2017

Annual Report

ZIMRE HOLDINGS LIMITED

Security Growth and Profitability

Vision

To be a highly prized diversified investment Group.

Mission

Using our financial services capabilities, we will prudently manage risks and optimize resources.

Values

- ❑ Team Work
- ❑ Integrity
- ❑ Respect
- ❑ Excellence
- ❑ Commitment

Value Proposition

- Strong Balance Sheet.
- Insurance Float
- Regional Diversification.

Contents

Corporate Information

INCORPORATION AND ACTIVITIES

Zimre Holdings Limited ("the Company") incorporated and domiciled in Zimbabwe, is an investment holding company of reinsurance, insurance and property management and development companies. The Company is listed on the Zimbabwe Stock Exchange ("ZSE")

REGISTERED OFFICE

9th Floor Zimre Centre
Corner Kwame Nkrumah and Leopold Takawira
Harare, Zimbabwe

Tel: +263 (4) 772 963
Fax: +263 (4) 772 972
Email: zhl@zimre.co.zw
Website: www.zhl.co.zw

INDEPENDENT AUDITOR

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building Number 4
Arundel Office Park
Norfolk Road
P O Box 453
Mount Pleasant, Harare

TRANSFER SECRETARIES

ZB Transfer Secretaries (Private) Limited,
21 Natal Road
Avondale
Harare, Zimbabwe

PRINCIPAL BANKERS

NMB Bank Limited
Angwa City Branch
Harare, Zimbabwe

LEGAL ADVISORS

Chinogwenya and Zhangazha Legal Practioners
Chinz Law Chambers
21 Nigel Philip Road, Eastlea
Harare, Zimbabwe

Kantor Immerman Legal Practitioners
Macdonald House
10 Selous Avenue
Harare, Zimbabwe

Directorate


Benjamin Nkosentya Kumalo
Non Executive Chairman


Stanley Kudenga
Group Chief Executive Office


Aadil Ebrahim Adamjee
Non Executive Director


Edwin Zvandasara
Non Executive Director


Jean Maguranyanga
Non Executive Director


Robert Cron von Seidel
Non Executive Director


Hamish Brian Wilburn Rudland
Non Executive Director


Ignatius Mvere
Non Executive Director


Belmont Ndebele
Non Executive Director

Corporate Governance

Main Board
B N Kumalo (Chairman),
C von Seidel
I Mvere
A E Adamjee
HBW Rudland
J Maguranyanga
E Zvandasara
B Ndebele
S Kudenga (Group Chief Executive Officer)

Board Committees
Audit and Risk Management Committee
E Zvandasara (Chairman)
I Mvere
J Maguranyanga

Finance and Investments Committee
H BW Rudland (Chairman)
C von Seidel
A E Adamjee
B Ndebele
Human Resources and Nomination Committee
B N Kumalo (Chairman)
I Mvere
J Maguranyanga
H B.W Rudland

Executive Management
Head Office
S Kudenga -Group Chief Executive Officer
L Madzinga – Group Finance Executive
P Mundangepfupfu - Group Corporate Affairs Executive

Introduction
The Group is committed to maintaining the highest standards of Corporate Governance and is guided by the Principles of Corporate Governance in Zimbabwe as laid out in the National Code on Corporate Governance and also the best practice as set out in the King Reports. Corporate Governance is core in ensuring the creation and enhancement of shareholder value.Corporate governance is the responsibility of the Board and as such the Board will continue to review and improve its governance practices to ensure full compliance with legal and regulatory requirements.

Directorate
The Board is chaired by a non-executive director and comprises one executive director and eight non-executive directors. The Board enjoys a strong mix of skills and experience .The combined and varied knowledge, experience and skills of the Board members provide a balance of competence that is required and add value to the function of the Board and its direction to the Group.

The role of the Board is to determine overall policies, plans and strategies of the Group and to ensure that these are implemented in an ethical and professional manner. The Board meets regularly, at least four times a year and guides corporate strategy risk management practices, annual budgets and business plans. Special Board meetings may be convened on an ad-hoc basis to consider issues requiring urgent attention or decisions.

The Company Secretary maintains an attendance register of Directors for all scheduled meetings during the year through which directors can assess their devotion of sufficient time to the Group.

Corporate Governance

Attendance of Directors at Board and Committee meetings during the year ended 31December 2017:

Director	Main Board	Human Resources and Nominations Committee	Finance and Investments Committee	Audit and Risk Management Committee
B N Kumalo	4/4	3/4	n/a	n/a
A E Adamjee	2/4	n/a	2/4	n/a
C von Seidel	4/4	n/a	4/4	n/a
I Mvere	3/4	4/4	n/a	4/4
H B W Rudland	4/4	3/4	3/4	n/a
E Zvandasara	4/4	n/a	n/a	4/4
J Maguranyanga	2/4	4/4	n/a	3/4
B Ndebele	3/4	n/a	3/4	n/a
S Kudenga	4/4	4/4	4/4	n/a

Board Committees

Board Accountability and Delegated Functions

The Board is supported by various committees in executing its responsibilities. The committees meet quarterly to review performance and provide guidance to management on both operational and policy issues.

Each committee acts within written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board and board committees may take independent advice at the Group's expense where necessary.

Audit and Risk Management Committee

The Audit and Risk Management Committee chaired by a non-executive director comprises three non-executive directors meets at least four times in a year. The main roles and responsibilities of the Audit and Risk Management Committee include the monitoring of the financial reporting process, the effectiveness of the Group's internal control, internal audit and risk management system and the audit of the annual consolidated financial statements. The Committee is also responsible for managing the relationship with the independent and internal auditors. The independent and internal auditors have unrestricted access to the Committee and attend all meetings.

Financial Reporting and Disclosure, Internal Control and Role of the Auditors

The Board has, through the Audit and Risk Management Committee, established transparent arrangements for financial reporting, external auditing and the review of the internal control environment including compliance issues. The Audit and Risk Management Committee's terms of reference extend to the Group's compliance and risk management activities as a whole and not just the financial aspects of internal control.

The Audit and Risk Management Committee has access, as it may require, to the Group's independent and internal auditors throughout the year, in addition to presentations from both on a quarterly basis. Any significant findings or identified risks are closely examined and are reported by the Audit and Risk Management Committee Chairman to the Board with recommendation for action.

Financial Reporting and Disclosures

The Board with the assistance of the Audit and Risk Management Committee has ultimate responsibility for the preparation of the accounts and for the monitoring of systems of internal control. The Board strives to present a balanced assessment of the Group's financial position and prospects and it endeavors to present all financial and other information so as to be comprehensible to investors. The Group publishes half yearly financial reports so that its shareholders can monitor the Group's financial position regularly.

Corporate Governance (continued)

Risk Management, Compliance and Internal Control

The Board recognizes its overall responsibility to maintain risk management and internal control systems to safeguard shareholders' investments, assets of the Group and for reviewing the effectiveness of the systems. Such systems are designed to manage the risk of failure to achieve business objectives and to give reasonable assurance against material misstatement or loss. Through the Audit and Risk Management Committee, the Board reviews processes and procedures to ensure the effectiveness of the Group's system of internal controls which are monitored by the Internal Audit Department.

In 2017, the Board reviewed procedures and the key risks faced by the Group and the effectiveness of the risk management and internal control systems. The Board delegates the responsibility to the Audit and Risk Management Committee for more regular reviews of both key risks and internal controls and for monitoring the activities of the internal audit function. The Committee has kept these areas under regular reviews during 2017.

Internal Audit

The Head of Internal Audit reports to the Chairman of the Audit and Risk Management Committee functionally and to the Group Chief Executive Officer operationally and has direct and regular access to the Audit and Risk Management Committee Chairman and other members of the Committee. He attends and regularly presents at the Audit and Risk Management Committee meetings. The main activities of the Internal Audit Department are to address the following issues at each of the business units of the Group:

- Appraising of systems, procedures and management controls;
- Evaluating the integrity of management and financial information;
- Assessing the controls over the Group's assets, and
- Reviewing compliance with applicable legislation, regulation, Group policies and procedures

Independent Auditing

The Audit and Risk Management Committee has the primary responsibility for making recommendations on the appointment, re-appointment and removal of the independent auditor as well as for determining the remuneration of, and overseeing the work of, the independent auditor. The Audit and Risk Management Committee assesses annually at least the objectivity and independence of the independent auditor taking into account relevant regulatory requirements. The Committee reviews and approves the annual independent audit plan for each year and ensures it is consistent with the scope of the auditor's engagement.

The Committee also considers the fees paid to the independent auditor and whether the fee levels for non-audit services, individually and in aggregate, relative to the audit fee are appropriate so as not to undermine their independence.

Finance and Investments Committee

The Finance and Investments Committee chaired by a non-executive director, comprises four non-executive directors and meets at least four times in a year. The committee is responsible for the formulation of investment policies and reviewing investment strategies affecting the assets and liabilities to ensure optimum return on resources. The Finance and Investments Committee also deals with the Group and Company resource requirements and major acquisitions and disposals.

Human Resources and Nominations Committee

The Human Resources and Nomination Committee chaired by a non-executive director is made up of four non-executive directors and meets as often as directed by changes in the environment with the Group Chief Executive Officer in attendance. The committee assists the Board in the review of critical personnel issues. Staff compensation policies and manpower development proposals made by the Committee are presented to the Board for approval. It also deals with the identification and recommendation of potential directors to the Board.

Stakeholder Engagement

Analyst Briefing

The Group recognizes the importance of maintaining dialogue with its shareholders and stakeholders and of keeping the market informed to ensure that its strategies and performance are well understood.The Group makes presentations on the results to investors, analysts and the media.

Annual General Meeting

The Group communicates with its shareholders through an Annual General Meeting annually and also at half year when half year results are announced. The Board also ensures that sufficient contact is maintained with major shareholders to understand their issues and concerns.

Corporate Governance *(continued)*

Worker Participation

Worker participation and employer/employee relations are handled through regular Works Council and Worker's Committee meetings. Regular meetings ensure information dissemination, consultation and resolution of conflict areas timeously and to the benefit of all parties.

BN Kumalo
Chairman
30 April 2018

Corporate Social Responsibility

The Group seeks to be an active player within the Community in which it operates. The Group's role goes beyond provision of insurance, reinsurance and related services and it is committed to playing a leading and effective role in the country's sustainable development while tangibly proving to be a responsible and caring corporate citizen.

S Kudenga
Group Chief Executive Officer
30 April 2018

Report of the Directors

The Directors present to members the Annual Report together with the audited financial statements of the Group for year ended 31 December 2017

Share Capital
The authorised share capital of the Company at 31st December 2017 comprise 2 000 000 000 ordinary shares of a nominal value of US$0.01 per share. The issued share capital as at 31 December 2017 is made up of 1 533 338 937 ordinary shares of a nominal value of US$ 0.01 per share. There were no new shares issued during the year.

Group operating results
The results are set out in the attached financial statements. Comments on specific issues of the Group operations are contained in the Chairman's Statement and the Group Chief Executive Officer's review of operations.

Dividends
The Directors recommend a dividend of US$1 100 000 (2016:US$nil) for the year ended 31st December 2017.

Directorate
There were no changes to the Directorate during the year.

Directors' Shareholding
The directors' shareholding, directly and indirectly, in the Company is shown on the shareholders' analysis on page 105.

Auditors
Shareholders will be requested to approve the remuneration of the independent auditors for the financial year ended 31 December 2017 at the Annual General Meeting and to appoint auditors for the ensuing year. PricewaterhouseCoopersChartered Accountants (Zimbabwe) have expressed their willingness to be re-appointed.

Annual General Meeting
The 20th Annual General Meeting of members of the Company will be held on 20th June 2018 in the Ophir Room of Legacy Monomotapa Hotel, 54 Park Lane, Harare at 14:30 hours.

Director's Responsibility for Financial Reporting
A detailed report setting out the Directors' responsibility for financial reporting forms part of this report.

Going Concern
The Directors consider that the Group has adequate resources to continue operating for the foreseeable future. It is therefore appropriate to adopt the going concern basis in preparing the annual financial statements. The directors are satisfied that the Group is in a sound financial position and has access to facilities and resources to meet its foreseeable cash requirements.

The Board of Directors assume responsibility for the Group's consolidated financial statements which were approved by the Board on 30th April 2018.

BN Kumalo
Chairman
Date: 30 April 2018

S Kudenga
Group Chief Executive Officer

Directors' Responsibility Statement

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

The Directors acknowledge that they are ultimately responsible for the system of 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 through 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 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 behavior 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 and not absolute assurance against material misstatement or loss.

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

The independent auditor is engaged to express an independent opinion on the financial statements. The independent auditor is responsible for independently auditing and reporting on the Group's financial statements. The financial statements and related notes have been examined by the independent auditor and their report is presented on pages 23 to 28.

