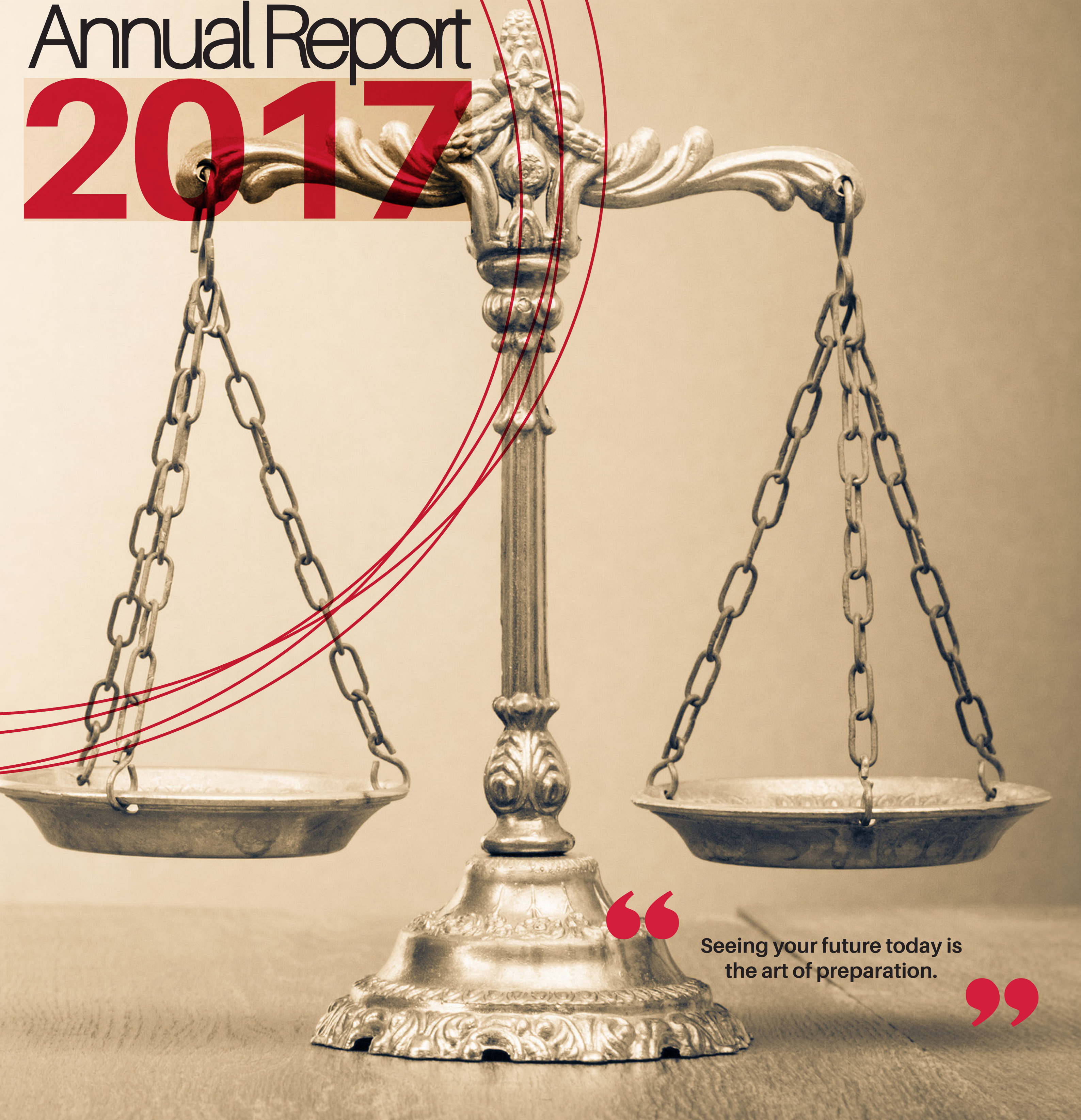
FIDELITY LIFE

ASSURANCE OF ZIMBABWE

Annual Report 2017



"Seeing your future today is the art of preparation."

CONTENT PAGES


SEEING
IS BELIEVING.
We believe in you and the future you see in your mind's eye.That is why we have designed our unique products and services to make sure you realise your dreams and achieve your goals.
Take the first step towards your future today and let us get you there.
SEE YOUR FUTURE TODAY!

A Brief History

1836 Legal and General (Private) Limited is incorporated in the United Kingdom.

1936 Legal and General opens a branch in Bulawayo, in the then Southern Rhodesia.

1977 Legal & General is incorporated in Rhodesia.

1988 A local consortium buys the long term assurance division of Legal and General and it changes its name to Fidelity Life Assurance of Zimbabwe (Private) Limited

1996 Fidelity Life Assurance forms Zimbabwe Actuarial Consultancy (Private) Limited.

1998 Fidelity Life Assurance forms Fidelity Life Asset Management (Private) Limited to spearhead third party fund mobilization for investment management.

2004 Fidelity Life Assurance forms KU Financial Services (Private) Limited – a microfinance company to develop consumer financing business.

2005 Fidelity Life Assurance acquires Fidelity Life Medical Services Company (FLIMESCO) to spearhead the health insurance business.

2006 Fidelity Funeral Assurance is formed to spearhead funeral services provision.

2010 Fidelity Life Assurance attains ISO 9001:2008 certification becoming the first Life Assurance Company with ISO certification.

2014 The Fidelity Life Southview Park project is commissioned.

2015 The Company acquires 81% of Langford Estates (1962) (Private) Limited

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED
Registration No. 419/77

NATURE OF BUSINESS
The Group is engaged in life assurance, funeral assurance and services, asset management, actuarial consultancy, property development and micro-financing services.

DIRECTORS

F. Ruwende	Chairman	
I. Mvere	Non-Executive Director	
R. G. Maramba	Non-Executive Director	
S. Kudenga	Non-Executive Director	
G. Dhombo	Non-Executive Director	**(Appointed 1 September 2017)**
R. Java	Chief Executive Officer	**(Appointed 1 October 2017)**
F. Dzanya	Non-Executive Director	**(Appointed 1 September 2017)**
P. Zvandasara	Chief Finance Officer	**(Appointed 1 October 2017)**

REGISTERED OFFICE
Fidelity House
66 Julius Nyerere Way
HARARE

AUDITOR
Ernst & Young
Chartered Accountants (Zimbabwe)
Cnr Julius Nyerere/Kwame Nkrumah Avenue
HARARE

MAIN BANKERS
African Banking Corporation of Zimbabwe Limited
1 Endeavour Crescent, Mt Pleasant
Harare

FBC Bank Limited
Nelson Mandela Branch
Harare

Barclays Bank of Zimbabwe Limited
Kurima House Branch
Harare

COMPANY SECRETARY
S. Nhende
66 Julius Nyerere Way
Harare

TRANSFER SECRETARIES
ZB Transfer Secretaries (Private) Limited
21 Natal Road, Belgravia
Harare

LAWYERS
Dube, Manikai and Hwacha Legal Practitioners
Commercial Law Chambers
6th Floor, Goldbridge, Eastgate Complex
Harare

Mawere and Sibanda Legal Practitioners
10th Floor Chiedza House,
Corner 1st Street/K. Nkrumah Avenue
Harare

Board of Directors

Fungai Ruwende
Chairman

Rueben Java
Chief Executive Officer (CEO)

Ruwadzano Maramba
Non - Executive Director

Stanley Kudenga
Non - Executive Director

Patricia Zvandasara
Chief Finance Officer

Gary Dhombo
Non - Executive Director

Francis Dzanya
Non - Executive Director

Ignatius Mvere
Non - Executive Director

Chairman's statement

It is my pleasure to present to you the audited financial statements of Fidelity Life Assurance of Zimbabwe Limited Group for the year ended 31 December 2017.

Delayed Publishing of Audited Financial Results

Following the appointment of new leadership into the organization, there was a need to conduct a comprehensive and thorough cleanup of the Company's financial position.

I would like to reiterate that the Company is solid, intrinsically profitable and highly motivated to perform better. The new Management team is driving a fundamental transformation in how we work and deliver on the expectations of our key stakeholders. The results of the clean-up exercise will cement our solid foundations and position us for sustainable growth going forward. Shareholders can be assured that the future of the Company is very bright, the fruits of our transformation agenda will become evident during the course of the year.

Operating landscape

The economic and political landscape remained challenging in 2017, on the backdrop of physical cash and foreign currency shortages. The last quarter of 2017 was characterized by a volatile economic environment, with rising inflation, speculative tiered pricing and the stock market breaching previous records following a bull run that extended to the end of the year. Political reforms towards the end of the year seemed to bring some self-correction to these phenomena as the markets slowed down and price increases restrained. Investment promotion initiatives by the new Government administration have kindled some hope of positive economic trends going forward.

Financial performance

The Group's performance for the year ended 31 December 2017 had a combination of wins and losses, which culminated in a 7% increase in the Group's total revenues, which increased to US$55.9m, from US$52.4m reported for 2016. Apart from a challenging operating environment, revenue was also subdued by a Management transition period for the Company that resulted in interruptions to the strategic focus. At US$14.2m, gross insurance premiums came in 7% lower than the US$15.4m in prior year. Sales of stands for the Southview Park project were 4% lower at US$23.4m, against US$24.2m in the prior year. The two lines of revenue combined contributed to 67% of the Group's revenue, compared to 75% in the prior year. These reductions in core income were however cushioned by significant increases in investment income during the year, the most significant being fair value gains of US$4.5m recorded on listed equities, compared to US$0.6m in 2016.

Claims reduced by 41% from US$8.3m to US$4.9m. Property development expenses increased to US$15.9m against US$13.3m in the prior year. Finance costs reduced by 16% to US$1.7m following the partial redemption of the Southview Park bonds during the year.

The Group closed with a loss for the year of US$1.3m against the restated profit for 2016 of US$6.4m. As part of the response to the results of the forensic audit highlighted in my report last year, the loss for the year ended 31 December 2017 reflects various shareholder asset write offs to reflect historical lapses in internal controls both in Zimbabwe and Malawi. There was no prejudice to policyholder funds as the write offs were fully provided against shareholder funds.

Also emanating from the forensic audit are restatements to the financial statements for the year ended 31 December 2016, firstly to reflect appropriate revenue recognition principals in line with International Accounting Standard (IAS) 18 'Revenue', with regard to revenue from sale of residential stands under the Southview Park project. In addition certain restatements recorded arose from Vanguard Life Assurance. The restatements to the 2016 financial statements also corrected a number of errors noted in those numbers, for which background information is included in Note 22 to the financial statements.

Fidelity Life Assurance

The current economic hardships continue to affect the core business of the Group in Zimbabwe. Growth of the anchor Company was hampered by organic shrinkage of the business of its clients through downsizing, restricted uptake of assurance products and under-prioritization of payment of pension contributions and other assurance premiums. This resulted in a 17% decrease in premiums, from US$12.9m in 2016 to US$10.8m in the current year. The sales of residential stands in Southview Park, mentioned earlier in my report, also came from this business unit. The unit continues to earn interest income on the outstanding amounts for stands sold on credit, which income, at US$5.3m for 2017 was 44% higher than that recorded in the prior year.

The flagship Company closed with a 101% reduction in profit for the year, at a loss of US$0.6m, compared to restated profit of US$5.6m in 2016. This reduction was mostly due to the asset write offs and impairments mentioned in the Group commentary.

Vanguard Life Assurance (VLA)

This Malawi based subsidiary recorded an increase in premium arising from growth due to new business. Premium income increased 40% to US$3.5m, from US$2.5m in 2016. Despite this increase in premium income, VLA reported a loss for the year of US$0.6m, compared to a restated profit of USD$ nil in 2016. The loss is attributable predominantly attributable to an increased estimate of insurance contract liabilities.

Non-insurance subsidiaries

These entities remain strategic to the Group's drive to leverage off an integrated financial services business model. The brand repositioning strategies being implemented by the Group should open new markets for these businesses. The micro-finance unit recorded a 29% increase in profit for the year to end the year at US$1.3m for 2017, while the actuarial consulting business and the asset management company posted modest profits.

Strategic re-focus in 2017

For the Group, the 2017 financial year was characterized by corrective measures being taken to refocus and reposition the Group, with the objective of forming a strong anchor for sustainable growth.

Mr. Rueben Java was appointed Chief Executive Officer of the Group late in the year. He brings with him a wealth of business leadership experience that will be invaluable in redirecting the Group towards growth and increased market presence. Ms. Patricia Zvandasara's appointment as Chief Finance Officer also strengthens the executive leadership team as she brings her experience in corporate and financial strategy. Several other placements within the Group at varying levels have been made to increase Management bandwidth and ensure the Group is future fit, with focus on business growth underpinned by corporate governance and internal control best practices. The results of these developments should start materialising in 2018.

Dividend

Due to the need to preserve internal resources to fund the Group's growth strategy, the Board resolved not to declare a dividend.

Outlook

The current Government administration is on an investment promotion drive that could usher in economic growth. However, given the imminent elections, the realization of significant changes in the economic landscape in 2018 remains uncertain. In the interim, the Group remains positive on the opportunities that are ahead and continues to focus on sharpening its distribution model, finding new markets and quality customer engagement. Re-emphasis of the core insurance business, maximising group synergies, responsible cost management and debt restructuring will be key.

The Group has significant potential for growth and with the new Executive and Management team, we are cautiously optimistic about the Group's prospects moving forward.

Corporate governance

During 2017, we welcomed Messrs. Gari Dhombo and Francis Dzanya to the Board as non-executive directors. Following Mr. Rueben Java and Ms. Patricia Zvandasara's appointments during the year as Chief Executive Officer and Chief Finance Officer respectively, they were also welcomed to the Board as Executive Directors. Strategic focus by the new Board should see a repositioning of the Group in the market, enhancing the Group's ability to take full advantage of the positive changes expected in the economic landscape. Dr. G. C. Mataka, Ms. R. Mazula and Mr. H. Mapara retired from the Board during the year.

Appreciation

The continued support of our shareholders and policyholders underpins the success of the Group and is highly appreciated. I commend my fellow directors, management and staff for all the efforts to refocus and reemphasize your brand. Special thanks is also extended to our other stakeholders for their assistance and cooperation.

F. Ruwende
Chairman
04 May 2018

DIRECTORS' RESPONSIBILITY STATEMENT

For the year ended 31 December 2017

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 consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company respectively, as at the end of the financial year and the results of the Group and Company's operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and the Companies Act (Chapter 24:03). The independent auditor is engaged to express an independent opinion on the consolidated and separate financial statements.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The Directors are of the opinion, based on the information and explanations given by Management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have assessed the ability of the Group and Company to continue operating as going concerns and believe that the preparation of the financial statements on a going concern basis is still appropriate.

The independent auditor is responsible for independently auditing and reporting on the Group and Company's financial statements. The consolidated and seperate financial statements and related notes have been audited by the Group's independent auditor and the auditor's report is presented on pages 10 to 14.

These audited consolidated and separate financial statements were prepared by Fidelity Life Assurance of Zimbabwe Limited finance department under the direction and supervision of the Finance Director, Patricia Zvandasara, CA (Z), (PAAB number 3328).

The consolidated and separate financial statements and the related notes set out on pages 16 to 58, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:

Chairman

04 May 2018

Chief Executive Officer

04 May 2018

INDEPENDENT ACTUARIES & CONSULTANTS

Prepared by: INDEPENDENT ACTUARIES & CONSULTANTS and ZIMBABWE ACTUARIAL CONSULTANTS Appreciation of Financial Risk

INSURANCE ACT 1987 (Sections 24 and 30)

INSURANCE REGULATIONS, 1989 (Sections 3 and 8)

CERTIFICATE AS TO SOLVENCY OF A LIFE INSURANCE COMPANY

I hereby certify that, to the best of my knowledge and belief, the value of the assets, including shareholders' funds, in respect of all classes of insurance business carried on at **31 December 2017,** of **FIDELITY LIFE ASSURANCE Limited** does **not** exceed the amount of **$5,000,000** in respect of those classes of insurance business, based on audited financial information and data and estimates supplied by management.

In a letter dated 27 April 2018, IPEC approved a management plan to restore solvency in terms of SI 95, and requested quarterly progress reports in this regard.

The laws and regulations of Zimbabwe have been applied in the calculation of the solvency of **FIDELITY LIFE ASSURANCE Limited**.

My primary regulator is the Actuarial Society of Zimbabwe.

Marcus Pillay	assisted by	Sonwell Mudzengi
FASSA		Actuarial Manager
For and on behalf of Independent Actuaries & Consultants		For and on behalf of Zimbabwe Actuarial Consultants
27 April 2018		

Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way
Kwame Nkrumah Avenue
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Harare

Tel: +263 4 750905 / 750979
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED
Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated and separate financial statements of Fidelity Life Assurance of Zimbabwe Limited (the group) set out on pages 16 to 58 which comprise the consolidated and company statement of financial position as at 31 December 2017, and the consolidated and company statement of profit or loss and other comprehensive income, the consolidated and company statement of changes in equity and the consolidated and company statement of cash flows for the year then ended, and notes to the consolidated and company financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of the group and company as at 31 December 2017, and its consolidated and company financial performance and consolidated and company cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Prior period adjustments
We draw attention to Note 22.1 which details an error that was made in the financial statements for the year ended 31 December 2016 which has been corrected in the current year. The error resulted in the following:
- Understatement of income from sale of stands by $15,190,296,
- Understatement of interest income by $621,838,
- Understatement of cost of sales (cost of development) by $8,813,958,
- Understatement of income tax expense by $1 794 845
- Understatement of land inventory by $16,822,054 (2015: $25,636,012),
- Overstatement of trade and other receivables by $19,800,059 (2015: $28,258,049) ,
- Understatement of deferred income tax asset by $618,808 (2015:$2,454,446)
- Understatement of trade and other payables by $11,709,795 (2015:$19,279,151),
- Overstatement of deferred tax liability by $1,092,987 (2015:$1,051,337)
- Overstatement of retained earnings by $14,371,954 (2015:$19,211,731)

In addition Note 22.1 further details an error that was made in the financial statements for the year ended 31 December 2016 resulting in the following :
Understatement of Gross Claims and benefits by $1,161,700
- Understatement of operating and administration expense by $218,498
- Overstatement of Gross changes in contract liabilities by $153,980
- Understatement of fee and commission expenses and other acquisition costs by $4,160
- Understatement of other operating income by $1,632
- Overstatement of exchange differences arising on translation of foreign operations by $1,158,525
- Understatement of profit for the year by $4,104,720
- Understatement of total comprehensive income by $ 5,263,245
- Overstatement of Insurance Contract Liabilities by $139,163
- Overstatement of foreign currency translation reserve by $638,727
- Understatement of revaluation reserve by $92,341,
- Understatement of Non -controlling interest by $805,045.

