Ambrian PLC

Interim Results

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AMBRIAN PLC

Interim Results for the six months to 30 June 2016

Ambrian plc ("Ambrian" or the "Company" and, together with its subsidiaries, the "Group") today announces its unaudited consolidated results for the six months ended 30 June 2016.

Highlights

- Final deferred consideration paid for the business combination with Consolidated General Minerals completed
- Impairment charge of US $13.70 million relating to the investment in Mozambique reflecting poor economic conditions and uncertain outlook combined with a sharp depreciation of the local currency
- Loss before tax and impairment charge of US $3.58 million (1H2015: loss of US $8.78 million) reflects a continuous challenging trading environment partly offset by the Group's efforts to de-risk the trading and logistics business
- After 7 months of production, Cimentos da Beira brands are well accepted in the market, a tribute to efforts made to offer a broad spectrum of quality products both to the residential and non-residential sectors
- Total equity at 30 June 2016: US $41.53 million (31 December 2015: US $53.43 million), the decrease attributable to the impairment charge and the loss for 1H2016
- Net asset value attributable to owners of the parent as at 30 June 2016 of US $36.52 million (31 December 2015: US $46.24 million) equivalent to US 15.42 cents per share (31 December 2015: US 19.53 cents)
- Structural deficiencies have been identified in the clinker bay building at Cimentos da Beira and the Group is considering various actions against the contractors involved in the design and construction of the building to cover any remedial costs or consequential losses
- Cimentos da Beira is in advanced negotiations with its term loan lender, the Industrial Development Corporation of South Africa Ltd ("IDC"), to vary certain terms of its loan agreements

Commenting on the results, Martin Abbott, non-executive Chairman, stated:

"We have been pleased with the technical performance of the cement plant in its first 7 months of operation. The plant is producing quality cement products which are proving to be in demand but, similarly to most of the continent's economies, the overall economic climate in Mozambique is challenging and affecting our short term goals. However, we continue to believe in the long term GDP growth in Mozambique and the likely significant increase in per capita cement consumption driven by the current housing deficit and ambitious infrastructure plans.

With regards to our metal activities, there are signs that strategic changes implemented at the end of 2015 are taking effect, most notably in reducing cash utilisation and financing costs of inventories. However we recognise that achieving a base load has been particularly challenging in the current economic environment and will adapt our structures accordingly.

We continuously review our business model with a view to reduce its risk profile and earnings volatility."

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Notes to Editors

Ambrian is active is sourcing and marketing a range of industrials metals, minerals and value added products to end users worldwide. We pursue selective strategic acquisitions and ventures which can demonstrate a compelling industrial, commercial and financial justification and ultimately strengthen Ambrian's supply chain and value added activities. Ambrian's services add the right value at every stage of the supply chain; we plan procurement and logistics to streamline and simplify transportation and deliver on time commodities in the most cost efficient manner from remote locations to wherever they are needed by our customers. Ambrian also capitalizes on opportunities to improve margins and grow shareholder value through diversifying into sourcing and processing. This has enabled it to expand its business into the manufacturing and distribution of branded cement products to professional and individual customers in Mozambique.

Ambrian is quoted on the Alternative Investment Market of the London Stock Exchange under the ticker symbol AMBR. Further information on the Group is available on the Company's website: www.ambrian.com or the website of Cimentos da Beira Lda: www.cdb.co.mz.

Chairman's & Chief Executive's Statement

Gross profit for the Group for the six months ended 30 June 2016 was US $1.80 million on a turnover of US $0.57 billion (1H 2015: negative US $3.37 million on a turnover of US $0.92 billion).

For the period under review EBITDA was a loss of US $0.49 million (1H2015: US $8.74 million loss), primarily a function of corporate overheads. EBITDA is adjusted to exclude the foreign exchange loss attributable to the conversion of the VAT receivable denominated in local currency and created over the construction period of the cement plant in Mozambique.

Group loss before tax and impairment charge for the six months ended 30 June 2016 amounted to US $3.58 million (1H 2015: loss before tax of US $8.78 million). Within this, trading and logistics reported a loss before tax of US $0.95 million for the period (1H 2015: loss before tax of US $5.95 million). The cement business reported a loss before tax and impairment charge of US $2.31 million for the period (1H 2015: loss before tax of US $2.53 million).

Trading & Logistics

Commodity markets saw varying degrees of recovery from 2015 amid fleeting signs of a pickup in apparent consumption in China and forecast global supply shortages. At the beginning of the year, with opportunistic investors betting on China's economic stimulus and industrial reforms and a shortage of construction materials, there was a surge in prices for a number of commodities. As a result, the Company benefited from an arbitrage window between Chinese and offshore premiums. However, from the second quarter of the year onwards, regulatory curbs on credit and a lack of investment appetite from the private sector led to faltering industrial output and slower than anticipated retail sales growth.

Although some metal markets such as for zinc and nickel have benefited from more balanced supply and demand drivers, the copper market which remains a significant part of the Company's business continues to be negatively affected by increasing forecast supply of product from mines and significant Chinese exports of refined metal. At the end of the first half, copper premiums in China were down approximately 50% from the beginning of the year, with little to no trading interest from market participants.

As a result and despite a good start to the year, reduced premiums and volumes (down 20% compared to first half of 2015) in the second quarter lead to a modest loss after overheads and expenses. Against this uncertain economic backdrop, the business has continued to build on the actions implemented at the end of 2015. These have included keeping inventories and stocks to a minimum but more significantly emphasising repeat business with our historical customer base whilst reducing our spot interventions in a volatile market.

