CAMBRIA



Interim Report

2014

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Chief Executive Officer's Statement

EDZO WISMAN

Introduction

During the six month period ended 28 February 2014 (the "Period") under review, revenues and gross profit of the continuing operations of Cambria, being the Payserv and Millchem investments, were US$4.2m (2013: US$4.3m) and US$2.3m (2013: US$2.4m) respectively, representing corresponding decreases of 3% and 1% to the equivalent prior period.

The Company recorded a loss of $2.7m for the six month period ended 28 February 2014, compared to $2.6m loss during the first half of 2013. Cambria's loss per share for the period was 4.1c, compared to a loss of 4.0c per share for the same period last year.

Cambria is actively continuing implementation of its regionalisation strategy, investing in its future at a rapid pace.

However, Zimbabwe, where the bulk of group revenues are still derived, continues to experience significant liquidity shortages resulting in it being ranked among the slowest growing economies in sub-Saharan Africa (Source: IMF). For example, retail sales fell 30% in February 2014 from the previous month, 15 factories in the metals and engineering industries closed during that same month, and consumer prices declined for a third consecutive month in April 2014 (Source: Bloomberg).

Within Cambria, Millchem's sales at certain points during the period under review were down 60% year on year. The fact the Millchem team was able to achieve only a 7% year on year sales decline for the Period is therefore, paradoxically, commendable.

This slowdown in the Zimbabwean economy continues to impact current performance of our investments, and will do so until a broader regional diversification has been achieved, which Cambria is successfully executing.

That being said, following the end of the Period, resulting from our continued investment in scale, scope and regionalisation, the Company started to again deliver year on year growth.

Divisional Reviews

Payserv Africa

Payserv provides EDI switching services (Paynet), 'payslip' processing (Autopay), and payroll based microfinance loan processing (Tradanet). It is well-established with all three products in Zimbabwe, and recently commenced operations in Zambia with its Paynet and Autopay products.

(US$ '000)	*H1 2014*	*H1 2013*	*GROWTH*
Revenue	2,185	2,137	2%
Gross profit	2,025	1,918	6%
Gross margin	93%	90%	3% pts
SG&A	(1,566)	(1,467)	7%
EBITDA	459	451	2%
EBITDA margin	21%	21%	-

Paynet provided Electronic Data Interchange (EDI) services to all 22 banks and building societies in Zimbabwe, as well as to over 1,500 corporates. Paynet processed 8.21m transactions (2013: 7.22m) during the period under review, a 14% increase.

Autopay provided payroll services to 150 customers, processed over 156,000 pay slips (2013: 143,000) during the period under review, a 9% increase.

Tradanet processed approximately 50,000 (2013: 36,000) loans during the period, representing a value of US$63.2m (2013: US$69.5m), a 39% increase and a 9% decrease respectively. At the end of the period the loan book under management stood at US$112.6m (2013: US$103.0m), an increase of 9%.

Despite market conditions in Zimbabwe, Payserv was able to grow gross profit for the period year on year by

6% through, among others, new customer acquisition, as well as the launch of the new eSchedules and PayZIMRA products. It is also in the process of launching PayFT, a joint venture with South African based BankServ.

Paynet has recently established a presence in Zambia, receiving its Zambian National Payments Licence there in December 2013. Since then it has signed on its first customers in Zambia, including some leading corporates and commenced the processing of bulk payments. Moreover, Autopay has now established a presence in Zambia.

Millchem Holdings

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

(US$ '000)	*H1 2014*	*H1 2013*	*GROWTH*
Revenue	1,995	2,154	(7)%
Gross profit	317	438	(28)%
Gross margin	16%	20%	(4)% pts
SG&A	(755)	410	84%
EBITDA	(438)	28	n/a
EBITDA margin	(22)%	1%	(23)% pts

In line with expectations, Millchem was strongly affected by the uncertain business environment during the period in Zimbabwe and saw a year on year decrease in revenues as the economy there stalled.