This error has also been corrected in the current year. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Prior period adjustments section, we have determined the matters described to be the key audit matters to be communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and company financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matter	How our audit addressed the matter
Issue 1: Valuation of Policy Holder Liabilities	
Policyholder liabilities are management's best estimate of the ultimate cost of claims where the loss event has occurred prior to reporting date, but which has not been reported. Significant uncertainty pertains to the determination of these liabilities and management's best estimate of the ultimate cost of claims is guided by past trends using acceptable actuarial modelling techniques. Management engaged independent actuaries to determine the value of policy holder liabilities as required by the Insurance and Pensions Commission (IPEC). As disclosed in note 2.7 (accounting policies) of the financial statements the major assumptions were as follows per class of business: • For conventional individual life and individual life funeral business, a gross premium valuation method is used thus allowing explicitly for expected future premiums, claims and expenses. • For annuity business, the discounted value of future payments is used as the actuarial liability • An incurred but not reported reserve (IBNR) is set up for group life (and associated benefits) business. The IBNR reserve amounts to 3 months' premiums. • Single premium group credit life business is valued by setting up Unearned Premium Reserve (UPR) for the unexpired risk portion • Deposit administration business is valued at the accrued premiums (after deducting specified charges) plus accumulated bonuses At the reporting date an assessment is made of whether the recognised life insurance liabilities, net of the Present Value of In Force business (PVIF) and Deferred Acquisition Costs (DAC), are adequate by using an existing liability adequacy test. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder guarantees, as well as investment income from assets backing such liabilities are used. A number of valuation methods are applied, including discounted cash flows. The interest rate applied in discounting is management's best estimate of current market interest rates. Based on the above we have determined the matter to be of most significance to our audit in the current year and thus a key audit matter	We performed audit procedures to assess the adequacy of the reserves which included the following: (a) Review of the process and controls used by Management's actuaries in preparation and finalisation of the valuation in order to gain comfort on the results (b) Assessment of appropriateness of management assumptions and methodology applied with reference to relevant legislation, professional guidance and actuarial best practice. (c) Evaluation of whether the amounts recorded are an accurate estimate of the liability by performance of back test recalculations of historical estimates and comparing them with actual. (d) Review and evaluation of whether the model used to develop the estimate is consistent with industry practice. (e) Performing recalculations of data on which estimates were based and inspecting source documents in order to verify data accuracy and completeness. (f) Evaluating whether the values arrived at were within range with those arrived at using alternative models. (g) Inspect the financial statements for adequacy of disclosures in line with requirements of International Financial Reporting Standards. (h) Reviewing events occurring after reporting date for significant matters affecting the accounting estimate

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matter	How our audit addressed the matter
Issue 2: Valuation of Investment Properties	
The Group measures investment properties at fair value at each reporting date which is determined using either valuation techniques (such as the discounted cash flow model) or the market comparison approach. Thus the valuation of investment properties is of a subjective nature due to the required judgements to be made in respect of future cash flows, the timing of those cash flows and the determination of appropriate discount rates. These judgments have a higher estimation uncertainty as a result of there being minimal market data arising from a subdued and depressed property market which is largely due to the prevailing liquidity and other economic constraints in Zimbabwe. Management and directors engaged an external valuation expert to guide them to determine the fair value of its investment property portfolio. As disclosed in note 7 and 32 to the financial statements, the Group uses the rental yield approach to determine the fair value of its developed commercial and industrial properties from which the following key inputs and assumptions are required: • Rental rate per square meter • Annual rental • Annual yield The yield rates used have differing degrees of predictability and can vary depending on economic circumstances which increases the complexity of forecasting. Scrutiny is therefore required on forecast financial and non-financial assumptions focussing on more recent trends and relying less on historical trends. Furthermore, significant increases/decreases in estimated rental value and rent growth per annum in isolation would result in a significantly higher or lower fair value of the properties. On residential and undeveloped properties, the Group adopts the market comparison approach which largely depends on observable prices of comparable properties in the respective geographies. Based on the above we have determined the matter to be of most significance to our audit in the current year and thus a key audit matter.	We included our own valuation specialists in the audit team to assist us in performing our audit procedures in this area which included: • Evaluation of whether the method of measurement used is appropriate and in line with acceptable industry practice and consistent with prior years. • Evaluation of whether disclosures made in the financial statements are in line with requirements of International Financial Reporting Standards (IFRS) • Evaluation of whether data on which the estimate is based is accurate, complete and relevant by performing recalculations and inspecting source documents • Evaluating the reasonableness of the values derived by comparing with similar properties within the market.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matter	How our audit addressed the matter
Issue 3 : Valuation and Existence of Receivables	
The major risk relating to receivables is credit risk which is largely influenced by the current macro-economic environment which is characterised by: low liquidity and business performance constraints. Significant judgement is exercised by Management in assessing the impairment of receivables. Impairment is determined by reference to the repayment capacity of the obligor which is driven by their payment history and financial position, condition and value of collateral offered. Due to the size of the Group's receivables book we identified impairment of receivables as representing a significant risk of material misstatement. Management are responsible for evaluation and assessment of the credit extension processes and whether adequate allowances have been made for uncollectible receivables. This has been identified as a key audit matter as: • There is subjectivity involved in determination of the amounts of advances deemed uncollectible and requiring impairment by Management. • The determination of uncollectible amounts is based on a client by client basis and involves judgment • The matter required significant interactions between the auditor and Management. We refer to note 3.1 and 2.12.3 (accounting policies) and note 9 of the financial statements for disclosures relating to receivables.	Our procedures included the following: • Tested internal controls over the credit granting and monitoring and assessed whether these were in accordance with laid down Group policies and procedures. • Performed testing of existence and recoverability of receivables through confirmation of balances with customers and alternative procedures where confirmations were not available. • Tested the recoverability of the receivables by inspecting customer payment trends during the year and period after year end but before the issuance of the financial statements • Reviewed security for selected receivables and assessed whether it adequately covered the outstanding balance. • Where trade receivable balances are past due and management have not impaired these balances on the basis of customer commitments to payment plans we reviewed post year end movements in balances as well as adherence to payment plans.

Other information
Other information consists the Directors report and Chairman's Statement. The other information does not include the consolidated and company financial statements and our auditors report thereon. The directors are responsible for the other information.

Our opinion on the consolidated and company financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

and the requirements of the Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
The Company is not in compliance with the solvency and liquidity ratios of the provisions of the Insurance and Pensions Commission (IPEC) Insurance (Amendment) Regulations of 2017, promulgated as Statutory Instrument 95 of 2017 section (3A.1). This is as disclosed in note 39 to the financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Practising Certificate Number 335).

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare
04 May 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		GROUP		
	Note	Dec 2017 US$	Restated* Dec 2016 US$	Restated* 1 Jan 2016 US$
ASSETS				
Property and equipment	6	6 557 084	7 241 473	7 659 653
Investment property	7	19 117 149	16 728 216	14 349 389
Intangible assets	4	265 412	329 245	412 952
Inventories	10	35 628 497	41 752 115	50 734 315
Investment in subsidiaries	8	-	-	-
Trade and other receivables	9	36 522 202	30 167 439	18 572 822
Corporate tax asset		30 511	-	-
Deferred tax assets	17.1	966	758 396	2 593 678
Deferred acquisition costs	5	177 089	229 448	295 549
Financial assets at fair value through profit or loss	11.1	12 738 977	5 847 752	5 448 039
Held to maturity financial assets	11.2	830 100	781 954	781 954
Cash and short term deposits	12	7 801 682	6 358 665	4 783 446
Total assets		**119 669 669**	**110 194 703**	**105 631 797**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued share capital	13	1 089 233	1 089 233	1 089 233
Share premium		671 409	671 409	671 409
Treasury shares		(10 037)	(10 037)	(10 037)
Retained earnings		3 647 721	4 655 617	(1 427 304)
Revaluation reserve		1 039 240	1 033 198	814 443
Foreign currency translation reserve		(1 209 617)	(1 201 649)	(1 145 812)
Total ordinary shareholder's equity		**5 227 949**	**6 237 771**	**(8 068)**
Non-controlling interests		4 738 189	5 022 588	4 976 685
Total equity		**9 966 138**	**11 260 359**	**4 968 617**
Liabilities				
Insurance contract liabilities, and investment contract liabilities with discretionary participation features	14.1	59 950 625	48 110 232	43 668 363
Investment contracts without discretionary participation features	14.2	5 076 181	-	-
Non-current borrowings	15.1	13 320 000	13 970 000	26 725 813
Deferred tax liabilities	17.2	532 120	345 554	194 316
Current borrowings	15.2	10 927 160	15 352 758	2 635 673
Non-current finance lease obligations	16	-	-	18 736
Current finance lease obligations	16	-	16 126	15 284
Trade and other payables	18	19 398 096	20 047 122	25 705 282
Corporate tax liability		499 349	1 092 552	1 699 713
Total liabilities		**109 703 531**	**98 934 344**	**100 663 180**
Total equity and liabilities		**119 669 669**	**110 194 703**	**105 631 797**

*** Further information on the restatement is included in Note 22 to the financial statements.**

CHAIRMAN

04 May 2018

CHIEF EXECUTIVE OFFICER

04 May 2018

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	COMPANY Dec 2017 US$	Restated* Dec 2016 US$	Restated* 1 Jan 2016 US$
ASSETS				
Property and equipment	6	5 227 316	5 891 395	6 241 388
Investment property	7	16 917 227	14 723 568	12 717 667
Intangible assets	4	283	9 612	23 181
Inventories	10	13 320 001	19 440 501	28 421 633
Investment in subsidiaries	8	22 164 379	22 097 223	22 315 809
Trade and other receivables	9	30 892 479	24 659 068	11 427 404
Corporate tax asset		30 511	-	-
Deferred tax assets	17.1	-	618 808	2 454 446
Deferred acquisition costs	5	-	-	-
Financial assets at fair value through profit or loss	11.1	11 798 300	5 171 830	4 791 429
Held to maturity financial assets	11.2	830 100	781 954	781 954
Cash and short term deposits	12	2 939 652	3 322 819	2 226 217
Total assets		**104 120 248**	**96 716 778**	**91 401 128**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued share capital	13	1 089 233	1 089 233	1 089 233
Share premium		671 409	671 409	671 409
Treasury shares		(10 037)	(10 037)	(10 037)
Retained earnings		(722 810)	(666 584)	(5 700 605)
Revaluation reserve		841 796	841 796	627 050
Total equity		**1 869 591**	**1 925 817**	**(3 322 950)**
Liabilities				
Insurance contract liabilities, and investment contract liabilities with discretionary participation features	14.1	54 079 072	44 182 834	39 503 773
Investment contracts without discretionary participation features	14.2	5 076 181	-	-
Non-current borrowings	15.1	13 320 000	13 970 000	26 725 813
Deferred tax liabilities	17.2	126 147	126 147	45 071
Current borrowings	15.2	10 927 160	15 352 758	2 635 673
Non-current finance lease obligations	16	-	-	-
Current finance lease obligations	16	-	-	-
Trade and other payables	18	18 722 097	20 476 309	24 435 607
Corporate tax liability		-	682 913	1 378 141
Total liabilities		**102 250 657**	**94 790 961**	**94 724 078**
Total equity and liabilities		**104 120 248**	**96 716 778**	**91 401 128**

*** Further information on the restatement is included in Note 22 to the financial statements.**

CHAIRMAN

04 May 2018

CHIEF EXECUTIVE OFFICER

04 May 2018

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	GROUP		COMPANY	
		2017 US$	Restated* 2016 US$	2017 US$	Restated* 2016 US$
Gross premiums	19	14 244 245	15 385 282	10 752 131	12 886 467
Premiums ceded to reinsurers		(494 334)	(548 177)	(388 804)	(446 028)
Net premiums		**13 749 911**	**14 837 105**	**10 363 327**	**12 440 439**
Fee and commission income	20	1 098 614	907 352	990 222	829 276
Investment income		830 859	366 171	268 545	310 889
Interest income from residential stands receivables		5 324 537	3 697 926	5 324 537	3 697 926
Fair value gains and losses from equities and investment property		7 458 175	3 730 085	6 918 687	3 302 530
Interest from microlending		2 787 012	2 552 928	-	-
Other operating income	21	1 338 005	2 031 234	2 374 173	899 590
Income from sale of residential stands	22	23 359 890	24 245 857	23 359 890	24 245 857
Total revenue		**55 947 003**	**52 368 658**	**49 599 381**	**45 726 507**
Gross benefits and claims paid		(4 929 868)	(8 349 832)	(3 954 222)	(6 835 337)
Claims ceded to reinsurers		826 669	60 304	656 918	21 920
Net benefits and claims		**(4 103 199)**	**(8 289 528)**	**(3 297 304)**	**(6 813 417)**
Gross change in contract liabilities		(15 403 537)	(5 087 278)	(13 382 992)	(4 679 061)
Fee and commission expenses, and other acquisition costs	23	(864 179)	(862 340)	(555 546)	(543 403)
Operating and administration expenses	24	(17 324 246)	(13 354 287)	(13 719 328)	(10 376 241)
Cost of sales of residential stands		(15 882 554)	(13 271 909)	(15 882 554)	(13 271 909)
Finance costs	25	(1 675 697)	(2 001 233)	(1 744 162)	(1 939 184)
Total benefits, claims and other expenses		**(55 253 412)**	**(42 866 575)**	**(48 581 886)**	**(37 623 215)**
Profit before tax		**693 590**	**9 502 083**	**1 017 495**	**8 103 292**
Income tax expense	26	(1 984 434)	(3 071 696)	(1 073 721)	(2 526 789)
(Loss) / Profit for the year		**(1 290 843)**	**6 430 387**	**(56 226)**	**5 576 503**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains /(losses) on property revaluation		12 471	223 039	-	214 746
Tax		(1 871)	(1 261)	-	-
Gains /(losses) on property revaluation, net of tax		10 600	221 778	-	214 746
Items that will or may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		(13 978)	(97 957)	-	-
Other comprehensive (loss) / income for the year, net of tax		**(3 378)**	**123 821**	**-**	**214 746**
Total comprehensive (loss) / income for the year		**(1 294 221)**	**6 554 208**	**(56 226)**	**5 791 249**
(Loss) /Profit for the year attributable to:					
Owners of the parent		(1 007 896)	6 330 085	(56 226)	5 576 503
Non-controlling interests		(282 947)	100 302	-	-
Total (loss) / profit for the year		**(1 290 843)**	**6 430 387**	**(56 226)**	**5 576 503**
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(1 009 822)	6 493 003	(56 226)	5 791 249
Non-controlling interests		(284 399)	61 205	-	-
Total comprehensive (loss) / income for the year		**(1 294 221)**	**6 554 208**	**(56 226)**	**5 791 249**
(Losses) / Earnings per share attributable to the owners of the parent					
Basic earnings per share (cents)	27.1	-0.93	5.87	-0.05	5.17
Diluted earnings per share (cents)	27.2	-0.93	5.87	-0.05	5.17

* **Further information on the restatement is included in Note 22 to the financial statements.**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

GROUP	Share capital US$	Treasury shares US$	Share premium US$	Retained earnings US$	Revaluation reserve US$	Foreign currency translation reserve US$	Attributable to shareholders of parent US$	Non-controlling interest US$	Total equity US$
Balance at 31 December 2015 - previously stated	**1,089,233**	**(10,037)**	**671,409**	**17,784,427**	**814,443**	**(1,124,180)**	**19,225,295**	**4,138,727**	**23 364 022**
Prior period error	-	-	-	(18,395,405)	-	-	(18,395,405)	-	(18 395 405)
Transfer of NCI cumulative catchup	-	-	-	(816,326)	-	(21,632)	(837,958)	837,958	-
Balance at 31 December 2015 - restated*	**1,089,233**	**(10,037)**	**671,409**	**(1,427,304)**	**814,443**	**(1,145,812)**	**(8,068)**	**4,976,685**	**4 968 617**
Profit for the year - restated	-	-	-	6,330,085	-	-	6,330,085	100,302	6 430 387
Other comprehensive income for the year - restated	-	-	-	-	218,755	(55,837)	162,918	(39,097)	123 821
Total comprehensive income for the year - restated	-	-	-	6,330,085	218,755	(55,837)	6,493,003	61,205	6 554 208
Effect of foreign regulatory adjustments	-	-	-	295,318	-	-	295,318	-	295 318
Dividend paid	-	-	-	(542,482)	-	-	(542,482)	(15,302)	(557 784)
Balance at 31 December 2016 - restated	**1,089,233**	**(10,037)**	**671,409**	**4,655,617**	**1,033,198**	**(1,201,649)**	**6,237,771**	**5,022,588**	**11 260 359**
Profit for the year	-	-	-	(1,007,896)	-	-	(1,007,896)	(282,947)	(1 290 843)
Other comprehensive income for the year	-	-	-	-	6,042	(7,968)	(1,926)	(1,452)	(3 378)
Total comprehensive income for the year	-	-	-	(1,007,896)	6,042	(7,968)	(1,009,822)	(284,399)	**(1 294 221)**
Dividend paid	-	-	-	-	-	-	-	-	-
Balance at 31 December 2017*	**1,089,233**	**(10,037)**	**671,409**	**3,647,721**	**1,039,240**	**(1,209,617)**	**5,227,949**	**4,738,189**	**9 966 138**

*** Further information on the restatement is included in Note 22 to the financial statements.**

SEPARATE STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

COMPANY	Share capital US$	Treasury shares US$	Share premium US$	Retained earnings US$	Revaluation reserve US$	Total equity US$
Balance at 31 December 2015 - previously stated	**1 089 233**	**(10 037)**	**671 409**	**13 183 207**	**627 050**	**15 560 862**
Prior period error	-	-	-	(18 883 812)	-	(18 883 812)
Balance at 31 December 2015 - restated*	**1 089 233**	**(10 037)**	**671 409**	**(5 700 605)**	**627 050**	**(3 322 950)**
Profit for the year	-	-	-	5 576 503	-	5 576 503
Other comprehensive income for the year	-	-	-	-	214 746	214 746
Total comprehensive income for the year	-	-	-	5 576 503	214 746	5 791 249
Dividend paid	-	-	-	(542 482)	-	(542 482)
Balance at 31 December 2016 - restated*	**1 089 233**	**(10 037)**	**671 409**	**(666 584)**	**841 796**	**1 925 817**
Profit for the year	-	-	-	(56 226)	-	(56 226)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(56 226)	-	(56 226)
Balance at 31 December 2017	**1 089 233**	**(10 037)**	**671 409**	**(722 810)**	**841 796**	**1 869 591**

