was receivable, of which US\$280 thousand is due within the forthcoming 12 months, the remaining US\$85 thousand is due after 12 months.

## 16. Investments in subsidiaries and associates

The Company has investments in the following subsidiaries which principally affected the profits or net assets of the Company.

The direct investments in subsidiaries held by the Company are stated at cost. This is subject to impairment testing.

	<i>Country of incorporation</i>	<i>Ownership interest</i>	
		<i>2012</i>	<i>2011</i>
LonZim Holdings Limited +	Isle of Man	100%	100%
Aldeamento Turistico de Macuti SARL #	Mozambique	0%	80%
Autopay (Pvt) Limited	Zimbabwe	100%	100%
Celsys Limited	Zimbabwe	60%	60%
Chenyakwaremba Farm (Pvt) Limited	Zimbabwe	100%	100%
Diospyros Investments (Pvt) Limited ++	Zimbabwe	100%	100%
Eastingteg Investments (Pvt) Ltd	Zimbabwe	100%	0%
ForgetMeNot Africa (BVI) Limited ++	British Virgnin Islands	51%	51%
Gardoserve (Pvt) Limited	Zimbabwe	100%	100%
Le Har (Pvt) Limited	Zimbabwe	100%	100%
Leopard Rock Hotel Company (Pvt) Limited	Zimbabwe	100%	100%
LonZim Air (BVI) Limited	British Virgnin Islands	100%	100%
Medalspot (Pvt) Limited	Zimbabwe	100%	100%
Panafmed (Pty) Limited	South Africa	51%	51%
Paynet Limited	Mauritius	100%	100%
Paynet Zimbabwe (Pvt) Limited	Zimbabwe	100%	100%
Rex Mining Holdings (Pvt) Limited	Zimbabwe	100%	100%
Tradanet (Pvt) Limited	Zimbabwe	51%	51%

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**16. Investments in subsidiaries (continued)**

+ Held directly by Cambria Africa Plc.

++ Held for Sale

Summary of investments which are not significant to the Group either in terms of revenues or assets are tabled below.

	<i>Country of incorporation</i>	<i>Ownership interest</i>	
		<i>2012</i>	<i>2011</i>
African Solutions Limited	Mauritius	100%	100%
Blueberry International Services Limited	British Virgnin Islands	100%	100%
Blueberry Print (Zambia) Limited	British Virgnin Islands	100%	100%
Celsys Zambia Limited #	Zambia	0%	55%
First Food Enterprises (Pvt) Limited #	Zimbabwe	0%	100%
ForgetMeNot Nigeria Ltd	Nigeria	51%	51%
Lanuarna Enterprises (Pvt) Limited	Zimbabwe	100%	100%
Linus Business Options (Pvt) Limited	Zimbabwe	100%	100%
Lonrho Properties Zimbabwe Limited	Zimbabwe	100%	100%
LonZim Agribusiness (BVI) Limited	British Virgnin Islands	100%	100%
LonZim Enterprises Limited	United Kingdom	100%	100%
LonZim Hotels Limited	Isle of Man	100%	100%
LonZim Properties Limited	Isle of Man	100%	100%
Lyons Africa Holdings BV	The Netherlands	100%	100%
Lyons Africa Holdings Limited	England and Wales	100%	100%
Morningdale Properties Limited	Zimbabwe	100%	100%
Para Meter Computers (Pvt) Limited	Zimbabwe	100%	100%
Peak Mine (Pvt) Limited	Zimbabwe	100%	100%
Quickvest525 (Pty) Ltd	South Africa	100%	100%
Southern Africa Management Services	Mauritius	100%	100%
Wardlaw (1989) Limited	United Kingdom	100%	100%
W S Foods (Pty) Limited	South Africa	100%	100%
Sol Aviation (Pvt) Limited #	Zimbabwe	0%	90%
Yellowwood Projects (Pvt) Limited *	Zimbabwe	100%	100%

\* Previously Lonrho Properties Zimbabwe (Pvt) Limited

# Subsidiaries disposed in the year

## Disposal of Subsidiaries

### *ALDEAMENTO TURISTICO DE MACUTI SARL ("ATDM")*

On 30 September 2011, Cambria disposed of its entire shareholding of 80% of the issued Share Capital of ATDM for US\$5,100 thousand to Lonrho Hotels (Holdings) Limited, a 100% subsidiary of Lonrho Plc. At date Lonrho Plc held 22.92% of Cambria Africa Plc. Proceeds from the sale are being received in cash, over 60 equal monthly instalments. Cambria's shareholder loan at the date of sale, of US\$1million is being settled in cash over 24 equal monthly instalments. Both receivables accrue interest at 7% of the outstanding balance.

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**16. Investments in subsidiaries (continued)**

**CELSYS ZAMBIA LIMITED (“Celsys Zambia”)**

Incorporated on 17 April 2009, the Group’s 55% shareholding in Celsys Zambia was disposed of for a consideration of US\$51 thousand on 19 September 2011. Proceeds on sale of US\$257 thousand included the settlement of the Group’s shareholder loan, net of capitalised intercompany interest of US\$206 thousand. Profit on disposal, after the write-off of interest on the shareholder loan was US\$13 thousand.

**SOL AVIATION PRIVATE LIMITED (“Sol Aviation”)**

The group acquired 90% of the issued share capital of Sol Aviation on 13 January 2009. The negative goodwill on acquisition was immediately released to operating income. Then on 26 August 2011, the Group disposed of its investment in Sol Aviation for nil consideration. Costs incurred on disposal amounted to US\$90 thousand.

**FIRST FOOD ENTERPRISES (PRIVATE) LIMITED (“FIRST FOOD”)**

Acquired on 29 April 2009 as part of the acquisition of the Leopard Rock Hotel Group, First Food was a dormant entity, which held no assets and liabilities. First Food was sold on 4 July 2012 for a consideration of US\$5 thousand.