Despite the fact there were certain points during the period where year on year sales were down 60%, the team at Millchem was able to reduce overall year on year sales losses by adding new customers, products and services, while competitors in the country were struggling. The fact the Millchem team was able to record only a 7% year on year sales decline is therefore, paradoxically, commendable.

During the Period Millchem invested significantly in the future, maintaining its focus on its long term growth. Besides adding new products, services and customers in Zimbabwe, it is now fully operational in Zambia and Malawi, has opened up buying offices in South Africa and Europe, and also expanded capabilities at Millchem Holdings level. All these investments were expensed, rather than capitalised, directly impacting EBITDA performance for the Period.

Moreover, following Period end, on 23 May 2014, Cambria announced various new regional distribution agreements for Millchem with leading suppliers such as MEKZ, Centlube (ENI/AGIP lubricants), Sealed Air/Diversey Care and Donau Carbon and, subsequently, on 27 May 2014, Cambria announced the acquisition of Chemicals & Marketing Ltd, a leading Malawi chemicals distributor accelerating Millchem's regional expansion with an immediate leading position in Malawi.

This investment in long term growth is already delivering results, as, despite ongoing liquidity issues in Zimbabwe, Millchem has, since period end, achieved a 25% year on year growth in gross profit.

Central costs

Cambria incurred US$1,183k in central EBITDA costs for the period under review, compared to US$1,200k for the same period last year, a reduction of 1%.

Discontinued operations

The Leopard Rock Hotel Group

The Leopard Rock Hotel continues to be classified by Cambria as held for sale. During the period, the Leopard Rock Hotel Group generated US$1.1m in sales (2013: US$1.2m) and negative US$343k in EBITDA (2013: US$230k).

LonZim Air

Through LonZim Air (BVI) Limited Cambria previously owned three aircraft. Over the years a number of disputes arose in relation to these aircraft and certain associated contracts. Cambria continues to pursue recovery of claims related to these disputes that are estimated to be in excess of US$10m. Cambria incurred US$144k in operating losses for the period under review, largely related to exceptional legal expenses related to the above mentioned claims.

Placement and acquisition

On 19 February 2014 Cambria announced the oversubscribed placing with new and existing institutional and other investors of 32,406,139 new ordinary shares in

the Company. The placing price was 7.5 pence per ordinary share being a 9.6% discount to the 30-day volume weighted average market price on 10 February 2014. This placing closed with total raised gross proceeds of £2.43m. Following issue of those shares, the Company had a total of 99,155,162 ordinary shares in issue.

On 27 May 2014, Cambria announced it had executed agreements relating to the purchase of 100% of the outstanding share capital of Chemicals & Marketing Company Limited (C&M), a leading Malawi chemicals distributor, for 5,500,000 ordinary shares in Cambria. The acquisition accelerates Millchem's regional expansion with an immediate leading position in Malawi. The acquisition is subject to certain conditions precedent that have to be met before the acquisition of C&M can be completed, including the passing of a resolution to issue further shares and the Company can therefore not be certain the transaction will complete.

Outlook

Cambria continues to seek the disposal of its remaining non-core assets in order to focus solely on Payserv and Millchem, growing their scale and scope, as well as their regionalisation.