The following describes the nature and purpose of each reserve within equity

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Treasury shares	Weighted average cost of own shares held in treasury
Revaluation reserve	Gains/losses arising on the revaluation of property (other than investment property)
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of foreign operations into United States Dollars.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

*** Further information on the restatement is included in Note 22 to the financial statements.**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

For the year ended 31 December 2017

	Note	GROUP 2017 US$	GROUP Restated* 2016 US$	COMPANY 2017 US$	COMPANY Restated* 2016 US$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**693 590**	**9 502 083**	**1 017 495**	**8 103 292**
Adjustments:		**9 924 882**	**3 945 907**	**8 785 779**	**3 998 664**
Fair value gains on financial assets at fair value		(4 536 392)	(595 515)	(4 217 367)	(576 203)
Fair value gains on investment property	7	(2 921 783)	(3 134 570)	(2 701 320)	(2 726 327)
Amortisation of intangible assets	4	75 554	88 272	9 329	13 569
Amortisation of deferred acquisition costs	5	580 211	140 568	-	-
Increase in deferred acquisition costs		(526 384)	(98 026)	-	-
Finance costs		1 675 697	2 001 233	1 744 162	1 939 184
Impairment loss on investment in subsidiary		-	-	-	218 496
Depreciation of property and equipment	6	1 050 622	960 680	881 847	899 691
Increase in life assurance policyholder liabilities		15 403 537	5 087 278	13 382 992	4 679 061
Profit on sale of investment property		(45 320)	(122 637)	(45 320)	(122 637)
Investment income		(830 859)	(366 171)	(268 545)	(310 889)
Loss on sale of property and equipment		-	(15 205)	-	(15 281)
Changes in working capital		**(880 171)**	**(8 270 577)**	**(1 867 123)**	**(8 087 103)**
Decrease in inventories		6 123 618	8 982 200	6 120 500	8 981 132
Increase in trade and other receivables		(6 354 763)	(11 594 617)	(6 233 411)	(13 231 664)
Decrease in trade and other payables		(649 026)	(5 658 160)	(1 754 212)	(3 836 571)
Cash generated from operations		**9 738 301**	**5 177 413**	**7 936 151**	**4 014 853**
Income taxes paid		(1 790 501)	(1 888 211)	(1 168 338)	(1 427 940)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**7 947 800**	**3 289 202**	**6 767 813**	**2 586 913**
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions and replacement to property and equipment	6	(363 273)	(461 033)	(217 768)	(368 168)
Additions and improvements to investment property	7	(3 639)	(2 482 806)	-	(2 456 494)
Additions to intangible assets	4	(11 898)	(13 046)	-	-
Investment income		830 859	366 171	268 545	310 889
Increase in investments in subsidiaries		-	-	(67 156)	-
Additions to financial assets at fair value through profit or loss		(862 177)	-	(845 532)	-
Disposals of financial assets at fair value through profit or loss		321 114	195 802	206 415	195 802
Proceeds from sale of investment property		552 981	3 299 557	552 981	3 299 557
Proceeds from sale of property and equipment		-	48 497	-	48 497
Additions to held to maturity financial assets		(48 146)	-	(48 146)	-
NET CASH GENERATED FROM/(UTILISED IN) INVESTING ACTIVITIES		**415 821**	**953 142**	**(150 661)**	**1 030 083**
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance costs		(1 675 697)	(2 001 233)	(1 744 162)	(1 939 184)
Dividends paid		-	(557 784)	-	(542 482)
Repayments of finance lease obligations		(16 126)	(17 894)	-	-
Repayments of borrowings	15.3	(5 075 598)	(38 728)	(5 075 598)	(38 728)
NET CASH UTILISED IN FINANCING ACTIVITIES		**(6 767 421)**	**(2 615 639)**	**(6 819 760)**	**(2 520 394)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1 596 200**	**1 626 705**	**(202 608)**	**1 096 602**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**6 358 665**	**4 783 446**	**3 322 819**	**2 226 217**
Cash outflow on investment contracts without DPF		(180 559)	-	(180 559)	-
Exchange differences on translation of a foreign operation		27 376	(51 486)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**7 801 682**	**6 358 665**	**2 939 652**	**3 322 819**

*** Further information on the restatement is included in Note 22 to the financial statements.**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

1. GENERAL INFORMATION

1.1. Nature of business

The consolidated financial statements (the "Group financial statements") of Fidelity Life Assurance of Zimbabwe Limited (the "Company") and its subsidiaries (together, the "Group"), and the separate financial statements of Fidelity Life Assurance of Zimbabwe Limited alone (the "Company financial statements"), (together, the "financial statements"), for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 4 May 2018. Fidelity Life Assurance of Zimbabwe is a limited company incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange. It has subsidiaries which are domiciled in Zimbabwe and Malawi. The Group provides life assurance, funeral assurance, asset management, actuarial consultancy and micro – financing services.

1.2. Currency

The Group's presentation currency is the United States dollar ("US$"). All amounts presented are rounded off to the nearest United States dollar.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are based on statutory records that are maintained under the historical cost convention as modified by the revaluation of land and buildings, investment property and financial assets at fair value through profit or loss. The financial statements for the year ended 31 December 2016 have been restated and the details relating to the material restatements are included in note 22 to the financial statements. This also resulted in certain reclassifications to the face of the financial statements and within the notes.

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (Collectively IFRS) issued by the International Accounting Standards Board (IASB).

The preparation of the financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas where significant judgement and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the financial statements.

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group. Refer to note 15.3.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses -Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary differences. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Standards issued but not yet effective

The standards, amendments to standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The listing below is of those standards, amendments to standards and improvements that are reasonably expected to impact the Group's financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group will be adopting this standard from 1 January 2018 using the modified retrospective approach and will not make use of any of the deferral options provided in IFRS 4: Insurance Contract or restate comparatives.

The Group has performed an impact assessment of the classification and measurement as well as impairment principles of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS9.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with IAS 39. In addition, on transition to IFRS 9 entities are required to revoke previous designations of financial assets and financial liabilities measured at fair value through profit or loss where the accounting mismatch no longer exists and are permitted to revoke such designations where accounting mismatches continue to exist.

Impact assessment on Classification

The standard will affect the Group's classification and measurement of financial assets as at 01 January 2018 as set out in the following table.

	IAS 39	IFRS 9
Financial assets	**Classification category**	**Classification category**
Balances with banks & cash	Loans & receivables	Amortised cost
Money market assets	Loans & receivables	Amortised cost
Bonds	Held to maturity	Amortised cost
Loans and advances	Loans & receivables	Amortised cost
Other assets	Loans & receivables	Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Investments in equities	At fair value through profit and loss	FVOCI/FVTPL
Financial liabilities		
Borrowings	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

Impairment
The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts.

The potential areas of significant impact for the Group relate to the financial services operations of the Group.

At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39, and the resulting impairment charge may be more volatile. IFRS 9 may result in an increase in the total level of impairment allowances, since all financial assets will be assessed for at least 12-month ECL and the population of financial assets to which lifetime ECL applies is likely to be larger than the population for which there is objective evidence of impairment in accordance with IAS 39.

All the instruments that are classified as at amortised cost under the classification and measurement will be subject to impairment testing.

Transitional impact
The requirements of IFRS 9 'Financial Instruments' will be adopted from 1 January 2018. The Group will be adopting the modified retrospective approach for the classification, measurement and impairment of financial assets. This method requires the standard to be applied to contracts that are initiated after the effective date and contracts that have remaining obligations as of the effective date. The Group does not intend to restate comparatives. The Group is still assessing the quantitative impact for which estimates are based on accounting policies, assumptions, judgements and estimation techniques that remain subject to change until the Group finalises its financial statements for the year ending 31 December 2018. The Group expects an increase in the loss allowance resulting in a negative impact on equity. In addition, the Group will implement changes in classification of certain financial instruments (as discussed above) and there may be an impact on equity.

IFRS 15 - Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for Construction of Real Estate, IFRIC 18 Transfer of Assets to Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The standard is relevant to the Group and will be adopted for the effective date.

The future application of this IFRS will result in the Group disclosing sufficient information to enable the users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard will have an impact on the non-insurance operations of the Group which includes property development revenue recognition; fees earned by the asset management operations, policyholder administration fees and will have limited impact on the microfinance business. The quantitative impact will be reported in the Group's half year results. The Group will be adopting this standard from 1 January 2018 using the modified retrospective approach and will not restate the comparatives.

IFRS 16 Leases
IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of "low-value" assets (e.g. personal computers) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right -of-use-asset). Effective for annual periods beginning on or after 1 January 2019. In 2018, the Group plans to assess the potential effect of IFRS 16 on its financial statements.

IFRS 17 Insurance Contracts Effective for annual periods beginning on or after 1 January 2021.
IFRS 17 Insurance Contracts (IFRS 17), is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure effective 1 January 2021. IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

Scope
IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Key requirements
The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

The full impact of applying this standard is still being assessed to determine the impact on the Group's financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its financial statements.

IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The amendments are effective for annual periods beginning on or after 1 January 2018.

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The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income (OCI) for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in OCI.

The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures.

The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018.

An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. The Group will adopt the overlay approach when it implements IFRS 9 effective 1 January 2018.]

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Effective for annual periods beginning on or after 1 January 2018. The adoption of the amendment will not have an impact on the current classification of investment property but the Group will consider the amendment in future where applicable.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Effective for annual periods beginning on or after1 January 2018. The adoption of the interpretation will not have an impact on the Group but the Group will consider the amendment when accounting for future foreign currency transactions where applicable.

2.3. Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the company and by other parties;
- Other contractual arrangements and
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest in a subsidiary, without a change in the degree of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if it results in a negative balance on the non-controlling interest account.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

2.4. Non-controlling interests

For business combinations completed prior to 1 January 2010, the Group initially recognised any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. For business combinations completed on or after 1 January 2010 the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree which is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value. The group has not elected to take the option to use fair value in acquisitions completed to date. From 1 January 2010, the total profit or loss and other comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree.

Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of profit or loss and other comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to profit or loss and other comprehensive income on the acquisition date.

2.5. Claims and benefits

Claims and benefits represent the ultimate cost (net of reassurance recoveries) of settling all claims and benefits arising from events that have occurred up to the reporting date. Claims and benefits incurred but not reported are those which arise out of events which have occurred by the reporting date but have not yet been reported.

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Death claims are recognised when reported and a provision is made for deaths that have not been reported. Claims relating to annuities and surrenders are recognised when due and when paid, respectively. Maturity claims are recognised on maturity of the related policies.

2.6. Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses. Gross outward reinsurance premiums are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

2.7. Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are computed by an Independent Actuary as follows:
(i) For conventional individual life and individual life funeral business, a gross premium valuation method is used, thus allowing explicitly for expected future premiums, claims and expenses.
(ii) For annuity business, the discounted value of future payments is used as the actuarial liability.
(iii) An incurred but not reported reserve (IBNR) is set up for group life (and associated benefits) business. The IBNR reserve amounts to 3 months' premiums. No unexpired premium reserve (UPR) is set up as most contributions are paid monthly in arrears.
(iv) Single premium group credit life business is valued by setting up a UPR for the unexpired risk portion.
(v) Deposit administration business is valued at the accrued premiums (after deducting specified charges) plus accumulated bonuses.
(vi) The bonus equalisation fund is held to support the with profits business. The bonus equalisation fund was used to enable a bonus to be declared in the current period.
(vii) A reserve is held for HIV/AIDS claims and has been reduced in the current period, as most of the reserve was held for group business.
(viii) In addition, margins for prudence have been included in individual life business.

Adjustments to the liabilities at each reporting date are recorded in the statement of profit or loss in 'Gross change in contract liabilities'. Profits originated from margins for adverse deviations on run-off contracts are recognised in the statement of profit or loss over the life of the contract, whereas losses are fully recognised in the statement of profit or loss during the first year of runoff. The liability is derecognised when the contract expires, is discharged or cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities, net of related Present Value of In Force business (PVIF) and Deferred Acquisition Costs (DAC), are adequate by using an existing liability adequacy test performed in accordance with Zimbabwe Actuarial Society and South African Standards of Actuarial Practice Practices. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows. To the extent that the test involves discounting of cash flows, the interest rate applied is based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in the statement of profit or loss, initially by impairing PVIF and DAC and, subsequently, by establishing an additional insurance liability for the remaining loss.

Investment contract liabilities

Investment contracts are classified between contracts with and without Discretionary Participating Features (DPF). The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities.

Investment contract liabilities without DPF are recognised when contracts are entered into and premiums are charged. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, the investment contract liabilities are measured at fair value, with fair value adjustments being recognised directly against the investment contract liabilities. Any other additions to the liabilities by contract holders are recorded directly against the liability. Non-unitised contracts are subsequently carried at fair value.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the statement of financial position.

Discretionary Participation Features (DPF)

A DPF gives holders of these contracts the right to receive, as a supplement to guaranteed benefits, significant additional benefits which are based on the performance of the assets held within the DPF portfolio. The amount or timing of the additional benefits is contractually at the discretion of the Group. Under the terms of the contracts, surpluses in the DPF funds can be distributed to policyholders and shareholders on a 90/10 basis. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities including unallocated surpluses at the end of the reporting period are held within insurance and investment contract liabilities with DPF.

2.8. Deferred acquisition costs (DAC)

DAC are made up of commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts that are capitalized and shown as part of prepayments. These costs are amortized over the period in which the related premiums are earned. The carrying amount of the deferred acquisition costs is reviewed at each reporting date for any indication of impairment. Any impairment loss is recognized in profit or loss when the carrying amount exceeds the recoverable amount.

2.9. Property and equipment

Items of property and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

Items of property and equipment other than land and buildings are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Land and buildings are subsequently carried at fair value, based on valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Land is not depreciated. Depreciation is provided on all other items of property and equipment so as to write off their carrying value over their expected useful economic lives. Depreciation is provided at the following rates on a straight line basis:-

• Motor vehicles	5 years
• Equipment and computers	4 years
• Furniture and fittings	5-10 years
• Buildings	50 years

At the date of revaluation, the accumulated depreciation on the revalued buildings is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus is included in the revaluation reserve until the asset is disposed or derecognised and the revaluation surplus balance is transferred to retained earnings.

An asset is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognized.

The Group assesses at each reporting date whether there is an indication that an item property, plant and equipment may be impaired. If such indication exists, the Group makes an estimate of its's recoverable amount. Property, plant and equipment's recoverable amount is the higher of it's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual item of property, plant and equipment, unless it does not generate cash inflows that are largely independent of those from other items of property, plant and equipment or groups of property, plant and equipment.

Where the carrying amount of item of property, plant and equipment exceeds its recoverable amount, the property, plant and equipment is considered impaired and is written down to its recoverable amount 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 of money and the risks specific to the property, plant and equipment.

In determining fair value less costs to sell, an appropriate valuation model is used.

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These calculations are corroborated by valuation multiples, quoted share prices of investments or other available fair value indicators. Impairment losses on continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired property, plant and equipment except for property previously revalued where there valuation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes estimates of recoverable amounts. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of property, plant and equipment is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment been recognized for the property, plant and equipment asset in prior years.

2.10. Investment property

Investment property comprises residential houses, commercial buildings and developed residential stands which are held to earn rentals and for capital appreciation. The Group's investment property is initially recorded at cost and subsequently revalued annually to open market value, with changes in the carrying value recognised in profit or loss.

Transfers are made to Investment property when and only when there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Undeveloped land that is initially recognised as investment property is transferred to inventory or property and equipment if the Group's intention changes from holding such land for capital appreciation to either developing the land for sale as trading stock or to developing owner occupied building on such land.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceed and the carrying value of the assets in the previous full period financial statements.

2.11. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss (operating and administration expenses).

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the Cash Generating Unit (CGU) level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:-

Accounting software	4- 10 years
Mortuary permit	Infinite

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The assets residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

2.12. Inventories

Inventories comprise of land to be developed into residential stands, developed stands, land under development for sale as stands, funeral services consumables such as caskets and other consumables such as fuel. Inventories are initially measured at cost and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of land development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items (such as funeral services consumables).

Net realisable value represents the estimated selling price less all estimated cost of completion to make the necessary sale.

2.13. Financial instruments

2.13.1. Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

2.13.2. Fair value through profit or loss

Financial assets at fair value through profit or loss include investments in equities, financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading.

For investments to be designated as at FVPL, the following criteria must be met:
(i) The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
(ii) The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance is evaluated on a fair value basis.

Changes in fair value are recorded in 'Fair value gains and losses'. Interest is accrued and presented in 'Investment income', using the effective interest rate. Dividend income is recorded in 'Investment income' when the right to the payment has been established.

2.13.3. Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within other operating and administrative expenses in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, other short term highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less, and-for the purpose of the cash flow statement it includes bank overdraft.

2.13.4. Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity

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investments are measured at amortised cost using the EIR less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs. The held to maturity investments are reflected under note 11.2

2.13.5. Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and bank overdrafts. These are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument.

Such liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

2.13.6. Fair value measurement

The Group measures financial instruments and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
(i) In the principal market for the asset or liability
Or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets, liabilities and equity items for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are measured at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For all the significant assets such as properties each year, The Audit, Risk and Compliance Committee approves which external valuer to appoint to be responsible for the external valuations. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.14. Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.15. Impairment of non-financial assets (excluding inventories, property, plant and equipment, investment property and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in profit or loss. An impairment loss recognised for goodwill is not reversed.

2.16. Income tax

2.16.1. Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Corporate tax assets arising from companies within the Group are not offset against liabilities in other entities within the Group. Corporate tax liabilities and assets are disclosed separately in the Statement of Financial Position. Deferred tax assets and deferred tax liabilities are offset is a legally enforceable rights exists to setoff current tax assets against current income tax liabilities and the deferred tax assets relates to the same taxable entity and the same taxation authority.

2.16.2. Value added taxed (VAT)

Revenues, expenses and assets are recognised net of the amount of Value Added Taxes except:
(i) Where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
(ii) Receivables and payables that are stated with the amount of VAT included.

Outstanding net amounts of VAT recoverable from, or payable to, the taxation authority are included as part of receivables or payables in the statement of financial position.

2.16.3. Deferred income tax

Deferred income tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred income tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Deferred income tax assets and liabilities are offset when the Group has a legally enforceable right to offset current income tax assets and liabilities and the deferred income tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group; or
- different Group companies which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

2.17. Foreign currency

Transactions entered into by Group companies in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation. Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in other comprehensive income. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into US$ at rates approximating those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are recognised in other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to profit or loss.