**17. Inventory**

	<i>Group 2012</i>	<i>Group 2011</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Raw Materials and Consumables	462	281
Work in Progress	6	106
Goods in Transit	129	159
Finished Goods	339	186
<b>Total</b>	<b>936</b>	<b>732</b>

**18. Other investments**

	<i>Group 2012</i>	<i>Group 2011</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Quoted investments portfolio	42	49
Option to purchase the Castle at the Leopard Rock Hotel	-	60
<b>Total</b>	<b>42</b>	<b>109</b>

	<i>Group 2012</i>	<i>Group 2011</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Quoted investments portfolio:</b>		
Balance at 1 September	49	75
Acquired during the year	3	5
Disposed during the year	(3)	(44)
(Loss) / gain on fair valuation during the year	(7)	13
<b>At end of the year</b>	<b>42</b>	<b>49</b>

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**18. Other investments (continued)**

	<i>Group 2012</i>	<i>Group 2011</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<i>Option to purchase the Castle at the Leopard Rock Hotel:</i>		
Purchase option		
Balance at 1 September	60	-
Option acquired to Purchase the Castle at the Leopard Rock Hotel	-	60
Option exercised in the period	(60)	
<i>At end of the year</i>	<i>-</i>	<i>60</i>
<i>Total other investments at 31 August</i>	<i>42</i>	<i>109</i>

The portfolio is managed by an asset management company who make the decisions regarding the sale and purchase of shares. This investment is held at fair value. During the period, the Group exercised its option to acquire the Castle alongside the Leopard Rock Hotel through its subsidiary Eastinteg Investments (Pvt) Limited.

**19. Trade and other receivables**

		<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>Note</i>	<i>2012</i>	<i>2012</i>	<i>2011</i>	<i>2011</i>
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Amounts owed by Group undertakings		-	23,291	-	38,115
Trade receivables		960	-	2,664	-
Other receivables		89	77	1,763	597
ATDM sale proceeds – current portion	15	1,020	1,020	-	-
ATDM shareholder loan account – current portion	15	280	280	-	-
Pre-payments and accrued income		276	-	87	-
<i>Total</i>		<i>2,625</i>	<i>24,668</i>	<i>4,514</i>	<i>38,712</i>

The average credit period taken on sales of goods is 84 days. No interest is charged on receivables.

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

On 31 October 2008, the Group entered into an unsecured long-term facility agreement with Churchill Estates (1995) Pvt Limited. The principle of US\$1,000 thousand and related interest at a coupon rate of 15% per annum is receivable on 31 October 2013. Interest of US\$300 thousand and the loan principle was recognised to 31 August 2011 in trade and other receivables. At 31 August 2012, the loan and interest total of US\$1,300 thousand has been fully impaired due to uncertainty over the recoverability of the receivable.

At 31 August 2012, US\$38,415 thousand is due to the Company from Lonzim Holdings. The assets and liabilities of Lonzim Holdings are comprised of inter-group balances. As a result, the level of the balance due from Lonzim Holdings that is

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*19. Trade and other receivables (continued)*

deemed to be recoverable is limited to the net assets of the group, which are US\$23,291 thousand at 31 August 2012. The impairment of US\$15,160 thousand has been taken to the Company's statement of comprehensive income, this amount eliminates on consolidation therefore does not affect Group figures.

*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 reaction in the recoverability of the cashflows.

**20. Cash and cash equivalents**

	<i>Group 2012 US\$'000</i>	<i>Company 2012 US\$'000</i>	<i>Group 2011 US\$'000</i>	<i>Company 2011 US\$'000</i>
Bank balances	468	178	1,076	597
Bank overdrafts	(337)	-	(47)	-
<i>Net Cash and cash equivalents</i>	<i>131</i>	<i>178</i>	<i>1,029</i>	<i>597</i>

**21. Capital and reserves**

*Revaluation reserve*

The revaluation reserve relates to property, plant and equipment which has been revalued in the Zimbabwean subsidiaries Celsys, Paynet, Leopard Rock Hotel, Millchem and Medalspot and in the prior period, additionally the leasehold land in Beira (ATDM).

*Foreign exchange reserve*

This reserve arises on translation of subsidiaries 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 asset due to a change in the functional currency of the Company from Pounds Sterling to United as at 1 September 2011.

*Share based payment reserve*

The share based payment reserve comprises of the charges arising from the calculation of the share based payment posted to the income statement in 2008 and 2012, restated to US\$ at closing rates. (see note 19).

*Non distributable reserve*

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.



## 22. Share capital & share premium

	Ordinary shares 2012		Ordinary shares 2011	
	Number	US\$'000	Number	US\$'000
<b>Authorised</b>				
Ordinary \$0.0001 shares	58,133,908	10	54,145,469	10
<b>Issued fully paid</b>				
At 1 September 2011	54,145,469	10	36,331,525	7
Issued in period	3,988,439	1	17,813,944	3
<b>At 31 August 2011</b>	<b>58,133,908</b>	<b>11</b>	<b>54,145,469</b>	<b>10</b>

The Group has also issued share options (see note 23). At 31 August 2012, 1,500,000 shares were held in reserve to issue in the event that these options are exercised. At 10 December 2012, 500,000 unutilised share options expired and were not renewed.

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

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

### *Share Premium*

The share premium represents the value of the premium arising on the share issue on 16 Sept 2011 of 3,988,439 ordinary shares at a price of 0.23p (\$1,448 thousand) and plus previous share issues as follows:

- 10 Dec 2012                      17,813,944 ordinary shares at a price of 0.28p per share net of issue costs of £143 thousand (US\$7,646 thousand).
- 09 Dec 2009                      4,255,525 ordinary shares at a price of 27.5p per share net of issue costs of £58 thousand (\$1,820 thousand).
- 11 Dec 2007                      36,450,000 ordinary shares at a price of £1.00 per share net of issue costs of £2,753 thousand (\$68,659 thousand). Less:
- 14 July 2009                      the cost of purchasing and cancelling 4,374,000 shares at 30.5p per share (\$2,174 thousand).

## 23. Share options

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

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**23. Share options (continued)**

<i>Name</i>	<i>Date of grant</i>	<i>Number of share options granted</i>	<i>Exercise price</i>	<i>Period during which exercisable</i>	<i>Market price per share at date of grant</i>
Paul Heber	11.12.2007	500,000	150p	11.12.2007 - 10.12.2012	100p
Edzo Wisman	10.03.2011	500,000	30p	01.07.2011 – 30.06.2016	21.75p
Edzo Wisman	10.03.2011	500,000	30p	01.07.2012 – 30.06.2017	21.75p

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

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

The following assumptions have been used:

	<i>Date grant 10 March 2011</i>	<i>Date of grant 10 March 2011</i>	<i>Date of grant 11 December 2007</i>
Number of shares	5000,000	500,000	500,000
Share price at vesting date (Date of Grant)	21.75p	21.75p	100p
Exercise price	30p	30p	150p
Expected volatility	30.2%	30.2%	44%
Expected life	5.4 years	6.4 years	5 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate	5.00%	5.00%	5.00%

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

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

Share Options which expired on 10 December 2012, have not, as of the date of the report been renewed.