The financial statements and the related notes set out on pages 29 to 104, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:

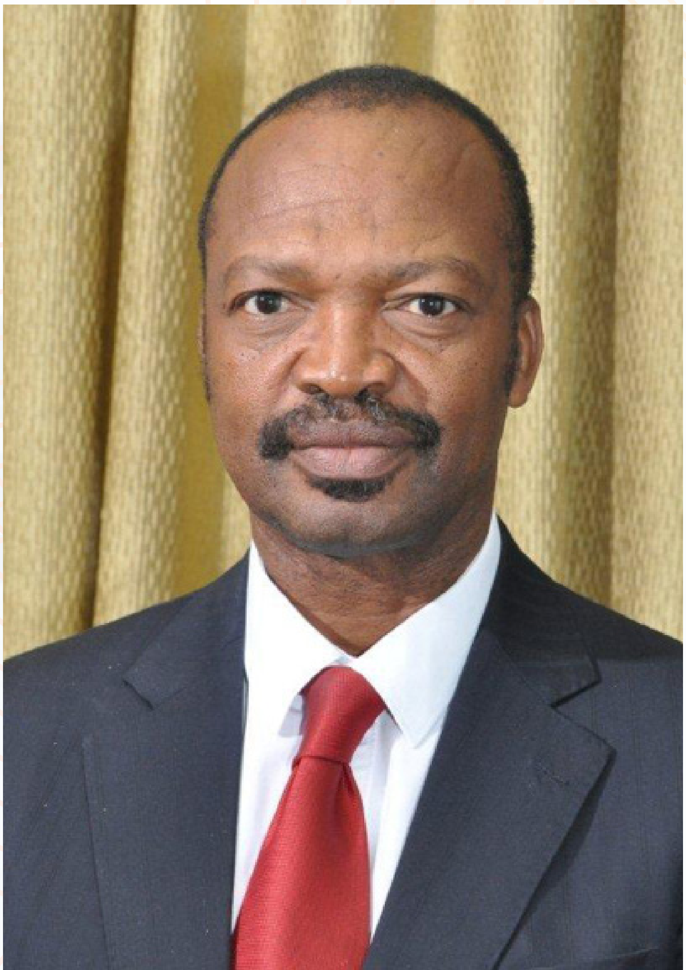
B N Kumalo
Chairman
Date: 30 April 2018

S Kudenga
Group Chief Executive Officer
Date: 30 April 2018

Chairman's Statement

INTRODUCTION

It is my pleasure to present the ZimRe Holdings Limited ("ZHL") Group results for the year ended 31 December 2017. The Group posted a remarkable improvement from prior year bolstered by a decent outturn from the domestic reinsurance and property subsidiaries. Our prospects for the future are bright and I am confident that the momentum gained in 2017 will be sustained into the future.



B. N. Kumalo - *Chairman*

FINANCIAL HIGHLIGHTS

Year	Total income (US$ m)	Total expenditure (US$ m)	Profit for the year (US$ m)	Cash and cash equivalents (US$ m)	EPS (US cents)
2017	36.4	30.7	5.8	24.4	0.36
2016 (restated)	30.9	33.5	(1.5)	11.1	(0.05)
Change	↑ 17.64%	↓ 8.29%	↑ 499.93%	↑ 120.42%	↑ 872.79%

BUSINESS ENVIRONMENT

Domestic

2017 was a significant and promising turning point in Zimbabwe's history. There is renewed confidence locally and internationally following the reforms being spearheaded by the new administration which are expected to lead to sustainable economic stability, rejuvenation and growth. During the year under review, the economy grew by an estimated 3.7% against a backdrop of good performance in the agricultural and mining sectors. The same momentum is expected to accelerate to 4.5% in 2018.

Regional

Malawi experienced reasonable economic growth of 4.5% in 2017, driven mostly by increased output in the agricultural sector. Similarly, Mozambique also recorded modest economic growth of 3.1% and is, however, set to rebound in 2018 subject to take-off of the oil and gas projects. At a 4.2% growth rate in 2017 compared to 3.0% in 2016, Zambia benefited from a good agricultural season, increased copper output and the rebound of commodity prices on the international market. Botswana on the other hand, with a 4.5% growth rate, is expected to continue on an enhanced growth trajectory driven by the rebound in global demand for diamonds.
As a result, the insurance industries in all the markets in which the Group operates grew in response to the aforementioned economic growth recorded in 2017.

Chairman's Statement *(continued)*

RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS AND DELAY IN PUBLICATION

The 2016 consolidated financial statements were restated to take into account the restatement of the financial statements of Fidelity Life Assurance Company Limited, a key associate of the Group, for the same period. The restatement affected the share of profits from associates and the investments in associates, hence profit for the year and total assets. This resulted in the delay in the publication of the 2017 consolidated financial statements for both the associate and ZHL, beyond the 31 March deadline. The delay was sanctioned by the Zimbabwe Stock Exchange ("ZSE") in terms of section 3.21 subsection (a) of the ZSE Listing Requirements

GROUP PERFORMANCE

ZHL is an investment holding company with sustainable core competencies in the insurance and property sectors. The Group has subsidiaries and associates in Zimbabwe, Botswana, Malawi, Mozambique, Zambia, and underwrites business from other strategic markets on the African continent.

The Group's commendable set of results, which are highlighted below, are reflective of the positive impact of the Group restructuring exercise and cost realignment initiatives of 2016.

Statement of comprehensive income

Total income increased by 17.6% from US$30.9 million in 2016 to US$36.4 million in 2017 mainly due to:-

- improvement in revenue from property sales at ZimRe Property Investments Limited ("ZPI"); and
- steady recovery in the core reinsurance operations due to the ongoing restructuring exercise, growing market confidence and improvement in underwriting standards.

In response to the positive and significant growth in total income, profit for the year improved from a negative US$1.5 million in 2016 to US$5.8 million in 2017. The significant turnaround in the bottom line performance was mainly attributed to: -

- the significant turnaround at Baobab Re which adopted and implemented a prudent and selective underwriting strategy;
- profit from disposals arising from the investment portfolio restructuring exercise;
- write-offs of reinsurance legacy liabilities;
- favourable claims experience in the regional markets where claims declined by 31% from US$4.8 million in 2016 to US$3.3 million in the year under review; and
- ongoing review of structures for the attainment of operational efficiency, and improvement in the management and alignment of costs to revenue.

Measures being implemented by the Group to sustain the positive performance results include the following:-

- consolidating and strengthening the capital base of the reinsurance operations to improve underwriting capacity;
- rebranding of the reinsurance operations under the "Emeritus brand" in order to provide the necessary impetus for growth;
- property portfolio restructuring, through the incorporation of new asset classes in order to grow and enhance rental income performance. In February 2018, the Group through ZPI broke ground on the Sawanga Shopping Mall, the first mall in the historic and popular tourist destination of Victoria Falls. The move is not only aimed to diversify ZPI's portfolio, but to bring convenience to the trading public in the area, while spearheading the local investment drive;
- adoption of innovative business acquisition models including the establishment of Underwriting Management Agencies ("UMAs") in order to grow market share and improve the business pipeline; and
- adoption of an aggressive debtors' management and collection policy which is expected to result in the narrowing of the levels of the debtors' figures and improve investment income performance.

Statement of financial position

Cash and cash equivalents increased by 120.4% from US$11.1 million in 2016 to US$24.4 million due to:-

(i) positive cash flow from Group operations; and
(ii) enhanced liquidity from balance sheet restructuring and disposals.

At US$106.0 million, total assets increased by 2.8% as at 31 December 2017 compared to the same period in 2016.
Shareholders' equity increased by 24.9% from US$39.8 million in 2016 to US$49.7 million in 2017 mainly boosted by profit for the year and the Group's initiative to increase its shareholding in ZPI.

Chairman's Statement *(continued)*

KEY GROUP DEVELOPMENTS AND MILESTONES

Group investment portfolio restructuring

The Group investment portfolio restructuring, which started in 2016 to, among other things, realign assets to focus on the reinsurance and property businesses, was largely completed in 2017. The following were implemented in 2017 as part of fulfilling this overall objective:-

(i) ZHL disposed of its 30.03% stake in NicozDiamond Insurance Limited ("NDI") to the National Social Security Authority ("NSSA") effective 13 December 2017 at a consideration of US$7.0 million. The disposal proceeds were used to strengthen the reinsurance operations; and

(ii) The Group disposed of its 62. 23% shareholding in Colonnade Reinsurance Company Limited to the subsidiary's management team in December 2017.

Rebranding of reinsurance operations

The consolidation and restructuring of the Group reinsurance operations under Emeritus Reinsurance gained further momentum following the issuance of exchange control approvals in some jurisdictions to transfer assets to Botswana. The monolithic rebranding of the reinsurance operations under the Emeritus Reinsurance banner is currently in progress. The business initiative is expected to strengthen the market position of the reinsurance operations and position them for growth as well as allowing the operations to benefit from economies of scale and scope.

The Emeritus International structure will enable the Group to raise offshore capital required to strengthen the capital base of the reinsurance operations and for business expansion.

CFI Holdings Limited ("CFI")

2017 was a challenging year for CFI. Subsequent to year end, on 2 January 2018, the Zimbabwe Stock Exchange suspended CFI from trading for a period of 4 months during which CFI is to address issues of corporate governance flagged by the regulators.

The ZHL Group and its partners remain committed to ensuring that issues raised by the regulators are addressed, and that units of CFI under judicial management return to profitable operation.

DIRECTORATE

There were no changes in the directorate since appointments made at the last Annual General Meeting.

DIVIDEND

The Board of ZHL declared a final dividend of US$1.1 million for the year ended 31 December 2017. The Company shall publish the dividend notice subject to ratification of the same by the members at the upcoming Annual General Meeting.

FUTURE PROSPECTS

All five countries in which the Group has a presence are expected to record improved economic growth rates in 2018 in view of anticipated relative political stability, positive global economic outlook and growth in key sectors of the economies such as agriculture and mining. We anticipate growth in disposable incomes and consumption trends of both low to middle income classes thereby leading to increased demand for discretionary products such as insurance. In the short term, the Group's strategic focus will be to continue consolidating and strengthening its insurance and property businesses from internal resources for growth, cash generation and profitability. In the medium to long term, Emeritus International Reinsurance Company will provide a vehicle to mobilise offshore capital required to strengthen operations and embark on regional expansion.

APPRECIATION

I would like to thank my fellow directors throughout the Group, the staff, business partners and other stakeholders who contributed to the turnaround of the Group's fortunes.

B N Kumalo
CHAIRMAN

30 April 2018

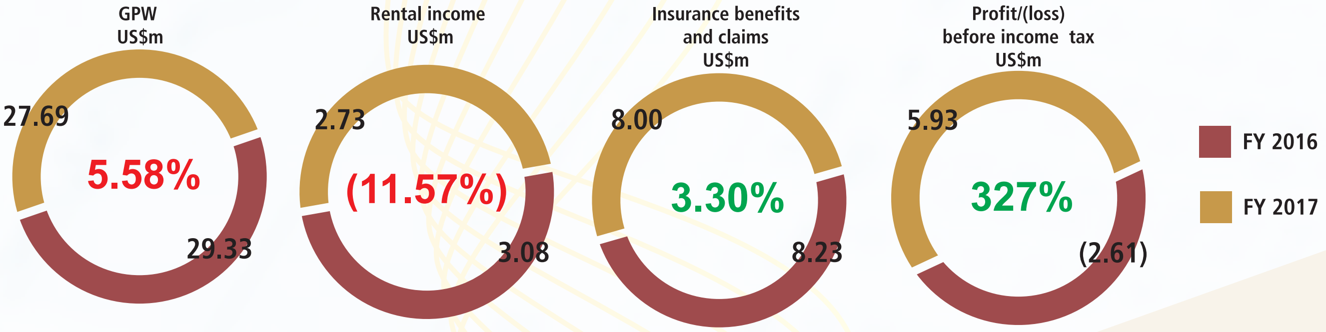
Group CEO's Review of Operations

BUSINESS ENVIRONMENT

2017 was a year of political stability and modest economic growth throughout Southern Africa thereby contributing to the reasonable growth rates experienced within the insurance markets in which the Group operates, namely Botswana, Malawi, Mozambique, and Zambia.

On the other hand, the domestic insurance industry faced muted growth rates of below 4% in 2017 mainly due to low disposable incomes, a symptom of the prevailing economic challenges. In accordance therewith, the Group's local business units have formulated and are implementing strategies aimed at overcoming the challenges while maintaining growth and profitability.

ZHL GROUP FINANCIAL PERFORMANCE



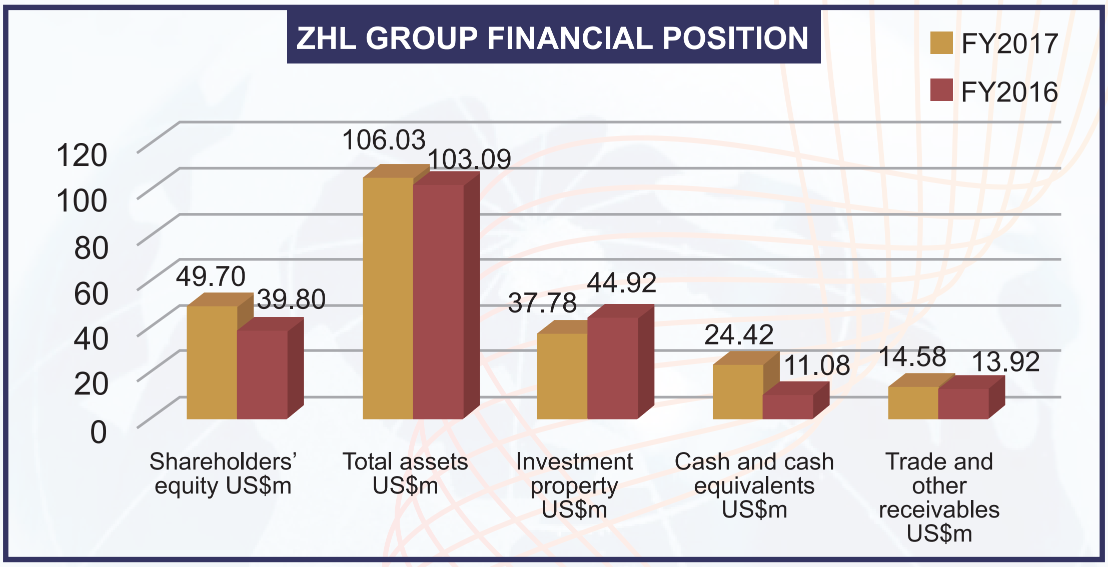
The Group recorded a commendable set of results relative to prior year mainly attributed to:

- The decent outturn in domestic reinsurance operations;
- The improved project sales in the real estate subsidiary;
- The positive impact of Group restructuring and cost realignment initiatives; and
- The improved investment income performance.