2.18. Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

2.19. Revenue

2.19.1. Premium income

Gross premiums comprise the premiums on contracts entered into during the year. Premiums written include adjustments to premiums written in prior periods. Premium income arising from pensions is recognized when due while that from individual life is recognized when paid.

2.19.2. Fund management and investment contracts fee income

Fees charged for investment management services are recognised as revenue as the services are provided. Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over the anticipated period in which the services will be provided.

2.19.3. Investment income

Investment income is interest receivable on money market financial instruments, dividends from listed and unlisted companies and fair value gains on investment property. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and effective interest rate applicable.

2.19.4. Revenue from sale of stands

Revenue from sale of stands is recognised when a binding contract has been signed between the buyer and the Group, a significant deposit has been received such that it is highly unlikely that the customer would rescind the contract and the Group has allocated the stand to the buyer.

2.20. Borrowing costs

Interest incurred on bank loans used to fund acquisition of additional investment property or development of existing investment property and inventory developments is capitalised as part of the acquired or developed property or developed inventory. Interest on borrowings that were obtained for lending by micro-financing subsidiary and also for operations by the holding Group is recognised in profit or loss as an expense when incurred.

2.21. Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

2.22. Finance lease

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

2.23. Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

2.24. Treasury shares

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve"). Any excess of the consideration paid/received on the purchase/sale of treasury shares over the nominal cost price of the shares purchased/sold is adjusted to the share premium reserve.

2.25. Employee share ownership plan (ESOP)

As the Group is deemed to have control of its ESOP trust, it is treated as a subsidiary and consolidated for the purposes of the consolidated financial statements. The ESOP's assets (other than investments in the Group's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOP's investment in the Group's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares.

2.26. Provisions

The Group has recognised within trade and other payables, provisions for insurance liabilities of uncertain timing or amount. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

2.27. Deferred income from sale of residential stands

The Group accounts for proceeds from sale of residential stands that have not yet been developed as deferred income. Once the residential stands have been developed and allocated to customers, proceeds associated with such stands are transferred from deferred income to income from sale of residential stands as the Group will have discharged its obligations to the customers concerned.

2.28. Reassurance

The Group reassures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The contracts entered into by the Group with reinsurers, under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts. A combination of proportionate and non-proportionate reassurance treaties are acquired to reduce the net exposure to the Group. Underwriters are allowed to buy facultative reassurance in certain specified circumstances.

Onwards reassurance premiums are recognised in profit or loss in the same accounting period as the related premium income. Reassurance claims recoveries are recognised in the same accounting period as the related life assurance policyholder claims are accounted for.

3. CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

3.1. Trade receivables

The Group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The carrying amount of trade receivables is disclosed on Note 9.

3.2. Fair values

The Group obtains valuations performed by external valuers in order to determine the fair value of its investment property, land and buildings. These valuations are based upon assumptions including future rental income, anticipated maintenance costs,

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

future development costs and the appropriate discount rate. Where the market information is available, the valuers also make use of market information from transactions of similar properties.

The fair values of land and buildings and investment property as well as the valuation techniques and assumptions are disclosed on Notes 6 and 7.

3.3. Actuarial valuation for insurance liabilities

At the reporting date, an independent valuation of policyholder liabilities is carried out to establish a proper value of the liabilities and net assets in accordance with the registration and licensing requirements of the Commissioner of Insurance in the respective jurisdictions.

The process of establishing insurance liabilities is both complex and subjective, requiring the use of informed estimates and judgements. The significant assumptions and other factors used in the Group valuation include, but are not limited to:-

- the effects of inflation;
- estimation of underlying exposures;
- changes in the mix of business;
- amendments to contract terms and coverage;
- the impact of major events;
- movements in industry benchmarks;
- the incidence of incurred claims;
- the extent to which all claims have been reported;
- changes in the legal environment;
- damage awards; and
- changes in both internal and external processes which might accelerate or slow down both reporting and settlement of claims.

The carrying amount of life assurance liabilities that have been actuarially valued is disclosed on Note 14.

As part of the valuation the actuary gives advice to the Group on the reserve capital to keep above the regulatory capital in order to keep the Group solvent. The value of policyholder liabilities is then deducted from the value of total assets. Any surplus (i.e. excess of assets over liabilities) is split between the policyholders and shareholders as per the advice of the independent actuary.

3.4. Classification of property

The Group determines whether property is classified as investment property or inventory property.

- Investment property comprises land and buildings (principally offices, commercial warehouses and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

4.INTANGIBLE ASSETS

	Note	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Net carrying amount at the beginning of the year		**329 245**	**412 952**	**9 612**	**23 181**
Gross carrying amount -Cost		676 788	672 223	54 276	54 276
Accumulated amortisation		(347 543)	(259 271)	(44 664)	(31 095)
Additions		11 898	13 046	-	-
Exchange rate movement on foreign operations		(177)	(8 481)	-	-
Amortisation charge for the year		(75 554)	(88 272)	(9 329)	(13 569)
Net carrying amount at the end of the year		**265 412**	**329 245**	**283**	**9 612**
Gross carrying amount -Cost		688 509	676 788	54 276	54 276
Accumulated amortisation		(423 097)	(347 543)	(53 993)	(44 664)

Included in intangible assets is a mortuary license with a cost of US$17,632. The mortuary license has an indefinite useful life. The rest of the intangible assets are computer software.

5.DEFERRED ACQUISITION COSTS

The Group incurs costs to obtain and process new business. Acquisition costs comprise direct costs, such as initial commission, and the indirect costs of obtaining and processing new business.

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Balance at the beginning of the year	**229 448**	**295 549**	-	-
Cost of acquisition of new insurance business written	526 384	98 026	-	-
Amortisation of acquisition costs	(580 211)	(140 568)	-	-
Foreign exchange movements	1 468	(23 559)	-	-
Balance at the end of the year	**177 089**	**229 448**	-	-

6.PROPERTY AND EQUIPMENT

GROUP

	Land and buildings US$	Motor vehicles US$	Equipment and computers US$	Furniture and fittings US$	Total US$
Net carrying amount at 31 December 2015	**5 167 574**	**1 096 844**	**1 218 400**	**176 835**	**7 659 653**
Gross carrying amount - cost/valuation	5 408 883	2 524 447	2 324 643	292 937	10 550 910
Accumulated depreciation	(241 309)	(1 427 603)	(1 106 243)	(116 102)	(2 891 257)
Additions	11 632	369 944	55 164	24 293	461 033
Reclassification to investment property	(90 000)	-	-	-	(90 000)
Exchange rate movement on foreign operations	(6 468)	(8 328)	(1 839)	(1 645)	(18 280)
Disposals	-	(33 216)	(76)	-	(33 292)
Gross carrying amount - cost/valuation	-	(290 089)	(3 503)	-	(293 592)
Accumulated depreciation	-	256 873	3 427	-	260 300
Depreciation charge for the year	(103 463)	(418 092)	(420 971)	(18 154)	(960 680)
Revaluation surplus	223 039	-	-	-	223 039
Gross carrying amount - cost/valuation	223 039	-	-	-	223 039
Accumulated depreciation	-	-	-	-	-
Net carrying amount at 31 December 2016	**5 202 314**	**1 007 152**	**850 678**	**181 329**	**7 241 473**
Gross carrying amount - cost/valuation	5 547 086	2 595 974	2 374 465	315 585	10 833 110
Accumulated depreciation	(344 772)	(1 588 822)	(1 523 787)	(134 256)	(3 591 637)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

6.PROPERTY AND EQUIPMENT (continued)

GROUP (continued)	Land and buildings US$	Motor vehicles US$	Equipment and computers US$	Furniture and fittings US$	Total US$
Net carrying amount at 31 December 2016	**5 202 314**	**1 007 152**	**850 678**	**181 329**	**7 241 473**
Gross carrying amount - cost/valuation	5 547 086	2 595 974	2 374 465	315 585	10 833 110
Accumulated depreciation	(344 772)	(1 588 822)	(1 523 787)	(134 256)	(3 591 637)
Additions	547	130 855	145 533	86 338	363 273
Exchange rate movement on foreign operations	(8 251)	(696)	(275)	(289)	(9 511)
Disposals	-	-	-	-	-
Gross carrying amount - cost/valuation	-	(84 453)	-	-	(84 453)
Accumulated depreciation	-	84 453	-	-	84 453
Depreciation charge for the year	(215 600)	(375 930)	(437 025)	(22 067)	(1 050 622)
Revaluation surplus	12 471	-	-	-	12 471
Gross carrying amount - cost/valuation	12 471	-	-	-	12 471
Accumulated depreciation	-	-	-	-	-
Net carrying amount at 31 December 2017	**4 991 481**	**761 381**	**558 911**	**245 311**	**6 557 084**
Gross carrying amount - cost/valuation	5 551 853	2 641 680	2 519 722	401 634	11 114 889
Accumulated depreciation	(560 372)	(1 880 299)	(1 960 811)	(156 323)	(4 557 805)

Land and buildings are carried at fair value determined on an open market value basis determined by independent professional valuers. The latest fair value was determined as at 31 December 2016, with the exception of land and buildings held in Malawi, which were revalued as at 31 December 2017. Land and buildings with a carrying amount of U$3,885,254 (2016: U$4,100,000) were pledged as collateral in respect of a borrowing facility with African Banking Corporation of Zimbabwe Limited which is disclosed in Note 15.2. The value of land and buildings is categorised as a level 3 recurring fair value measurement, as disclosed in Note 32.

Motor vehicles with a net carrying amount of US$49,219 (2016: US$55,533) were acquired through a finance lease as disclosed in Note 16.

COMPANY	Land and buildings US$	Motor vehicles US$	Equipment and computers US$	Furniture and fittings US$	Total US$
Net carrying amount at 31 December 2015	**4 100 000**	**792 801**	**1 281 443**	**67 144**	**6 241 388**
Gross carrying amount - cost/valuation	4 100 000	1 560 573	2 053 789	81 372	7 795 734
Accumulated depreciation	-	(767 772)	(772 346)	(14 228)	(1 554 346)
Additions	-	327 715	35 925	4 528	368 168
Disposals	-	(33 216)	-	-	(33 216)
Gross carrying amount - cost/valuation	-	(290 089)	-	-	(290 089)
Accumulated depreciation	-	256 873	-	-	256 873
Depreciation charge for the year	(214 746)	(278 456)	(400 637)	(5 852)	(899 691)
Revaluation surplus	214 746	-	-	-	214 746
Gross carrying amount - cost/valuation	214 746	-	-	-	214 746
Accumulated depreciation	-	-	-	-	-
Net carrying amount at 31 December 2016	**4 100 000**	**808 844**	**916 731**	**65 820**	**5 891 395**
Gross carrying amount - cost/valuation	4 314 746	1 598 199	2 089 714	85 900	8 088 559
Accumulated depreciation	(214 746)	(789 355)	(1 172 983)	(20 080)	(2 197 164)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

6. PROPERTY AND EQUIPMENT (continued)

COMPANY (continued)	Land and buildings US$	Motor vehicles US$	Equipment and computers US$	Furniture and fittings US$	Total US$
Net carrying amount at 31 December 2016	**4 100 000**	**808 844**	**916 731**	**65 820**	**5 891 395**
Gross carrying amount - cost/valuation	4 314 746	1 598 199	2 089 714	85 900	8 088 559
Accumulated depreciation	(214 746)	(789 355)	(1 172 983)	(20 080)	(2 197 164)
Additions	-	50 268	96 219	71 281	217 768
Disposals	-	-	-	-	-
Gross carrying amount - cost/valuation	-	(6 953)	-	-	(6 953)
Accumulated depreciation	-	6 953	-	-	6 953
Depreciation charge for the year	(214 746)	(253 159)	(402 721)	(11 221)	(881 847)
Net carrying amount at 31 December 2017	**3 885 254**	**605 953**	**610 229**	**125 880**	**5 227 316**
Gross carrying amount - cost/valuation	4 314 746	1 641 514	2 185 933	157 181	8 299 374
Accumulated depreciation	(429 492)	(1 035 561)	(1 575 704)	(31 301)	(3 072 058)

Land and buildings are carried at fair value determined on an open market value basis determined by independent professional valuers. The latest fair value was determined as at 31 December 2016. Land and buildings with a carrying amount of U$3,885,254 (2016: U$4,100,000) were pledged as collateral in respect of a borrowing facility with African Banking Corporation of Zimbabwe Limited which is disclosed in Note 15.2. The value of land and buildings is categorised as level 3 recurring fair value measurement.

7. INVESTMENT PROPERTY

	Note	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Opening balance		**16 728 216**	**14 349 389**	**14 723 568**	**12 717 667**
Additions		2 897	2 462 163	-	2 456 494
Improvements		742	20 643	-	-
Disposals		(507 661)	(3 176 920)	(507 661)	(3 176 920)
Reclassification from property and equipment		-	90 000	-	-
Exchange rate movement on foreign operations		(28 828)	(151 629)	-	-
Fair value gains		2 921 783	3 134 570	2 701 320	2 726 327
Closing balance		**19 117 149**	**16 728 216**	**16 917 227**	**14 723 568**

Management determined that the investment properties consist of six classes of assets – office and retail buildings, residential houses, developed residential stands, and developed commercial and institutional stands. Investment properties are held for long term rental yields and capital appreciation.

As at 31 December 2017 and 2016, the fair values of the properties are based on valuations performed by Knight Frank, an accredited independent valuer. Knight Frank is a specialist in valuing these types of investment properties and has recent experience in the location and category of the investment properties being valued. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

There were no transfers between Levels 1 or 2 to Level 3 during the year. Investment properties are at Level 3. Refer to Note 32 for relevant fair value hierarchy disclosures.

During the year US$325,883 (2016: US$406,295) was recognised in the consolidated statement of profit or loss and other comprehensive income in relation to rental income from the investment properties. For the Company, rental income arising from investment properties amounted US$230,146 (2016: US$266,428). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to US$44,742 (2016: US$83,746). Direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the year amounted to US$16,206 (2016: US$11,746). These expenses were mostly incurred on properties held by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

8.INVESTMENT IN SUBSIDIARIES

	GROUP Dec 2017 US$	GROUP Restated Dec 2016 US$	COMPANY Dec 2017 US$	COMPANY Restated Dec 2016 US$
Fidelity Life Asset Management Company (Private) Limited	-	-	270 761	270 761
Fidelity Funeral Assurance Company (Private) Limited	-	-	56 237	56 081
Fidelity Life Financial Services (Private) Limited	-	-	3 570 000	3 570 000
Zimbabwe Actuarial Consultants (Private) Limited	-	-	97 687	97 687
Langford Estates 1962 (Private) Limited	-	-	17 576 118	17 576 118
Vanguard Life Assurance Company Limited	-	-	593 576	526 576
	-	-	**22 164 379**	**22 097 223**

Investments in subsidiaries are shown at cost. Further information on the composition of the group is included in Note 35.

9.TRADE AND OTHER RECEIVABLES

	GROUP Dec 2017 US$	GROUP Restated Dec 2016 US$	COMPANY Dec 2017 US$	COMPANY Restated Dec 2016 US$
Trade receivables	38 756 112	27 877 384	32 977 949	22 506 868
Less : provision for impairment of trade receivables	(4 172 666)	(5 292 360)	(3 657 758)	(4 843 485)
Trade receivables - net	**34 583 446**	**22 585 024**	**29 320 191**	**17 663 383**
Receivables from related parties (Note 34.3.1)	624 330	359 821	1 095 418	956 687
Loans to employees	270 869	1 353 865	196 197	1 145 300
Total financial assets other than cash and cash equivalents classified as loans and receivables	**35 478 645**	**24 298 710**	**30 611 806**	**19 765 370**
Prepayments	159 216	4 134 408	136 800	4 105 976
Other receivables	884 341	1 734 321	143 873	787 722
Total trade and other receivables	**36 522 202**	**30 167 439**	**30 892 479**	**24 659 068**
Less non current portion	**(19 577 101)**	**(18 367 274)**	**(19 577 101)**	**(18 297 870)**
Trade receivables	(19 577 101)	(17 868 926)	(19 577 101)	(17 868 926)
Loans to employees	-	(498 348)	-	(428 944)
Current portion	**16 945 101**	**11 800 165**	**11 315 378**	**6 361 198**

Trade receivables comprise mainly of residential stands receivables that are payable over 5 to 10 years and attract interest of 10% per annum. The residential stands receivables are secured by the respective residential stands. Loans to employees are mainly housing loans advanced to employees which are payable over 5 - 10 years, attract interest at 6% per annum and are secured against the properties that were acquired or constructed by the employees. Loans to employees also include amounts recoverable from former employees following various asset write offs amounting to US$2,335,248 as a result of a breakdown in internal controls. However, an impairment allowance has been raised for the full US$2,335,248, though without prejudice to policyholder funds as the allowance was raised against amounts attributable to shareholders.

The carrying value of trade and other receivables classified as loans and receivables approximates their fair value.

As at 31 December 2017, Group trade and other receivables with a value of US$786,790 (2016: US$4,728,089) were past due but not impaired. For the Company such receivables were US$328,694 for 2017 (2016: US$4,306,412). They relate to clients with a good payment history. No impairment allowance has been raised for these receivables. The ageing analysis of these receivables is as follows:-

	GROUP Dec 2017 US$	GROUP Restated Dec 2016 US$	COMPANY Dec 2017 US$	COMPANY Restated Dec 2016 US$
up to 3 months	113 935	1 933 819	-	1 933 819
3 to 6 months	326 305	777 928	99 624	356 251
9 to 12 months	346 550	2 016 342	229 070	2 016 342
	786 790	**4 728 089**	**328 694**	**4 306 412**

As at 31 December 2017, Group trade receivables with a value of US$4,436,395 (2016: US$5,292,360) were past due and impaired. An impairment allowance of US$4,172,666 (2016: US$5,292,630) was recognised relating to these trade receivables. For the Company, past due and impaired trade receivables amounted to US$3,737,017 for 2017 (2016: US$4,843,485). An impairment allowance of US$3,657,758 (2016: US$4,843,485) was recognised relating to these trade receivables for the Company.

The ageing analysis of these receivables is as follows:-

	GROUP Dec 2017 US$	GROUP Restated Dec 2016 US$	COMPANY Dec 2017 US$	COMPANY Restated Dec 2016 US$
up to 3 months	675 029	2 214 699	671 587	1 890 186
3 to 6 months	207 863	611 272	204 292	524 735
9 to 12 months	3 553 503	2 466 389	2 861 138	2 428 564
	4 436 395	**5 292 360**	**3 737 017**	**4 843 485**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

9.TRADE AND OTHER RECEIVABLES (continued)

Loans to employees are shown net of impairment allowances of US$3,807,266 relating to amounts due from former employees that may not be recoverable. The allowance pertains to loans that have been outstanding for more than a year and have been fully provided for.