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

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**23. Share options (continued)**

2012

	<i>Weighted average exercise price pence</i>	<i>Number of options</i>
Exercisable at 1 September 2011	150	500,000
Outstanding at 31 August 2012	70	1,500,000
<b><i>Exercisable at 31 August 2012</i></b>	<b>70</b>	<b>1,500,000</b>

**24. Loans and Borrowings**

	<i>Group 2012 US\$'000</i>	<i>Company 2012 US\$'000</i>	<i>Group 2011 US\$'000</i>	<i>Company 2011 US\$'000</i>
Consilium Facility	2,000	2,000	-	-
Other Trade Payables	54	-	-	-
<b><i>Total</i></b>	<b>2,054</b>	<b>2,000</b>	-	-

Long term payables are in respect of secured loan facility agreements which the Company entered into on 9 March 2012, with Consilium Emerging Markets Absolute Return Master Fund Ltd. and Consilium Corporate Recovery Master Fund Ltd. for US\$1,000 thousand and US\$2,000 thousand respectively ("Consilium").

The credit facilities bear interest at 15% per annum and are repayable as follows: the US\$1,000 thousand on 31 December 2012 and the US\$2,000 thousand facility on 8 March 2014 (see note 27).

The amounts are secured by a fixed and floating charge over the assets the Group. On 6 December 2012 the Debenture was lifted and in lieu thereof, the Company agreed to issue Consilium with a Warrant for 3,000,000 ordinary shares at 13p per share, expiring on 6 December 2015 (see note 37).

In the event of default, Consilium shall have the option to convert all, or any portion of the outstanding indebtedness at the time of default into shares in Cambria at a 15% discount to the share price at the date of the facility agreements or 14.05p (see note 37).

On 9 October 2012, US\$250 thousand of the US\$1,000 thousand facility maturing on 31 December 2013 was repaid, and on 28 November 2012, the remaining US\$750 thousand was rolled over, and will mature on 8 March 2014 (see note 37).

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

Other non-current Trade Payables are in respect of historic Paywell software licence fees with the Payserv Group, which could not be remitted due to Zimbabwe Exchange Regulations. The amounts due were invested in a listed portfolio (see note 18).

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

## 25. Provisions

	<i>Group</i> 2012 US\$'000	<i>Company</i> 2012 US\$'000	<i>Group</i> 2011 US\$'000	<i>Company</i> 2011 US\$'000
ATDM	--	-	1,050	1,050
Other provisions	161	-	-	-
<b>Total</b>	<b>161</b>	<b>-</b>	<b>1,050</b>	<b>1,050</b>

Provisions at 31 August 2012, are in respect of Leave Pay and Gratuities, which are payable by individual companies on termination of employment.

Provisions at 31 August 2011, relate to an 'alienation' agreement with the Mozambique Government which was assumed as part of the consideration for the acquisition of Aldeamento Turistico de Macuti SARL on 11 June 2008. The provision was for US\$1,500 thousand. The amount payable by Cambria Africa Plc was capped at US\$1,500 thousand and was expected to be settled no earlier than 36 months from 31 August 2011. At that stage, the Directors were of the opinion that there was 70% probability that this liability would become due and the liability was adjusted to reflect this.

At 30 September 2011, the investment in subsidiary was sold (see note 16) thus releasing this provision.

## 26. 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.

<b>Group</b>	<b>2012</b>		<b>2011</b>	
	<i>Accelerated tax depreciation US\$'000</i>	<i>Total US\$'000</i>	<i>Accelerated tax depreciation US\$'000</i>	<i>Total US\$'000</i>
At 1 September	1269	1269	1524	1524
Other movements	2839	2839	(255)	(255)
<b>At 31 August</b>	<b>4108</b>	<b>4108</b>	<b>1269</b>	<b>1269</b>

Deferred tax assets off set against deferred tax liabilities in the period were US\$44 thousand (2011:US\$nil)

### *Recognised deferred assets*

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

<b>Group</b>	<b>2012</b>		<b>2011</b>	
	<i>Accelerated tax depreciation US\$'000</i>	<i>Total US\$'000</i>	<i>Accelerated tax depreciation US\$'000</i>	<i>Total US\$'000</i>
(Released)\recognised in year in respect of current trading losses	-	-	245	245

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**26. Deferred tax liability (continued)**

Derecognised	(1,305)	(1,305)	-	-
Recognised directly in reserves			4	4
<b>At 31 August</b>	<b>-</b>	<b>-</b>	<b>1,305</b>	<b>1,305</b>

**27. Loans and borrowings**

	<i>Group 2012 US\$'000</i>	<i>Company 2012 US\$'000</i>	<i>Group 2011 US\$'000</i>	<i>Company 2011 US\$'000</i>
Consilium	1,250	1,250	1500	1500
Purchase of castle	442	-	-	-
<b>Total</b>	<b>1,692</b>	<b>1,250</b>	<b>1500</b>	<b>1500</b>

At 31 August 2012, short term loans of the Company represent the long term portion of the Consilium loans of US\$1,000 thousand (see note 24), which mature on 31 December 2012.

On 25 July 2012, the Company entered into a short term loan agreement with Consilium for us\$250 thousand. The facility matures on 25 October 2012 and bears interest at 17% per annum, repayable at the end of the term. The Loan is secured over cash sales and trade receivables of Gardoserve (Pvt) Limited.

On 9 October 2012, the US\$250 thousand short term facility was rolled over on the same terms and conditions as the US\$2,000 thousand Consilium facility and will mature on 8 March 2014.

On 14 March 2012, the Group completed the acquisition of the Castle at Leopard Rock Hotel for EUR550 thousand (US\$722 thousand). EUR200 thousand was paid on execution of the agreement and the balance EUR350 thousand (US\$442 thousand) is due on 31 March 2013. The loan bears interest at 17.14% and is repayable monthly.