Cement

Cimentos da Beira Lda ("CDB"), a subsidiary of the Company, has been provided with a US $13.5 million and a US $5.5 million term loan facilities from the Industrial Development Corporation of South Africa Ltd ("IDC") to assist in the financing of its cement plant in Mozambique. At the reporting date both term loans had been fully drawn down. These loans are repayable in 60 equal monthly instalments from April 2016 onwards. No repayments of the loans had been made by the CDB as at the date of publication of the Group's condensed consolidated interim financial statements as at 30 June 2016. As a result, at the reporting date, CDB was in default under the existing term loan agreements with the IDC.

Negotiations have been ongoing between CDB and the IDC over the past months as to the deferral of the repayment of the term loans. CDB and IDC have agreed to a tentative restructuring of the term loans with the first semi-annual repayments under the term loans starting in January 2018. Repayments will be in equal semi-annual payments and the maturity date of both term loans will be in 2023. The tentative restructuring of the term loans is subject to certain approvals, final documentation and conditions precedent customary for a transaction of this nature. At the date of publication of the Group's condensed consolidated interim financial statements as at 30 June 2016 approvals, final documentation and conditions precedent were still outstanding.

In light of market drivers that have significantly changed for the worst since the Group acquired this business, it is felt prudent that the carrying value of the plant be impaired by US $13.70 million, reducing the carrying value to US $60.94 million. It should be noted that the impairment charge of US $ 13.70 million is significantly less than the US $26.17 million fair value uplift on property, plant and equipment that was recognised at the time of the business combination when the cement plant was acquired in March 2015.

The factors that were relevant in making this decision were:

- i) the sharp erosion of the local currency against the US dollar, approximately 35% since the beginning of the year and approximately 57% when compared to long term estimates made at the time of the acquisition;
- ii) the significant drop in cash margins, a function of lower cement prices denominated in US dollar combined with a cost basis which is largely US dollar denominated;
- iii) the reduction in disposable income over the last twelve months and the punitive credit conditions offered by local commercial banks which are expected to have a negative impact on the residential and commercial construction sector over the mid-term;
- iv) the lack of tangible evidence that the Mozambique government will embark on a program that could stimulate economic growth in the region; and

v) the difficulties for local producers to competitively export or access other national markets due to the lack of efficient infrastructure and transport.

We are satisfied with the technical performance of the cement plant in its first few months of operations and believe that the quality cement produced is proving attractive both to our retail customers and the construction sector. However, we have encountered bearing capacity failures below the clinker stockpile, settlement and lateral movements of the ground, and slope instability around the perimeter of the clinker bay building. The clinker is stockpiled in a large covered bay that has now been severely affected by these ground movements. An expert's assessment has been completed and we are currently evaluating its conclusions. We have also given notice to the contractors, including the Erection Procurement and Construction Management contractor responsible for the design, that their respective responsibilities could be engaged. Based on the expert's and our preliminary findings, remedial costs could be significant and the Company will assess its options to claim such amounts from the contractors if warranted.

Sales volumes for the first half of 2016 were lower than forecasted as a result of increased competitive pressure combined with reduced disposable income and difficult credit conditions affecting the local residential and commercial construction sectors. Infrastructure projects have also been affected by the country's difficulties in securing funding and the drop in direct foreign investment flows.

With respect to bulk sales, which are mostly tailored to the commercial and infrastructure market segments, construction activities over the first few months of the year were subdued but improved significantly during the second quarter. Improving sales are achieved with concrete product manufacturers and increasing amounts of customised cement solutions are now being supplied to customers engaged in the construction of infrastructure projects in the region.

Sales of bagged cement have suffered from aggressive competition as industry participants seek to maintain market share in Central Mozambique. However our brand's acceptance and superior quality is increasingly recognised and efforts are continuing by the sales team to promote the products' advantages to block makers, concrete product manufacturers and construction companies alike, a large section of our customer base. We expect that our sales efforts for bagged cement will prove more assertive as our new commercial director stamps his mark on the organisation and we assist wholesalers and retailers to drive point-of-sale traffic and sales with a comprehensive marketing approach. Finally, we have made good inroads with well-established building material retailers that are showing strong interest to distribute our premium products into Central Mozambique, thus offering their customers an alternative to their traditional product portfolio.

Concrete sales were marginal during the first months of the year primarily attributable to seasonality factors. Thereafter the situation improved somewhat with the resumption of projects in the port area. Unfortunately we are missing out on a number of opportunities which are related to the scarcity of concrete mixer and pump trucks in the area. This will be addressed with the purchase or alternative arrangements to control our own fleet of equipment.

Historically cement prices did not vary much due to the competitive makeup of the industry and the relatively stable Metical over the preceding five years. With our introduction into the market in December 2015 and slower growth in the apparent cement consumption, we noted a severe reduction in industry wide selling prices in the first quarter of 2016 and some aggressive selling tactics to maintain market share. Simultaneously the Metical collapsed against the US dollar. More frequent and successive industry wide price increases have yet to compensate for the sharp drop of the local currency against the US dollar.

Raw material unit costs and usage factors have reduced over the period. As we continue optimizing our process, we expect a further reduction in unit costs. However this has not compensated for the erosion of cement prices in US dollar equivalent. Margins have further been put under pressure by a slower ramp up of production to forecast levels, primarily a function of the weak market fundamentals. We are currently working on solutions to increase sales volumes.

There have been changes in the management of the cement plant in recent months with a number of new appointments. These include the commercial director, the plant manager and the finance and administration director. All of the appointees have experience in the cement sector and we expect that they will contribute positively to our business performance in the near future.