Prepayments of US$3,835,085 to a contractor for the Southview Park project are currently under dispute. These have been fully provided for and the prepayments disclosed are net of the related impairment allowance.Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The total impairment allowance is made up of the following:

	GROUP		COMPANY	
	2017 US$	Restated 2016 US$	2017 US$	Restated 2016 US$
Impairment allowance on trade receivables	4 172 666	5 292 360	3 657 758	4 843 485
Impairment allowance on loans to employees	3 807 266	773 845	3 807 266	773 845
Impairment allowance on prepayments	3 835 085	-	3 835 085	-
Impairment allowance on related party receivables	133 922	-	622 329	488 406
	11 948 939	**6 066 205**	**11 922 438**	**6 105 736**

Movements on allowance for credit losses are as follows:

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Balance at the beginning of the year	**6 066 205**	**3 011 236**	**6 105 736**	**2 686 193**
Utilised during the year	(1 119 694)	-	(1 185 727)	-
Increase during the year	7 002 428	3 495 464	7 002 429	3 482 063
Receivables written off during the year as uncollectable	-	-	-	-
Recovered during the year	-	(440 495)	-	(62 520)
Balance at the end of the year	**11 948 939**	**6 066 205**	**11 922 438**	**6 105 736**

The movement in allowance for credit losses has been included in the operating and administration expenses line item in the consolidated and separate statements of profit or loss and other comprehensive income.

10.INVENTORIES

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Projects under development	12 555 723	18 192 027	12 555 723	18 192 027
Land inventory	22 300 000	22 302 394	-	-
Residential stands	764 278	1 248 474	764 278	1 248 474
Consumables	8 496	9 220	-	-
	35 628 497	**41 752 115**	**13 320 001**	**19 440 501**

Inventories recognised as an expense during the year ended 31 December 2017 amounted to US$15,882,554 (2016: US$13,271,909). These were included in cost of sales of residential stands in the statement of profit or loss and other comprehensive income.

Land inventory with a value of US$22,300,000 was pledged as security for borrowings of US$13,320,000 with FBC Bank, CBZ Bank, Standard Chartered Bank, IDBZ Bank and Agribank. This is also disclosed on Note 15.1.

Borrowing costs capitalised during the year were US$ 215,334 (2016: US$ 1,793,882). The capitalisation rate used to determine borrowing costs eligible for capitalisation was 10.74 % per annum (2016: 10.74 %).

11.FINANCIAL ASSETS

11.1FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Opening balance	**5 847 752**	**5 448 039**	**5 171 830**	**4 791 429**
Additions	862 177	-	845 532	-
Fair value adjustments - through investment contract liabilities	1 769 986	-	1 769 986	-
Fair value adjustments - through profit or loss	4 536 392	595 515	4 217 367	576 203
Disposals	(277 330)	(195 802)	(206 415)	(195 802)
Closing balance	**12 738 977**	**5 847 752**	**11 798 300**	**5 171 830**

Financial assets at fair value through profit and loss relate to shares held in various listed counters. Refer to note 30 for relevant fair value hierarchy disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

11. FINANCIAL ASSETS (continued)
11.2 HELD TO MATURITY FINANCIAL ASSETS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Opening balance	**781 954**	**781 954**	**781 954**	**781 954**
Additions	48 146	-	48 146	-
Maturities	-	-	-	-
Closing balance	**830 100**	**781 954**	**830 100**	**781 954**

Held to maturity financial assets are bonds that carry prescribed asset status and are carried to maturity due to this status. The bonds accrue interest at 11% per annum. The bonds were redeemable at par on 30 June 2017 but were rolled over for redemption at 31 March 2018. Further disclosure on prescribed assets is provided in Note 38.

12. CASH AND SHORT TERM DEPOSITS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Money market investments	5 393 140	5 386 365	1 468 226	2 875 715
Bank and cash	2 408 542	972 300	1 471 426	447 104
	7 801 682	**6 358 665**	**2 939 652**	**3 322 819**

The credit quality of cash and cash equivalents held is disclosed in Note 30.

13. SHARE CAPITAL

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Authorised share capital				
200,000,000 ordinary shares of US$0.01 each	2 000 000	2 000 000	2 000 000	2 000 000
Issued and fully paid share capital				
108,923,291 ordinary shares of US$0.01 each	1 089 233	1 089 233	1 089 233	1 089 233

14. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

14.1 Insurance contract liabilities and investment contract liabilities with discretionary participation features

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Opening balance	**48 110 232**	**43 668 363**	**44 182 834**	**39 503 773**
Change in life assurance policyholder liabilities for the year	11 840 393	4 441 869	9 896 238	4 679 061
Movement through profit or loss	15 403 537	5 087 278	13 382 992	4 679 061
Effect of foreign regulatory adjustments	-	(295 318)	-	-
Split out of investment contract liabilities without DPF	(3 486 754)	-	(3 486 754)	-
Exchange rate movement on foreign operations	(76 390)	(350 091)	-	-
Closing balance	**59 950 625**	**48 110 232**	**54 079 072**	**44 182 834**

14.2 Investment contracts without discretionary participation features

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Opening balance	-	-	-	-
Split out from insurance contract liabilities	3 486 754	-	3 486 754	-
Investment performance	1 769 986	-	1 769 986	-
Net cash flow	(180 559)	-	(180 559)	-
Gross premium income	500 405	-	500 405	-
Gross benefits and claims paid	(655 251)	-	(655 251)	-
Investment Expenses	(25 713)	-	(25 713)	-
Closing balance	**5 076 181**	-	**5 076 181**	-

Further disclosures on insurance and investment contract liabilities are included in Note 31.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

14. INSURANCE AND INVESTMENT CONTRACT LIABILITIES (continued)

The Group has changed the presentation of the policyholder liability for 2017 on the statement of financial position by splitting the liability into a portion relating to insurance contracts and investment contracts with DPF and a portion relating to investment contracts without DPF. No prior year comparatives have been presented due to an inability to obtain information relating to the split similar to that presented for 2017, although both types of contracts were held by policyholders. This change did not result in a change to the total policyholder liabilities. This does not result in a prior period error requiring an adjustment due to the fact that it's only a change in presentation of the policyholder liabilities.

The change also resulted in premiums received, claims paid and net investment returns on investment contracts without DPF being credited directly to the policyholder liability as opposed to being recognized as income in the consolidated and seperate statements of profit or loss and other comprehensive income. The net of these amounts was previously transferred out of the statements of profit or loss and other comprehensive income as part of the gross change in contract liabilities. As such, the net movement in investment contracts was also removed from the gross change in contract liabilities for 2017. This change has no impact on shareholder profits.

15. BORROWINGS

15.1NON-CURRENT BORROWINGS

	GROUP		COMPANY	
	2017 US$	Restated 2016 US$	2017 US$	Restated 2016 US$
FBC Bank Limited	8 440 000	8 440 000	8 440 000	8 440 000
Infrastructure Development Bank of Zimbabwe	2 600 000	2 600 000	2 600 000	2 600 000
Standard Chartered Bank of Zimbabwe Limited	1 600 000	1 600 000	1 600 000	1 600 000
CBZ Bank Limited	-	650 000	-	650 000
Agribank Limited	680 000	680 000	680 000	680 000
	13 320 000	**13 970 000**	**13 320 000**	**13 970 000**

The Group assumed CFI Holdings Limited's loans, issued by these banks amounting to US$16 million, when it acquired Langford Estates (1962) (Private) Limited through a land-for-debt swap arrangement in 2015. The borrowings accrue interest at 10% per annum, have a tenor of 7 years with a 2-year principal repayment grace period. They are secured through a mortgage bond over land inventory, as disclosed in Note 10.

For the non-current borrowings, their fair values are not materially different to carrying amounts as the interest rate on these borrowings approximates market rates.

15.2 CURRENT BORROWINGS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Redeemable bond	8 213 478	12 696 954	8 213 478	12 696 954
African Banking Corporation of Zimbabwe Limited (BancABC)	2 178 210	2 373 128	2 178 210	2 373 128
CBZ Bank Limited	535 472	-	535 472	-
People's Own Savings Bank (POSB)	-	282 676	-	282 676
	10 927 160	**15 352 758**	**10 927 160**	**15 352 758**

African Banking Corporation of Zimbabwe Limited (BancABC) facility
The bankers' acceptance with BancABC accrues interest at 15% per annum and expires on 31 March 2018. The bankers' acceptance was rolled over on 29 August 2017. The bankers' acceptance is secured by land and buildings with a carrying amount of U$3,885,254 as at 31 December 2017, as disclosed in Note 6.

Redeemable bond
The bond which has a prescribed asset status was issued to fund offsite infrastructure and bulky water pipelines for the Fidelity Life Southview Park residential stands development. The bond accrues interest at 11% per annum and is secured by sinking fund cash flows and a limited guarantee by the Company to the extent of the outstanding bond amount and accrued interest. The bond was redeemable at par on 30 June 2017 i.e. 3 years from the date of issue together with any accrued interest. On 30 June, the Company redeemed US$4,483,476 of the due amount. The remaining balance of US$8,213,478 was rolled over to 31 March 2018. The 2017 coupon payments were made to bondholders on time.

People's Own Savings Bank (POSB) facility
The facility with POSB which accrued interest at 16.5% per annum was fully redeemed on 20 March 2017.

Total borrowing costs capitalised to project development costs during the year amounted to US$215,334 (2016: US$1,793,882).

According to the Articles of Association, the directors are authorised to borrow up to a maximum of US$10,455,897 (2016: US$59,843,146).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

15. BORROWINGS (continued)

15.3 MOVEMENT IN BORROWINGS

Movements in borrowings during the year ended 31 December 2017 were as follows for both the Group and the Company:

	US$
Balance at 1 January 2017	**29 322 758**
Net cash out flow on borrowings	(5 075 598)
Proceeds from borrowings	2 300 000
Repayment of borrowings	(7 375 598)
Balance at 31 December 2017	**24 247 160**
Current borrowings	10 927 160
Non-current borrowings	13 320 000
Borrowings at 31 December 2017	**24 247 160**

16. FINANCE LEASE OBLIGATIONS

The Group leased motor vehicles with a net carrying value of US$49,219 (2016: US$55,533). The transaction was generally classified as a finance lease since the lease periods approximated the estimated useful economic lives of the motor vehicles and the Group has a right to purchase the motor vehicles outright at the end of the minimum lease term by paying a nominal amount.

	Minimum lease payments US$	Interest payments US$	Present value US$
2017			
Not later than one year	-	-	-
Between one year and five years	-	-	-
Later than five years	-	-	-
	-	-	-
Current liabilities			-
Non-current liabilities			-
2016			
Not later than one year	18 664	2 538	16 126
Between one year and five years	-	-	-
Later than five years	-	-	-
	18 664	**2 538**	**16 126**
Current liabilities			**(16 126)**
Non-current liabilities			-

17. DEFERRED INCOME TAX

17.1 DEFERRED TAX ASSET

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Other temporary differences	966	139 588	-	-
Revenue taxed in advance per section 17 of the Income Tax Act (Chapter 23:06)	-	618 808	-	618 808
Total	**966**	**758 396**	-	**618 808**
Reconciliation				
Balance at the beginning of the year	**758 396**	**2 593 678**	**618 808**	**2 454 446**
Movement through profit or loss	(757 430)	(1 835 282)	(618 808)	(1 835 638)
Movement through other comprehensive income	-	-	-	-
Exchange rate movements	-	-	-	-
Balance at the end of the year	**966**	**758 396**	-	**618 808**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

17. DEFERRED INCOME TAX (continued)

17. 2 DEFERRED TAX LIABILITY

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Property and equipment	532 120	345 554	126 147	126 147
Total	**532 120**	**345 554**	**126 147**	**126 147**
Reconciliation				
Balance at the beginning of the year	**345 554**	**194 316**	**126 147**	**45 071**
Movement through profit or loss	199 448	147 896	-	81 076
Movement through other comprehensive income	1 871	1 261	-	-
Exchange rate movements	(14 753)	2 081	-	-
Balance at the end of the year	**532 120**	**345 554**	**126 147**	**126 147**

Life assurance companies are exempt from capital gains tax as per the Capital Gains Tax Act (Chapter 23:01) section 10(d) and as such, no provision for deferred capital gains tax has been made on the fair value adjustments to the Company's investment property, and property and equipment based on the recovery of the carrying amount of the assets through sale.

17.3 DEFERRED INCOME TAX IMPACT ON PROFIT OR LOSS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Decrease in deferred tax asset through profit or loss	757 430	1 835 282	618 808	1 835 638
Increase in deferred tax liability through profit or loss	199 448	147 896	-	81 076
Deferred income tax charge included in income tax expense	**956 878**	**1 983 178**	**618 808**	**1 916 714**

18. TRADE AND OTHER PAYABLES

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Trade payables	4 475 232	4 578 128	3 599 813	4 327 986
Related party payables (Note 34.3.2)	1 670 516	162 419	1 941 008	958 473
Deferred income from sale of residential stands	4 972 690	12 285 480	4 972 690	12 285 480
Statutory liabilities	1 286 184	1 241 227	1 286 184	1 241 227
Other payables	6 993 474	1 779 868	6 922 402	1 663 143
	19 398 096	**20 047 122**	**18 722 097**	**20 476 309**

Trade payables represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually due within 30 days of invoice or statement date.

Other payables maily relate to accrued finance costs, accrued value added tax, accrued staff expenses and accrued audit fees.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. As these are mostly payable within twelve months of provision of the goods or services, the impact of discounting is not expected to be material. Their carrying amounts are considered to be the same as their fair values, due to their short-term nature.

19. GROSS PREMIUMS WRITTEN

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Employee benefits income	3 076 013	1 444 527	1 938 298	1 306 256
Annuity consideration	4 637 582	6 100 996	3 610 562	5 099 220
Recurring premiums	374 096	1 646 914	353 962	1 599 082
New business premiums	684 717	486 139	623 451	364 753
Single premiums	8 772 408	9 678 576	6 526 273	8 369 311
Individual life income	3 770 594	2 600 152	2 524 615	2 400 831
Life premiums	1 699 493	3 068 554	1 699 493	2 078 325
Funeral premiums	1 750	38 000	1 750	38 000
Single premiums	5 471 837	5 706 706	4 225 858	4 517 156
Gross premiums	**14 244 245**	**15 385 282**	**10 752 131**	**12 886 467**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

20. FEES AND COMMISSION INCOME

	GROUP		COMPANY	
	2017 US$	Restated 2016 US$	2017 US$	Restated 2016 US$
Brokerage fees	50 578	45 944	50 578	45 944
Reassurance commission	82 257	81 694	82 257	81 694
Management fees	965 779	779 714	857 387	701 638
	1 098 614	**907 352**	**990 222**	**829 276**

21. OTHER OPERATING INCOME

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Actuarial fees	99 850	216 848	-	-
Management fees	170 540	29 801	33 773	29 801
Dividend income	37 687	38 448	1 753 705	26 249
Other investment income	75 253	605 015	1 950	6 332
Rental and other property income	325 883	406 295	230 135	266 428
Profit on disposal of motor vehicles	-	15 281	-	15 281
Gain on disposal of investment property	45 320	122 637	45 320	122 637
Sundry	583 472	596 909	309 290	432 862
	1 338 005	**2 031 234**	**2 374 173**	**899 590**

Sundry income includes land sale agreement withdrawal charges, charges for funeral services provided to parties not insured by the Group and other miscellaneous income.

22. INCOME FROM SALE OF RESIDENTIAL STANDS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Sale of Southview stands	23 359 890	24 245 857	23 359 890	24 245 857
	23 359 890	**24 245 857**	**23 359 890**	**24 245 857**

22.1 PRIOR PERIOD ERROR

The Group's accounting policy in dealing with the recognition of revenue from the sale of residential stands was inconsistent with the conditions as set out in International Accounting Standard (IAS) 18 'Revenue'. This resulted in premature recognition of revenue during the years 2014 - 2016, as revenue was recognised prior to risks and rewards having passed to the customer. Management has restated the prior year financial statements to reflect the appropriate revenue recognition principals in line with IFRS. The effect of the restatement on those financial statements is summarised below.

In addition, an error was noted in the adjustments effected during consolidation, to align the treatment of withdrawals and transfers of benefits payable under pension fund and annuity contracts in Vanguard Life Assurance Company Limited ('Vanguard') with the group accounting policy. The withdrawals and transfers were adjusted against the exchange differences arising on translation of foreign operations, in other comprehensive income, rather than against the gross benefits and claims paid in profit or loss. The estimate of insurance liabilities for Vanguard Life Assurance Company Limited included in the prior year consolidated financial statements exceeded the final estimate determined through actuarial processes, resulting in an overstatement of the insurance liabilities in the prior year. Management has restated the prior year financial statements to correct these errors. The effect of the restatement on those financial statements is summarised below.

In addition, there were some errors in the elimination of some intercompany transactions in the prior year consolidation. The restatement of the prior year financial statements also includes the correction of these errors.

The effect of the restatements is included in the summary below. There is no effect on the 2017 financial statements.