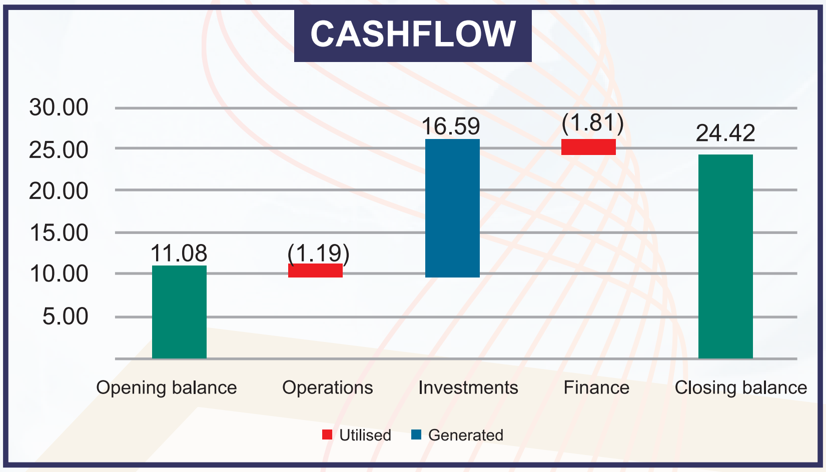
The Group recorded positive cash flows from operations in line with the Group strategy of cash generation with growth. The cash flow and strong cash position of the Group is amply reflected in the charts below.

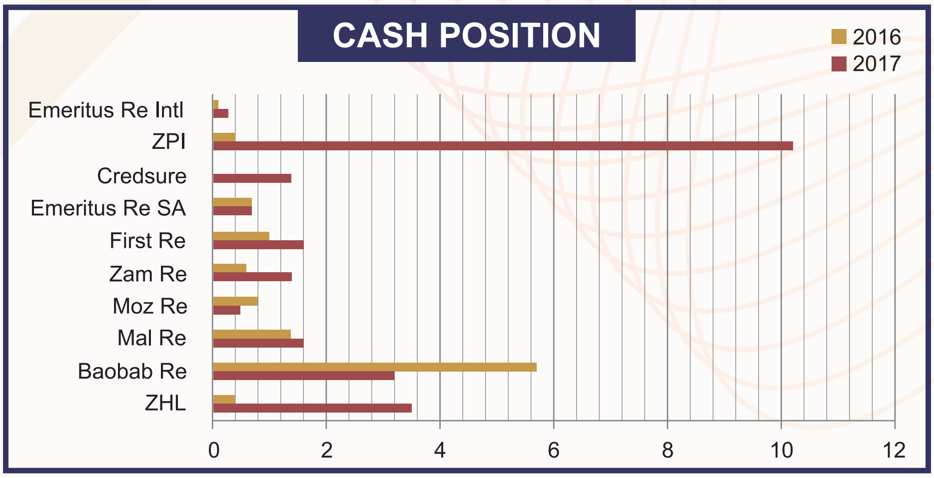
Key ratios and indicators	FY2017	FY2016
Basic and diluted earnings/(loss) per share (US cents):	0,36	(0,05)
Return on equity (%)	8%	-1%
Return on assets (%)	6%	-1%
Expense ratio	46%	52%
Current assets /current liabilities	1,73	1,20
Share price (US cents)	2,59	1,65

Group CEO's Review of Operations



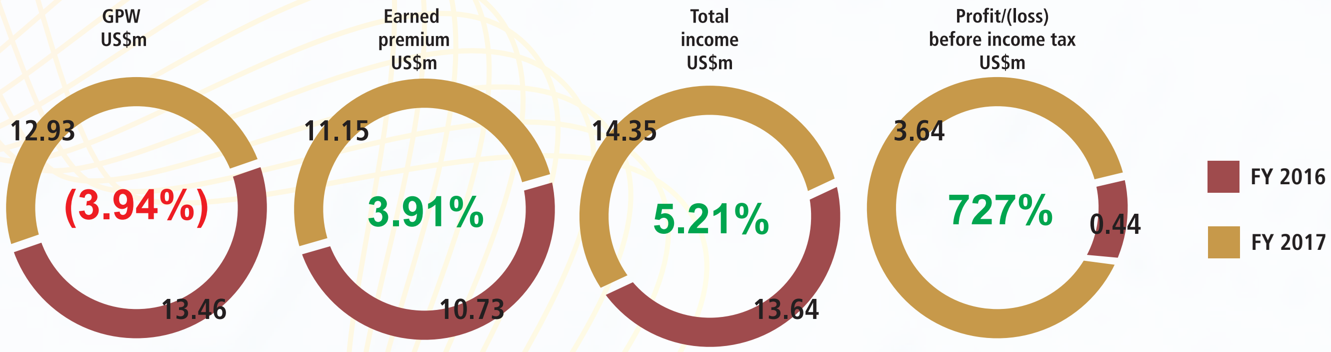
CASH AND CASH EQUIVALENTS

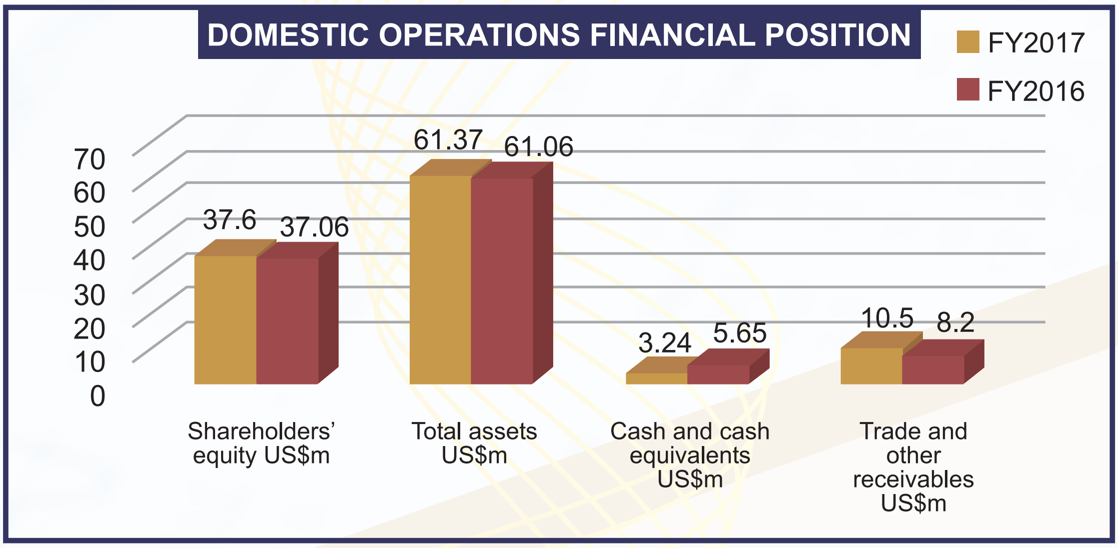




Group CEO's Review of Operations *(continued)*

DOMESTIC REINSURANCE OPERATIONS





Key ratios and indicators	FY2017	FY2016
Retention ratio %	83%	81%
Combined ratio %	87%	139%
Return on equity %	12%	1%
Return on assets %	7%	1%
Solvency ratio %	348%	340%
Expense ratio	20%	44%
Claims ratio	30%	26%
Operating profit/ shareholders' equity	0,10	0,01

The results show:

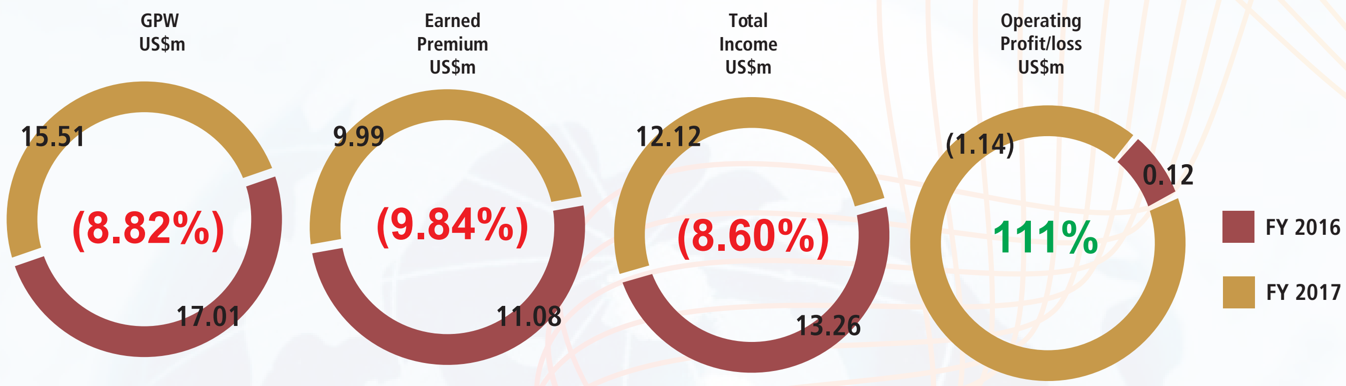
- Significant turnaround at Baobab Re which is implementing a prudent and selective underwriting strategy, and
- Growing market confidence in the brand.

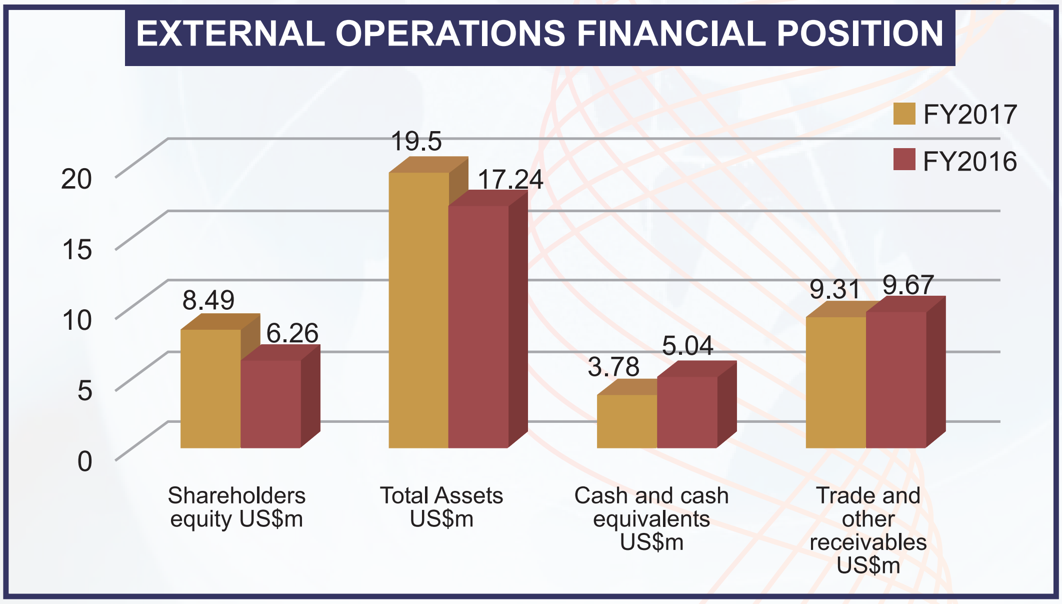
Post the reporting period, the Group launched the Emeritus brand which is expected to provide the necessary impetus to the growth and profitability of the business in the domestic and regional markets. Measures to enhance future domestic performance include:

- Rating upgrades;
- Grow the offshore claims fund; and
- Product innovation

Group CEO's Review of Operations *(continued)*

EXTERNAL REINSURANCE OPERATIONS



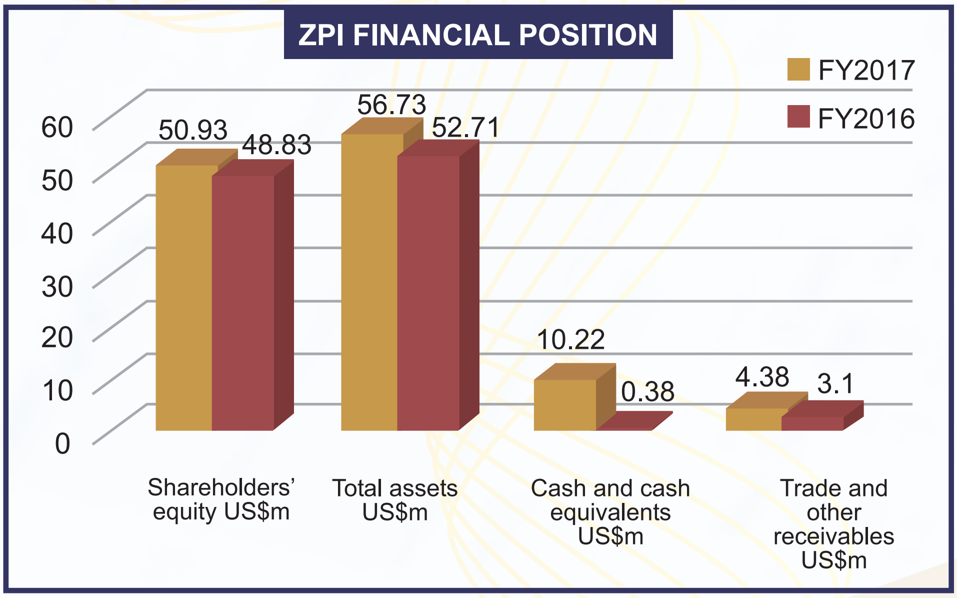


Key ratios and indicators	FY2017	FY2016
Retention ratio %	60%	66%
Combined ratio %	87%	139%
Return on equity %	5%	10%
Return on assets %	2%	3%
Solvency ratio %	91%	56%
Expense ratio	37%	38%
Claims ratio	27%	36%

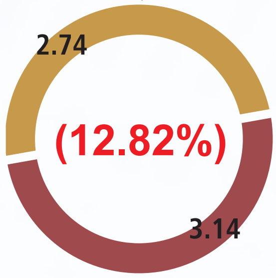
- The performance of regional operations was adversely affected by the severity of weather related claims in Mozambique and Swaziland and the non-trading status of Emeritus Re SA.
- The low claims experience in other markets contributed to the positive profit outturn.
- Measures being implemented to enhance future regional performance include:
  - o Consolidating and strengthening capital bases of each operating company. This has begun with a US$1.2 million injection into Zambia Reinsurance in 2017;
  - o Improving credit ratings to enhance business acquisition and growth; and
  - o Access to a wider market through the uniform rebranding of all reinsurance operations under Emeritus Re.