The challenges that the country faces are not unique for an emerging economy. We remain confident of the long-term growth prospects in Central Mozambique and more particularly of the Beira corridor a natural gateway for the hinterland and landlocked countries such as Zambia, Malawi and Zimbabwe.

Board Changes

It was announced at the Annual General Meeting that Robert Adair who had served as Chairman and a member of the board of directors since February 2015, resigned as a non-executive director of the Company. Robert decided that after steering the company through the merger with Consolidated General Minerals and the start-up of the cement plant in Mozambique it was an opportune time to step down. We would like to thank Robert for his valuable contribution to the Company over the last years and in particular during the time running up to the merger and wish him well in the future.

Martin Abbott has agreed to become the interim Chairman whilst a Nominations Committee comprised of non-executive directors seeks a candidate for the position of Chairman on a permanent basis.

Current Trading and Future Prospects

Trading and Logistics

During the last few months we have introduced some significant changes in the way we conduct our business. The Company is more focused on matched business flows with its existing supplier and client base, whilst reducing arbitrage activities and inventories.

Cement

We expect unit costs to further reduce over the remainder of the year as a result of a decrease in input unit costs, feed optimisation and a ramp up in volumes. An area of focus will be packing costs and the proportion of returned pallets. The Central Mozambique market is not mature enough and pallets are not an option at this stage. We are therefore considering a direct truck loading section in the packing plant.

Finally we are actively exploring the purchase or lease of a fleet of trucks or similar arrangements to improve our cement distribution capabilities and refine our pricing strategy. More importantly part of the fleet will secure our transport and pumping capacity for our concrete products.

Strategy

We constantly review our strategic targets and the necessity to preserve and free up capital to build a portfolio of businesses with a balanced risk profile and defensive income drivers. This has proven to be difficult in the current environment. We are currently assessing a number of strategies, investments and corporate transactions which we believe could assist the Group in achieving these targets. Finally we seek to adapt our business model so as to reduce earnings' volatility and protect our capital base going forward.

Martin Abbott	Jean-Pierre Conrad
Chairman	Chief Executive

Financial Review

Overview

Gross profit for the Group was US $1.80 million on turnover of US $0.57 billion for the six months ended 30 June 2016 (1H 2015: US $3.37 million gross loss on turnover of US $0.92 billion).

The loss before impairment charge and tax was US $3.58 million, compared with a loss of US $8.78 million for the same period last year, reflecting a loss from cement operations.

In light of market drivers that have significantly changed for the worst since the Group acquired the cement business, it is felt prudent that the carrying value of the plant be impaired by US $13.70 million, reducing the carrying value to US $60.94 million. It should be noted that the impairment charge of US $ 13.70 million is significantly less than the US $26.17 million fair value uplift on property, plant and equipment that was recognised at the time of the business combination when the cement plant was acquired in March 2015.

The factors that were relevant in making this decision were:

i) the sharp erosion of the local currency against the US dollar, approximately 35% since the beginning of the year and 57% when compared to long term estimates made at the time of the acquisition;
ii) the significant drop in margins, a function of lower cement prices denominated in US dollar combined with a cost basis which is largely US dollar denominated;
iii) the reduction in disposable income over the last twelve months and the punitive credit conditions offered by local commercial banks which are expected to have a negative impact on the residential and commercial construction sector over the mid-term;
iv) the lack of any tangible evidence that the Mozambique government will embark on a program that could stimulate economic growth in the region; and
v) the difficulties for local producers to competitively export or access other national markets due to the lack of efficient infrastructure and transport.

Trading and Logistics

This activity reported a loss before tax for the period under review of US $0.95 million (1H 2015: Loss before tax of US $5.95 million), the result of continued challenging market conditions in the first half of 2016 but without the requirement for any provisions as was the case in the first half of 2015.

Turnover of US $562 million (1H 2015: US $921 million) reflects lower commodity prices and volumes traded, approximately 38 per cent lower compared to the same period in 2015. The period has seen average copper prices per tonne drop from US $5,923 in the first half of 2015 to US $4,793 in the first half of 2016.

Cement

Turnover of US $5.44 million for the period under review shows the cement plant coming into production compared to the comparative period in 2015 when cement production had not commenced and turnover related only to concrete with turnover of US $0.13 million for that period.

The business reported a loss before tax of US $16.01 million which included an impairment charge of US $13.70 million (1H 2015: Loss before tax of US $2.53 million with no impairment charge). The impairment charge, depreciation of the plant and interest payable on the long term loan finance on the plant contributed significantly to these losses. In fact EBITDA for the period was a profit of US $ 0.95 million (1H 2015: Loss US $2.53 million) excluding the foreign exchange effect on the VAT receivable created at the time the plant was under construction.

Expenses

Group administrative expenses excluding foreign exchange gains/(losses) were US $3.20 million for the six months to 30 June 2016

(1H 2015: US $2.94 million), of which US $0.39 million (1H 2015: US $0.85 million) was represented by Group corporate overheads. Higher administrative expenses are a result of the commencement of commercial operations at the cement plant. Total headcount at 30 June 2016 was 124, an increase since 31 December 2015 of 62, due to the commencement of commercial operations at the cement plant.

Balance Sheet

Total assets were US $282 million at 30 June 2016 compared with US $419 million at 31 December 2015. The majority of the decrease is due to impairment charge on the cement plant and the reduction in working capital assets in the trading business.

The Group's cash resources totalled US $3.96 million at 30 June 2016 compared with US $9.82 million at 31 December 2015. The Group's cash resources can fluctuate significantly on a daily basis due to haircuts and margin calls in the trading business.