NON-CONTROLLING INTEREST CUMULATIVE CATCHUP

Prior to 2015, there was an underallocation of total comprehensive income to non-controlling interests, resulting in an understatement of the same. As part of the restatement of the financial position as at 1 January 2016, a transfer was effected from funds attributable to owners of the parent, to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

22.1 PRIOR PERIOD ERROR (continued)

IMPACT OF RESTATEMENTS

The tables below summarise the effects of the correction of the prior period errors identified and the non-controlling interest cumulative catch-up on the affected financial statement line items:

	GROUP			COMPANY		
	As previously stated 2016 US$	Effect of restatement 2016 US$	Restated 2016 US$	As previously stated 2016 US$	Effect of restatement 2016 US$	Restated 2016 US$
Impact on statement of profit or loss and other comprehensive income - year ended 31 December 2016						
Sale of stands - premature revenue recognition						
Interest income from residential stands receivables	3 076 088	621 838	3 697 926	3 076 088	621 838	3 697 926
Income from sale of residential stands	9 055 561	15 190 296	24 245 857	9 055 561	15 190 296	24 245 857
Cost of sales of residential stands	(4 457 951)	(8 813 958)	(13 271 909)	(4 457 951)	(8 813 958)	(13 271 909)
Income tax expense	(1 276 851)	(1 794 845)	(3 071 696)	(732 801)	(1 793 988)	(2 526 789)
Impairment of subsidiary not reversed in consolidation						
Operating and administration expenses	(13 572 885)	218 598	(13 354 287)	(10 376 241)	-	(10 376 241)
Vanguard restatement						
Gross benefits and claims paid	(7 189 132)	(1 160 700)	(8 349 832)	(6 835 337)	-	(6 835 337)
Gross changes in contract liabilities	(4 933 298)	(153 980)	(5 087 278)	(4 679 061)	-	(4 679 061)
Fee and commission expenses, and other acquisition costs	(858 180)	(4 160)	(862 340)	(543 403)	-	(543 403)
Other operating income	2 029 602	1 632	2 031 234	899 590	-	899 590
Exchange differences arising on translation of foreign operations	(1 256 482)	1 158 525	(97 957)	-	-	-
Profit for the year	2 325 666	4 104 721	6 430 387	372 315	5 204 188	5 576 503
Total comprehensive income	1 290 962	5 263 246	6 554 208	587 061	5 204 188	5 791 249
Impact on earnings per share						
Basic earnings per share (cents)	1.64	4.23	5.87	0.33	4.84	5.17
Diluted earnings per share (cents)	1.65	4.22	5.87	0.34	4.83	5.17
Impact on statement of cashflow						
Profit before tax	3 602 517	5 899 566	9 502 083	1 105 116	6 998 176	8 103 292
Non-cash item: Impairment of investment in subsidiary	-	-	-	-	218 496	218 496
Decrease in inventories	168 242	8 813 958	8 982 200	167 174	8 813 958	8 981 132
Increase in trade and other receivables	(3 136 626)	(8 457 991)	(11 594 617)	(4 760 354)	(8 471 310)	(13 231 664)
Increase /(decrease) in trade and other payables	1 911 196	(7 569 356)	(5 658 160)	3 722 749	(7 559 320)	(3 836 571)
Increase in life assurance policyholder liabilities	4 933 298	153 980	5 087 278	4 679 061	-	4 679 061
Exchange differences on translation of a foreign operation	(859 920)	808 434	(51 486)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

22.1 PRIOR PERIOD ERROR (continued)

Impact on statement of financial position	As previously stated 2016 US$	Effect of restatement 2016 US$	Restated 2016 US$	As previously stated 2015 US$	Effect of restatement 2015 US$	Restated 2015 US$
GROUP						
Inventories	24 930 061	16 822 054	41 752 115	25 098 303	25 636 012	50 734 315
Trade and other receivables	49 967 497	(19 800 058)	30 167 439	46 830 871	(28 258 049)	18 572 822
Deferred income tax asset	139 588	618 808	758 396	139 232	2 454 446	2 593 678
Insurance contract liabilities	(48 249 395)	139 163	(48 110 232)	(43 668 363)	-	(43 668 363)
Deferred income tax liability	(1 438 541)	1 092 987	(345 554)	(1 245 653)	1 051 337	(194 316)
Trade and other payables	(8 337 327)	(11 709 795)	(20 047 122)	(6 426 131)	(19 279 151)	(25 705 282)
Corporate tax liability	(1 092 552)	-	(1 092 552)	(1 699 713)	-	(1 699 713)
Foreign currency translation reserve	1 840 376	(638 727)	1 201 649	1 124 180	21 632	1 145 812
Retained earnings	(19 027 571)	14 371 954	(4 655 617)	(17 784 427)	19 211 731	1 427 304
Revaluation reserve	(940 857)	(92 341)	(1 033 198)	814 443	-	814 443
Non-controlling interest	(4 218 543)	(804 045)	(5 022 588)	(4 138 727)	(837 958)	(4 976 685)
COMPANY						
Impact on statement of financial position						
Inventories	2 618 447	16 822 054	19 440 501	2 785 621	25 636 012	28 421 633
Investments in subsidiaries	22 315 719	(218 496)	22 097 223	22 315 809	-	22 315 809
Trade and other receivables	44 934 214	(20 275 146)	24 659 068	40 173 860	(28 746 456)	11 427 404
Deferred income tax asset	-	618 808	618 808	-	2 454 446	2 454 446
Deferred income tax liability	(1 219 134)	1 092 987	(126 147)	(1 096 408)	1 051 337	(45 071)
Trade and other payables	(8 756 479)	(11 719 830)	(20 476 309)	(5 156 456)	(19 279 151)	(24 435 607)
Corporate tax liability	(682 913)	-	(682 913)	(1 378 141)	-	(1 378 141)
Retained earnings	(13 013 039)	13 679 623	666 584	(13 183 207)	18 883 812	5 700 605

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

23. FEE AND COMMISSION EXPENSES AND OTHER ACQUISITION COSTS

	GROUP		COMPANY	
	2017 US$	Restated 2016 US$	2017 US$	Restated 2016 US$
Fee and commission expenses and other acquisition costs - gross	809 619	814 547	554 813	542 312
Increase in deferred acquisition costs	(526 384)	(98 026)	-	-
Amortisation of deferred acquisition costs	580 211	140 568	-	-
Fee and commission expenses - net	863 446	857 089	554 813	542 312
Other acquisition costs	733	5 251	733	1 091
	864 179	**862 340**	**555 546**	**543 403**

24. OPERATING AND ADMINISTRATIVE EXPENSES

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Staff costs	4 737 313	3 739 490	3 334 803	2 487 812
Auditors' remuneration	203 637	192 527	152 616	151 988
Directors' remuneration - fees	170 200	202 009	149 750	171 762
- other services	7 103	423 930	-	409 547
Depreciation of property and equipment	1 050 621	960 680	881 897	899 690
Computer and data expenses	151 295	161 943	107 803	55 127
Marketing expenses	290 818	258 685	177 894	139 270
Actuarial, legal and other professional fees	558 182	297 328	554 059	216 150
Motor vehicle maintenance costs	255 183	290 062	180 931	205 313
Amortisation of intangible assets	75 554	88 272	9 329	13 569
Allowance for credit losses	5 882 734	3 495 464	5 816 702	3 700 559
Bad debts written off	2 051 093	676 121	1 201 487	-
Other	1 890 513	2 567 776	1 152 057	1 925 454
	17 324 246	13 354 287	13 719 328	10 376 241

Other operating expenses comprise mainly of rentals, electricity charges, rates, telephone expenses, printing and stationery costs.

25. FINANCE COSTS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Interest expense	1 675 697	2 001 233	1 744 162	1 939 184

26. INCOME TAX EXPENSE/(CREDIT)

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Current	1 027 556	1 088 518	454 913	610 075
Deferred	956 878	1 983 178	618 808	1 916 714
	1 984 434	**3 071 696**	**1 073 721**	**2 526 789**
Tax rate reconciliation				
Accounting profit	693 590	9 502 083	1 017 495	8 103 292
Tax at Zimbabwe statutory rate of 25.75%	245 830	535 909	262 005	284 567
Tax effect of amounts not deductible/(taxable) in calculating taxable income:				
Items not deductible for tax:				
Allowance for credit losses	1 514 804	900 082	1 497 801	952 894
Asset write-offs not allowable for tax	1 474 725	-	1 474 725	-
Other disallowable expenses	533 994	380 284	-	-
Differences arising from movements in unrealised fair value (gains)/losses	(1 920 480)	(960 497)	(1 781 562)	(850 402)
Non-taxable items:				
Dividend income	(9 704)	(9 900)	(451 579)	(6 759)
Other non-taxable income	(25 163)	-	-	-
Other adjustments:				
Impairment of Section 17 allowances not claimed	618 808	1 835 638	618 808	1 835 638
Differences arising from 8th schedule tax for life assurance	(546 477)	408 578	(546 477)	310 851
Deferral/(Utilisation) of unutilised tax losses	128 089	(18 394)	-	-
Difference in tax rate applied in foreign jurisdiction	(29 992)	(4)	-	-
	1 984 434	**3 071 696**	**1 073 721**	**2 526 789**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

27. EARNINGS PER SHARE (EPS)

	GROUP		COMPANY	
	2017 US$	Restated 2016 US$	2017 US$	Restated 2016 US$
Numerator				
Profit for the year used in basic EPS and diluted EPS	(1 007 896)	6 330 085	(56 226)	5 576 503
Denominator				
Weighted number of ordinary shares in issue	108 923 291	108 923 291	108 923 291	108 923 291
Less: shares purchased for the Employee Share Ownership Plan	(4 775 618)	(4 775 618)	(4 775 618)	(4 775 618)
Add: shares allocated to employees under the Share Ownership Plan	3 771 875	3 771 875	3 771 875	3 771 875
Weighted average number of shares used in basic EPS	**107 919 548**	**107 919 548**	**107 919 548**	**107 919 548**
Less: Dilutive adjusting effects	-	-	-	-
Weighted average number of shares used in diluted EPS	**107 919 548**	**107 919 548**	**107 919 548**	**107 919 548**
27.1 Basic earnings per share (cents)	(0.93)	5.87	(0.05)	5.17
27.2 Diluted earnings per share (cents)	(0.93)	5.87	(0.05)	5.17

28. CAPITAL EXPENDITURE COMMITMENTS

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Authorised and contracted for	-	461 033	-	368 168
Authorised but not contracted for	1 063 135	857 181	244 611	125 724
	1 063 135	**1 318 214**	**244 611**	**493 892**

29. MANAGEMENT OF CAPITAL

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits to other stakeholders. The capital of the Group comprises of reserves and share capital. The Group's strategy has been to maintain capital that is higher than the minimum required by the regulatory authorities. The Group's compliance with the capital requirements as set out by the regulatory authorities is as follows:-

31 December 2017	Capital	Minimum capital requirement	Surplus/ Deficit
Fidelity Life Assurance of Zimbabwe Limited	1 869 591	5 000 000	(3 130 409)
Vanguard Life Assurance Company Limited	780 931	1 020 894	(239 963)
Fidelity Life Asset Management Company (Private) Limited	1 054 669	500 000	554 669
Fidelity Life Financial Services (Private) Limited	5 489 850	20 000	5 469 850
31 December 2016			
Fidelity Life Assurance of Zimbabwe Limited	15 605 441	3 000 000	12 605 441
Vanguard Life Assurance Company Limited	1 163 320	159 574	1 003 746
Fidelity Life Asset Management Company (Private) Limited	1 179 756	500 000	679 756
Fidelity Life Financial Services (Private) Limited	6 173 746	20 000	6 153 746

As at 31 December 2017, Fidelity Life Assurance is in statutory insolvency as it did not meet the minimum capital requirement as stated in Section 24 of the Insurance Act (Chapter 24:07) (the "Insurance Act"), as amended by Statutory Instrument 95 of 2017, Insurance (Amendment) Regulations, 2017 (No. 19) ("SI 95 of 2017"). The regulation requires a provider of life and funeral assurance in Zimbabwe to maintain a minimum unencumbered statutory capital (as defined in the Statutory Instrument) of US$5million. The Company has in place a plan that will return the Company to full compliance by 2020.

Vanguard Life Assurance also shows a deficit against minimum capital requirements. The subsidiary will be undertaking a rights issue in 2018 to correct the position. The Group endeavours to preserve a strong cash base and achieve a debt to capital ratio of approximately 100%. The objective of this strategy is to secure access to finance at a reasonable cost by maintaining a high credit rating. The Group also constantly scouts for opportunities that enable it to acquire strategic assets such as land banks. Such opportunities may entail an increase in the debt to capital ratio. Under such circumstances, the Group's cap on the debt to capital ratio will be 200%. The debt to capital ratios at 31 December were as follows:-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

29. MANAGEMENT OF CAPITAL (continued)

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Debt				
Borrowings	24 247 160	29 322 758	24 247 160	29 322 758
Equity				
Capital	9 966 138	11 260 359	1 869 591	1 925 817
Debt to capital ratio (%)	243%	260%	1297%	1523%

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed, through its operations, to the following financial risks:-
- Credit risk
- Fair value or cash flow interest rate risk
- Liquidity risk
- Foreign exchange risk
- Equity price risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated and separate financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments held by the Group, from which financial instrument risk arises, are as follows:-
a) Trade and other receivables (excluding prepayments and statutory assets)
b) Bank and cash
c) Money market investments
d) Financial assets at fair value through profit or loss
e) Trade and other payables (excluding deferred income and statutory liabilities)
f) Borrowings

(i) Financial instruments by category

A summary of the financial instruments held by category is provided below:-

Financial assets

	GROUP At fair value through profit or loss US$	GROUP Loans and receivables at amortised cost US$	COMPANY At fair value through profit or loss US$	COMPANY Loans and receivables at amortised cost US$
2017				
Trade and other receivables (excluding prepayments and statutory assets)	-	35 478 645	-	30 611 806
Financial assets at fair value through profit or loss	12 738 977	-	11 798 300	-
Cash and cash equivalents	-	7 801 682	-	2 939 652
	12 738 977	**43 280 327**	**11 798 300**	**33 551 458**
2016 (Restated)				
Trade and other receivables (excluding prepayments and statutory assets)	-	24 298 710	-	19 765 370
Financial assets at fair value through profit or loss	5 847 752	-	5 171 830	-
Cash and cash equivalents	-	6 358 665	-	3 322 819
	5 847 752	**30 657 375**	**5 171 830**	**23 088 189**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

(i) Financial instruments by category (continued)

Financial liabilities

	GROUP		COMPANY	
	2017 US$	Restated 2016 US$	2017 US$	Restated 2016 US$
Trade and other payables (excluding statutory liabilities and deferred income)	13 139 222	6 520 415	12 463 223	6 949 602
Borrowings	24 247 160	29 322 758	24 247 160	29 322 758
	37 386 382	**35 843 173**	**36 710 383**	**36 272 360**

(ii) Financial instruments not measured at fair value
Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables (excluding prepayments and statutory assets), trade and other payables (excluding deferred income and statutory liabilities) and borrowings. Due to their nature, their carrying values approximate their fair values.

(iii) Financial instruments measured at fair value
Financial instruments were measured at fair value at 31 December using:-

	LEVEL 1		LEVEL 2		LEVEL 3	
GROUP	Dec 2017 US$	Dec 2016 US$	Dec 2017 US$	Dec 2016 US$	Dec 2017 US$	Dec 2016 US$
Financial assets						
At fair value through profit or loss	12 738 977	5 847 752	-	-	-	-
COMPANY						
Financial assets						
At fair value through profit or loss	11 798 300	5 171 830	-	-	-	-

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

General objectives, policies and processes
The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to Management. The Board receives quarterly reports from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit, Risk and Compliance Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:-

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from trade and other receivables. The credit risk with respect to trade and other receivables is limited to contractual obligations by debtors. It is Group policy to assess the credit risk of new customers before entering into contracts. A significant portion of the debtors are secured by the properties the Company sold to customers. Further disclosures regarding the credit quality of trade and other receivables are provided in Note 9. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Credit risk (continued)
Credit quality of cash and cash equivalents is reflected in the table below, based on credit ratings determined by the Global Credit Rating Company:

	GROUP	COMPANY
Counterparties with external credit rating (Global Credit Rating Company):	Dec 2017 US$	Dec 2017 US$
A	305 212	137 346
A+	14 901	10 538
AA-	337 770	62 315
B+	60 145	2 903
BB-	433 227	433 227
BB+	544 967	280 286
BBB	339	-
BBB-	70 300	-
BBB+	433 274	433 214
Cash	1 296	245
Unrated	5 600 251	1 579 578
	7 801 682	**2 939 652**

Quantitative disclosures of the risk exposure in relation to financial assets are set out below:-

	GROUP		COMPANY	
	Carrying value US$	Maximum exposure US$	Carrying value US$	Maximum exposure US$
At 31 December 2017				
Trade and other receivables (excluding prepayments and statutory assets)	35 478 645	35 478 645	30 611 806	30 611 806
Cash and cash equivalents	7 801 682	7 801 682	2 939 652	2 939 652
	43 280 327	**43 280 327**	**33 551 458**	**33 551 458**
At 31 December 2016 - Restated				
Trade and other receivables (excluding prepayments and statutory assets)	24 298 710	24 298 710	19 765 370	19 765 370
Cash and cash equivalents	6 358 665	6 358 665	3 322 819	3 322 819
	30 657 375	**30 657 375**	**23 088 189**	**23 088 189**

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulties in meeting its financial obligations as they fall due. In order to mitigate any liquidity risk that the Group faces, the Group's policy has been throughout the year ended 31 December 2017, to maintain substantial facilities and reserves as well as significant liquid resources. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:-

GROUP	Up to 3 months US$	Between 3 and 12 months US$	Between 1 and 2 years US$	Over 2 years US$	Total US$
At 31 December 2017					
Trade and other payables (excluding deferred income and statutory liabilities)	11 034 018	-	2 105 204	-	13 139 222
Borrowings	2 965 060	9 841 774	4 417 527	11 734 800	28 959 161
	13 999 078	**9 841 774**	**6 522 731**	**11 734 800**	**42 098 383**
At 31 December 2016 - Restated					
Trade and other payables (excluding deferred income and statutory liabilities)	3 955 519	-	2 564 896	-	6 520 415
Borrowings	3 442 654	14 325 250	4 547 527	11 734 800	34 050 231
	7 398 173	**14 325 250**	**7 112 423**	**11 734 800**	**40 570 646**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

COMPANY	Up to 3 months US$	Between 3 and 12 months US$	Between 1 and 2 years US$	Over 2 years US$	Total US$
At 31 December 2017					
Trade and other payables (excluding deferred income and statutory liabilities)	10 358 019	-	2 105 204	-	12 463 223
Borrowings	2 965 060	9 841 774	4 417 527	11 734 800	28 959 161
	13 323 079	**9 841 774**	**6 522 731**	**11 734 800**	**41 422 384**
At 31 December 2016					
Trade and other payables (excluding deferred income and statutory liabilities)	4 384 706	-	2 564 896	-	6 949 602
Borrowings	3 442 654	14 325 250	4 547 527	11 734 800	34 050 231
	7 827 360	**14 325 250**	**7 112 423**	**11 734 800**	**40 999 833**

Market risk
Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The Investments Committee manages and controls market risk exposures to the equity market within acceptable parameters but ensuring optimum return on risk.

Fair value or cash flow interest rate risk
The adequacy of excess assets held by the Group may be adversely affected as a result of interest rate movements, adverse changes in credit spreads or deterioration in the quality of invested assets, impacting on the Group's cash flow and liquidity. The Group seeks to manage this risk through the monitoring of adherence to established set of investment guidelines, which are reviewed and updated periodically by the Investment Committee. The Group's borrowings are at fixed interest rates.

Foreign exchange risk
The risk that the fair value of the cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Foreign exchange risks arise from recognized monetary financial assets and liabilities and future commercial transactions, that are not denominated in the functional currency of the Group.