Group CEO's Review of Operations *(continued)*

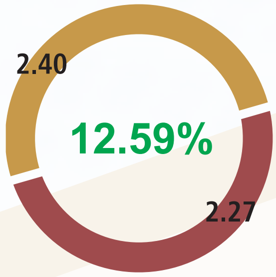
ZIMRE PROPERTY INVESTMENTS LIMITED ("ZPI")



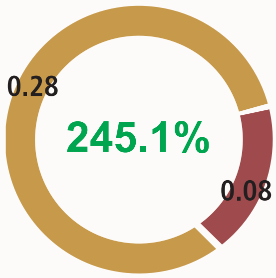
Rental income US$m



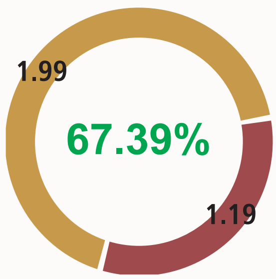
Sale of inventory property US$m



Investment income US$m



Operating profit US$m

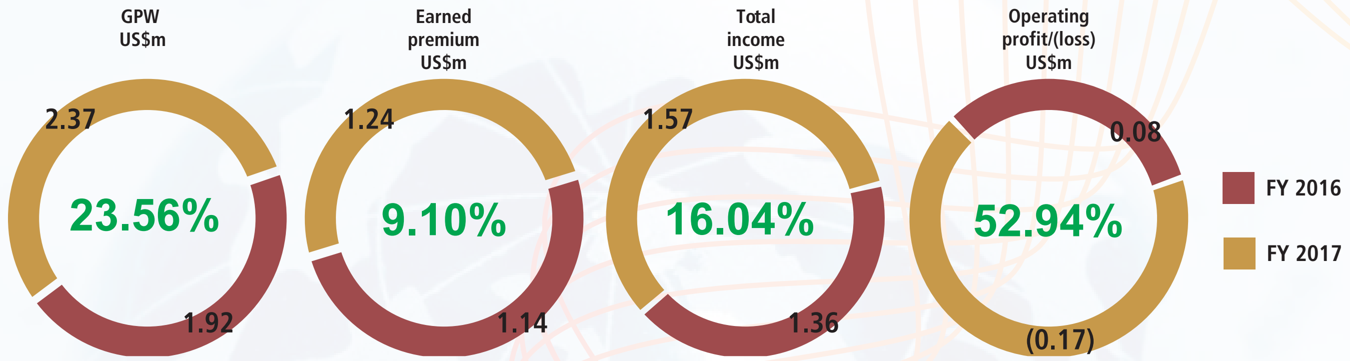


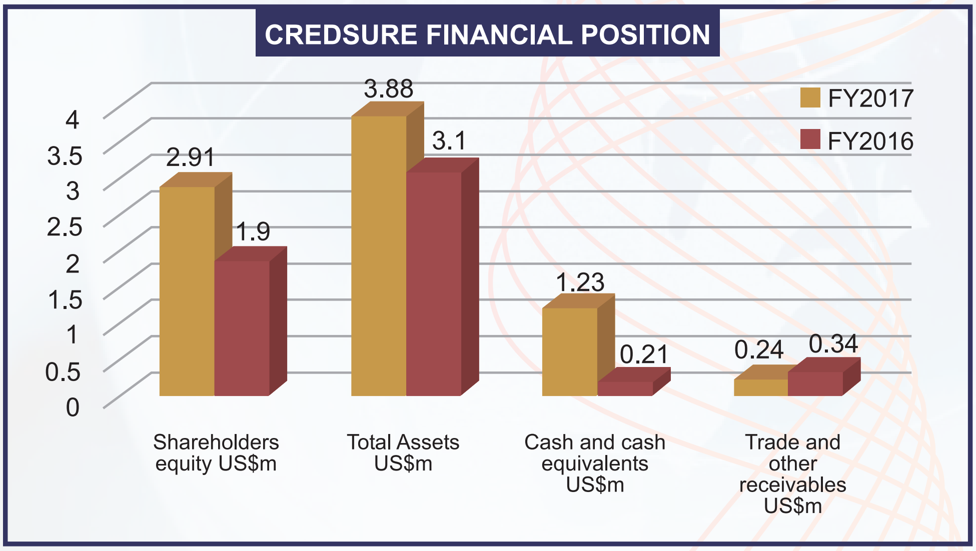
Key ratios and indicators	FY2017	FY2016
Return on equity (%)	5%	-3%
Return on assets (%)	5%	-3%
Expense ratio	30%	41%
Debtors/total assets	8%	6%
Current assets /current liabilities	5,7	5,7
Operating profit/ shareholders equity	0,04	0,02
Earnings per share (US Cents)	0,16	(0,08)
NAV per share (US Cents)	2,97	2,84
Share price (US Cents)	2,40	1,00

- Positive results were driven mainly by the improved performance from project sales.
- Measures being implemented to enhance future property performance include:
  - o Property portfolio restructuring incorporating new asset classes with better rental yields;
  - o Diversification through the implementation of construction and infrastructure development projects. Post the reporting period the real estate subsidiary broke ground on the construction of the first ever mall in Victoria Falls and is pioneering a housing project for student's accommodation in Bulawayo.

Group CEO's Review of Operations *(continued)*

CREDIT INSURANCE ZIMBABWE LIMITED ("CREDSURE")





Key ratios and indicators	FY2017	FY2016
Retention ratio %	49%	57%
Combined ratio	87%	139%
Return on equity %	-2,8%	-9,1%
Return on assets %	-2,1%	-5,6%
Solvency ratio %	249%	173%
Expense ratio	64%	75%
Claims ratio	35%	31%

ZHL attained control of Credsure and injected US$2 million into business in 2017. Performance in 2017 showed gravitation towards a turnaround with the narrowing of losses. Measures to sustain future performance include:

- Continuously reviewing and strengthening the capital base;
- Capitalizing on brand strength i.e. provision of export and domestic credit, bond and guarantee insurance products as business growth strategy;
- Restructuring aimed at realizing operational efficiency; and
- Growing market share through the UMA structure.

Group CEO's Review of Operations *(continued)*

KEY ASSOCIATES AND INVESTMENTS

SHORT TERM INSURANCE

Cell Insurance Holdings (Private) Limited: The company retained energy and major mining accounts, and this is expected to lead to sustained improvement in performance and profitability in 2018.

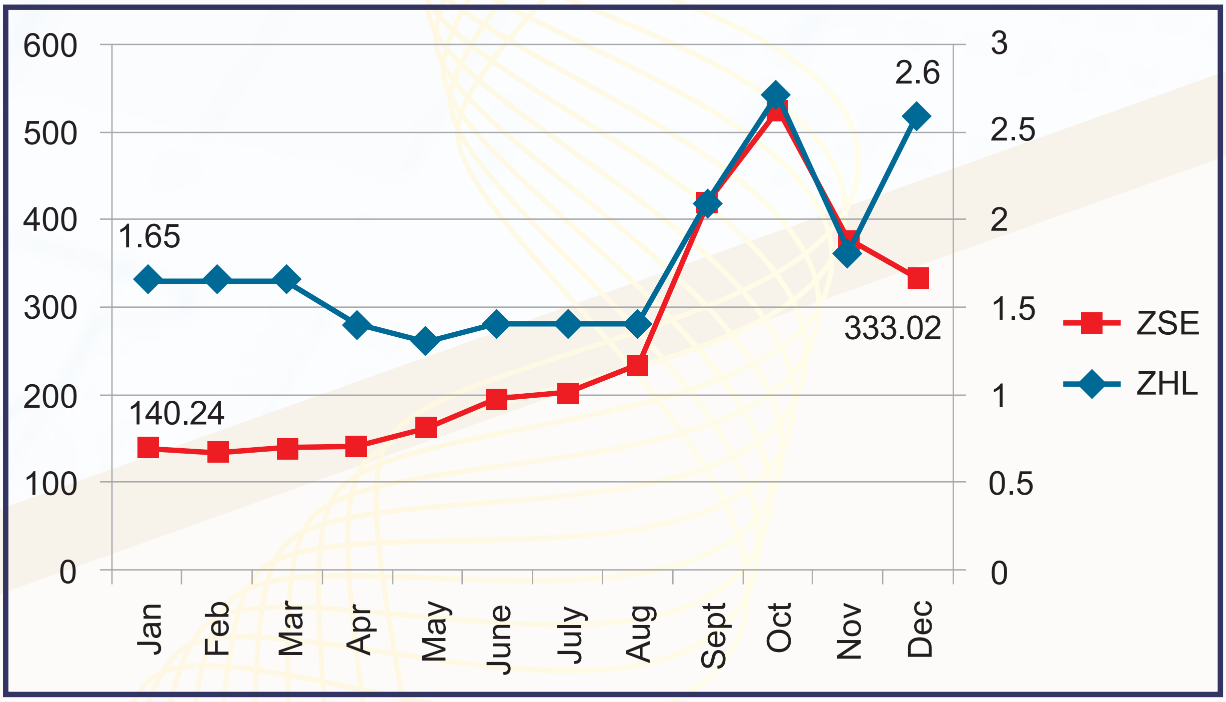
AGRO-INDUSTRIAL

CFI: was suspended from the ZSE with effect from 2 January 2018 to allow the company to comply with good corporate governance requirements. Shareholder conflicts continued to adversely affect the overall performance of the CFI Group.

LIFE AND PENSIONS

ZHL continued to retain its shareholding in Fidelity Life Assurance Zimbabwe Limited ("FLAZL") in anticipation of the implementation of turnaround strategies and value adding projects in FLAZL that are expected to result in the unlocking of significant value for investors.

ZHL SHARE PERFORMANCE



The performance of the ZHL share price remained muted mainly due to the limited shares available for trading.

BUSINESS OUTLOOK

Economic growth prospects in Zimbabwe and the region are good in 2018 in view of:

- Anticipated political stability;
- Positive global economic outlook; and
- Anticipated growth in key sectors of the economies such as agriculture and mining.

Group CEO's Review of Operations *(continued)*

The Group will focus on the following business growth initiatives and strategies in 2018:

- Growing top-line in all subsidiaries;
- Aggressive marketing strategy to regain lost markets during the sanctions era;
- Focusing on cashflow generation and management;
- Lay foundation for capital raising in Botswana;
- Property portfolio realignment to enhance rental yields; and
- Effective implementation of a private equity business model.

In the advent of a promising 2018, the Group remains committed to creating shareholder value through profitable growth and cash generation.

Stanley Kudenga
Group Chief Executive Officer
30 April 2018

Declaration by Group Finance Executive

These financial statements have been prepared under the supervision of the Group Finance Executive, Lovemore Madzinga. Lovemore is a Registered Public Accountant (PAAB No. 04417) and holds a Bachelors' Degree in Accounting from the University of Zimbabwe. He is a Fellow of the Association of Chartered Certified Accountants ("FCCA") and an Associate of the Chartered Institute of Secretaries and Administrators ("ACIS")

Lovemore Madzinga
Group Finance Executive
30 April 2018

Independent auditor's report

To the Shareholders of Zimre Holdings Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Zimre Holdings Limited (the "Company") and its subsidiaries (together the Group) as at 31 December 2017, and its consolidated and separate financial performances and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited:

Zimre Holdings Limited's consolidated and separate financial statements set out on pages 29 to 104 comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B) (the "IESBA Code"). We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Overall group materiality

US$371 769, which represents 1% of total revenues

Group audit scope

We conducted full scope audits for seven of the significant reporting units based on financial significance and audit risk, as well as for the parent company, Zimre Holdings Limited.

Key audit matters

- Impairment of reinsurance and non-reinsurance receivables (the "receivables");
- Valuation of investment property; and
- Valuation of life reassurance contract liabilities

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
P O Box 453, Harare, Zimbabwe
T: +263 (4) 338362-8, F: +263 (4) 338395, www.pwc.com

T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	US$371 769
How we determined it	1% total revenues
Rationale for the materiality benchmark applied	We have selected total revenues as our materiality benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a stable and key driver of the Group's business. We chose 1% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using total revenue to compute materiality.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Our scoping included operations in Zimbabwe, Malawi, Zambia, Mozambique and Botswana.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the local operations by us, as the group engagement team, or component auditors from other firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those operations to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis of our opinion on the consolidated financial statements as a whole. In the current year the group engagement team reviewed component auditors' working papers of the Group's operations in Malawi and Zambia.