The balance at 31 August 2011 is in respect of a facility arrangement with EcoBank Zimbabwe Limited, which was secured by immovable property held by Medalspot (Pvt) Limited and Le Har (Pvt) Limited. The loan, which bore interest at a rate of 20% per annum was repaid on 21 March 2012.

**28. Trade and other Payables**

	<i>Group 2012 US\$'000</i>	<i>Company 2012 US\$'000</i>	<i>Group 2011 US\$'000</i>	<i>Company 2011 US\$'000</i>
Trade payables	1,534	-	1,228	-
Non-trade payables and accrued expenses	1,291	1,250	1,451	335
<b>Total</b>	<b>2,825</b>	<b>1,250</b>	<b>2,679</b>	<b>335</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purposes is 121 days.

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

## 29. Notes to the statement of cash flows

	<i>Group</i>	
	<i>2012</i>	<i>2011</i>
	<i>US\$'000</i>	<i>US\$'000</i>
<b><i>Loss for the year</i></b>	<b><i>(25,688)</i></b>	<b><i>(10,175)</i></b>
Amortisation of intangible assets	2,019	3,045
Impairment of goodwill	7,363	-
Depreciation of property, plant and equipment	1,217	1,035
Finance income	(312)	(299)
Finance costs	674	963
Share based payment reserve	85	-
Fair value adjustment of property, plant and equipment	-	1,250
Fair value adjustment of intangibles	3,428	314
Impairment of Current Assets	3,301	-
Gain on write-off of non Group shareholder loan	(863)	-
Loss on sale of property, plant and equipment	3,243	(483)
Decrease in provisions	(889)	-
Foreign exchange	507	(1,078)
Gains on investment	7	(13)
<b><i>Operating cash flows before movements in working capital</i></b>	<b><i>(5,908)</i></b>	<b><i>(5,441)</i></b>
Increase in inventories	(204)	(260)
Decrease / (increase) in receivables	(1,751)	265
(Decrease) / increase in payables	(71)	(240)
<b><i>Cash used in operations</i></b>	<b><i>(7,934)</i></b>	<b><i>(5,676)</i></b>
Interest paid	(707)	(241)
Interest received	326	299
Dividends paid	(323)	-
Tax paid	(509)	-
<b><i>Net cash used in operating activities</i></b>	<b><i>(9,147)</i></b>	<b><i>(5,617)</i></b>

Cash and cash equivalents (which are presented as a single class of assets on the face of the statements of financial position) comprise cash at bank, overdraft and other short term highly liquid investments with a maturity of three months or less.

## 30. Financial instruments

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

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

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*30. Financial instruments (continued)*

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 Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's 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 continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

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

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the Group's maximum exposure to credit risk at the reporting date was US\$ 5,931 thousand (2011: US\$ 5,456 thousand) and the Company's maximum exposure to credit risk at the reporting date was US\$ 28,075 thousand (2011: US\$ 39,309 thousand) being the total of the carrying amount of financial assets, excluding equity investments as shown in the table below.

	<i>Group 2012 US\$'000</i>	<i>Company 2012 US\$'000</i>	<i>Group 2011 US\$'000</i>	<i>Company 2011 US\$'000</i>
Cash and cash equivalents	131	178	1,029	597
Trade and other receivables	5,579	27,897	4,427	38,712
Other investments	42	-	109	-

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**30. Financial instruments (continued)**

	<i>Group</i> 2012 US\$'000	<i>Company</i> 2012 US\$'000	<i>Group</i> 2011 US\$'000	<i>Company</i> 2011 US\$'000
<i>Total</i>	5,752	28,075	5,565	39,309

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

	<i>Group</i> 2012 US\$'000	<i>Company</i> 2012 US\$'000	<i>Group</i> 2011 US\$'000	<i>Company</i> 2011 US\$'000
United Kingdom	4,529	27,897	-	38,712
Zimbabwe	1,050	-	2,721	-
East Africa	-	-	1,706	-
<i>Total</i>	5,579	27,897	4,427	38,712

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

	<i>Gross</i> 2012 US\$'000	<i>Company</i> 2012 US\$'000	<i>Group</i> 2011 US\$'000	<i>Company</i> 2011 US\$'000
Trade Customers	1,050	77	4,427	597
Sale of Investment Proceeds (note 15)	4,529	4,529	-	-
Amounts owed by Group undertakings	-	23,291	-	38,115
<i>Total</i>	5,579	27,897	4,427	38,717

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

	<b>Group</b>			<b>Company</b>		
	<i>Gross</i> 2012 US\$'000	<i>Impairment</i> 2012 US\$'000	<i>Total</i> 2012 US\$'000	<i>Gross</i> 2012 US\$'000	<i>Impairment</i> 2012 US\$'000	<i>Total</i> 2012 US\$'000
Neither past nor impaired	896	-	896	43,057	(15,160)	27,897
Past due 1-30 days	217	(86)	131	-	-	-
Past due 31-60 days	31	(31)	-	-	-	-
Past due 61-90 days	18	(18)	-	-	-	-
Past due 91-days +	135	(135)	-	-	-	-
<i>Total</i>	1,297	(270)	1,027	43,057	(15,160)	27,897



*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**30. Financial instruments (continued)**

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

*Liquidity risk management*

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously 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 agreements:

<b>Group</b>	<i>Contractual cash flows 2012</i>			<i>Contractual cash flows 2011</i>		
	<i>Carrying amount US\$'000</i>	<i>1 year or less US\$'000</i>	<i>1 to &lt; 5 years US\$'000</i>	<i>Carring amount US\$'000</i>	<i>1 year or less US\$'000</i>	<i>1 to &lt; 5 years US\$'000</i>
Bank overdrafts	337	337	-	47	47	-
Trade and other payables	2,825	2,825	-	2,676	2,679	-
Loans and borrowings	3,746	1,692	2,054	1,500	1,500	-
<b>Total</b>	<b>6,908</b>	<b>4,854</b>	<b>2,054</b>	<b>4,226</b>	<b>4,226</b>	<b>-</b>