As already reported in the Chairman's and Chief Executive's Statement, there are ongoing negotiations between CDB and the IDC regarding deferral of the repayment of the term loans. Although the negotiations have progressed well, at the date of publication of the Group's condensed consolidated interim financial statements as at 30 June 2016, approvals, final documentation and conditions precedent were still outstanding. The Group is therefore required to categorise all liabilities with the IDC as Current Liabilities, which would normally be reported as Non-Current Liabilities.

These conditions indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern. The Directors are confident that the revised terms regarding the deferral of the loan repayments to January 2018 will be formally approved by the IDC without undue delay.

Total equity before non-controlling interests was US $36.52 million at 30 June 2016 compared with US $46.24 million at 31 December 2015. Tangible net asset value per share which is equity attributable to the owners of the parent was US 15.42 cents per share (31 December 2015: US 19.53 cents). Tangible net asset value per share is based on 236,810,651 ordinary shares outstanding at 30 June 2016, excluding treasury shares, non-treasury shares and shares held by the Ambrian Employee Benefit Trust (31 December 2015: 236,810,651 ordinary shares outstanding). The reduction in tangible net asset per share is attributable to the losses incurred by the Group in the six months to 30 June 2016.

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Condensed Consolidated Statement of Comprehensive Income

	(unaudited) Six months to 30 June 2016 **US $000's**	*(unaudited)* Six months to 30 June 2015 **US $000's** *(restated)*	*(audited)* Year to 31 December 2015 **US $000's**
Turnover	567,689	920,691	1,897,528
Cost of Sales	(565,889)	(924,647)	(1,902,214)
Net revenue	**1,800**	**(3,956)**	**(4,686)**
Investment portfolio gains	-	590	676
Gross profit / (loss)	**1,800**	**(3,366)**	**(4,010)**
Administrative expenses	(3,198)	(5,378)	(4,742)
Depreciation and amortisation expense	(1,315)	(38)	(435)
Impairment charge (note 3)	(13,703)	-	-
Operating loss	**(16,416)**	**(8,782)**	**(9,187)**
Finance income	530	-	428
Finance costs	(1,400)	-	(601)
Loss before tax	**(17,286)**	**(8,782)**	**(9,360)**
Taxation	5,384	(23)	2,339
Loss after tax	**(11,902)**	**(8,805)**	**(7,021)**
Other comprehensive (loss)/profit			
Items that may be subsequently reclassified to profit/(loss)			
Exchange profit arising from translation of foreign operations	-	59	59
Total other comprehensive (loss)/profit	-	**59**	**59**
Total comprehensive loss	**(11,902)**	**(8,746)**	**(6,962)**

(Loss)/profit attributable to:			
Owners of parent	(9,723)	(8,526)	(7,324)
Non-controlling interest	(2,179)	(279)	303
	(11,902)	(8,805)	(7,021)
Total comprehensive (loss)/profit attributable to:			
Owners of parent	(9,723)	(8,467)	(7,265)
Non-controlling interest	(2,179)	(279)	303
	(11,902)	(8,746)	(6,962)
Loss per share in USD cents:			
Basic and diluted earnings per share (note 5)	(4.11)	(7.15)	(3.87)

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Condensed Consolidated Statement of Financial Position

	(unaudited) *As at* *30 June 2016* **US $000's**	*(unaudited)* *As at* *30 June 2015* **US $000's** *(restated)*	*(audited)* *As at 31* *December 2015* **US $000's**
ASSETS			
Non-current assets			
Property, plant and equipment	62,064	70,024	76,036
Deferred tax asset	3,305	167	2,459
	65,369	**70,191**	**78,495**
Current assets			
Financial assets at fair value through profit or loss	162	3,908	7,495
Inventory	163,404	325,228	262,541
Trade and other receivables	49,132	31,833	60,083
Current tax receivable	44	-	250
Cash and cash equivalents	3,962	11,985	9,823
	216,704	**372,954**	**340,192**
Total assets	**282,073**	**443,145**	**418,687**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	(844)	(20,175)	(21,376)
Deferred tax liability	(3,001)	(8,492)	(7,554)
	(3,845)	**(28,667)**	**(28,930)**
Current liabilities			
Financial liabilities at fair value through profit or loss	(5,340)	-	(2,675)
Short-term borrowings	(161,624)	(251,475)	(225,219)
Short-term liabilities under sale and repurchase agreements	(23,312)	(79,167)	(43,745)
Trade and other payables	(46,427)	(32,769)	(64,691)
	(236,703)	**(363,411)**	**(336,330)**
Total liabilities	**(240,548)**	**(392,078)**	**(365,260)**
Total net assets	**41,525**	**51,067**	**53,427**
Capital and reserves			
Share capital	4,222	4,222	4,222
Share premium	18,044	18,044	18,044
Capital redemption reserve	15,898	15,898	15,898
Merger relief reserve	24,770	24,770	24,770
Shares to be issued	1,477	1,678	1,477
Treasury shares	(1,986)	(1,986)	(1,986)
Other reserves	(4,980)	(5,181)	(4,980)
Retained losses	(16,545)	(8,024)	(6,822)
Employee benefit trust	(10,870)	(11,446)	(10,870)
Share based payment reserve	8,052	8,052	8,052
Exchange reserve	(1,567)	(1,567)	(1,567)
Total equity attributable to the owner of the parent	**36,515**	**44,460**	**46,238**
Non-controlling interest	5,010	6,607	7,189
Total equity	**41,525**	**51,067**	**53,427**