For all the regional operations, we as the group auditors sent out group audit instructions to component audit teams and received specific audit deliverables which included signed audited component financial statements. Full scope audits were performed at seven of the significant components, which in aggregate account for 100% of the consolidated revenue of the Group;

- Baobab Reinsurance (Private) Limited, Credit Insurance Zimbabwe Limited and Zimre Property Investments Limited were audited by the group engagement team. All of these entities are located in Zimbabwe.
- Regional operations include Malawi Reinsurance Company Limited, Zambian Reinsurance Company Limited, Mozambique Reinsurance Company Limited and First Reinsurance Company (Proprietary) Limited, which are incorporated and domiciled in Malawi, Zambia, Mozambique and Botswana respectively. Mozambique Reinsurance Company Limited was audited by a PwC firm and all the other regional operations were audited by non-PwC audit firms.
- Zimre Holdings Limited, the parent company, was audited by the group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Consolidated financial statements

Key audit matter	*How our audit addressed the key audit matter*
Impairment of reinsurance and non-reinsurance receivables (the "receivables") As at 31 December 2017, reinsurance receivables amounted to US$ 8 507 189 for the Group, against which management provided an impairment allowance of US$ 2 387 566. Non reinsurance receivables amounted to US$3 425 903 against which management provided an impairment allowance of US$929 424. Receivables amounting to US$2 847 115 were past due but were assessed as not impaired by management. The assessment of the impairment allowance for trade receivables was considered a matter of most significance during the current year audit owing to the significant judgement required by management to assess the recoverability of outstanding amounts. The Group applies a simplified approach to providing for allowances for credit losses, through specific assessment of receivables' balances based on credit risk characteristics and the days past due. Disclosure is provided in the following notes: • note 2.12.2, accounting policy note, • note 3.2.5, significant accounting judgements and estimates, • note 4.3, financial risk management; and, • note 15, trade and other receivables.	We obtained an understanding of management's process for determining the impairment allowance for the receivables. We compared actual write-offs in the current year to management's prior year allowance to assess the reasonableness of management's estimation process. We tested the accuracy of the receivables age analysis that is used in the impairment assessment, by tracing a sample of the receivables to invoices and recalculating the ageing days. We obtained management's assessment of the allowance for credit losses for the current year and performed the following procedures on a sample of impaired receivables: • for amounts included in the allowance, obtained an understanding of how management calculated the amount to be impaired; and • performed an independent calculation of the allowance for credit losses, making specific allowance for credit losses for those receivables where there is objective evidence that recovery is doubtful. Such evidence included absence of significant subsequent receipts or agreed settlement plans. For amounts that were considered past due but not provided for, we obtained management's supporting documentation underlying recoverability, including payment plans and assessed the level of collections subsequent to year end. Our procedures performed indicated that management's impairment allowance was within a reasonable range from our independent assessment.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of life reassurance contract liabilities We considered the valuation of life reassurance contract liabilities to be a matter of most significance to our current year audit due to the following: ● the value of the Group life reassurance contract liabilities is material; and ● the valuation of the Group's life reassurance contract liabilities involves complex calculations, significant judgements, and long and short term estimates and assumptions. The Financial Soundness Valuation Methodology involves judgements about future events, both internal and external to the Group. Valuation assumptions include mortality, longevity, lapses, surrender rates and expense assumptions. As at 31 December 2017 life reassurance contract liabilities amounted to US$4 632 265. Disclosure is provided in the following notes; ● note 2.15.1 - accounting policy note, ● note 3.2.2 - significant accounting judgements and estimates, ● note 4.6 – financial risk management; and, ● note 23, life reassurance contract assets and liabilities.	We assessed the independence, experience and competence of the statutory actuary, through inquiry with the actuary and management. We inspected the actuary's *curriculum vitae* to assess his experience and competence. We made use of our actuarial expertise to evaluate the significant assumptions and estimates and the actuarial computations, and to evaluate the actuarial valuation report obtained from management for adequacy and reasonableness. We performed the following: • tested data used in the valuation by agreeing a sample of that data to the audited schedules and balances. We noted no exceptions in respect of our sample. • assessed the valuation basis (Financial Soundness Valuation Methodology) through discussion with the statutory actuary and assessing its appropriateness, given the nature of the business as well as actuarial good practice; • assessed the valuation methodology for compliance with Standard of Actuarial Practice 104; • assessed the valuation results by rerunning the models, on a sample basis, to consider accurate application of the selected methodology and assumptions; and, • inspected the actuarial report for 2017 prepared by the statutory actuary and compared it with the prior year signed actuarial report in order to identify any significant changes in assumptions and methodology.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of investment property We considered valuation of investment property to be an area of significance to our audit of these financial statements, because the Group's investment property portfolio is material and the valuation process is inherently subjective due to the estimates and assumptions used in determining the property fair values. Management engaged professional valuers to perform the valuation and they used the income approach for developed commercial and industrial properties, and the market approach for residential properties and undeveloped land. In determining a property's valuation in terms of the income approach, management and the professional valuers took into account the main space equivalent ("MSE") principle. They applied assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation. The key unobservable inputs that require management to exercise judgement are average rental per square metre, capitalisation rate, and space and void rates for the income approach. Using the market 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 ("US$ sqm"). Disclosure is provided in the following notes; ● note 2.7 - accounting policy note, ● note 3.2.3 - significant accounting judgements and estimates; and ● note 7 - investment property.	We gained an understanding of controls over the valuation of the investment property, including management's selection of the valuer ("management's expert"), and the assessment and approval of the valuation results. We evaluated the competence, capabilities, independence and objectivity of management's expert and obtained an understanding of their work. We inspected the company profile and *curricula vitae* of the individuals performing the valuation in order to assess their experience and competence. We obtained the valuation report from the professional valuers engaged by management as at 31 December 2017, and assessed the appropriateness of the valuation methods used by them and found that the methods used are considered generally accepted valuation methodologies for investment properties. In order to consider the reasonableness of the valuation methods and assumptions used, we met with the professional valuers, to obtain an understanding of the assumptions used in applying the respective valuation methods. We considered the reasonableness of the assumptions used in both valuation methods with reference to prevailing market rentals; market yields and price per square metre. We agreed the key inputs in the valuation report to supporting evidence, on a sample basis, as follows: - rental income to the underlying lease agreements; and - occupancy levels to the audited tenancy schedule, prepared by management.

Separate financial statements

We have determined that there are no key audit matters in respect of the separate financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 2017 Annual Report, but does not include the consolidated and separate financial statements on pages 29 to 104 and our auditor's report thereon.

Our opinion on the consolidated and separate 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 separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Groups and Company's ability to continue as going concerns, 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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and the Company'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 and the Company's ability to continue as going concerns. 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 and separate 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 and/or Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 and separate 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.

Clive K Mukondiwa
Registered Public Auditor
Public Accountants and Auditors Board, Public Auditor, Registration No. 0439
Institute of Chartered Accountants of Zimbabwe Public Practice Certificate No.253 168
Partner, for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

8 June 2018

Harare, Zimbabwe

Consolidated and Separate Statements of Financial Position

As at 31 December 2017

ASSETS	Notes	Group 2017 US$	Restated Group 2016 US$	Restated Group 2015 US$	Company 2017 US$	Company 2016 US$
Property and equipment	6	4 077 382	2 564 394	3 105 897	391	391
Investment property	7	37 784 845	44 924 623	46 997 682	-	-
Intangible assets	8.1	123 681	79 173	131 157	-	-
Goodwill	8.2	325 803	-	-	-	
Investment in subsidiaries		-	-	-	36 180 111	34 902 165
Investment in associates	10	5 415 437	10 371 239	10 605 936	713 218	3 076 100
Deferred income tax asset	11	1 902 755	1 497 670	2 287		-
Financial assets available for sale	13	7 556 385	6 535 700	6 639 684	5 642 700	1 139 997
Loan to subsidiary	12	-	-	-	-	1 426 737
Inventory	14	3 393 994	2 755 060	3 201 218	-	-
Trade and other receivables	15	14 583 142	13 921 851	15 643 148	754 536	466 431
Life reassurance contract asset	23.1	569 900	569 900	821 700	-	-
Current income tax receivable		721 503	-	28 561	-	-
Deferred acquisition costs	16	1 517 042	1 757 201	1 781 811	-	-
Financial assets :						
held to maturity investments	17.1	2 661 550	2 363 567	2 016 736	-	-
at fair value through profit or loss	17.2	975 534	1 607 254	1 846 032	582 164	323 359
Assets classified as held for sale	18	-	3 073 391	3 602 794	-	-
Cash and cash equivalents	19	24 417 087	11 077 397	13 419 045	3 484 147	402 253
Total assets		**106 026 040**	**103 098 420**	**109 843 688**	**47 357 267**	**41 737 433**
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the parent						
Share capital	20	15 331 003	15 331 003	15 306 763	15 331 003	15 331 003
Share premium		11 427 034	11 427 034	11 562 694	11 427 034	11 427 034
Revaluation reserve		13 920 328	13 759 295	13 746 144	-	-
Mark-to-market reserve		650 181	429 018	194 588	(5 310 540)	(5 310 540)
Foreign currency translation reserve		(7 512 006)	(7 768 687)	(7 365 824)	-	-
Retained earnings		15 882 487	6 574 047	5 920 187	20 115 312	16 351 305
Total equity attributable to equity holders of the parent		**49 699 027**	**39 751 710**	**39 364 552**	**41 562 809**	**37 798 802**
Non-controlling interest		21 828 246	25 219 840	28 422 021	-	-
Total equity		**71 527 273**	**64 971 550**	**67 786 573**	**41 562 809**	**37 798 802**
Liabilities						
Life reassurance contract liabilities	23.2	4 632 265	4 632 265	5 990 565	-	-
Deferred income tax liability	11	1 330 614	2 090 850	4 460 978	-	-
Borrowings	24	1 799 361	1 376 091	885 264	-	-
Trade and other payables	25	13 626 357	14 185 096	15 133 800	5 794 458	3 938 631
Short term insurance contract liabilities	21	11 932 762	11 937 005	12 622 493	-	-
Other provisions	22	1 177 408	1 043 186	885 339	-	-
Current income tax payable		-	161 004	-	-	-
Liabilities associated with assets classified as held for sale	18	-	2 701 373	2 078 676	-	-
Total liabilities		**34 498 767**	**38 126 870**	**42 057 115**	**5 794 458**	**3 938 631**
TOTAL EQUITY AND LIABILITIES		**106 026 040**	**103 098 420**	**109 843 688**	**47 357 267**	**41 737 433**

BN Kumalo
Chairman

S Kudenga
Group Chief Executive

Consolidated and Separate Statements of Comprehensive Income

For the year ended 31 December 2017

		Group		Company	
Continuing operations			Restated		
INCOME	**Notes**	**2017 US$**	**2016 US$**	**2017 US$**	**2016 US$**
Gross written premium	**26**	**27 688 451**	**29 325 051**	**-**	**-**
Retrocession premium	27	(6 671 379)	(7 143 453)	-	-
Net premium written		21 017 072	22 181 598	-	-
Change in unearned premium reserve	28	1 181 011	(370 358)	-	-
Net premium earned		**22 198 083**	**21 811 240**	**-**	**-**
Brokerage commission and fees	29	1 829 665	2 018 370	-	-
Total insurance income		**24 027 748**	**23 829 610**	**-**	**-**
Rental income from investment property	7.1	2 725 893	3 082 389	-	-
Fair value adjustments on investment property	7.2	(807 852)	(2 372 464)	-	-
Income from sale of inventory property	30	2 403 553	2 268 201	-	-
Property operating costs recoveries	31	843 308	861 555	-	-
Investment income	32	1 434 438	1 592 479	286 282	138 876
Other income/(loss)	33	5 741 927	1 653 084	5 148 386	(9 507)
Total income		**36 369 015**	**30 914 853**	**5 434 668**	**129 369**
EXPENDITURE					
Insurance benefits and claims:					
Non-life insurance claims		(9 366 162)	(9 727 987)	-	-
Life reassurance benefits and claims		(2 274 593)	(2 092 404)	-	-
Movement in insurance contract liabilities	23	-	1 106 500	-	-
Claims ceded to reinsurers		3 636 438	2 436 315	-	-
		(8 004 317)	(8 277 576)	-	-
Commission and acquisition expenses		(7 428 578)	(7 897 155)	-	-
Operating and administrative expenses	34	(15 274 460)	(17 306 915)	(1 670 660)	(4 107 099)
Finance costs		(15 405)	(17 219)	-	-
TOTAL EXPENDITURE		**(30 722 760)**	**(33 498 865)**	**(1 670 660)**	**(4 107 099)**
Profit/(loss) before share of profit/(loss) of associate		**5 646 255**	**(2 584 012)**	**3 764 008**	**(3 977 730)**
Share of loss of associates	10	280 247	(23 579)	-	-
Profit/(loss) before income tax		**5 926 502**	**(2 607 591)**	**3 764 008**	**(3 977 730)**
Income tax credit/(expense)	11.2	32 050	2 303 534	-	(28 910)
Profit/(loss) for the year from continuing operations		**5 958 552**	**(304 057)**	**3 764 008**	**(4 006 640)**
Discontinued operations					
Profit/(loss) for the year from discontinued operations	18	(134 962)	(1 152 100)	-	-
Profit/(loss) for the year		**5 823 590**	**(1 456 157)**	**3 764 008**	**(4 006 640)**
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss:					
Gains on property and equipment revaluations		67 711	299 209	-	-
Share of other comprehensive income of associates		(29 290)	(51 689)	-	-
Income tax relating to components of other comprehensive income		93 321	(98 545)	-	-
		131 742	**148 976**	**-**	**-**
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		509 177	(1 012 570)	-	-
Fair value gains on available for sale financial assets		232 803	246 768	-	9 370
Income tax relating to components of other comprehensive income		(11 640)	(12 338)	-	-
		730 340	**(778 140)**	**-**	**9 370**
Other comprehensive income/(loss) for the year net of tax		862 082	(629 164)	-	9 370
Total comprehensive income/(loss) for the year		**6 685 672**	**(2 085 322)**	**3 764 007**	**(3 997 270)**
Profit/(loss) attributable to:					
Equity holders of Zimre Holdings Limited		4 877 957	(503 981)	3 764 008	(4 006 640)
Non-controlling interests		945 633	(952 176)	-	-
		5 823 590	**(1 456 157)**	**3 764 008**	**(4 006 640)**
Total comprehensive income/(loss) attributable to:					
Equity holders of Zimre Holdings Limited		5 516 833	(659 261)	3 764 007	(3 997 270)
Non-controlling interests		1 168 839	(1 426 061)	-	-
		6 685 672	**(2 085 322)**	**3 764 007**	**(3 997 270)**
Total comprehensive income/(loss) attributable to owners of Zimre Holdings Limited arising from:					
Continuing operations		5 651 795	55 041	3 764 007	(3 997 270)
Discontinued operations		(134 962)	(714 302)	-	-
		5 516 833	**(659 261)**	**3 764 007**	**(3 997 270)**
Earnings per share from profit/(loss) of continuing operations attributable to owners of Zimre Holdings Limited					
Basic and diluted earnings/(loss) per share (US cents):		0.37	-	0.25	(0.26)
Earnings per share from profit/(loss) of discontinued operations attributable to owners of Zimre Holdings Limited					
Basic and diluted earnings/(loss) per share (US cents):		(0.01)	(0.05)	-	-
Earnings per share from profit/(loss) attributable to owners of Zimre Holdings Limited					
Basic and diluted earnings/(loss) per share (US cents):		0.36	(0.05)	0.25	(0.26)

