HOLDINGS Ltd

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2014

	2014 US$	2013 US$
Revenue	3,081,617	3,765,503
Cost of sales	(2,723,443)	(3,519,593)
Gross profit	358,174	245,910
Other income	531,550	59,904
Operating expenses	(2,510,796)	(3,685,442)
Loss from operations	(1,621,072)	(3,379,628)
Net financing cost	(253,863)	(202,399)
Loss before tax	(1,874,935)	(3,582,027)
Income tax credit	358,071	573,340
Loss for the year	(1,516,864)	(3,008,687)
Other comprehensive income	-	-
Total comprehensive income for the period	**(1,516,864)**	**(3,008,687)**
Number of shares in issue	536,588,624	536,588,624
Basic loss per share (cents)	(0.00283)	(0.00561)
Diluted loss per share (cents)	(0.00279)	(0.00554)
Headline loss per share (cents)	(0.00283)	(0.00561)

ABRIDGED STATEMENT OF FINANCIAL POSITION
as at 31 December 2014

ASSETS

	2014 US$	2013 US$
Non-current assets		
Property, plant and equipment	8,419,146	9,064,980
Current assets		
Inventories	1,402,027	1,320,329
Trade and other receivables	750,795	479,521
Bank and cash	42,449	34,163
Total current assets	2,195,271	1,834,013
Total assets	**10,614,417**	**10,898,993**
EQUITY AND LIABILITIES		
Equity		
Share capital	536,588	536,588
Share options reserve	19,200	19,200
Non distributable reserve	9,464,397	9,464,397
Accumulated loss	(10,274,107)	(8,757,243)
	(253,922)	1,262,942
Non-current liabilities		
Deferred tax	914,900	1,272,971
Long term portion of borrowings	880,759	600,000
	1,795,659	1,872,971
Current liabilities		
Current portion of borrowings	240,000	470,952
Trade and other payables	8,502,598	7,074,788
Bank overdraft	330,082	217,340
Total current liabilities	9,072,680	7,763,080
Total liabilities	10,868,339	9,636,051
Total equity and liabilities	**10,614,417**	**10,898,993**

STATEMENT OF CHANGES IN EQUITY

	Share capital US$	Share options reserve US$	Non distributable reserve US$	Accumulated loss US$	Total US$
Balance at 1 January, 2013	536,588	19,200	9,464,397	(5,748,556)	4,271,629
Total comprehensive loss for the year	-	-	-	(3,008,687)	(3,008,687)
Balance at 31 December, 2013	536,588	19,200	9,464,397	(8,757,243)	1,262,942
Total comprehensive loss for the year	-	-	-	(1,516,864)	(1,516,864)
Balance at 31 December, 2014	**536,588**	**19,200**	**9,464,397**	**(10,274,107)**	**(253,922)**

ABRIDGED STATEMENT OF CASH FLOWS
for the year ended 31 December 2014

	2014 US$	2013 US$
Cash flows from operating activities		
Loss before tax	(1,874,935)	(3,582,027)
Adjustments for:		
Depreciation of property, plant and equipment	653,566	658,475
Interest paid	253,863	202,399
Impairment loss	-	801
Operating cash outflows before working capital changes	(967,506)	(2,720,352)
Working capital changes	1,074,838	(2,142,323)
Cash generated from operations	107,332	(578,029)
Cash flows from investing activities		
Purchase of equipment for maintaining operations	(7,732)	(1,464)
Net cash outflows to investing activities	(7,732)	(1,464)
Cash flows from financing activities		
Interest paid	(253,863)	(202,399)
Increase in borrowings	49,807	548,452
Net cash (outflows)/ inflows from financing activities	(204,056)	346,053
Net decrease in cash and cash equivalents	(104,456)	(233,439)
Cash and cash equivalents at the beginning of the year	(183,177)	50,262
Cash and cash equivalents at the end of the year	(287,633)	(183,177)

AUDITORS' STATEMENT
The financial results for GB Holdings Limited should be read in complete conjunction with the complete set of financial statements for the year ended 31 December 2014 which have been audited by BDO Zimbabwe Chartered Accountants and an unmodified opinion issued thereon. However an emphasis of matter has been included as a result of the going concern uncertainty. The auditors' report on the financial statements is available for inspection at the Company's registered office.

DIRECTORS' RESPONSIBILITY STATEMENT
The Directors are required by the Companies Act (Chapter 24:03) to maintain adequate accounting records and are responsible for the content and integrity of the Company's abridged financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's abridged financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the year then ended in conformity with International Financial Reporting Standards.