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Condensed Consolidated Statement of Changes in Equity

	Share capital US $000's	Share premium account US $000's	Capital redemption reserve US $000's	Merger relief reserve US $000's	Shares to be issued US $000's	Treasury shares US $000's	Other reserve US $000's	Retained losses US $000's	Share based payments reserve US $000's	Employee benefit trust US $000's	Exchange reserve US $000's	Total equity attributable to the owner of the parent US $000's	Non-controlling interest US $000's	Total equity US $000's
Balance at 31 December 2014	**17,665**	**18,044**	**-**	**-**	**-**	**(1,986)**	**-**	**502**	**8,052**	**(11,446)**	**(1,626)**	**29,205**	**(58)**	**29,147**
Comprehensive income														
Loss for the period *(restated)*	-	-	-	-	-	-	-	(8,526)	-	-	-	(8,526)	(279)	(8,805)
Foreign currency adjustments *(restated)*	-	-	-	-	-	-	-	-	-	-	59	59	-	59
Total comprehensive loss for the period *(restated)*	-	-	-	-	-	-	-	(8,526)	-	-	59	(8,467)	(279)	(8,746)
Arising on issuance of convertible securities	-	-	-	-	-	-	(5,181)	-	-	-	-	(5,181)	-	(5,181)
Arising on acquisition fair value	-	-	-	-	-	-	-	-	-	-	-	-	6,944	6,944
Share issuance costs	-	-	-	(1,296)	-	-	-	-	-	-	-	(1,296)	-	(1,296)
Issuance of Convertible securities	2,455	-	-	26,066	1,678	-	-	-	-	-	-	30,199	-	30,199
Transactions with owners	2,455	-	-	24,770	1,678	-	(5,181)	-	-	-	-	30,199	-	30,199
Balance at 30 June 2015 *(unaudited) (restated)*	**20,120**	**18,044**	**-**	**24,770**	**1,678**	**(1,986)**	**(5,181)**	**(8,024)**	**8,052**	**(11,446)**	**(1,567)**	**44,460**	**6,607**	**51,067**
Comprehensive income														
Profit for the period	-	-	-	-	-	-	-	1,202	-	-	-	1,202	582	1,784
Total comprehensive income for the period	-	-	-	-	-	-	-	1,202	-	-	-	1,202	582	1,784
Redemption of Deferred 9p shares	(15,898)	-	15,898	-	-	-	-	-	-	-	-	-	-	-
Reclassification of convertible securities	-	-	-	-	(201)	-	201	-	-	-	-	-	-	-
Exercise of options	-	-		-	-	-	-	-	-	576	-	576	-	576
Transactions with owners	-	-		-	-	-	-	-	-	576	-	576	-	576
Balance at 31 December 2015	**4,222**	**18,044**	**15,898**	**24,770**	**1,477**	**(1,986)**	**(4,980)**	**(6,822)**	**8,052**	**(10,870)**	**(1,567)**	**46,238**	**7,189**	**53,427**
Comprehensive income														
Loss for the period	-	-		-	-	-	-	(9,723)	-	-	-	(9,723)	(2,179)	(11,902)
Total comprehensive loss for the period	-	-		-	-	-	-	(9,723)	-	-	-	(9,723)	(2,179)	(11,902)
Balance at 30 June 2016 *(unaudited)*	**4,222**	**18,044**	**15,898**	**24,770**	**1,477**	**(1,986)**	**(4,980)**	**(16,545)**	**8,052**	**(10,870)**	**(1,567)**	**36,515**	**5,010**	**41,525**

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Condensed Consolidated Statement of Cashflows

	(unaudited)	*(unaudited) (restated)*	*(audited)*
	Six months to 30 June 2016	*Six months to 30 June 2015*	*Year to 31 December 2015*
	US $ 000's	*US $ 000's*	*US $ 000's*

Loss for the period	**(11,902)**	**(8,805)**	**(7,021)**
Adjustments for:			
Depreciation of property, plant and equipment	1,315	38	435
Impairment of property, plant and equipment	13,703	-	-
Share-based payment expense	-	-	72
Foreign exchange gains	328	2,406	(825)
Taxation	(5,384)	23	(2,339)
Realised gain on financial assets designated at fair value	-	-	(676)
Decrease in inventories	99,137	4,317	67,004
Decrease in trade and other receivables	9,840	49,143	22,377
Unrealised gains/(losses) on financial liabilities at fair value	2,665	-	(428)
Unrealised gains on financial assets at fair value	7,333	13,911	11,115
(Increase)/decrease in trade and other payables	(17,430)	(19,025)	12,545
Cash generated in operations	99,605	42,008	102,259
Taxation received/(paid)	191	(216)	(362)
Net cash flow generated in operating activities	**99,796**	**41,792**	**101,897**
Investing activities			
Purchase of property, plant and equipment	(1,046)	(3,504)	(8,955)
Acquisition of subsidiary, net of cash acquired	-	424	424
Net cash used in investing activities	**(1,046)**	**(3,080)**	**(8,531)**
Financing activities			
Proceeds from issue of convertible loan notes	-	-	4,121
Proceeds received from the exercise of options in Employee Benefit Trust	-	-	576
(Decrease)/Increase in short term liabilities under sale and repurchase agreements	(20,433)	33,466	(1,956)
Decrease in short term borrowings	(84,192)	(66,046)	(89,846)
Increase/(decrease) in long term borrowings	65	(2,521)	(4,793)
Share issue costs on acquisition	-	(1,296)	(1,296)
Net cash used in financing activities	**(104,560)**	**(36,397)**	**(93,194)**
Net (decrease)/increase in cash and cash equivalents	**(5,810)**	**2,315**	**172**
Cash and cash equivalents at the beginning of the year	9,823	9,661	9,661
Effect of foreign exchange rate differences on cash and cash equivalents	(51)	9	(10)
Cash and cash equivalents at the end of the year	**3,962**	**11,985**	**9,823**

Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of preparation

The condensed interim financial statements are for the six months ended 30 June 2016. The financial information set out in these condensed interim financial statements does not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006. The comparative financial information for the year ended 31 December 2015 in this interim report does not constitute statutory financial statements for that year. The statutory financial statements for 31 December 2015 have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under s.498(2) or s.498(3) of the Companies Act 2006.