<b>Company</b>	<i>Contractual cash flows 2012</i>			<i>Contractual cash flows 2011</i>		
	<i>Carrying amount US\$'000</i>	<i>1 year or less US\$'000</i>	<i>1 to &lt; 5 years US\$'000</i>	<i>Carring amount US\$'000</i>	<i>1 year or less US\$'000</i>	<i>1 to &lt; 5 years US\$'000</i>
Bank overdrafts	-	-	-	-	-	-
Trade and other payables	1,250	1,250	-	335	335	-
Loans and borrowings	3,250	1,250	2,000	1,500	1,500	-
<b>Total</b>	<b>4,500</b>	<b>2,500</b>	<b>2,000</b>	<b>1,835</b>	<b>1,835</b>	<b>-</b>

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**30. Financial instruments (continued)**

*Liquidity risk management (continued)*

As disclosed in note 24 Loans and borrowings are in respect of secured loan facility agreements which the Company entered into on 9 March 2012, with Consilium Emerging Markets Absolute Return Master Fund Ltd. and Consilium Corporate Recovery Master Fund Ltd. for US\$1,000 thousand and US\$2,000 thousand respectively (“Consilium”).

The amounts are secured by a fixed and floating charge over the assets the Group. On 6 December 2012 the Debenture was lifted and in lieu thereof, the Company agreed to issue Consilium with a Warrant for 3,000,000 ordinary shares at 13p per share, expiring on 6 December 2015.

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

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

*Foreign currency risk management*

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

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

	<i>Mozambican Meticals US\$'000</i>	<i>Pounds Sterling US\$'000</i>	<i>Euro US\$'000</i>	<i>South Africa Rand US\$'000</i>
Cash and cash equivalents	-	14	1	4
Trade receivables	-	-	-	-
Other receivables	-	-	-	83
Trade payables	-	-	-	(36)
Other payables	-	(737)	(439)	-
<b><i>Net Exposure</i></b>	<b>-</b>	<b>(723)</b>	<b>(438)</b>	<b>51</b>

The following significant exchange rates applied during the year:

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*30. Financial instruments (continued)*

*Foreign currency risk management (continued)*

	Average Rate 2012	Reporting date spot rate 2012	Average Rate 2011	Reporting date spot rate 2011
Pounds Sterling	0.64	0.63	0.62	0.61
Euro	0.77	0.80	-	-
South African Rand	8.31	8.43	7.16	7.06
Mozambican Meticals	-	-	31.56	26.40

The Company does not have any exposure to foreign currencies at the reporting date (2011: US\$nil).

*Sensitivity analysis*

In managing foreign currency risks the Group aims to reduce the impact of short and long-term fluctuations on the Group's earnings. The Directors consider Group's sensitivity to foreign currency rates isn't material, as the majority of assets and liabilities of the Group are denominated in US Dollars with the exception of monetary asset and liabilities disclosed above.

*Interest rate risk management*

Due to the liquidity constraints in the Zimbabwean economy, and the consequential interest rate risk the Group would be subject to interest rate risk if it relied solely on short term Zimbabwean sourced borrowings, however, the Company has, mitigated its risk, by entering into a number of long term, offshore facility agreements with fixed rates of interest. Additionally the Group has, where possible entered into 1 year fixed interest rate overdraft agreements with its bankers in Zimbabwe.

The Company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group's sensitivity to interest rates is comparatively low due to the long term nature of its facility agreements.

*Capital management*

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

*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:

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**30. Financial instruments (continued)**

<b>Group</b>	<i>Loans and receivables</i> 2012 US\$'000	<i>Available for sale</i> 2012 US\$'000	<i>Carrying amount</i> 2012 US\$'000	<i>Fair value</i> 2012 US\$'000
Cash and cash equivalents (net of bank overdraft)	131	-	131	131
Trade and other receivables	5,579	-	5,579	5,579
Other investments	-	42	42	42
Trade and other payables	(2,825)	-	(2,825)	(2,825)
Loans and borrowings	(3,746)	-	(3,746)	(3,746)
<b>Total</b>	<b>(861)</b>	<b>42</b>	<b>(819)</b>	<b>(819)</b>

<b>Group</b>	<i>Loans and receivables</i> 2011 US\$'000	<i>Available for sale</i> 2011 US\$'000	<i>Carrying amount</i> 2011 US\$'000	<i>Fair value</i> 2011 US\$'000
Cash and cash equivalents (net of bank overdraft)	1,029	-	1,029	1,029
Trade and other receivables	4,427	-	4,427	4,427
Other investments	-	109	109	109
Trade and other payables	(2,679)	-	(2,679)	(2,679)
Loans and borrowings	(1,500)	-	(1,500)	(1,500)
<b>Total</b>	<b>1,277</b>	<b>109</b>	<b>1,386</b>	<b>1,386</b>

<b>Company</b>	<i>Loans and receivables</i> 2012 US\$'000	<i>Available for sale</i> 2012 US\$'000	<i>Carrying amount</i> 2012 US\$'000	<i>Fair value</i> 2012 US\$'000
Cash and cash equivalents (net of bank overdraft)	178	-	178	178
Trade and other receivables	27,897	-	27,897	27,897
Other investments	-	-	-	-
Trade and other payables	(1,250)	-	(1,250)	(1,250)
Loans and borrowings	(3,250)	-	(3,250)	(3,250)
<b>Total</b>	<b>23,575</b>	<b>-</b>	<b>23,575</b>	<b>23,575</b>

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

*30. Financial instruments (continued)*

*Fair values (continued)*

<b>Company</b>	<i>Loans and receivables</i> 2011 US\$'000	<i>Available for sale</i> 2011 US\$'000	<i>Carrying amount</i> 2011 US\$'000	<i>Fair value</i> 2011 US\$'000
Cash and cash equivalents (net of bank overdraft)	597	-	597	597
Trade and other receivables	38,712	-	38,712	38,712
Other investments	-	-	-	-
Trade and other payables	(355)	-	(355)	(335)
Loans and borrowings	(1,500)	-	(1,500)	(1,500)
<b>Total</b>	<b>37,474</b>	<b>-</b>	<b>37,474</b>	<b>37,474</b>

*The fair value of assets and liabilities can be classed in three levels.*

Level 1 – Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – Fair values measured using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

As at 31 August 2012, the Company holds the following financial instruments at amortised cost and none at fair value. However, the Group holds the following investment at fair value:

<b>Group</b>	<i>Level 1</i> 2012 US\$'000	<i>Level 2</i> 2012 US\$'000	<i>Level 3</i> 2012 US\$'000	<i>Total</i> 2012 US\$'000
Quoted investments portfolio	42	-	-	42
<b>Total</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>42</b>

<b>Group</b>	<i>Level 1</i> 2011 US\$'000	<i>Level 2</i> 2011 US\$'000	<i>Level 3</i> 2011 US\$'000	<i>Total</i> 2011 US\$'000
Quoted investments portfolio	49	-	-	49
Option to purchase the Castle at the Leopard Rock Hotel	-	-	60	60
<b>Total</b>	<b>49</b>	<b>-</b>	<b>60</b>	<b>109</b>

*Estimation of fair values*

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

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**30. Financial instruments (continued)**

*Cash and cash equivalents (net of bank overdraft)*

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

*Loans and borrowings*

Fair value is calculated based on discounted expected future principal and interest cash flows.

*Trade receivables / payables*

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

*Loans and Borrowings*

Fair value has been derived from quoted prices.

*Other investments*

Fair value has been derived from quoted prices.

**31. Operating leases**

*Leases as lessee*

At the reporting date, the Group had outstanding annual commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2012	2012
Less than one year	-	-
	-	-

During the year ended 31 August 2011, US\$224 thousand (2011: US\$166 thousand) 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.

At the reporting date, the Group had outstanding annual commitments for future minimum lease receipts under non-cancellable operating leases, which fall due as follows:

	2012 US\$'000	2012 US\$'000
Less than one year	121	447
Between one and five years	426	687
<i>Total</i>	<i>547</i>	<i>1,134</i>

During the year ended 31 August 2012, US\$618 thousand (2011: US\$821 thousand) was recognised as revenue in the income statement in respect of operating leases.

Operating lease receivables at 31 August 2012 represent rentals receivable by the Group for ATM's. Lease rentals, which are a combination of fixed and variable rates, are negotiated for an average term of 5 years. Only the fixed portion is disclosed in the table as above.

At 31 August 2011, Operating lease receivables represented rentals receivable on the ATM's, in addition to operating leases

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

### *31. Operating leases (continued)*

for aircraft. Aircraft leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years. On 7 August 2012, the aircraft under the operating lease agreements were disposed of. (Note 16).

## **32. Income statement of Cambria Africa Plc**

There is no requirement under the Isle of Man Companies Act 2006 to present a company income statement. The loss for the year to 31 August 2012 was US\$22,587 thousand (2011: US\$5,676 thousand).

## **33. Capital commitments**

The capital commitments at 31 August 2012 totalled US\$nil (2011: US\$217 thousand relating to various items of plant and machinery at Celsys).

## **34. Guarantees**

During the period the Company entered into the following Guarantees.

On 17 May 2012, the Company signed an unsecured guarantee to Kingdom Bank Limited for US\$200 thousand, in support of the US\$100 thousand overdraft facility provided to Leopard Rock Hotel Company (Pvt) Ltd, a Group company. The Guarantee expires on 16 March 2013.

On 15 June 2012, the Company signed an unsecured guarantee to Kingdom Bank Limited for US\$200 thousand, in support of the US\$100 thousand overdraft facility provided to Celsys Limited, a Group company. The Guarantee expires on 14 June 2013.

On 8 June 2012, the Company entered into an unsecured Deed of Guarantee with MEKZ Limited for US\$160 thousand, which expires on 30 June 2014. On 13 January 2013, this guarantee was increased to US\$290 thousand. The Guarantee is in respect of the credit facility which is provided to Gardoserve (Pvt) Limited, a Group company.

On 29 August 2012, the Company entered into an unsecured Deed of Guarantee with Haral Mallac Export Ltd, for US\$85 thousand, which expires on 29 August 2013. The Guarantee is in respect of the credit facility which is provided to Gardoserve (Pvt) Limited, a Group entity.

## **35. Contingent liabilities and assets**

### *Contingent liabilities*

At the balance sheet date, the Leopard Rock Hotel Company (Pvt) Ltd, a Group company, had 5 open labour cases with the courts. Total exposure for non-accrued settlement amounts is not anticipated to exceed US\$50 thousand.

On 26 August 2011, the Group, pursuant to its disposal of Sol Aviation (Pvt) Ltd, ("Sol Aviation") entered into a Memorandum of Understanding with the purchaser, whereby the purchaser would be fully indemnified in respect of any claim, made either by Royal Khmer Airlines International (Pte) Limited ("Royal Khmer") or Fly540 Aviation Limited ("Fly540") pursuant to the Memorandum of Understanding entered into by Sol Aviation and Royal Khmer and a licence agreement entered into between Sol Aviation and Fly540.

*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*35. Contingent liabilities and assets (continued)*

*Entities with significant influence over the entity (continued)*

	<i>2012</i> <i>US\$'000</i>
LonZim Air (B.V.I.) Limited	6,991
Churchill Estates loan	1,575
<i>Total</i>	<i>8,566</i>

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

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

*Contingent assets*

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

*LonZim Air (B.V.I.) Limited*

Cambria owned two aircraft through its subsidiary LonZim Air (B.V.I.) Limited: a Fokker F27-500 Cargo (F27) and an ATR 42-320 (ATR). The F27 was leased to 540 (Uganda) Limited in September 2008 and the ATR was leased to Five Forty Aviation Limited in July 2009. Both entities (collectively "540") were, or were understood to be subsidiaries of Lonrho. A third aircraft leased by 540 was destroyed in an accident in January 2011.

Cambria considers that substantial sums are due from 540 which relate to, inter alia, maintenance reserve and lease charges and related contractual interest payment of insurance proceeds, the deterioration in market value of the aircraft, and the significantly lower amount the Company was able to obtain through a sale, due to the poor condition the aircraft were found to be in.

*Churchill Estates loan*

During 2008 Cambria, then managed by Lonrho, extended a loan to what is believed to be a Zimbabwe farming

concern, Churchill Estates (1995) Private Ltd (CE). This loan was extended to CE as an unsecured five-year loan, at a 15% annualised interest rate with principal and interest to be repaid at the end of the term.