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

Edzo Wisman
Chief Executive Officer
30 May 2014

Consolidated Interim Income Statement

For the period ended 28 February 2014

	Unaudited 6 months to 28 February 2014	**Restated Unaudited 6 months to 28 February 2013*
	US$'000	*US$'000*
CONTINUING OPERATIONS		
Revenue	4,180	4,292
Cost of sales	(1,838)	(1,942)
GROSS PROFIT	2,342	2,350
Operating expenses	(3,782)	(3,430)
Other income	4	2
Operating loss	(1,436)	(1,078)
Finance income	2	160
Finance costs	(637)	(426)
NET FINANCE COSTS	(635)	(266)
LOSS BEFORE TAX	(2,071)	(1,344)
Income tax expense	(161)	(151)
LOSS OF THE PERIOD FROM CONTINUING OPERATIONS	(2,232)	(1,495)
DISCONTINUED OPERATIONS		
Loss for the period from discontinued operations, net of tax	(448)	(1,061)
LOSS FOR THE PERIOD	(2,680)	(2,556)
ATTRIBUTABLE TO:		
Owners of the Company	(2,770)	(2,610)
Non-controlling Interests	90	54
LOSS FOR THE PERIOD	(2,680)	(2,556)
EARNINGS PER SHARE - all operations**		
Basic and diluted loss per share (cents)	(4.1c)	(4.0c)
EARNINGS PER SHARE - CONTINUING OPERATIONS		
Basic and diluted loss per share (cents)	(3.5c)	(2.4c)

* Amounts have been restated due to reclassification of certain entities to discontinued operations.
**EPS for all operations in 2013 has been restated to correct an arithmetic error in weighted average shares.

Consolidated Interim Statement of Comprehensive Income

For the period ended 28 February 2014

	Unaudited 6 months to 28 February 2014	*Unaudited 6 months to 28 February 2013*
	US$'000	*US$'000*
LOSS FOR THE PERIOD	(2,680)	(2,556)
OTHER COMPREHENSIVE INCOME		
Items that are or may be reclassified to income statement:		
Foreign currency translation differences for overseas operations	(18)	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(2,698)	(2,556)
ATTRIBUTABLE TO		
Owners of the Company	(2,788)	(2,610)
Non-controlling interest	90	54
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(2,698)	(2,556)

Consolidated Interim Statement of Financial Position

For the period ended 28 February 2014

	Unaudited as at 28 February 2014	*Unaudited as at 28 February 2013*	*Audited as at 31 August 2013*
	US$'000	*US$'000*	*US$'000*
ASSETS			
Property, plant and equipment	2,742	24,671	2,881
Biological assets	-	86	-
Goodwill	717	717	717
Intangible assets	85	1,365	179
Long-term receivables	1,145	2,635	361
TOTAL NON-CURRENT ASSETS	4,689	29,474	4,138
Inventories	809	1,080	925
Financial assets at fair value through profit or loss	58	60	58
Trade and other receivables	2,087	2,807	814
Cash and cash equivalents	1,392	1,548	2,136
Assets held for sale	16,218	316	16,164
TOTAL CURRENT ASSETS	20,564	5,811	20,097
TOTAL ASSETS	25,253	35,285	24,235
EQUITY			
Prepaid share reserve	3,200	-	-
Issued share capital	12	12	12
Share premium account	78,798	78,798	78,798
Revaluation reserve	77	3,046	77
Share based payment reserve	86	86	86
Foreign exchange reserve	(10,659)	(10,624)	(10,641)
Non-distributable reserves	2,241	2,128	2,241
Accumulated losses	(62,522)	(49,845)	(59,752)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	11,233	23,601	10,821
NON CONTROLLING INTERESTS	(2)	(1,789)	(80)
TOTAL EQUITY	11,231	21,812	10,741
LIABILITIES			
Loans and borrowings	6,500	4,500	6,500
Trade and other payables	52	53	53
Provisions	202	415	203
Deferred tax liabilities	553	4,182	553
TOTAL NON-CURRENT LIABILITIES	7,307	9,150	7,309
Bank overdrafts	53	535	398
Current tax liabilities	268	211	187
Loans and borrowings	649	948	94
Trade and other payables	1,674	2,150	1,322
Liabilities held for sale	4,071	479	4,184
TOTAL CURRENT LIABILITIES	6,715	4,323	6,185
TOTAL LIABILITIES	14,022	13,473	13,494
TOTAL EQUITY AND LIABILITIES	25,253	35,285	24,235