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

1. Accounting policies
The principal accounting policies adopted in the preparation of these abridged financial statements have been consistently applied to all the years presented.

2. Basis of presentation
The abridged financial statements are prepared on the historical cost basis.

3. Currency
The abridged financial statements are expressed in United States dollars which is both the functional and presentation currency.

4. Statement of compliance
The abridged financial statements for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretation (collectively IFRS) issued by the International Accounting Standards Board (ISAB).

	2014 US$	2013 US$
5. Inventories		
Raw materials	815,185	709,777
Finished goods	436,170	324,511
Consumables	103,407	138,029
Work in progress	47,265	148,012
	1,402,027	1,320,329
6. Borrowings		
Central African Building Society (CABS)	832,082	893,870
FBC Bank	288,677	177,082
	1,120,759	1,070,952
Less: Short term portion of borrowings	(240,000)	(470,952)
	880,759	600,000

The FBC short term loan facility accrues interest at 22% (2013:20%) per annum and is repayable in equal monthly instalments until 31 October 2017. The loans are secured by land and buildings with a carrying amount of $339,467. The CABS Loan facility accrues interest at 10% per annum and is repayable in monthly instalments until 30 June 2017. The loan is secured by land and buildings with a carrying amount of $2 398 968.

	2014 US$	2013 US$
7. Trade and other receivables		
Trade receivables	989,407	1,280,309
Less: Impairment allowance	(377,424)	(884,945)
Trade receivables-net	611,983	395,364
Other receivables	138,812	84,157
	750,795	479,521
8. Trade and other payables		
Trade	1,010,336	1,044,793
Other payables	7,492,262	6,029,995
	8,502,598	7,074,788

9. Income tax expense / (credit)

	2014 US$	2013 US$
Current tax	-	-
Deferred tax	(358,071)	(573,340)
	(358,071)	(573,340)

10. EARNINGS PER SHARE (EPS)

	2014 US$	2013 US$
Loss for the year and loss used in basic EPS	(1,516,864)	(3,008,687)
Number of shares used in calculating basic EPS	536.588.624	536.588.624
Weighted average number of shares used in diluted EPS	544,988,624	544,988,624

Basic earnings per share
Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the period.

Headline earnings per share
Headline earnings per share are calculated by dividing the headline earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares in issue during the year.

Headline earnings are calculated as follows:

	2014 US$	2013 US$
Loss for the year attributable to ordinary equity holders of the parent	(1,516,864)	(3,008,687)
Impairment of property, plant and equipment	-	(801)
Headline loss	(1,516,864)	(3,009,488)

11. Significant transactions

	2014 US$	2013 US$
11.1 DIMAF funding	-	1,000,000

12. Cyclicality of operations
A significant portion of the Company's revenue is derived from the sale of rubber and chemical products. Due to the nature of the Company's income, there is no defined pattern of cyclicality or seasonality of operations and profitability.

13. Supplementary information

	2014 US$	2013 US$
13.1 Depreciation	653,566	658,475
13.2 Capital commitments		
Approved but not contracted	225 000	50000
Approved and contracted	-	-
	225,000	50,000

14 BUSINESS SEGMENT INFORMATION

	CHEMICALS US$	RUBBER US$	COMPANY US$
2014			
Revenue	2,009,757	1,071,860	3,081,617
Inter-segmental revenue	-	-	-
Revenue from external customers	2,009,757	1,071,860	3,081,617
Depreciation	190,884	462,682	653,566
Segment loss	(522,854)	(1,098,218)	(1,621,072)
Net finance expense			(253,863)
Company loss before tax			(1,874,935)
2013			
Revenue	2,244,616	1,520,887	3,765,503
Inter-segmental revenue	-	-	-
Revenue from external customers	2,244,616	1,520,887	3,765,503
Depreciation	196,111	462,364	658,475
Segment loss	(718,366)	(2,661,262)	(3,379,628)
Net finance expense			(202,399)
Company loss before tax			(3,582,027)
2014			
Additions to non-current assets	6,142	1,590	7,732
Reportable segment assets	4,465,921	6,136,270	10,602,191
Corporate head office assets			12,226
Total company assets			10,614,417
Reportable segment liabilities	2,637,721	5,864,877	8,502,598
Borrowings			1,450,841
Deferred tax liabilities			914,900
Total company liabilities			10,868,339
2013			
Additions to non-current assets	1,464	-	1,464
Reportable segment assets	4,717,914	6,171,532	10,889,446
Corporate head office assets			9,547
Total company assets			10,898,993
Reportable segment liabilities	1,993,715	5,298,413	7,292,128
Borrowings			1,070,952
Deferred tax liabilities			1,272,971
Total company liabilities			9,636,051

CHAIRMAN'S STATEMENT

Introduction
The year ending 31 December 2014 saw persistent liquidity shortages in the economy heralding the onset of negative inflation trends which impacted negatively on aggregate demand. GB Holdings Limited continues to operate its two strategic business units which are Rubber and Chemicals divisions.