The accounts for the period have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*" ("IAS 34") and the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2015, unless otherwise stated, and those envisaged for the financial statements for the year ended 31 December 2016.

These condensed interim financial statements have been reviewed by BDO LLP, but not audited.

The Group's results are not materially affected by seasonal variations.

Cimentos da Beira Lda ("CDB"), a subsidiary of the Company, has been provided with a US $13.5 million and a US $5.5 million term loan facilities from the Industrial Development Corporation of South Africa Ltd ("IDC") to assist in the financing of its cement plant in Mozambique. At the reporting date both term loans had been fully drawn down. These loans are repayable in 60 equal monthly instalments from April 2016 onwards. No repayments of the loans had been made by the CDB as at the date of publication of the Group's condensed consolidated interim financial statements as at 30 June 2016. As a result, at the reporting date, CDB was in default under the existing term loan agreements with the IDC.

Negotiations have been ongoing between CDB and the IDC over the past months as to the deferral of the repayment of the term loans. CDB and IDC have agreed to a tentative restructuring of the term loans with the first semi-annual repayments under the term loans starting in January 2018. Repayments will be in equal semi-annual payments and the maturity date of both term loans will be in 2023. The tentative restructuring of the term loans is subject to certain approvals, final documentation and conditions precedent customary for a transaction of this nature. At the date of publication of the Group's condensed consolidated interim financial statements as at 30 June 2016 approvals, final documentation and conditions precedent were still outstanding. The Group is therefore required to categorise all liabilities with the IDC as Current Liabilities, which would normally be reported as Non-Current Liabilities.

The IDC has also advanced a US $4m junior convertible loan to CDB which is either repayable or convertible into an equity interest in CDB within a six month period following the full amortisation of both term loans.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, the Directors are confident that the revised terms regarding the deferral of the loan repayments to January 2018 will be formally approved by the IDC without undue delay.

The Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements and the condensed consolidated interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The interim financial statements were approved by the Directors on 29 September 2016 and copies are available to the public free of charge from the Company at 62-64 Cornhill, London EC3V 3NH during normal office hours, Saturdays, Sundays and Bank Holidays except, for 14 days from today.

Whilst preparing the condensed consolidated interim financial statements, the directors noted that foreign exchange losses were disclosed as exchange (loss)/profit arising from translation of foreign operations in the six months to 30 June 2015. In hindsight these items should have been taken to the income statement rather than directly to reserves.

The below extract of the condensed consolidated interim financial statements reflect the changes made as a result of this error:

Condensed Consolidated Statement of Comprehensive Income

	(unaudited)	
	Six months to 30 June 2015	
	After correction	*Before correction*
	US $ 000's	*US $ 000's*
Administrative expenses	(5,378)	*(2,946)*
Other comprehensive (loss)/profit		
Exchange profit arising from translation of foreign operations	59	(2,373)
Total comprehensive loss	**8,746**	**8,746**
Loss attributable to:		
Owners of parent	(8,526)	(6,352)
Basic and diluted loss per share	(7.15)	(5.33)

Condensed Consolidated Statement of Financial Position

	(unaudited)	
	Six months to 30 June 2015	
	After correction	*Before correction*
	US $ 000's	*US $ 000's*
Retained losses	*(8,024)*	*(5,850)*
Exchange reserve	*(1,567)*	*(3,741)*
Total equity attributable to the owner of the parent	***44,460***	***44,460***

Opening balances for the period have not been restated as the correction does not affect opening equity.

2. Segmental Analysis

The Group has three reportable segments attributable to its continuing operations including Head office:

- Trading & logistics: comprises Ambrian Metals Limited and its subsidiary companies, a physical metals and minerals merchant.
- Cement operations: comprises Cimentos da Beira, a cement mill located in Beira, Mozambique.
- Head office: principally relates to overheads incurred in operating the public limited company, providing support functions to the operating businesses, and includes the remuneration of the Directors of Ambrian plc.

Total income disclosed below includes investment and other income. Head office includes realised and unrealised gains on financial assets as a result of the investment portfolio.

Six months to 30 June 2016 (unaudited)	Turnover	Cost of Sales	Revenue	Gross profit
	US $000's	US $000's	US $000's	US $000's
Trading & Logistics	562,246	(561,084)	-	1,162
Cement	5,443	(4,805)	-	638
Head office	-	-	-	-
Total	**567,689**	**(565,889)**	-	**1,800**

Six months to 30 June 2015 (unaudited)	Turnover	Cost of Sales	Revenue	Gross (loss)/profit
	US $000's	US $000's	US $000's	US $000's
Trading & Logistics	920,561	(924,528)		(3,966)
Cement	130	(119)	-	11
Head office	-	-	590	590