Consolidated Interim Statement of Changes in Equity

For the period ended 28 February 2014

	Attributable to owners of the Company										
	Prepaid Share Reserve	*Share Capital*	*Share Premium*	*Re-valuation reserve*	*Foreign exchange reserve*	*Share based payment reserve*	*Retained earnings*	*NDR*	***Total***	*Non-controlling interests*	***Total Equity***
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	**US$'000**	US$'000	**US$'000**
UNAUDITED Balance at 31 August 2013	-	12	78,708	77	(10,641)	86	(59,752)	2,241	**10,821**	(80)	**10,741**
Loss for the period	-	-	-	-	-	-	(2,770)	-	**(2,770)**	90	**(2,680)**
Other comprehensive income	-	-	-	-	(18)	-	-	-	**(18)**	-	**(18)**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	-	-	-	-	(18)	-	(2,770)	-	**(2,788)**	90	**(2,698)**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS											
Dividends paid to minorities	-	-	-	-	-	-	-	-	**-**	(12)	**(12)**
Issue of ordinary shares	3,200	-	-	-	-	-	-	-	**3,200**	-	**3,200**
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS	3,200	-	-	-	-	-	-	-	**3,200**	(12)	**3,188**
BALANCE AT 28 FEBRUARY 2014	3,200	12	78,708	77	(10,659)	86	(65,522)	2,241	**11,233**	(2)	**11,231**
UNAUDITED Balance at 31 August 2012	-	11	77,399	3,124	(10,629)	355	(47,312)	2,128	**25,076**	(1,785)	**23,291**
Loss for the period	-	-	-	-	-	-	(2,610)	-	**(2,610)**	54	**(2,556)**
Other comprehensive income	-	-	-	-	-	-	-	-	**-**	-	**-**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	-	-	-	-	-	-	(2,610)	-	**(2,610)**	54	**(2,556)**
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS											
Reclassification of reserves	-	-	-	(78)	-	-	29	-	**(49)**	-	**(49)**
Disposal of entity	-	-	-	-	5	-	48	-	**53**	52	**105**
Dividends paid to minorities	-	-	-	-	-	-	-	-	**-**	(110)	**(110)**
Issue of ordinary shares	-	1	1,399	-	-	-	-	-	**1,400**	-	**1,400**
Share based payment transactions	-	-	-	-	-	(269)	-	-	**(269)**	-	**(269)**
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS	-	1	1,399	(78)	5	(269)	77	-	**1,135**	(58)	**1,077**
BALANCE AT 28 FEBRUARY 2013	-	12	78,798	3,046	(10,624)	86	(49,845)	2,128	**23,601**	(1,789)	**21,812**

Consolidated Interim Cash Flow Statement

For the period ended 28 February 2014

	Unaudited 6 months to 28 February 2014	*Unaudited 6 months to 28 February 2013*
	US$'000	*US$'000*
CASH USED IN OPERATIONS	(2,234)	(2,196)
Taxation paid	(80)	(228)
NET CASH USED IN OPERATING ACTIVITIES	(2,314)	(2,424)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	12	11
Purchase of property, plant and equipment	(51)	-
Interest received	2	161
NET CASH (USED IN)/GENERATED BY INVESTING ACTIVITIES	(37)	172
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(12)	(110)
Interest paid	(621)	(491)
Proceeds from the issue of share capital	2,300	1,400
Loans repaid	(319)	-
Proceeds from the drawdown of loans	775	2,335
NET CASH GENERATED BY FINANCING ACTIVITIES	2,123	3,134
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(228)	882
Cash and cash equivalents at beginning of period	1,738	131
Foreign exchange movements	(14)	-
CASH AND CASH EQUIVALENTS AT 28 FEBRUARY	1,496	1,013
Cash and cash equivalents comprise the following		
Cash and cash equivalents	1,392	1,548
Bank overdraft	(53)	(535)
Cash in assets held for sale	157	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,496	1,013