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2017

Group	Share capital US$	Share premium US$	Revaluation reserve US$	Mark-to -market reserve US$	Foreign currency translation reserve US$	Retained earnings/ (accumulated losses) US$	Attributable to equity holders of parent US$	Non-controlling interest US$	Total equity US$
Year ended 31 December 2016									
Balance as at 1 January 2016, as previously stated	**15 306 763**	**11 562 694**	**13 746 144**	**194 588**	**(7 364 712)**	**6 541 308**	**39 986 785**	**28 422 021**	**68 408 806**
Prior period error adjustments	-	-	-	-	(1 112)	(621 121)	(622 233)	-	(622 233)
Balance as at 1 January 2016, as restated	**15 306 763**	**11 562 694**	**13 746 144**	**194 588**	**(7 365 824)**	**5 920 187**	**39 364 552**	**28 422 021**	**67 786 573**
Total comprehensive income for the year	-	-	13 151	234 430	(402 863)	(503 981)	(659 263)	(1 426 062)	(2 085 325)
Loss for the year, as restated	-	-	-	-	-	(503 981)	(503 981)	(952 176)	(1 456 157)
Other comprehensive income/(loss) for the period net of tax, as restated	-	-	13 151	234 430	(402 863)	-	(155 282)	(473 886)	(629 168)
Transactions with owners in their capacity as owners :	**24 240**	**(135 660)**	**-**	**-**	**-**	**1 157 841**	**1 046 421**	**(1 776 119)**	**(729 698)**
Dividend declared and paid	-	-	-	-	-	-	-	(107 934)	(107 934)
Issue of share options	24 240	-	-	-	-	(24 240)	-	-	-
Share issue costs	-	(135 660)	-	-	-	-	(135 660)	-	(135 660)
Change in degree of control	-	-	-	-	-	1 182 081	1 182 081	(1 668 185)	(486 104)
Balance as at 31 December 2016	**15 331 003**	**11 427 034**	**13 759 295**	**429 018**	**(7 768 687)**	**6 574 047**	**39 751 710**	**25 219 840**	**64 971 550**
Year ended 31 December 2017									
Balance as at 1 January 2017	**15 331 003**	**11 427 034**	**13 759 295**	**429 018**	**(7 768 687)**	**6 574 047**	**39 751 710**	**25 219 840**	**64 971 550**
Total comprehensive income for the year	**-**	**-**	**161 033**	**221 163**	**256 681**	**4 877 957**	**5 516 834**	**1 357 285**	**6 874 119**
Profit for the year	-	-	-	-	-	4 877 957	4 877 957	945 633	5 823 590
Other comprehensive income for the year net of tax	-	-	161 033	221 163	256 681	-	638 877	223 207	862 084
Acquisition of subsidiary	-	-	-	-	-	-	-	137 159	137 159
Disposal of subsidiary	-	-	-	-	-	-	-	51 286	51 286
Transactions with owners in their capacity as owners :	-	-	-	-	-	4 430 483	4 430 483	(4 748 879)	(318 396)
Dividend declared and paid	-	-	-	-	-	-	-	(318 396)	(318 396)
Change in degree of control	-	-	-	-	-	4 430 483	4 430 483	(4 430 483)	-
Balance as at 31 December 2017	**15 331 003**	**11 427 034**	**13 920 328**	**650 181**	**(7 512 006)**	**15 882 487**	**49 699 027**	**21 828 246**	**71 527 273**

Company	Share capital US$	Share premium US$	Mark-to market reserve US$	Retained earnings/ (accumulated losses) US$	Total equity US$
Year ended 31 December 2016					
Balance as at 1 January 2016	**15 306 763**	**11 562 695**	**(5 319 910)**	**20 334 654**	**41 884 202**
Total comprehensive income for the year:	-	-	9 370	(4 006 640)	(3 997 270)
Loss for the year	-	-	-	(4 006 640)	(4 006 640)
Other comprehensive income for the year net of tax	-	-	9 370	-	9 370
Transactions with owners in their capacity as owners:	24 240	(135 661)	-	23 291	(88 130)
Issue of share options	24 240	-	-	23 291	47 531
Share issue costs	-	(135 661)	-	-	(135 661)
Balance as at 31 December 2016	**15 331 003**	**11 427 034**	**-**	**16 351 305**	**37 798 802**
Year ended 31 December 2017					
Balance as at 1 January 2017	**15 331 003**	**11 427 034**	**-**	**16 351 305**	**37 798 802**
Total comprehensive income for the year:	-	-	-	3 764 008	3 764 008
Profit/(loss) for the year	-	-	-	3 764 008	3 764 008
Balance as at 31 December 2017	**15 331 003**	**11 427 034**	**(5 310 540)**	**20 115 313**	**41 562 810**

Consolidated and Separate Statements of Cash Flows
For the year ended 31 December 2017

	Notes	Group 2017 US$	Group 2016 US$	Company 2017 US$	Company 2016 US$
Profit/(loss) before income tax		**5 926 502**	**(2 607 591)**	**3 764 008**	**(3 977 730)**
Adjustments for non-cash items:					
Depreciation	6	390 481	333 815	-	-
Fair value adjustments on investment property	7	807 852	2 372 464	-	-
Amortisation of intangible assets	8	71 753	51 984	-	-
Share of loss of associate	10	(280 247)	23 579	-	-
Movement in life reassurance contract liabilities	23	-	(1 106 500)	-	-
Movement in deferred acquisition costs	16	240 159	24 610	-	-
Movement in reinsurance contract liabilities	21.1	(1 539 307)	(1 001 180)	-	-
Movement in non insurance provisions	22	134 222	(157 847)	-	-
Loss/(gain) from disposal of investments	33	(2 670 109)	22 585	(4 874 561)	82 626
Fair value gains on financial assets at fair value through profit or loss	33	(776 264)	(103 832)	(254 039)	(73 119)
Fair value gain of initial investment in subsidiary	9.1	(60 197)	-	-	-
Unrealised exchange (gains)/losses	33	438 988	(60 955)	-	-
Profit from disposal of property and equipment	33	(119 273)	(57 765)	-	-
Movement in retrocession provisions		(1 533 464)	(915 134)	-	-
Movement in allowance for credit losses	15	590 153	2 764 005	-	-
Impairment of other investments		-	-	-	1 541 975
(Gains)/losses from disposal of subsidiary		365 684	-	(20 000)	-
Other non-cash items		-	-	27 678	3 424
Adjustments for separately disclosed items:					
Finance costs		15 405	17 219	-	-
Dividend received		(275 348)	(253 473)	(278 032)	(41 192)
Interest received		(1 159 090)	(1 339 005)	(8 250)	(97 684)
Working capital changes:					
(Increase)/decrease in trade and other receivables		(454 113)	(762 346)	(288 105)	156 692
Decrease in inventory		(638 934)	446 158	-	-
Decrease in trade and other payables		(663 824)	(787 704)	1 855 823	-
Cash flows from operations		**(1 188 971)**	**(2 781 220)**	**(75 478)**	**(2 405 008)**
Finance costs		(15 405)	(17 219)	-	-
Income tax (paid)/received		(487 186)	40 599	-	-
Net cash flows from operating activities		**(1 691 562)**	**(2 757 840)**	**(75 478)**	**(2 405 008)**
Cash flows from investing activities					
Purchase of property and equipment	6	(330 452)	(396 773)	-	-
Acquisition and development of investment property	7	(3 542 041)	(311 082)	-	-
Disposal of investment property		10 800 000		-	
Dividends received	32	275 348	253 473	278 032	41 192
Interest received	32	1 159 090	1 339 005	8 250	97 684
Purchase of held to maturity financial assets	17.1	(397 983)	(346 831)	-	-
Purchase of available for sale financial assets		-	-	(2 518 740)	-
Purchase of fair value through profit or loss financial assets	17.2	-	-	(104 766)	(121 381)
Disposal of investments		2 791 724	334 194	-	-
Acquisition of subsidiary net of cash acquired	9.1	(916 902)	-	-	-
Loan to subsidiary		-	-	(1 000 000)	-
Disposal of subsidiary	9.2	20 000	-	20 000	-
Disposal of non current assets held for sale	18.4	6 474 596	-	6 474 596	-
Proceeds from sale of property and equipment		251 780	220 080	-	-
Cash used in investing activities		**16 585 160**	**1 092 066**	**3 157 372**	**17 495**
Financing activities					
Proceeds from exercise of share options		-	24 240	-	24 240
Dividends paid		(318 396)	(107 934)	-	-
Loan drawn down		1 338 855	490 827	-	-
Loan repayment	24.1	(804 620)	-	-	-
Purchase of further investment in subsidiaries	37.5.1	(2 028 280)	(486 104)	-	-
Payments of costs of issuing share capital		-	(135 661)	-	(135 661)
Cash used in financing activities		**(1 812 441)**	**(214 632)**	**-**	**(111 421)**
Net increase/(decrease) in cash and cash equivalents		**13 081 157**	**(1 880 406)**	**3 081 894**	**(2 498 934)**
Cash and cash equivalents at the beginning of the year		**11 077 397**	**13 419 045**	**402 253**	**2 901 187**
Effects of exchange rate changes on cash and cash equivalents		258 533	(461 242)	-	-
Cash and cash equivalents at the end of the year	19	**24 417 087**	**11 077 397**	**3 484 147**	**402 253**

Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2017

1 GENERAL INFORMATION

The principal activity of Zimre Holdings Limited (the "Company") and its subsidiaries and associates (together "the Group") is the provision of insurance, reinsurance and reassurance and property management and development services. The Group also has an associate that operates in the agro industrial sector.

Zimre Holdings Limited is a public company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange.

The registered office is located at 9th Floor, Zimre Centre, Corner Leopold Takawira Street and Kwame Nkrumah Avenue, Harare, Zimbabwe

The financial statements of the Group and the Company for the year ended 31 December 2017 were authorised for issue by a resolution of the Board of Directors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and presentation

2.1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board ("IASB"), International Financial Reporting Interpretations Committee ("IFRIC") as issued by the International Financial Reporting Interpretations Committee ("IFRS IC") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03). The financial statements are based on statutory records that are maintained under the historical cost convention except for investment property, financial assets available for sale, financial assets at fair value through profit or loss and the life assurance contract liabilities that have been measured at fair value and assets classified as held for sale that are measured at fair value less cost to sale.

2.1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the United States of America dollar ("US$"), which is the functional and presentation currency of the Group and the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuation where items are re-measured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(c) Group companies

The results and financial positions of all the Group's entities that have a functional currency different from the US$ (none of which is a currency of a hyperinflationary economy) are translated into the US$ as follows:

(i) income and expenses for each statement of comprehensive income are translated at the average foreign currency exchange rate;

(ii) assets and liabilities for each statement of financial position are translated at the closing foreign currency exchange rate at the date of the statement of financial position; and

(iii) all resulting foreign currency exchange rate differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment repaid, the associated exchange differences are reclassified to statement of comprehensive income, as part of the gain or loss on sale.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale are included in other comprehensive income.

Transactions in currencies other than US$ are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US$ are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences arising from settlement or translation of monetary items are taken to statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at date of the initial transaction and are not subsequently restated.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.1.3.1 New standards, amendments and interpretations

New standards, amendments and interpretations, effective for the first time for 31 December 2017 year ends that are relevant to the Group.

Amendment to IAS 7, 'Cash flow statements' - Statement of cash flows on disclosure initiative

In January 2016, the International Accounting Standards Board ("IASB") issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt.

The amendment is effective for annual periods beginning on or after 1 January 2017. The additional information required is disclosed in note 24.

Amendment to IAS 12, 'Income taxes'

The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

The amendment is effective for annual periods beginning on or after 1 January 2017.

The new standards, amendments and interpretations do not have a material impact on the financial statements of the Group and Company.

2.1.3.2 Standards issued but not yet 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 accounting for financial instruments: 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. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group and Company plan to adopt the new standard on the required effective date. During 2017, the Group and Company performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Group and Company in the future. Overall, the Group and Company expect no significant impact on their statements of comprehensive income and financial position.

(a) Classification and measurement

The Group and Company do not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in other comprehensive income ("OCI") will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The mark-to-market reserve currently presented as accumulated other comprehensive income will be reclassified to opening retained earnings.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group and Company expect to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group and Company were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group and Company expect that these will continue to be measured at amortised cost under IFRS 9. However, the Company and Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group and Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group and Company expect to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group and Company expect a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

(c) Hedge accounting

The Group and Company do not hold any hedging instruments hence no impact can be expected from hedge accounting.

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. 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 Group and Company plan to adopt the new standard on the required effective date using the full retrospective method. During 2017, the Group and Company performed a preliminary assessment of IFRS 15, which is subject to changes arising from more detailed ongoing analysis. Furthermore, Group and Company are considering the clarifications issued by the IASB in April 2017 and will monitor any further developments.

(a) Sale of goods

Contracts with customers in which the sale of equipment is generally expected to be the only performance obligation are not expected to have any impact on the Group and Company's profit or loss. The Group and Company expect revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Furthermore, the The Group and Company are considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

In preparing for IFRS 15, the Group is considering the following:

(i) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception.

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue.

The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint. The Group and Company expect that application of the constraint may result in more revenue being deferred than under current IFRS.

(ii) Warranty obligations

The Group and Company do not provide warranties or maintenance services in its contracts with customers.