The Rubber Division's major customers are the mining sector who faced softening commodity prices which inadvertently reduced demand for the company's products. The Chemicals Division's products are primarily targeted at large industrial institutions in the manufacturing and mining sectors. Cheap imports negatively affected the local manufacturing sector resulting in their reduced ability to absorb products from both Divisions. In response to the market dynamics the company focused on cost reduction and sought new value adding services for the Chemical Division in order to generate additional revenue streams.

The company's hopes were rekindled following the positive policy pronouncements which focused on the promotion of locally manufactured products and linkages of the manufacturing sector with extractive industries.

Financial Highlights
The greater part of the year was negatively affected by longer working capital cycles which persisted owing to a crippling liquidity environment. As a result sales were constrained and restricted to those customers who had capacity to settle within agreed trading terms while suppliers of raw materials demanded cash upfront thus limiting the company's ability to restock and benefit from economies of scale. Competition from imports was unabated until the fourth quarter of the year when the company's rubber products were removed from the Open General Import Licence through government policy interventions supporting local production which came into effect in August 2014.

The Rubber Division's capacity utilisation improved from the average 10 % in the first 10 months of the year to 67 % at year end. However volumes of 928 metric tonnes were recorded against prior year's 990 metric tonnes representing a 6% decline. Total turnover for the Company at USD 3 million was 19 % lower than prior year. Included in other income is USD 508 000 recovered from impaired debtors. Cost reduction initiatives yielded savings of 32 % in operating expenses at USD 2.5 million compared with prior year. As a result the company narrowed its operating loss to USD 1.6 million against the prior year's USD 3.4 million. Finance costs at USD 254 000 were 25 % higher than prior year's due to costs attendant with longer working capital cycles.

Divisional Performance

Rubber Division
Although volumes at 928 metric tonnes were 6 % lower than prior year's volumes, business picked up during the last two months of the year recording 32 % of total volume. Turnover at USD 1 million was 33 % lower than prior year's USD 1,5 million. Gross margins were under pressure from cheaper imports. Nevertheless the division continued to defend its local market position through consistent technical backup services and product quality enhancement. However, the increased activity towards the end of the year showed a need for greater technical cooperation with raw materials suppliers and the Original Plant and Equipment manufacturers. This initiative will be pursued aggressively during the current year.

Chemicals Division
Sales volumes recorded in the year of 830 metric tonnes were 3 % below prior year's 848 metric tonnes due to intense competition. Despite turnover at USD 2 million being 9 % less than prior year's USD 2.2 million, gross profit was 10 % above prior year at USD 1.1 million due to a favourable product mix. In pursuit of its diversification strategy, the division was successfully appointed a channel partner for Kluber International a lubricant manufacturer. This partnership with a world leader in lubricants is expected to transfer technical and marketing skills to Cernol Chemicals which will benefit the business in the long term.

Outlook
The introduction of policy instruments that support specific industries should be commended as it will assist in the recovery of the local manufacturing sector. It is envisaged that the positive trend set at the close of the year will persist in 2015 and result in improved capacity utilisation, plant efficiency and economies of scale which will ultimately yield greater customer benefit through competitive pricing. Additional and economically priced working capital will be sought to support the recovery process.

Directorate
Mr. Tichaona Mabeza was appointed to the Board on 11 December 2014 and the company will benefit from his experience in the corporate world.

Appreciation
The commitment of our employees, management and all our stakeholders has been immeasurable given the volatile operating environment. I thank you my fellow Directors for your resilience and counsel as you guide the company in a challenging environment.

By Order of The Board

G. G. NHEMACHENA

Dividend
At their meeting held on 26 March 2015, the Board considered that in view of the company's financial performance in the year, the need to address further the working capital challenges required to successfully turnaround the business, it was deemed prudent not to declare a dividend.

By Order Of The Board

P. MUNYANYI
SECRETARY

DIRECTORS: G.G. Nhemachena (Chairman), S.P. Bango (Deputy Chairperson), W. Tsuroh * (Managing Director), C.E. Dhlembeu, O. M Moyo, P.C.C. Moyo, I. Murefu, Ald. A. M. Sibanda, T. Mabeza P. Munyanyi * (Finance), R. Mavengere * executive