The Group also operates in Malawi and is exposed to foreign exchange risk arising from exposure to the fluctuation of the Malawian Kwacha (MWK), with respect to the US$. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The following table details the Group's sensitivity to a 10% increase or decrease in the US$ against the Malawian Kwacha with all other variables held constant. 10% represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and is calculated by adjusting the translation of foreign currency amounts at the period end for a 10% change in foreign currency rates.

Consolidated foreign exchange gap analysis as at 31 December

Base Currency	2017 MWK US$ equivalent	2016 MWK US$ equivalent
Assets		
Cash and short term deposits	3 484 368	1 996 553
Loans and receivables	800 374	877 997
Total assets	**4 284 742**	**2 874 550**
Liabilities		
Trade and other payables	459 744	376 666
Total liabilities	**459 744**	**376 666**
Net currency position	**3 824 998**	**2 497 884**
Exchange rates as at 31 December	**734.65**	**725.0093**
Impact of 10% increase in exchange rates		
Assets	389 522	287 455
Liabilities	(41 795)	(37 667)
Net position	**347 727**	**249 788**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

30. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Foreign exchange risk (continued)

Impact of change in exchange rates	2017 10% increase US$	2017 10% decrease US$	2016 10% increase US$	2016 10% decrease US$
Impact of profit before tax	(23 735)	29 010	152 132	(152 132)
Impact on equity	70 994	(86 770)	116 332	(116 332)

This method used for deriving sensitivity information and significant variables did not change from previous period.

Equity price risk

The Group holds some strategic equity investments in other companies and directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances. A 10% increase in value of the equity instruments held at the reporting date would, all other variables held constant, have resulted in an increase in retained earnings and net assets of US$1,273,898 (2016: US$584,775) for the Group and US$1,179,830 (US$517,183) for the Company. A 10% decrease in their value would on the same basis have decreased retained earnings and assets by the same amount.

31. ASSURANCE RISK MANAGEMENT

Insurance risk refers to fluctuations in the timing, frequency, and severity of insured events relative to the expectations at the time of underwriting. Insurance risk can also refer to fluctuations in the timing and amount of claim settlements and reserves. Insurance risk is historically the single most significant risk area within the Group. The primary assurance activity carried out by the Group assumes the risk of loss from persons or organizations that are directly subject to the risk. Such risks may relate to life, financial or other perils that may arise from an insurable event. As such the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contracts.

The main risks that the Group is exposed to are as follows:
Mortality risk – risk of loss arising due to policyholder death experience being different than expected.

Morbidity risk – risk of loss arising due to policyholder health experience being different than expected.

Longevity risk – risk of loss arising due to the annuitant living longer than expected
Investment return risk – risk of loss arising from actual returns being different than expected.

Expense risk – risk of loss arising from expense experience being different than expected.

Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected).

These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured or by industry.

Life insurance contract liability sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

Below is the impact on profit of changes in the life insurance contract liability as a result of changes in key inputs used to calculate the liability:

Base	"Change in assumptions (+, increase) (-, decrease)"	Impact on liabilities	Impact on profit before tax	Impact on profit after tax
2017				
Mortality	+10%	646 884	(646 884)	(428 948)
Mortality	-10%	(305 881)	305 881	202 829
Lapse	-10%	(34 411)	34 411	22 818
Expense	+10%	536 695	(536 695)	(355 882)
Disc-0.5%	+1%	(952 622)	952 622	631 683
Investment return	+1%	(621 054)	621 054	411 820
2016				
Mortality	+10%	161 030	(161 030)	(93 179)
Mortality	-10%	(152 954)	152 954	88 505
Lapse	+10%	(176 276)	176 276	102 000
Expense	+10%	357 121	(357 121)	(206 644)
Discount rate	-0.5%	275 053	(275 053)	(159 156)
Investment return	+1%	517 656	(217 455)	(125 828)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

31. ASSURANCE RISK MANAGEMENT (continued)

The above risk exposure is mitigated by the following stategies

Underwriting strategy

The underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a number of years and as such, it is believed that this reduces the variability of the outcome. The Group manages its assurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralized management of reassurance and monitoring of emerging issues. The Group uses several methods to assess and monitor assurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity and scenario analyses.

Pricing strategy

The theory of probability is applied to the pricing and provisioning for a portfolio of assurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Assurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation is particularly sensitive are as follows:

Mortality rates

Assumptions are based on standard tables, according to the type of contract written. An investigation into the actual mortality experience of the Company is used to compare the experience to the standard table. Adjustment to the standard table may be made where justified by the experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated) which will increase the expenditure and reduce profits for the shareholders.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in longevity rates will lead to an increase in the number on annuity payments to be made, which will increase the expenditure and reduce profits for the shareholders.

Investment return and Inflation

Economic assumptions are based on the existing investment portfolio, and take account of the expected future medium to long-term economic environment. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to an increase in profits for the shareholders.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

Lapse and surrender rates

Lapse relates rates to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. For lapses, the Company's actual lapse experience is investigated. The lapse assumption is set based on this assumption but at a level that is expected to be consistent from year to year.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly to the contract, less the discounted value of the theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

32. FAIR VALUE DISCLOSURES

The Group measures investment property, land and buildings, which are disclosed as part of property and equipment, and investment in equities, at fair value.

Valuation process - equities

The Group obtains values of equities based on the prices quoted on the Zimbabwe Stock Exchange for counters listed in Zimbabwe and the Malawi Stock Exchange for counters listed in Malawi.

Valuation process - properties

The Group's properties (investment property, land and buildings) are valued by independent external valuers in order to determine their fair values. Valuations were performed by Knight Frank Zimbabwe, an accredited independent property valuer, as at 31 December 2017.

Valuations of the Group's commercial and industrial properties were based on comparative and investment methods. The investment method involves the capitalization of expected rental income by an appropriate yield. The comparative approach seeks to ascribe to the subject property a value similar to that achieved for comparable properties. The comparative method makes use of assessed rental value rates and capitalization rates for similar properties sold and after appropriate adjustments, such rates were applied to each property to determine its value. The valuation is based on market evidence.

Residential stands and small pieces of undeveloped stands were valued based on sales evidence on similar properties situated in comparable residential suburbs as that of the subject property.

For undeveloped land, the valuer adopted the development/residual value method. The assessment was based on the assumption that it is subdivided into smaller stands and fully serviced. The total estimated costs of development and disposal, which include servicing costs, agency fees, interest on servicing costs, contingency costs and the developer's profit, were then deducted from the value determined.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

32. FAIR VALUE DISCLOSURES (continued)

Depending on the valuation method applied, valuations are based upon assumptions that include transaction prices on similar properties, market related rental income and market yeilds.

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$	Total gain/(loss) in the period in the statement of profit or loss and other comprehensive income US$
31 December 2017					
At fair value through profit or loss:					
Commercial	-	-	2 775 876	2 775 876	70 000
Residential	-	-	2 781 104	2 781 104	4 500
Industrial	-	-	830 000	830 000	-
Land	-	-	12 730 169	12 730 169	2 847 283
Total investment properties	**-**	**-**	**19 117 149**	**19 117 149**	**2 921 783**
Financial assets at fair value through profit or loss (equities)	12 738 977	-	-	12 738 977	4 536 392
Total	**12 738 977**	**-**	**19 117 149**	**31 856 126**	**7 458 175**
At fair value through other comprehensive income:					
Land and buildings	-	-	**4 991 481**	**4 991 481**	**12 471**
31 December 2016					
At fair value through profit or loss:					
Commercial	-	-	4 714 943	4 714 943	381 744
Residential	-	-	1 410 000	1 410 000	(35 534)
Industrial	-	-	830 000	830 000	(70 000)
Land	-	-	9 773 273	9 773 273	2 858 360
Total investment properties	**-**	**-**	**16 728 216**	**16 728 216**	**3 134 570**
Financial assets at fair value through profit or loss (equities)	5 847 752	-	-	5 847 752	595 515
Total	**5 847 752**	**-**	**16 728 216**	**22 575 968**	**3 730 085**
At fair value through other comprehensive income:					
Land and buildings	**-**	**-**	**5 202 314**	**5 202 314**	**223 039**

Gains recorded in statement of comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to US$2,921,783 (2016: US$3,134,570) and are presented in the consolidated statement of profit or loss and other comprehensive income in line item; 'Fair value gains and losses from equities and investment property'.

All gains and losses recorded in the statement of profit or loss and other comprehensive income for recurring fair value measurements categorised within level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Valuation techniques and key unobservable inputs used to derive level 3 fair values

The table below presents the following for each class of the investment property:
- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case level 3) within which the fair value measurements are categorised in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- Level 3 fair value measurements, quantitative information about the significant observable inputs used in the fair value measurement

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

32. FAIR VALUE DISCLOSURES (continued)

Class of property	Fair value 31 December 2017	Fair value 31 December 2016	Valuation technique	Key unobservable inputs	2017 Range (weighted average)	2016 Range (weighted average)
Commercial	2 775 876	4 714 943	Income capitalisation	Rental per square metre	$10.00-$15.00 ($12.50)	$10.00-$15.00 ($12.50)
				Prime yield	7.00%-8.00% (7.50%)	7.00%-8.00% (7.50%)
				Void rate	0.00%-10.00% (5.00%)	0.00%-10.00% (5.00%)
Residential	2 781 104	1 410 000	Comparative method	Rate per square metre	$2.80-$60.00 ($31.40)	$2.80-$60.00 ($31.40)
Industrial	830 000	830 000	Income capitalisation	Rental per square metre	$1.50-$4.00 ($2.75)	$1.50-$4.00 ($2.75)
				Prime yield	11.00%-13.00% (12.00%)	11.00%-13.00% (12.00%)
				Void rate	0.00%-50.00% (25.00%)	0.00%-50.00% (25.00%)
Land	12 730 169	9 773 273	Comparative method	Rate per square metre	$2.80-$60.00 ($31.40)	$2.80-$60.00 ($31.40)
Land and buildings (PPE)	4 991 481	5 202 314	Income capitalisation	Rental per square metre	$10.00-$15.00 ($12.50)	$10.00-$15.00 ($12.50)
				Prime yield	7.00%-8.00% (7.50%)	7.00%-8.00% (7.50%)
				Void rate	0.00%-10.00% (5.00%)	0.00%-10.00% (5.00%)

Descriptions and definitions

The table above includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining the fair values:

i. Income capitalisation method

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return). Under the income capitalisation method, over (above market rent) and under-rent situations are separately capitalised (discounted).

ii. Comparative method

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre (sqm).

iii. Rent per square metre

The rent at which space could be let in the market conditions prevailing at the date of valuation. The unit of comparison is the rental rate per square metre.

iv. Void rate

The Group determines the void rate which can be based on the percentage of estimated vacant space divided by the total lettable area.

v. Prime yield

The prime yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to estimated rental value ("ERV") at the next review, but with no further rental growth.

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the value hierarchy of the Group's portfolio of investment properties and land and buildings:

- Prime yield;
- Void rate;
- Rental per square metre; and
- Comparable transacted properties.

Increases/(decreases) in the transaction prices on comparable properties and rental per square metre in isolation would result in a higher/(lower) fair value measurement.

Increases/(decreases) in the long-term void rate and prime yield in isolation would result in a lower/(higher) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

32. FAIR VALUE DISCLOSURES (continued)

Analysis of property portfolio	Lettable space m2		% of portfolio	
	December 2017	December 2016	December 2017	December 2016
Sector				
Commercial	10 367	10 367	96.83%	96.83%
Industrial	339	339	3.17%	3.17%
Total	**10 706**	**10 706**	**100.00%**	**100.00%**

33. RETIREMENT BENEFITS

33.1 Fidelity Life Pension Fund
All eligible employees are members of the Fidelity Life defined contribution pension scheme which is administered by the Company. The fund is financed by Group and employee contributions.

	GROUP		COMPANY	
Contributions were made as follows during the year:	2017 US$	Restated 2016 US$	2017 US$	Restated 2016 US$
Employer's contribution	373 146	413 103	242 926	252 388

33.2 National Social Security Scheme
The Group makes contributions to the National Social Security Scheme, a Defined Contribution Pension Scheme promulgated under the National Social Security Act of 1989. The Group's obligation under the scheme is limited to specific contributions legislated from time to time. These are presently 3.5% of basic salary per employee per month limited to US$24.50.

Contributions were made as follows during the year:

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Employer's contribution	53 039	51 162	35 348	39 940

34. RELATED PARTY INFORMATION

34.1 Related parties

The following are the related parties of the Company:

Related party	**Nature of relationship**
Fidelity Life Financial Services (Private) Limited	Wholly owned subsidiary
Zimbabwe Actuarial Consultants (Private) Limited	Wholly owned subsidiary
Vanguard Life Assurance Company Limited	Subsidiary
Fidelity Funeral Assurance (Private) Limited	Subsidiary
Fidelity Life Asset Management Company (Private) Limited	Subsidiary
Fidelity Life Medical Aid Society	Society managed by the company
Zimre Holdings Limited	Shareholder
National Social Security Authority (NSSA)	Shareholder
Turismo Investments	Shareholder
Zimre Property Investments Limited	Common shareholder
Baobob Reinsurance (Private) Limited	Common shareholder
Zimbabwe Insurance Brokers Limited	Common shareholder
Nicoz Diamond Insurance Limited	Common shareholder
F. Ruwende	Non Executive Chairman
R.G. Maramba	Non Executive Director
S. Kudenga	Non Executive Director
I. Mvere	Non Executive Director
F. Dzanya	Non Executive Director
G. Dhombo	Non Executive Director
R. Java	Chief Executive Officer
P. Zvandasara	Chief Finance Officer
N. Matindike	Key management
B. Bare	Key management
B. Wesley	Key management
S. Mudzengi	Key management
N. Mupfurutsa	Key management
R. Chihota	Key management
R. Chakweya	Key management
M. Gumbo	Key management
S. Nhende	Key management

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

34. RELATED PARTY INFORMATION (continued)

34.2 Related party transactions

The following represent transactions with related parties during the year:-

Related party	Nature of transaction	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Fidelity Life Medical Aid Society	Medical aid contributions	(132 667)	-	(88 049)	(80 998)
Vanguard Life Assurance Company Limited	Management fees	-	-	33 773	-
Vanguard Life Assurance Company Limited	Dividend received	-	-	17 283	-
Fidelity Life Financial Services (Private) Limited	Dividend received	-	-	1 716 018	-
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial services	-	-	(126 594)	(49 500)
Zimbabwe Insurance Brokers Limited	Pension contributions	21 470	64 552	21 470	64 552
National Social Security Authority (NSSA)	Gross premiums	161 211	179 358	161 211	179 358
Nicoz Diamond Insurance Limited	Pension contributions	47 549	202 136	47 549	202 136
Zimre Property Investments Limited	Pension contributions	129 887	140 460	129 887	140 460
Baobob Reinsurance (Private) Limited	Pension contributions	59 046	429 824	59 046	429 824

34.3 Related party balances
34.3.1 Related party receivables

Included in trade and other receivables are the following balances:-	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Fidelity Life Asset Management Company (Private) Limited	-	-	211 115	28 807
Fidelity Life Financial Services (Private) Limited	-	-	135 863	200 060
Fidelity Funeral Assurance Company (Private) Limited	-	-	1 572	17 598
Fidelity Life Medical Aid Society	624 330	261 838	420 630	261 838
Zimre Money Market Fund	-	97 983	-	97 983
Zimbabwe Actuarial Consultants (Private) Limited	-	-	130 064	136 015
Vanguard Life Assurance Company Limited	-	-	196 174	214 386
	624 330	**359 821**	**1 095 418**	**956 687**

34.3.2 Related party payables

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Included in trade payables				
Baobab Reinsurance (Private) Limited	19 354	-	19 354	-
Included in related party payables				
Fidelity Life Medical Aid Society	1 670 516	162 419	1 763 773	80 000
Fidelity Life Financial Services (Private) Limited	-	-	177 235	878 473
	1 670 516	**162 419**	**1 941 008**	**958 473**

The balances are interest free, unsecured and have no fixed repayment terms.

34.4 Compensation to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation to key management is as follows:-

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Short term benefits	1 234 103	1 253 920	1 018 670	1 090 316
Post employment benefits	130 727	39 137	94 783	17 201
Total	**1 364 830**	**1 293 057**	**1 113 453**	**1 107 517**

The remuneration of directors and key management is determined by the Human Resources and Corporate Governance Committee of the Board having regard to the performance of the individuals and market trends.

34.5 Loans to key management

	GROUP 2017 US$	GROUP Restated 2016 US$	COMPANY 2017 US$	COMPANY Restated 2016 US$
Included in trade and other receivables as at year end are loans to key management as follows:-	**599 837**	**1 384 763**	**498 508**	**1 384 763**

The loans are payable over 5 years, attract interest at 6% per annum and are secured against the properties that were acquired by the employees.

34.6 Directors' shareholding

The following represent transactions with related parties during the year:-

	Number of shares 2017	Number of shares 2016
F. Ruwende	348	348
G.C. Mataka	-	1 831
	348	**2 179**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

35. SUBSIDIARIES

The principal business of each of the subsidiaries of Fidelity Life Assurance of Zimbabwe, all of which have been included in the consolidated financial statements, is as follows:-

Description	Business	Location
Fidelity Life Asset Management Company (Private) Limited	Asset management	Zimbabwe
Vanguard Life Assurance Company Limited	Life assurance	Malawi
Zimbabwe Actuarial Consultants (Private) Limited	Actuarial consultants	Zimbabwe
Fidelity Life Financial Services (Private) Limited	Financial services	Zimbabwe
Fidelity Funeral Assurance Company (Private) Limited	Funeral services	Zimbabwe
Langford Estates (Private) Limited	Property development	Zimbabwe

The shareholding of the company in each of the subsidiaries is as follows:-

Description	Shareholding 2017	Shareholding 2016
Fidelity Life Asset Management Company (Private) Limited	96%	96%
Vanguard Life Assurance Company Limited	57%	57%
Zimbabwe Actuarial Consultants (Private) Limited	100%	100%
Fidelity Life Financial Services (Private) Limited	100%	100%
Fidelity Funeral Assurance Company (Private) Limited	67%	67%
Langford Estates (Private) Limited	81%	81%

36. NON-CONTROLLING INTERESTS

Vanguard Life Assurance Company Limited and Langford Estates (Private) Limited are the only subsidiaries of the Company that have material non-controlling interests (NCI). The NCI of all other subsidiaries that are not 100% owned by the group are considered to be immaterial.