Total	**920,691**	**(924,647)**	**590**	**(3,366)**

Year to 31 December 2015	Turnover US $000's	Cost of Sales US $000's	Revenue US $000's	Gross (loss)/profit US $000's
Trading & Logistics	1,895,451	(1,900,327)	-	(4,876)
Cement	2,077	(1,887)	-	190
Head office	-	-	676	676
Total	**1,897,528**	**(1,902,214)**	**676**	**(4,010)**

	(unaudited)	*(unaudited) (restated)*	*(audited)*
	Six months to 30 June 2016	*Six months to 30 June 2015*	*Year to 31 December 2015*
Adjusted Earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA")	*US $000's*	*US $000's*	*US $000's*
Trading & Logistics	(905)	(5,907)	(8,824)
Cement	946	(2,535)	1,501
Head office	(533)	(302)	(1,429)
	(492)	**(8,744)**	**(8,752)**

	(unaudited)	*(unaudited) (restated)*	*(audited)*
	Six months to 30 June 2016	*Six months to 30 June 2015*	*Year to 31 December 2015*
Loss before tax	*US $000's*	*US $000's*	*US $000's*
Trading & Logistics	(952)	(5,945)	(8,917)
Cement	(16,011)	(2,535)	669
Head office	(323)	(302)	(1,112)
	(17,286)	**(8,782)**	**(9,360)**

	(unaudited)	*(unaudited) (restated)*	*(audited)*
	Six months to 30 June 2016	*Six months to 30 June 2015*	*Year to 31 December 2015*
Reconciliation of Adjusted EBITDA to Loss before tax	*US $000's*	*US $000's*	*US $000's*
Adjusted EBITDA	(492)	(8,744)	(8,752)
Foreign exchange gains on working capital	(906)	-	-
Depreciation	(1,315)	(38)	(435)
Impairment	(13,703)	-	-
Finance income	530	-	428
Finance costs	(1,400)	-	(601)
Loss before tax	**(17,286)**	**(8,782)**	**(9,360)**

	(unaudited)	*(unaudited)*	*(audited)*
	As at 30 June 2016	*As at 30 June 2015*	*Year to 31 December 2015*
	US $000's	US $000's	US $000's
Total assets			
Metals trading	212,202	376,143	336,194
Cement operations	69,420	66,643	82,170
Head office	451	359	323
	282,073	**443,145**	**418,687**
Total liabilities			
Metals trading	203,118	360,661	322,863
Cement operations	34,382	30,932	38,538
Head office	3,048	485	3,859
	240,548	**392,078**	**365,260**

	(unaudited)	*(unaudited) Six*	*(audited)*

Turnover	*Six months to 30 June 2016* *US $000's*	*months to 30 June 2015* *US $ 000's*	*Year to 31 December 2015* *US $000's*
Eastern Asia	245,633	395,841	1,035,593
Western Asia	176,008	349,813	533,706
South East Asia	38,711	101,262	151,244
Other	107,337	73,645	176,985

Customer Turnover	*(unaudited)* *Six months to 30 June 2016* *US $000's*	*(unaudited)* *Six months to 30 June 2015* *US $000's*	*(audited)* *Year to 31 December 2015* *US $000's*
Customer A	73,273	172,145	302,002
Customer B	69,154	-	12,969
Other	425,262	748,546	1,582,557

Adjusted EBITDA is adjusted to exclude the foreign exchange differences attributable to the VAT receivable created over the construction period of the cement plant in Mozambique.

3. Impairment of Cement plant

During the period, the carrying value of the Cement plant held in Mozambique was reviewed for impairment due to the following:

- The sharp erosion of the local currency against the US dollar, approximately 35% since the beginning of the year and 57% when compared to long term estimates made at the time of the acquisition;
- The significant drop in margins, a function of lower cement prices denominated in US dollar combined with a cost basis largely US dollar denominated;
- The reduction in disposable income over the last twelve months and the punitive credit conditions offered by local commercial banks which are expected to have a negative impact on the residential and commercial construction sector over the mid-term;
- The lack of any tangible evidence that government will embark on any program that could stimulate economic growth in the region; and
- The difficulties for local producers to competitively export or access other national markets due to the lack of efficient infrastructure and transport.

Based on this evaluation, the Directors have determined that the cement plant and related assets with a carrying amount of US $75 million were no longer recoverable and were in fact impaired and wrote them down to their estimated value in use of US $60.0 million with the impairment charge of US $13.7 million being recognised in the Condensed Consolidated Statement of Comprehensive Income.

The recoverable amount for the cement plant has been assessed using a value in use calculation based on expected future cash flows generated by the cement operations segment, discounted to the present value using a discount rate of 15.18% (2015: 15.18%).

4. Cash and cash equivalents

Within cash and cash equivalents there is restricted cash of US $1,383,633 (30 June 2015: US $9,021,131). No cash (30 June 2015: $2,500,000) was held as security for a letter of credit granted for the benefit of the cement operations. The residual is deposits held with banks and brokers in the metals trading business to cover any potential adverse market price movements.

5. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding shares held in the Employee Benefit Trust on 30 June 2016 of 6,259,046 (2015: 6,259,046), Treasury shares of 30 June 2016 of 4,500,058 (2015: 4,500,058) and Non-treasury shares on 30 June 2016 of 28,812,192 (30 June 2015: 28,812,192).

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below. Diluted earnings per share has not been calculated as the Group is loss making.