The Board made the decision to impair the loan given the difficulty to assess the ability of CE to repay the loan due to the absence of any financial information on CE. However, the Board will vigorously enforce repayment of this loan by CE when it is due in October 2013, the Board considered it at this point prudent to recognise impairment of the value of this loan as well as any associated accumulated interest.

**36. Related parties**

*Identity of related parties*

The Group has a related party relationship with its subsidiaries (see note 16), and with its Directors and executive officers and with Lonrho Plc and its subsidiaries.

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

*Group and Company*

**Transactions with entities with significant influence over the entity.**

At the date of listing on AIM, 11 December 2007, the Company issued shares to the value of US\$14,854 thousand (£7,290 thousand) to Lonrho Plc in exchange for Lonrho Plc entering into a non-compete agreement. The agreement



*Notes to the Financial Statements (continued)*  
For the period ended 31 August 2012

*36. Related parties (continued)*

*Transactions with entities with significant influence over the entity (continued)*

covered a period of five and a half years and had been initially recognised as an intangible asset with a valuation of US\$14,854 thousand (£7,290 thousand). The book value of this intangible asset which was being amortised over the period of the agreement, is fully written off in the period (see note 14).

During the year the Company was charged US\$490 thousand by Lonrho Plc as a management charge (2011: US\$862 thousand) Other recharges amounted to US\$77 thousand (2011: US\$183 thousand). As at 31 August 2012 US\$200 thousand (2011: US\$224 thousand) was due from the Company to Lonrho Plc.

On 30 September 2011, Cambria sold its 80% shareholding in Aldeamento Turistico De Macuti Sarl for US\$5,100 thousand to Lonrho Hotels (Holdings) Limited, a 100% subsidiary of Lonrho Plc (see note 16). During the period US\$1,583 thousand (2011: US\$nil) was received in respect of capital and interest payments relating to the sale. At 31 August US\$4,529 thousand (2011: US\$nil) was receivable. (see note 15 and 19).

During the year DSG Chartered Accountants, of which Ms Jean Ellis, a director of the Company till 24 February 2012, provided payroll and accountancy services to the Company and ForgetMeNot Africa (BVI) Limited ("FMNA"), a Cambria subsidiary. Total services provided in the period under review to the Group was US\$11 thousand (2011: US\$19 thousand). At 31 August 2012, the amount payable to DSG was US\$nil (2011: US\$nil).

During the period Mr Itai Mazaiwana, a director of the Company as from 24 February 2012, provided additional consultancy services to the Company amounting to US\$44 thousand (2011: US\$22 thousand) At 31 August 2012, the amount payable to Mr Itai Mazaiwana was US\$14 thousand (2011: US\$nil).

At 31 August 2012, the following amounts were pay-

able to Directors in respect of Directors Fees : Paul Heber US\$31 thousand (2011: US\$nil), Ian Perkins US\$81 thousand (2011: US\$nil), Edzo Wisman US\$88 thousand (2011: US\$nil).

During the period The Group leased two aircraft to 540 (Uganda) Limited, a Lonrho Plc subsidiary, for US\$54 thousand per month. Following a runway incident on 27 January 2011, one of the aircraft was deemed a Total Constructive Loss and was written off. The total lease income for the year to 31 August 2012 amounted to US\$345 thousand (2011: US\$485 thousand). As at 31 August 2012 amounts due from 540 (Uganda) Limited to the Company were fully provided against. As the Company fully intends to recover the monies due, the amounts and are included as contingent asset (see note 35).

Fly 540 Aviation, a Lonrho Plc subsidiary, received monies due to Lonzim Air (BVI) Limited, in respect of insurance proceeds relating to the aircraft written off on in January 2011. As at 31 August 2012 amounts due from Five Forty Aviation Limited to the Company were fully provided against. As the Company fully intends to recover the monies due, the amounts and are included as contingent asset (see note 35).

During the period up to 31 August 2012, Lonrho Hotels Management Services ("LHMS"), a subsidiary of Lonrho Plc provided Management Services to Leopard Rock Hotel Company (Pvt) Ltd (the "Hotel"), a Group company, under contract, fees for which are determined as a percentage of Turnover and Operating Profit. Management fees for the year were US\$187 thousand (2011: US\$319 thousand). Other recharges from LHMS to the Hotel amounted to US\$85 thousand (2011: US\$40 thousand). At 31 August 2012, the amount payable to LHMS was US\$221 thousand (2011: US\$59 thousand).

Rollex (Private) Limited ("Rollex") is a subsidiary of Lonrho Plc provides freight services and delivery of provisions to

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**36. Related parties (continued)**

*Transactions with entities with significant influence over the entity (continued)*

the Hotel. Total purchases for the year ended 31 August 2012 was US\$21 thousand (2011: US\$3 thousand). At 31 August 2012, the amount payable to Rollex was US\$23 thousand (2011: US\$2 thousand).

Global Horizons Ltd T/A as AFEX a subsidiary of Lonrho Plc, provides satellite landing rights to the Hotel for the provision of its Internet Services. Total purchases for the year ended 31 August 2012 was US\$58 thousand (2011: US\$51 thousand). At 31 August 2012, the amount payable to AFEX was US\$5 thousand (2011: \$nil)

Diospyros Investments (Pvt) Limited, trading as CES Zimbabwe has a Franchise Agreement with Complete Enterprise Solutions Mauritius ("CES Mauritius"), a Lonrho Plc Group company for the use of its proprietary interest trademarks and brand names, business model and management expertise. Under the agreement CES Mauritius also provides working capital support to CES Zimbabwe. During the period, under review, CES Zimbabwe paid service charges of US\$38 thousand (2011: Nil). Other interest recharges amounted to US\$16 thousand (2011: Nil). At 31 August 2012, the amount payable to CES Mauritius was US\$255 thousand (2011: US\$21 thousand). At 31 August 2012 CES Zimbabwe was held for disposal (see note 9 and 16).

Lonrho Africa Holdings Limited ("LAHL"), a subsidiary of Lonrho Plc, provided services to FMNA in the period for US\$17 thousand (2011: US\$nil). At 31 August 2012, the amount payable to LAHL was US\$17 thousand (2011: US\$nil).

ForgetMeNot Software Limited ("FMNS"), the 49% shareholder in FMNA, provided services and processed recharges to FMNA in the period totalling US\$191 thousand (2011 : US\$448 thousand).