(iii) Loyalty points programme (good points)

The Group and Company do not offer any loyalty points programme.

(b) Rendering of services

The Group and Company's reinsurance and property services are separate stand alone products. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales will not be impacted by the standard as the current accounting treatment will continue.

(c) Equipment received from customers

When an entity receives, or expects to receive, non-cash consideration, IFRS 15 requires that the fair value of the non-cash consideration is included in the transaction price. The Company and Group do not receive equipment from customers.

(d) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IAS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group and Company's financial statements. Many of the disclosure requirements in IFRS 15 are completely new.

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group and Company will apply these amendments when they become effective.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

(d) Presentation and disclosure requirements (continued)

IFRS 2 Classification and measurement of share-based payment transactions — amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based payments 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 Company and Group are assessing the potential effect of the amendments on the financial statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases-incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for 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). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Group and Company plan to assess the potential effect of IFRS 16 on the financial statements.

2.1.4 Going concern assumption

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

2.2 Basis of consolidation

Group

The consolidated financial statements comprise the financial statements of the Zimre Holdings Limited (the "Company") and its subsidiaries and associates (together the "Group") as at 31 December 2017 and 31 December 2016.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns

  When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; or
- the Group's voting rights and potential voting rights

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

(a) Subsidiaries (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income and statement of financial position from the date the Group gains control until the date the Group ceases to control the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39, Financial instruments: recognition and measurement' either in statement of comprehensive income or as a change to the comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition- date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

All subsidiaries in the Group have 31 December year ends and are consolidated in the presented financial statements.

(b) Loss of control

If the Group loses control over a subsidiary, it;

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative transaction 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 the statement of comprehensive income; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to statement of comprehensive income or retained earnings, as appropriate.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses from disposal to non-controlling interests are also recorded in equity.

(d) Separate financial statements

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated allowance for impairment.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. If the holding is less than 20%, the Group will be presumed not to have significant influence unless such influence can be clearly demonstrated. The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process;
- material transactions between the investor and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee and movements in other reserves after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

When the investment, or portion of an investment, meets the criteria to be classified as held for sale, the portion so classified is accounted for in accordance with IFRS 5, 'Non-current assets held for sale and discontinued operations'. Any remaining portion is accounted for using the equity method until the time of disposal, at which time the retained investment is accounted under IAS 39, Financial instruments: recognition and measurement', unless the retained interest continues to be an associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to statement of comprehensive income where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income and its share of post- acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates.

Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting polices of associates have been changed where necessary to ensure consistency with the polices adopted by the Group.

2.3 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "group executive committee" which is made up of Group Chief Executive Officer, Group Finance Executive and Managing Directors of subsidiaries.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.5 Fair value

The Group measures financial assets such as quoted and unquoted investments and non-financial assets such as investment property at fair value at 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:
- in the principal market for the asset or liability, or
- 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 to 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the 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.

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 and liabilities 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; and
- level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.6 Property and equipment

Property and equipment are initially measured at cost. Subsequently they are measured at initial cost less accumulated depreciation and impairment losses recognised. Repairs and maintenance costs are recognised in statement of comprehensive income as incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment loss recognised after the date of the revaluation. Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

• Freehold buildings	40 years
• Vehicles	5 years
• Computers and office equipment	3 years
• Furniture and fittings	10 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition is included in statement of comprehensive income in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively if appropriate. Changes in the asset's depreciation method, residual value or useful life are treated as a change in accounting estimates in accordance with IAS 8, 'Accounting policies, changes in accounting estimates and errors.

Owner occupied properties comprises property which is owned by the Group and is significantly occupied by group companies, regardless of the leasing of the property being at market related rentals and terms. Significant occupation by a group company is considered as 25% (2016 - 25%) of the space of the property occupied or above. Such owner occupied properties are classified under property and equipment and depreciated in line with the Group accounting policies.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.7 Investment property

Investment property comprises land and buildings that are either held for capital appreciation or to earn rentals or both. Buildings under construction to be used for rental to others or for capital appreciation or both are also classified as investment property.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in statement of comprehensive income in the year in which they arise, including the corresponding tax effect. Fair values are determined using the income capitalisation approach based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment property is derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of comprehensive income in the year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner- occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between the cost based measurement and fair value is treated as a revaluation adjustment. The revaluation reserve is realised on disposal of the property.

2.7.1 Valuation approach

The valuations have been undertaken in an environment of poor liquidity conditions and limited transaction evidence.

In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on rental market evidence, void rates and arrears currently applying to the individual properties in the portfolio. The achieved rentals for the property portfolio are generally in line, and in some instances, higher than the rental rates being achieved in the market.

With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable low density residential suburbs. In analysing the comparable properties, the Main Space Equivalent ("MSE") principle was applied. The total MSE of the comparable was then used to determine the value per square meter of MSE. The objective is to arrive at a common basis of comparison. After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties.

The yields have been obtained from the limited concluded transactions and have also been assessed taking into account asking prices and offers that may have been received for properties currently on the market, formally or otherwise, although the transactions may not have been concluded. Refer note 7 for the carrying amount of investment property and the estimates and assumptions used to value investment property.

2.8 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 at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as 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 the end of each reporting period. 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 statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 statement of comprehensive income when the asset is derecognised.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.9 Inventory

Inventory comprises property acquired or being constructed for sale in the ordinary course of business, consumables and other stocks.

Property classified as inventory is residential property that the Group is developing and intends to sell before or on completion of construction. Cost includes;

- amounts paid to contractors for construction; and
- borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Consumables and other stocks are valued on the basis of weighted average cost and at the lower of cost or estimated net realisable value ("NRV"), inventory is valued at the lower of cost or estimated NRV, but is based on the specific identification of the property. NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and less costs to completion and the estimated costs of sale. NRV for completed inventory property is assessed with reference to market conditions and prices existing at the reporting date, and is determined by the Group in light of recent market transactions.

2.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of the asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds 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 asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified; an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of comprehensive income.

2.11 Deferred acquisition costs

Deferred acquisition costs, relate to commission, are deferred over a period in which the related premiums are earned. The deferred portion is calculated by applying the actual commission rate on the unearned premium reserve balance.

2.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.12.1 Financial assets

Financial assets within the scope of IAS 39, Financial instruments : recognition and measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for-sale financial assets as appropriate. Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Fair value gains/(losses) on financial ssets at fair value through profit or loss are recognised in statement of comprehensive income. The Group and Company determine the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates the designation at each financial year-end. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and Company commit to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows;

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. The Group and Company designate a financial asset or financial liability at fair value through profit or loss where

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

Financial assets at fair value through profit or loss (continued)
designation significantly reduces a measurement inconsistency which may arise where a financial asset and a liability are measured using different methods. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in statement of comprehensive income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Gains or losses are recognised in the profit or loss statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments
These are non-derivative financial assets with fixed or determinable payments and maturities of which the Group and Company have the positive intention and ability to hold until maturity. Subsequent to initial recognition, these investments are carried at amortised cost, using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the investments are de-recognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised in other comprehensive income and accumulated in an available-for-sale reserve (a separate component of equity) until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in the available-for- sale reserve is reclassified out of other comprehensive income into statement of omprehensive income.

2.12.2 Impairment of financial assets
The Group and Company assess, at each reporting date, whether there is 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 there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of a financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group and Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the statement of comprehensive income. Financial assets at amortised cost together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to statement of comprehensive income.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.12.3 De-recognition of financial assets

A financial asset is de-recognised when the right to receive cash flows from the asset has expired or the Group and Company have their transferred rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and have transferred substantially all the risks and rewards of the asset to another party, or the Group and Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent they have retained the risks and rewards of ownership.

When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and Company continue to recognise the transferred asset to the extent of the Group and Company's continuing involvement. In that case, the Group and Company also recognise an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and Company have retained.

2.12.4 Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities include trade and other payables, bank borrowings, policyholder liabilities, and investment contracts.

All the Group's financial liabilities are classified as other financial liabilities at amortised costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised.

2.12.5 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in statement of comprehensive income.

2.12.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported, on the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and Company or the counterparty.

There were no financial instruments that were offset during the year ended 31 December 2017 (2016: US$nil).

2.12.7 Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

2.13 Non-current assets (disposal group) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs to sell.

2.14 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax from the proceeds.

2.14.1 Treasury shares

Where the Company purchases its own shares or a group company purchases the Company's ordinary share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

Notes to the Consolidated and Separate Financial Statements (continued)
For the year ended 31 December 2017

2.14.2 Shared-based incentives: share option

Employees (including senior executives) of the Group participate in the Group's Employee Share Option Scheme, whereby employees pay a predetermined exercise price as consideration for equity instruments ("equity-settled transactions"). The exercise price is determined as an average price with reference to the rules of the option scheme. The cost of equity- settled transactions with employees is measured by reference to the fair value at the date on which the shares are exercised. The fair value is determined with reference to market prices.

The cost of equity – settled transactions is recognized together with a corresponding increase in equity, on the date on which the relevant employees exercise the rights to the options by paying an amount for the options exercised. This is the date on which the employees become fully entitled to the award (" the vesting date"). The cumulative expense recognized for equity – settled transactions at each reporting date reflects the extent to which the employees have paid for the options. No expense is recognized for awards that do not ultimately vest. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of the earnings per share.

2.14.3 Reserves

Revaluation reserve - relates to revaluation of property and equipment
Mark-to-market reserve - relates to fair valuation gain/(loss) on available for sale financial assets.

Foreign currency translation reserve - relates to translation of financial statements of foreign operations whose functional and reporting currency is not United States of America dollar

2.15 Reinsurance contract liabilities

Reinsurance contract liabilities relate to life reassurance and non-life reinsurance. At the end of the year, a liability adequacy test is carried out by a registered actuary to determine the sufficiency of the insurance contract liabilities.

The Group assesses at the end of each reporting period whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities less related deferred acquisition costs and related intangible assets is inadequate in the light of the estimated future cash flows, the deficiency is first utilised against deferred acquisition costs and the remaining balance is recognised in profit or loss.

2.15.1 Life reassurance policy holder liabilities

Life reassurance policy holder liabilities are policyholders' liabilities computed by an independent actuary in accordance with the Financial Soundness Valuation Methodology as set out in the guidelines issued by the Actuarial Society of South Africa. Under this method, the policyholders' liabilities are valued using realistic expectations of future experience with prescribed margins for prudence and deferral profit emergence.

2.15.2 Non-life reinsurance contract liabilities

These include the outstanding claims and the incurred but not reported reserve ("IBNR") (disclosed as insurance payable) and the provision for unearned premium.

Outstanding claims

The outstanding claims is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, together with related claims handling costs and reduction for the expected salvage and other recoveries.

Incurred but not reported - ("IBNR")

The provision for incurred but not reported claims ("IBNR") represents all claims incurred before the reporting date but only reported subsequent to year-end. IBNR is estimated using a rate of 10% (2016 - 10%) of net premium written and actuarially tested for adequacy as at reporting.
Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim project techniques, based on empirical data and current assumptions that include a margin for adverse variation. The liability is not discounted for the time value of money. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Unearned premium reserve - ("UPR")

The unearned premiums reserve represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised on contracts are entered into with maturities beyond the financial year end of the Group and earned premiums is brought to account over the term of the contract in accordance with the pattern of insurance service provided under the contract. The Group uses the 1/8 method to account for un earned premium reserve.

2.16 Retrocession

The Group cedes reinsurance risk in the normal course of business for its reinsured businesses in retrocession. Retrocession receivables and payables are disclosed as part of insurance trade receivables and payables respectively. Retrocession income and expenses are disclosed in profit or loss.

2.17 Provisions

Provisions are recognised when the Group and Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation

Notes to the Consolidated and Separate Financial Statements *(continued)*
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2.17 Provisions (continued)

can be made. When the Group and Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in statement of comprehensive income net of any reimbursement. Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group and Company have a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Group and Company recognise obligations for retrenchments as a liability and expense when there is a demonstrable commitment to either terminate the employment of an employee or group of employees before normal etirement date as a result of an offer made in order to encourage voluntary redundancy.

The Group and Company will recognise such termination benefits when and only when, there is a detailed formal plan for the termination and there is no realistic possibility for withdrawal for such plans. The detailed formal plan will include the location, function and approximate number of employees whose services are to be terminated, the termination benefits for each job classification or function and the time that the plan will be implemented.

2.18 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding any discounts and rebates, and other value added taxes or duty. The following specific recognition criteria must be met before the revenue is recognised:

2.18.1 Insurance premium income

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are net of any taxes or duties levied on premiums.

2.18.2 Rental income

The Group is the lessor on operating leases transactions.

Contractual rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Services and management charges are recognised in the year in which the are incurred. Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations as well as recovery of fixed operating costs are recognised in statement of comprehensive income when the right to receive them arises.

2.18.3 Property services income

Property services income comprises income received from property-related services to other parties. The income is recognised when the related services have been provided. Property services income will be generated from the following services:

- Project management;
- Property management;
- Property purchases;
- Property sales; and
- Property valuations.

2.18.4 Sale of inventory property and stands

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on transfer of property. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

2.18.5 Sale of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

- a contract to construct a property, or
- a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of-completion method as construction progresses. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however,

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.18.5 Sale of property under development (continued)

the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses.

Continuous transfer of work in progress is applied when:

• the buyer controls the work in progress, typically when the land on which the development takes place is owned by the customer; and

• all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the cost incurred to date.

2.19 Other income

2.19.1 Dividend income

Dividend income is recognised when the Group and Company's rights to receive the payment is established, when the investee's Board of Directors has declared the dividend.

2.19.2 Interest income

Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.

2.19.3 Fee income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees and charges are recognised as income over the period in which the related services are performed. Actuarial and consultancy fee income is recognised on an accrual basis, based on the values of the services provided and disclosed under other income.

2.19.4 Commission income

Commission income received or receivable under reinsurance contracts for non life insurance contracts is recognised as revenue proportionally over the period of the insurance contract.