	Six months to 30 June 2016 *US $000's* *(unaudited)*	*Six months to 30 June 2015* *US $000's* *(unaudited)*	*Year to 31 December 2015* *US $000's* *(audited)*
Loss attributable to shareholders	(9,723)	(8,526)	(7,324)
Diluted loss attributable to shareholders	(9,723)	(8,526)	(7,324)

Weighted average number of shares	236,810,651	119,218,898	189,044,366
Dilutive effect of share options	66,675,000	-	66,675,000
Basic earnings per share US $ cents	(4.11)	(7.15)	(3.87)
Diluted earnings per share US $ cents	(4.11)	(7.15)	(3.87)

6. Financial instruments

	(unaudited) *As at 30 June 2016*			*(unaudited)* *As at 30 June 2015*		
	Loans and Receivables at amortised cost	*At fair value through profit or loss*	*Total*	*Loans and Receivables at amortised cost*	*At fair value through profit or loss*	*Total*
	US $000's	*US $000's*	*US $000's*	*US $000's*	*US $000's*	*US $000's*
Financial assets						
Cash and cash equivalents	3,962	-	3,962	11,985	-	11,985
Trade receivables - current	44,790	-	44,790	31,438	-	31,438
Other receivables - current	4,342	-	4,342	395	-	395
Financial assets at fair value through profit or loss - equities	-	162	162	-	191	191
Financial assets at fair value through profit or loss - derivatives	-	-	-	-	3,717	3,717
Total	**53,094**	**162**	**53,256**	**43,818**	**3,908**	**47,726**

	(unaudited) *As at 30 June 2016*			*(unaudited)* *As at 30 June 2015*		
	Trade and other payables at amortised cost	*At fair value through profit or loss*	*Total*	*Trade and other payables at amortised cost*	*At fair value through profit or loss*	*Total*
	US $000's	*US $000's*	*US $000's*	*US $000's*	*US $000's*	*US $000's*
Financial liabilities						
Trade payables	17,958	-	17,958	9,181	-	9,181
Other payables - current	65	-	65	2,855	-	2,855
Short term borrowings	161,624	-	161,624	251,475	-	251,475
Accruals and deferred income	525	27,878	28,403	-	20,733	20,733
Short term liabilities under sale and repurchase agreements	23,312	-	23,312	79,167	-	79,167
Financial liabilities at fair value through profit or loss- derivatives	-	5,340	5,340	-	-	-
Long term borrowings	844	-	844	20,175	-	20,175
Total	**204,328**	**33,218**	**237,546**	**362,853**	**20,733**	**383,586**

Financial assets and financial liabilities are classified in their entirety into only one of three levels.
The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1		*Level 2*		*Level 3*	
As at 30 June	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*
(unaudited)	US $000's	US $000's	US $000's	US $000's	US $000's	US $000's
Financial assets						
Equity investments	-	-		-	162	191
Derivative financial assets	-	3,717	-	-	-	-
Total	-	**3,717**	-	-	**162**	**191**
	US $000's	US $000's	US $000's	US $000's	US $000's	US $000's
Financial liabilities						
Accruals and						

deferred income	27,878	20,733	-	-	-	-
Derivative financial liabilities	5,340	-	-	-	-	-
Total	**33,218**	**20,733**	-	-	-	-

7. Non-controlling interest

The non-controlling interest ("NCI") disclosed in the condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position represents a 20% economic interest in Cimentos da Beira ("CdB"), whose principal asset is in Mozambique. This 20% interest is held by the Industrial Development Corporation of South Africa Limited ("IDC") by means of a convertible loan agreement whereby the IDC has an option to subscribe for 20% of the issued share capital of CdB.

8. Share Capital and Share Premium

	As at 30 June 2016	*As at 30 June 2015*	*As at 31 December 2015*
Authorised	Number	Number	Number
Ordinary shares at 1p each	424,727,841	424,727,841	424,727,841
Deferred shares at 9p	111,361,208	111,361,208	111,361,208

Called up, allotted and fully paid	*Number*	*US $000's*
Ordinary shares at 1p each		
At 1 January 2015	111,361,208	17,665
Subdivision of shares	-	(15,898)
Shares issued arising from business combination of Consolidated General Minerals (Schweiz) AG	165,020,740	2,455
At 31 December 2015 and 30 June 2016 *(unaudited)*	**276,381,948**	**4,222**
Deferred shares at 9p		
At 1 January 2015	-	-
Subdivision of shares	111,361,208	15,898
Redemption of Deferred shares	(111,361,208)	(15,898)
At 31 December 2015 and 30 June 2016 *(unaudited)*	**-**	**-**
Shares to be issued		
Convertible Securities		
At 1 January 2015	-	-
Second Tranche Deferred Convertible Securities	9,707,102	1,678
Less: Portion to be issued to Ambrian Metals Limited	(1,160,454)	(201)
At 31 December 2015 and 30 June 2016 *(unaudited)*	**8,546,648**	**1,477**

9. Related party disclosures

Related party transactions during the period are as follows:

		Transaction amount			***Balance Owed***		
Related party relationship	*Type of transaction*	*Six months to 30 June 2016*	*Six months to 30 June 2015*	*Year to 31 December 2015*	*As at 30 June 2016*	*As at 30 June 2015*	*As at 31 December 2015*
		US $000's	*US $000's*	*US $000's*	*US $000's*	*US $000's*	*US $000's*
Directors	Convertible loan note interest	78	-	32	-	-	32
Key management personnel	Convertible loan note interest	7	-	3	-	-	3
Companies in which directors or their immediate family have a significant / controlling interest	Convertible loan note interest	40	-	17	-	-	17
Director	Convertible loan note	-	-	1,552	1,552	-	1,552
Key management personnel	Convertible loan note	-	-	145	145	-	145
Companies in which directors or their immediate family have a significant / controlling interest	Convertible loan note	-	-	800	800	-	800

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