FMN Research Limited ("FMNR") (a company controlled by Mr J George, the Chief Executive Office Managing Director of FMNA), provided services totalling US\$218 thousand (2011: US\$nil). The services provided by FMNR included technical support and software enhancements for FMNA customers, and marketing support. At 31 August 2012, an amount of US\$118K (2011: US\$nil) was fully written off.

During the period the Company entered into a number of transactions with The Consilium Corporate Recovery Master Fund Ltd, the Consilium Emerging Markets Absolute Return Master Fund Ltd (jointly "Consilium") a substantial shareholder of Cambria. Loan funding received during the period amounted to US\$3,250 thousand (2011: US\$nil). Interest and Fees paid during the period amounted to US\$240 thousand (2011: US\$nil) (see note 24 and 27).

On 16 September 2011, the Company raised US\$1,450 thousand (£917 thousand) from Consilium via a placing of 3,988,439 shares at a price of 23 pence per share.

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

*Notes to the Financial Statements (continued)*  
**For the period ended 31 August 2012**

**36. Related parties (continued)**

**Transactions with key management personnel**

	<i>Year ended August 2012</i> <i>US\$'000</i>	<i>Year ended 31 August 2011</i> <i>US\$'000</i>
Directors	751	390
Executive officers	847	719
<b>Total</b>	<b>1,598</b>	<b>1,109</b>
<b>Directors' remuneration</b>		
	<i>Total 2011</i> <i>US\$000</i>	<i>Total 2011</i> <i>US\$000</i>
E Wisman	239	-
P Turner	200	160
T Sanders	83	-
I Perkins	80	-
P Heber	68	72
I Mazaiwana	19	-
J Ellis	19	38
D Lenigas	9	20
G White	9	20
D Armstrong	9	20
E Priestley	9	20
C Orr-Ewing	7	40
<b>Total</b>	<b>751</b>	<b>390</b>

Key management personnel are the holding Company Directors and executive officers.

Paul Heber, a Non-Executive Director, participates in the share option scheme. Other Directors and key personnel are eligible to participate in the share option scheme (see note 19).

Total remuneration is included in "personnel expenses" (see note 6):

**37. Events after the reporting date**

On 1 October 2012, Cambria raised US\$1,400 thousand (£860 thousand), per an equity placement with new and existing institutional and other investors of 8,615,115 new ordinary shares at 10p per share. Following the share placement, the Company had a total number of 66,749,023 shares in issue.

Subsequent to the 31 August 2012, the Company has entered in to the following transactions with Consilium Corporate Recovery Master Fund Ltd and Consilium Emerging Markets Absolute Return Master Fund Ltd (jointly "Consilium") a substantial shareholder of Cambria.

On 9 October 2012, US\$250 thousand of a US\$1,000 thousand (see note 27) Consilium facility maturing on 31 December 2013 was repaid. Additionally, the short term US\$250 thousand Consilium facility, which matured on 25 October 2012, was extended to 8 March 2014.

On 28 November 2012, the remaining US\$750 thousand Consilium facility, maturing on 31 December 2012, was rolled over, and will mature on 8 March 2014.

On 6 December, Consilium also agreed to lift a 'general charge' which it held over the Company in return for secu-

*37. Events after the reporting date  
(continued)*

rity directly related to certain properties owned by Cambria as well as receipt of a warrant instrument (the "Warrant"). The Warrant provides for the issue of 3,000,000 new ordinary shares of £0.0001 each in the capital of the Company at an exercise price of 13p per Share. The Warrant is exercisable in whole or in part by Consilium at any time prior to 6 December 2015.

On 18 February 2013, the Company successfully secured an additional US\$1,500 thousand in debt financing from Consilium bringing the total facility held with Consilium to US\$4,500 thousand. The additional facility carries a 15% annualised interest rate and is due for repayment 8 March 2014. As part of the expansion of the debt facility with US\$1,500 thousand, Consilium has been given a 'general charge' over the Company, while maintaining security directly related to certain properties owned by Cambria, as well as receipt of a second warrant instrument (the "Warrant"). This Warrant provides for the issue of 5,000,000 new ordinary shares of £0.0001 each in the capital of the Company at an exercise price of 13p per Share. The Warrant is exercisable in whole or in part by Consilium at any time prior to 15 February 2016.

On 10 December 2012 Paul Heber resigned from his position as a non-executive director of the Company and was subsequently appointed as a consultant to the Company.

On 11 January 2013, the Company entered into an unsecured Deed of Guarantee with MEKZ Limited for US\$290 thousand, which expires on 30 June 2014. The Guarantee is in respect of the credit facility which is provided to Gardoserve (Pvt) Limited, a Group company.

On 14 February 2013 the Company successfully completed the sale of its shares in ForgetMeNot Africa Limited ("FMNA"), to ForgetMeNot Software Limited ("FMNS"), for US\$250 thousand. The Company held 51% of the shares while FMNS held the remaining 49%. The sale price will be paid by FMNS upon achievement of certain milestones or, at latest, twenty-four months from completion. The US\$250 thousand in proceeds will be accounted for by the Company as a contingent asset.

The Directors do not believe there have been any further material events since the reporting date.

# Corporate information

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# Shareholder information

## Analysis of ordinary shareholdings as at 19 February 2013

	Number of holders	% of total holders	Number of shares	% of total shares
<i>Category of shareholder</i>				
Private shareholder	84	30.66	2,358,187	3.53
Banks, nominees and other corporate bodies	190	69.34	64,390,836	96.47
<i>Shareholding range</i>				
1 – 5,000	98	35.77	250,977	0.38
5,001 – 50,000	95	34.67	1,939,121	2.91
50,001 – 100,000	23	8.39	1,822,361	2.73
100,001 – 500,000	33	12.04	8,832,982	13.23
500,001 – 1,000,000	13	4.75	9,977,772	14.95
1,000,001 – 5,000,000	9	3.28	16,909,965	25.33
5,000,001 – 10,000,000	2	0.73	12,763,182	19.12
10,000,001 – 50,000,000	1	0.37	14,252,663	21.35
<i>Total</i>	<i>274</i>	<i>100.00</i>	<i>66,749,023</i>	<i>100.00</i>

### *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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