Summarised financial information of Vanguard Life Assurance Company Limited, before intra-group eliminations, is presented below:

For the period ended 31 December	2017 US$	Restated 2016 US$
Revenue		
Gross premiums written	**3 492 116**	**2 498 816**
Outward reinsurance premiums	(105 530)	(102 149)
Net premiums earned	**3 386 586**	**2 396 667**
Fees from fund management and investment contracts	108 392	-
Interest income on money market investments	522 130	559 463
Fair value adjustment on financial assets at fair value through profit or loss	179 614	(15 808)
Fair value adjustment on investment property	205 606	412 043
Other income	204 136	171 320
Total income	**4 606 464**	**3 523 685**
	-	-
Expenses		
Claims and benefits	**(1 203 155)**	**(1 688 772)**
Reinsurance recoveries	169 750	38 384
Net claims and benefits incurred	**(1 033 405)**	**(1 650 388)**
Change in life assurance policyholder liabilities	(2 020 545)	(408 217)
Fee and commission expenses, and other acquisition costs	(308 633)	(285 101)
Other operating and administrative expenses	(1 487 610)	(956 503)
Total expenses	**(4 850 193)**	**(3 300 209)**
Profit from operations	**(243 729)**	**223 476**
Finance costs	(17 362)	(20 345)
Profit before tax	**(261 091)**	**203 131**
Income tax expense	(370 313)	(203 179)
Profit after tax	**(631 404)**	**(48)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

36. NON-CONTROLLING INTERESTS (continued)

For the year ended 31 December	Vanguard Life 2017 US$	Vanguard Life Restated 2016 US$	Langford Estates 2017 US$	Langford Estates Restated 2016 US$
Profit attributable to NCI	(271 504)	(21)	-	-
Other comprehensive income allocated to NCI	(1 453)	(38 163)	-	-
Total comprehensive income allocated to NCI	(272 957)	(38 184)	-	-
Cash flows from operating activities	9 112	(124 104)	-	-
Cash flows from investing activities	(267 998)	(65 524)	-	-
Cash flows from financing activities	918 020	160 474	-	-
Net cash flows attributable to NCI	**659 134**	**(29 153)**	-	-
Assets:				
Property and equipment	221 242	201 503	-	-
Investment property	2 181 980	2 002 305	-	-
Intangible assets	19 448	26 371	-	-
Deferred acquisition costs	177 089	229 449	-	-
Inventories	-	2 394	22 300 000	22 300 000
Trade and other receivables	800 374	864 883	67 540	67 540
Financial assets at fair value through profit or loss	579 362	410 233	-	-
Cash and cash equivalents	3 484 368	1 996 553	-	-
	7 463 863	**5 733 690**	**22 367 540**	**22 367 540**
Liabilities:				
Life assurance policyholder liabilities	5 871 555	3 927 401	-	-
Deferred tax	308 150	125 210	-	-
Trade and other payables	459 744	366 785	77 244	77 244
Finance lease obligation	-	16 126	-	-
Income tax liability	43 484	-	-	-
	6 682 933	**4 435 522**	**77 244**	**77 244**
Accumulated non-controlling interests	335 800	608 756	4 288 600	4 288 600

37. SEGMENT REPORTING

Segment information
The Group has four main reportable segments as follows:

Insurance
This segment is involved in life assurance and pensions. The segment accounts for 93% (2016: 91%) of the Group's external revenue.

Microlending
This segment is involved in consumer loans, business loans and loans to farmers. It accounts for 5% (2016: 8%) of the Group's external revenue. The segment has experienced steady growth since its formation in 2010.

Other
Included in this segment are the actuarial, asset management and funeral services units.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer more or less similar services. The segment described as other comprises of business units that have combined income significantly less than 10% of the combined revenue of all operating segments.

Operating segments are reported in a manner consistsent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer and the Chief Finance Officer.

Measurement of operating segment profit or loss, assets and liabilities

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations but excluding non-recurring losses, such as goodwill impairment.

Inter-segment sales are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior year.

The Group has no transactions with a single external customer that exceeds 10% of its total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

37. SEGMENT REPORTING (continued)

2017	Insurance US$	Microlending US$	Other US$	Group US$
Total revenue	54 205 843	3 259 413	849 374	58 314 630
Inter-segment revenue	(1 806 680)	(171 359)	(389 588)	(2 367 627)
Total revenue from external customers	**52 399 163**	**3 088 054**	**459 786**	**55 947 003**
Total benefits, claims and other expenses	(52 854 718)	(1 667 454)	(731 241)	(55 253 412)
Profit before tax	**(455 555)**	**1 420 600**	**(271 455)**	**693 590**
Depreciation of property and equipment	932 907	16 503	101 212	1 050 622
Amortisation of intangible assets	27 972	40 662	6 920	75 554
Amortisation of deferred acquitsion costs	580 211	-	-	580 211
Finance costs	1 590 164	85 533	-	1 675 697
Fair value adjustments on investment property and equities	7 303 907	79 185	75 083	7 458 175
Tax expense	1 444 034	522 476	17 924	1 984 434
Additions to non-current assets	293 367	60 514	24 928	378 809
Reportable segment non-current assets	44 144 597	450 128	922 021	45 516 746
Reportable segment current assets	44 423 112	6 145 655	23 584 156	74 152 923
Reportable segment liabilities	107 571 957	1 105 932	1 025 642	109 703 531

2016 - Restated	Insurance US$	Microlending US$	Other US$	Group US$
Total revenue	49 250 192	2 887 896	723 858	52 861 946
Inter-segment revenue	(86 182)	(103 386)	(303 720)	(493 288)
Total revenue from external customers	**49 164 010**	**2 784 510**	**420 138**	**52 368 658**
Total benefits claims and other expenses	(40 419 834)	(1 481 577)	(965 164)	(42 866 575)
Profit before tax	**8 744 176**	**1 302 933**	**(545 026)**	**9 502 083**
Depreciation of property and equipment	947 362	9 633	3 685	960 680
Amortisation of intangible assets	40 721	40 663	6 888	88 272
Amortisation of deferred acquitsion costs	140 568	-	-	140 568
Finance costs	1 959 529	41 704	-	2 001 233
Fair value adjustments on investment property and equities	3 698 765	6 950	24 370	3 730 085
Tax expense / (credit)	2 728 887	368 629	(25 820)	3 071 696
Additions to non-current assets	2 887 805	5 428	63 652	2 956 885
Reportable segment non-current assets	42 938 042	406 778	1 091 186	44 436 006
Reportable segment current assets	57 961 359	6 722 093	1 075 245	65 758 697
Reportable segment liabilities	95 803 568	955 125	2 175 651	98 934 344

GEOGRAPHICAL INFORMATION	Zimbabwe US$	Malawi US$	Total US$
2017			
Revenue			
Total revenue	51 374 312	4 606 464	55 980 776
Inter-segment revenue	(33 773)	-	(33 773)
Total revenue from external customers	**51 340 539**	**4 606 464**	**55 947 003**
Group's revenue per statement of profit or loss and other comprehensive income	**51 340 539**	**4 606 464**	**55 947 003**
	999 563	51 059	1 050 622
Depreciation of property and equipment	56 910	18 644	75 554
Amortisation of intangible assets	-	580 211	580 211
Amortisation of deferred acquisition costs	1 658 335	17 362	1 675 697
Finance costs	7 072 955	385 220	7 458 175
Fair value adjustments on investment property and equities	1 614 121	370 313	1 984 434
Tax expense			
Segment profit before tax	**954 681**	**(261 091)**	**693 590**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

37. SEGMENT REPORTING (continued)

	Zimbabwe US$	Malawi US$	Total US$
2016 - Restated			
Revenue			
Total revenue	48 846 605	3 522 053	52 368 658
Inter-segment revenue	-	-	-
Total revenue from external customers	**48 846 605**	**3 522 053**	**52 368 658**
Group's revenue per statement of profit or loss and other Comprehensive income	**48 846 605**	**3 522 053**	**52 368 658**
Depreciation of property and equipment	913 009	47 671	960 680
Amortisation of intangible assets	61 120	27 152	88 272
Amortisation of deferred acquisition costs	-	140 568	140 568
Finance costs	1 980 888	20 345	2 001 233
Fair value adjustments on investment property and equities	3 333 850	396 235	3 730 085
Tax expense	2 869 375	202 321	3 071 696
Segment profit before tax	**9 003 412**	**498 671**	**9 502 083**
2017			
Additions to non-current assets	303 210	75 599	378 809
Reportable segment non current assets	43 094 077	2 422 669	45 516 746
Reportable segment current assets	69 111 729	5 041 194	74 152 923
Reportable segment liabilities	103 020 598	6 682 933	109 703 531
2016 - Restated			
Additions to non-current assets	2 795 716	161 169	2 956 885
Reportable segment non current assets	41 976 378	2 459 628	44 436 006
Reportable segment current assets	62 471 520	3 287 177	65 758 697
Reportable segment liabilities	94 346 437	4 587 907	98 934 344

38. PRESCRIBED ASSETS

The Pension and Provident Funds Act (Chapter 24:09) as amended by the Government of Zimbabwe Statutory Instrument 24 of 2016 requires companies in the life assurance industry to hold 7.5% of their assets as investments in prescribed stocks and bonds. The Company's investment in such assets is summarised below:-

Counterparty	Remaining tenure	2017 US$	2016 US$
Insurance and Pensions Commission Housing Bond	9 years	130 000	130 000
Athena Investments (Private) Limited Bond	1 year	700 000	651 954
Inventories - Projects under development	N/A	12 555 723	18 192 027
Receivables from Southview	N/A	22 917 578	13 507 707
		36 303 301	**32 481 688**
Total assets		**104 120 248**	**96 716 778**
Percentage of total assets		**35%**	**34%**

39. Compliance with Insurance Regulations 1989 (Section 3 and 8)
Statutory Instrument 95 of 2017, Insurance (Amendment) Regulations 2017 (19)

The financial statements of the Company must comply with the provisions of Insurance Regulations 1989, promulgated as Statutory Instrument 95 of 2017, section (3).

The following are the details on compliance with the said provisions of the statute:

Section 3 (1) (a)
The minimum unencumbered capital requirement for an insurer for registration or ongoing operations shall be the equivalent of five million ($5m) United States Dollars in the case of an insurer which carries on life assurance business including funeral assurance.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2017

39. Compliance with Insurance Regulations 1989 (Section 3 and 8) (continued)

	2017 US$
Investments	104 120 248
Allowance for inadmissible assets	(30 690 824)
Value of Assets	**73 429 423**
Actuarial value of policy liabilities	46 538 292
Other liabilities	43 095 404
Total liabilities	**89 633 696**
Deficit of assets over deductibles	**(16 204 272)**
Statutory Excess Assets Requirement	**(5 000 000)**
Deficit	**(21 204 272)**

*No comparative has been included in the disclosure as the Statutory Instrument was promulgated in 2017 and applied prospectively.

The above are details on non-compliance with the said provisions of the statute.

The deficit is expected to reduce by US$12m due to the following. As at 31 December 2017, the liabilities of the Company included US$5million relating to stand deposits received accounted for as deferred revenue. According to International Accounting Standard (IAS) 18, 'Revenue', these deposits are recognised as revenue only when a compliance certificate has been issued by the Harare City Council and stands are allocated to the buyers (risk and rewards of ownership have passed). The Group has 871 fully serviced stands awaiting a compliance certificate from the Harare City Council for them to be allocated to the respective owners and for the related revenue to be recognised. The expected selling price of these stands is US$12 million, whilst costs of development are US$4.7million, resulting in an expected profit of US$7.3million. Issuance of the compliance certificates will result in an increase in assets of US$7.3m (profit on sale of stands) and a decrease in liabilities of US$5m (deferred revenue).

Management is currently in discussion with the Ministry of Finance for Langford Estate to be given a prescribed asset status. Management is also lobbying the Insurance and Pensions Commission regarding the recognised net asset value of this investment in subsidiairy for the solvency computation. Given the approval of the above, this will release at most US$7.7 million towards our solvency capital .

The above will effectively reduce the solvency gap from US$21,204,272 to US$2.4 million.

With the overall Group growth strategy implemented by management, profits will be generated in the medium term to cover the remaining solvency gap, allowing the Company to achieve compliance. All other provisions of the Act have been met.

40. EVENTS AFTER THE REPORTING DATE

40.1 Dividend
At a board meeting held on 20 April 2018, the directors recommeded not to declare a dividend for the financial year ended 31 December 2017. This decision was reached as a result of the need to conserve cash to be utilised on other pressing commitments. No dividend was declared for the year ended 31 December 2016.

40.2 Approval of the consolidated financial Statements
The consolidated financial statements were approved by the Board of Directors for issue on 4 May 2018 and the directors have power to amend and/or reissue the financial statements should circumstances requiring that arise.

FIDELITY LIFE

ASSURANCE OF ZIMBABWE

ANNUAL GENERAL MEETING

PROXY FORM

I/ We, ...

being a member of ....

holding .... shares, hereby appoint ....

.... of ....

Or failing him/ her .... of ....

As my / our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 29th of June 2018, in the Great Indaba Room, Crowne Plaza Monomotapa, 54 Parklane Road, Harare at 1100 hours and at any adjournment thereof.

Signed this ....day of 2018

Signature of member: ....

NOTE:

In terms of Section 129 of the Companies Act (chapter 24.03), a member entitled to vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote and speak in his instead. A proxy need not be a member of the company. To be valid, Proxy Forms should be completed and returned to the Registered Office of the Company not less than 48(forty eight) hours before the time stated for holding of the meeting.

SHAREHOLDER ANALYSIS AS AT 31 DECEMBER 2017

SHAREHOLDERS GROUP	NO OF SHAREHOLDERS	% HOLDING	TOTAL HOLDING	% HOLDING
COMPANIES	154	5.48	70 248 368	64.49
INDIVIDUALS	2 535	90.18	3 788 043	3.47
INSURANCE COMPANIES	10	0.36	384 452	0.35
INVESTMENT, TRUST AND PROPERTY COMPANIES	6	0.21	318 659	0.29
NOMINEE COMPANY	41	1.46	7 239 002	6.65
NON RESIDENT TRANSFERABLE	5	0.18	1 861 444	1.72
PENSION FUNDS	60	2.13	25 083 323	23.03
TOTALS	**2 811**	**100.00**	**108 923 291**	**100.00**

SIZE OF SHAREHOLDING	NO OF SHAREHOLDERS	% HOLDING	TOTAL HOLDING	% HOLDING
1-500	1 632	58.06	327 886	0.30
501-1000	415	14.76	280 103	0.26
1001-5000	495	17.61	1 127 046	1.03
5001-10000	94	3.34	660 747	0.61
10001-20000	56	1.99	838 969	0.77
20001-50000	52	1.85	1 753 344	1.61
50001-100000	28	1.00	2 014 820	1.85
100001-500000	24	0.85	5 325 140	4.89
500001-1000000	5	0.18	3 343 609	3.07
1000001-99999999	10	0.36	93 251 627	85.61
TOTALS	**2 811**	**100.00**	**108 923 291**	**100.00**

TOP 20 SHAREHOLDERS HOLDER NUMBER	HOLDER NAME	SHAREHOLDING	PERCENTAGE
957824	TURISMO INVESTMENTS (PVT) LTD	24 540 913	22.53
3857	ZIMRE HOLDINGS LIMITED	22 408 641	20.57
2222	NATIONAL SOCIAL SECURITY AUTHORITY	20 487 734	18.81
409258	NATIONAL SOCIAL SECURITY AUTHORITY (W.C.I.F.)	9 644 221	8.85
957833	NSSA-WORKERS COMPENSATION IF	7 935 316	7.29
957573	STANDARD CHARTERED NOMINEES-056885900001	2 270 099	2.08
957351	SCB NOMINEES 033667800001	2 025 061	1.86
950176	SUMMERTON (NNR) RHYS DRENNAN	1 493 377	1.37
956281	TRIANGLE MONEY PLAN PENSION FUND-IMARA A/C 110008090006	1 419 420	1.30
956592	BARCLAYS BANK PENSION FUND-IMARA A/C 110008090011	1 026 845	0.94
940747	FLAM MANAGEMENT SPECIAL FUND	886 653	0.81
956642	ANGLO AMERICAN ASSOCIATED COMPANIES PENSION FUND-IMARA	732 164	0.67
956813	UNICEM ACTIVE MEMBERS PENSION FUND-IMARA-A/C 110008090015	662 901	0.61
957404	SCB NOMINEES 033667800003	547 311	0.50
957402	SCB NOMINEES ZW0000010703	514 580	0.47
957523	H.I.T PENSION FUND - IMARA	439 563	0.40
957848	FBC HOLDINGS PENSION FUND -IMARA	351 272	0.32
957597	NATIONAL RAILWAYS OF ZIMBABWE CONTRIB	324 720	0.30
956638	AMZIM PENSION FUND	319 755	0.29
2012	ZB LIFE ASSURANCE LIMITED	305 938	0.28
	OTHERS	10 586 807	9.73
	TOTAL	**108 923 291**	**100.00**

FIDELITY LIFE

ASSURANCE OF ZIMBABWE

Notice of Annual General Meeting 2018

Notice is hereby given that the **39th Annual General Meeting** of the Members of Fidelity Life Assurance Company Limited will be held on the **29th of June 2018 at 1100 hours at Crowne Plaza Monomotapa, Great Indaba Room, 54 Parklane Road, Harare,** for the purpose of transacting the following business:

Ordinary Business

1. To receive and adopt the financial statements and report of the Directors and Auditors for the financial year ended 31 December 2017.
2. To elect Directors in terms of Sections 77 and 78 of the Articles of Association of the company:
   a. Mr. Happymore Mapara resigned from the board with effect from 1 October 2017.
   b. Mr. Garikai Dhombo and Mr Francis Dzanya were appointed by the Board on the 1st of September 2017. They retire and seek re-appointment in terms of the Articles of Association.
   c. Mr. Rueben Java and Mrs Patricia Zvandasara were appointed by the Board on the 1st of October 2017. They retire and seek re-appointment in terms of the Articles of Association.
3. To approve the remuneration of the Auditors for the audit for the year ended 31 December 2017.
4. To approve the remuneration of the Directors for the year ended 31 December 2017.
5. To approve the retention of Ernst & Young as the company's auditors.
6. To transact any other business that may be transacted at an Annual General Meeting.

Proxies

A member entitled to attend and vote at the meeting may appoint any person or persons to attend and vote on his or her behalf. A proxy need not be a member of the Company. Proxy forms together with a copy of the notice can be obtained at the registered office of the Company or on the Fidelity Life Assurance of Zimbabwe website on the following link **www.fidelitylife.co.zw** and must be lodged with the Company Secretary not less than 48 hours before the meeting.

BY ORDER OF THE BOARD

S. NHENDE
Company Secretary
8 June 2018

REGISTERED OFFICE
7th Floor, Fidelity House
66 Julius Nyerere Way, Harare

NOTES

FIDELITY LIFE
ASSURANCE OF ZIMBABWE