Note to the Statement of Cash Flows

For the period ended 28 February 2014

	Unaudited 6 months to 28 February 2014	*Unaudited 6 months to 28 February 2013*
	US$'000	*US$'000*
LOSS FOR THE PERIOD	(2,680)	(2,556)
Adjusted for:		
Amortisation of intangible assets	132	310
Depreciation of property, plant and equipment	142	516
(Loss)/profit on sale of property, plant and equipment	9	(11)
Valuation adjustments to inventories, receivables and other assets	21	(21)
Finance income	(2)	(161)
Finance costs	660	491
Share based payment	-	(270)
Increase/(decrease) in provisions	87	316
Foreign exchange	(7)	58
Other non-cash movements	-	141
Income tax charge	161	-
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	(1,477)	(1,187)
Decrease/(increase) in inventories	116	(149)
(Increase)/decrease in receivables	(1,118)	(182)
Increase/(decrease) in trade and other payables	245	(678)
CASH USED IN OPERATIONS	(2,234)	(2,196)

Notes to the Interim Financial Statements

For the period ended 28 February 2014

1. Reporting entity

Cambria Africa Plc (the "Company") is a public limited company listed on the AIM London Stock Exchange and incorporated in the Isle of Man under the Isle of Man Companies Act 2006. The interim condensed consolidated financial statements of the Group for the six months ended 28 February 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The interim financial statements were authorised for issue by the Directors on 30 May 2014.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial information for the six months ended 28 February 2014, has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ending 31 August 2014 and are not expected to be significantly different to those set out in the Group's audited financial statements for the year ended 31 August 2013.

The financial information for the half years ended 28 February 2014 and 28 February 2013 is neither audited nor reviewed. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the period ended 31 August 2013, which are available upon request from the Company's registered office at Appleby Trust (Isle of Man) Limited, 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB or at www.cambriaafrica.com.

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 half-yearly condensed consolidated financial statements.

3. Basic and diluted loss per share

Basic and diluted loss per share are arrived at by dividing the loss for the period by the average number of shares in issue during the period.

4. Events after the balance sheet date

On 19 February 2014 Cambria announced the successful placing with new and existing institutional and other investors of 32,406,139 new ordinary shares in the Company. The placing price was 7.5 pence per ordinary share being a 9.6% discount to the 30-day volume weighted average market price on 10 February 2014. The placing closed in two tranches after the period end as follows.

On 3 March 2014, Cambria announced that 28,000,000 new ordinary shares of 0.01 pence in the Company, being the first close of the placing shares, were issued. Issue of these first close placing shares raised gross proceeds of £2.10m. Following issue of those shares, the Company had a total of 94,749,023 ordinary shares in issue.

On 11 March Cambria announced the second close of the above placing. 4,406,139 new ordinary shares of 0.01 pence in the Company were issued. Issue of the second close placing shares raised gross proceeds of £0.33m. Following issue of the second close placing shares, the Company has 99,155,162 ordinary shares in issue.

The placing provides working capital to support the Company's expansion strategy for Millchem and Payserv.

On 27 May 2014, Cambria announced it had executed agreements relating to the purchase of 100% of the outstanding share capital of Chemicals & Marketing Company Limited (C&M), a leading Malawi chemicals distributor, for 5,500,000 ordinary shares in Cambria. The acquisition accelerates Millchem's regional expansion with an immediate leading position in Malawi. The acquisition is subject to certain conditions precedent that have to be met before the acquisition of C&M can be completed, including the passing of a resolution to issue further shares and the Company can therefore not be certain the transaction will complete.

Corporate Information

Directors and Officers

Ian Perkins	*Chairman & Non-Executive Director*
Paul Turner	*Deputy Chairman & Non-Executive Director*
Edzo Wisman	*Chief Executive Officer & Director*
Fred Jones	*Non-Executive Director*
Itai Mazaiwana	*Non-Executive Director*

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