2.19.15 Realised gains and losses

Realised gains and losses recorded in statement of comprehensive income on investments include gains and losses on financial assets and investment properties. Gains and losses on financial assets are from financial assets through profit or loss and those from available for sale financial assets. Gains from available for sale financial assets are recognised through other comprehensive income. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

2.20 Insurance claims and benefits

2.20.1 Life and health reassurance

Insurance benefits and claims relating to group life assurance contracts are recognised in profit or loss based on the estimated liability for compensation owed to the contract holder. Death, disability and severe illness and surrender claims are accounted for when notified. These claims include outstanding claims and claims incurred but not reported ("IBNR"). The IBNR estimate is determined taking into account the likelihood of the claim being valid and the expected severity of the claim. The proportion to be included is estimated separately for each benefit type. An estimate of the expected claim amount is charged to profit or loss and included in liabilities under insurance contracts. Maturity and income disability are recorded as incurred. Liabilities are held to reflect IBNR claims. The IBNR is modified to reflect actual current operating conditions. The liabilities are calculated gross of reinsurance. An asset is then raised to allow for the expected recoveries from reinsurers.

Claims are accounted for as incurred and consist of claims paid, movement in the provision for outstanding claims and relates claims handling expenses. The provision for outstanding claims is based on estimates of the cost of settling all claims incurred but unpaid at the reporting date, whether reported or not.

2.20.2 Non-life insurance

Benefits payable under non-life insurance contracts are accounted for as incurred. Liabilities are held to reflect IBNR claims. The IBNR calculation is performed using the chain ladder approach. This allows for the historical patterns of claims payment in determining the likely future emergence of claims. The IBNR is further modified to reflect current operational conditions or known events.

2.20.3 Retrocession recoveries

Related retrocession recoveries are disclosed separately as assets in the statement of financial position and are included in recoveries from retrocessions in profit or loss.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.21 Acquisition costs on reinsurance contracts

Acquisition costs on reinsurance contracts comprises commission and other acquisition costs over the life of the reinsurance contract.

Commission

Commission is recognised as an expense in statement of comprehensive income when the premium is received through an intermediary or agent. The period of the commission and the commission rate differ per product depending on the product design structure. Commission is deferred in deferred acquisition costs over the duration of the contract.

Other acquisition costs

Other acquisition costs are expenses incurred to acquire reinsurance business including staff costs directly associated with obtaining business.

2.22 Employee benefits

The Group operates two defined contribution plans, the assets of which are held in separate trustee administered funds. The pension plans are funded by payments from employees and the relevant group companies. The Group's contributions to the defined contribution pension plans are charged to statement of comprehensive income in the period in which the contributions relate. Retirement benefits are also provided for the Group's employees through the National Social Security Authority ("NSSA") Scheme. The cost of retirement benefits ("social security costs") applicable to the NSSA Scheme is determined by the systematic recognition of legislated contributions.

2.23 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.24 Current income and deferred taxes

2.24.1 Current income tax

Current income 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 laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

Taxable income for the life reassurance division is calculated in accordance with the insurance formula as laid down inthe Eighth Schedule to the Zimbabwe Income Tax Act (Chapter 23:06).

2.24.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except;

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only were there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except, when the deferred tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

2.24.2 Deferred tax (continued)

taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at thereporting date. Deferred tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.24.3 Value added tax ("VAT")

Expenses and assets are recognised net of the amount of VAT, except, when the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group, as lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight -line basis over the period of the lease.

2.26 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

During preparation of the financial statements of the Group and Company, management makes judgements and estimates that affect reported amounts, of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The uncertainty about the judgements and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Judgements other than estimates

In the process of applying the Group and Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.1.1 Taxes

The Group is subject to income and capital gains taxes in Botswana, Malawi, Mozambique, South Africa, Zambia and Zimbabwe. Significant judgement is required to determine the charge for current income and deferred taxes.

There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain. In particular, when calculating deferred tax, the effective tax rate applicable on the temporary differences on investment property depends on the method by which the carrying amount of investment property will be realised

Management has rebutted the presumption that the investment property measured at fair value will be recovered through sale. Management has rebutted the presumption as the objective of its business model is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale. As a result the Group will continue to apply the income tax rate of 25.75% (2016: 25.75%) for the purpose of recognising deferred tax for its investment property with the exception of land. The Group will recover the carrying amount of land recognised as investment property through sale and in that respect, the capital gains tax rate is used to determine deferred tax.

3.2 Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and Company based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and Company. Such changes are reflected in the assumptions when they occur.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

3.2.1 Incurred but not reported ("IBNR") claims

The provision for incurred but not reported claims ("IBNR") represents an estimate of claims incurred before the reporting date but only reported subsequent to year end.

3.2.2 Insurance contract liabilities (policyholders' funds) and actuarial assumptions.

The life policyholder funds, under un-matured policies, are computed at the reporting date by the Group and Company's independent actuary, in accordance with prevailing legislation, guidelines issued by the Actuarial Society of South Africa ("SAP") 104. Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with prescribed margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities, calculated using the Financial Soundness Valuation method.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation adjustments if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments if appropriate.

Life and health sensitivity analysis

Sensitivity analysis for life and health policyholder contract liabilities has not been disclosed as the unit is significantly small, the trends reflect unreliable wide fluctuations and there is not sufficient historical information.

3.2.3 Fair value of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The approach mostly used on commercial and industrial properties is the comparative approach. This method seeks to ascribe the subject property a value similar to that achieved for comparable properties. Another method is the yield method which converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term void rate. The property valuations have been undertaken in an environment of poor liquidity conditions and limited transaction evidence. In undertaking the valuations for commercial, industrial and retail properties, reliance has been placed on rental market evidence, void rates and arrears currently applying to the individual properties in the portfolio. The achieved rentals for the portfolio are generally in line and in some instances higher than the rental rates being achieved in the market. With regards to the residential properties, various properties were identified that were sold or which are on sale and situated in comparable residential suburbs. In analysing the comparable properties, the main space equivalent ("MSE") principle was applied. The total MSE of the comparable property was then used to determine a value per square metre of MSE. The objective is to arrive at a common basis of comparison. After adjustments for quality, location and size, the rates per MSE reflected by the comparable were then applied to the subject residential properties. The yields, have been obtained from the limited concluded transactions and have also been assessed taking into account asking prices and offers that may have been received for properties currently on the market, formally or otherwise, although the transactions may not have been concluded. Refer to note 7 for the carrying amount of investment property and more information on the estimates and assumptions used to determine the fair, value of investment property.

3.2.4 Useful lives and residual values of property and equipment

The Group assesses the useful lives and residual values of property and equipment each year taking to consideration past experience, technology changes and the local operating environment. No changes to the useful lives and residual values have been considered necessary during the year. Refer to note 6 for the carrying amount of property, vehicles and computer equipment and accounting policy note 2.5 for the useful lives of property, vehicles and equipment.

3.2.5 Allowances for credit losses

In determining whether an impairment loss should be recorded in statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for insurance receivables is calculated on a specific basis, based on historical default rates, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on each debtor.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4 GROUP FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risk through its financial assets and liabilities, insurance and reinsurance assets and liabilities. The most important components of financial risk are investment risk, market risk(foreign currency risk, equity price risk and interest rate risk), credit risk and liquidity risk.

Risk Governance Framework

The Group has a Goup Audit and Risk Committee that is part of the Board. Below it is a Financial Risk Management Committee ("FRMC") that comprises senior management of the Group from departments of Finance, Investments, Internal Audit and Operations. The FRMC reports to the Group Audit and Risk Committee on a quarterly basis on the risks identified, how they are being managed and the quantification and sensitivities around the risks. Both committees have clear terms of reference that feed into the overall Group risk management strategy policy framework. The terms of reference are set, approved and regularly reviewed by the Board. The primary objective of the Group's risk management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

4.1 Investment risk

The Group's investment risk management system operates through a hierarchy of investment limit approvals. Investments in excess of the specified limits require the approval of the Group Finance and Investments Committee. In addition, the Group Finance and Investments Committee makes all decisions regarding property investments and unquoted company's share transactions.

4.2 Market risk

Market risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprises of three types of risks; foreign currency risk, equity price risk and interest rate risk.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.2.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk is holding of monetary assets and liabilities denominated in currencies other than functional currencies of the individual entities.

The Group companies are required to maintain bank accounts in the US$ to reduce losses from fluctuations in foreign exchange rates. There are no hedging instruments.

4.2.1.1 Foreign currency risk

The table below shows the balances of monetary assets and liabilities denominated in foreign currency

As at 31 December 2017

Assets	Botswana pula US$	Malawian kwacha US$	Mozambican metical US$	Zambian kwacha US$	Other US$
Trade and other receivables	1 321 119	3 019 287	3 349 062	1 616 585	363 035
Cash and cash equivalents	1 561 563	1 562 157	465 545	1 449 435	646 444
Held to maturity investments	-	-	135 321	-	-
	2 882 682	**4 581 444**	**3 949 928**	**3 066 020**	**1 009 479**
Liabilities					
Trade and other payables	461 369	900 911	2 199 923	552 917	373 076
Borrowings	-	-	-	-	-
	461 369	900 911	2 199 923	552 917	373 076
Net foreign currency exposure	**2 421 313**	**3 680 533**	**1 750 005**	**2 513 103**	**636 403**

As at 31 December 2016

Assets					
Trade and other receivables	181 718	8 865	48 990	2 112 168	484 382
Cash and cash equivalents	118 733	54 802	167 859	1 324 412	159 174
Held to maturity investments	-	-	-	120 000	-
	300 451	**63 667**	**216 849**	**3 556 580**	**643 556**
Liabilities					
Trade and other payables	41 028	15 185	14 175	607 149	528 890
Borrowings	-	-	-	70 985	-
	41 028	15 185	14 175	678 134	528 890
Net foreign currency exposure	**259 423**	**48 482**	**202 674**	**2 878 446**	**114 666**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.2.1.2 Foreign exchange risk sensitivity analysis

The following analysis is performed for reasonably possible movements in the foreign exchange rates to US$ (assumption:+/- 10%) with all other variables held constant, showing the impact on profit/(loss) before income tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. There are no changes from prior year on this assumption.

Effect on profit/(loss) before income tax	Change	Botswana pula US$	Malawian kwacha US$	Mozambican metical US$	Zambian kwacha US$
31 December 2017	10%	10 520	4 798	30 831	27 671
31 December 2017	-10%	(10 520)	(4 798)	(30 831)	(27 671)
31 December 2016	10%	6 756	51 408	16 994	21 865
31 December 2016	-10%	(6 756)	(51 408)	(16 994)	(21 865)
Effect on equity					
31 December 2017	10%	7 811	3 563	22 892	20 546
31 December 2017	-10%	(7 811)	(3 563)	(22 892)	(20 546)
31 December 2016	10%	5 016	38 170	12 618	16 235
31 December 2016	-10%	(5 016)	(38 170)	(12 618)	(16 235)

As shown in the table above, the Group is primarily exposed to changes in US$ exchange rates against other functional currencies in which the Group operates. The main functional currencies that hold US$ denominated monetary assets and liabilities are shown in the sensitivity analysis table above.

4.2.1.3 Exchange rates used by the Group in preparing financial statements

	US$1 is equivalent to the rates below			
	2017		2016	
	Average	At year-end	Average	At year-end
Botswana pula	10.3653	9.8256	10.8937	10.6720
Malawi kwacha	725.8742	724.9392	711.1627	725.5621
Mozambican metical	63.5935	59.1188	62.6197	71.7401
South African rand	13.3197	12.3450	14.6923	13.7150
Zambian kwacha	9.5443	10.0150	10.4363	9.9250

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.2.1.3 Exchange rates used by the Group in preparing financial statements (continued)

	2017 US$	2016 US$
Amounts recognised in profit or loss		
Net foreign exchange gain/(loss) included in other income/other expenses	(453 640)	8 049
Net gains (losses) recognised in other comprehensive income		
Translation of foreign operations	509 177	(1 012 570)

4.2.2 Equity price risk

Equity price risk is the potential loss arising from changes in the market price of a financial instrument as a result of fluctuations in the market price. A substantial part of the equity portfolio comprises listed counters. Unquoted counters are subjected to periodic financial analysis and review. The Group's equity price risk policy is to manage such risks by setting and monitoring objectives on investments, diversification of portfolios and setting limits on investment in each sector.

At the reporting date, the total exposure to listed equity securities at fair value through profit or loss was US$1 013 477 (2016: US$1 796 072) and to unlisted equities classified as available-for-sale was US$3 932 124 (2016: US$2 946 723).

The following analysis is based on the assumption that the equity indexes had increased by 10% respectively or decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes. There were no changes in the assumptions from prior year.

December 2017	Change in assumption %	Change in reported value US$	Profit before income tax US$	Change in equity US$
Increase in market price	10%	101 348	75 757	75 757
Decrease in market price	-10%	(101 348)	(75 757)	(75 757)
December 2016				
Increase in market price	10%	179 607	134 256	134 256
Decrease in market price	-10%	(179 607)	(134 256)	(134 256)

4.2.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long- term debt obligation which carry fixed interest rates. As a result of the fixed nature of interest rates, no interest rate sensitivity analysis has been presented.

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IFRS 7, 'Financial instruments: disclosures' since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

The Group manages its cash flow interest rate risk by renegotiating fixed interest rates whenever there are changes in the market.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for all interest-bearing positions. Currently, the Group does not undertake any hedging of its short-term loans due to the nature and terms of the loan facilities. On long-term loans, the Group assesses risks and considers hedging where necessary. As at 31 December 2017, there were no hedges in place (2016:US$nil).

Notes to the Consolidated and Separate Financial Statements (continued)
For the year ended 31 December 2017

4.2.3 Interest rate risk (continued)

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. The key assumption to this sensitivity is that the interest rates will increase or decrease by 1%, holding all other variables constant.

December 2017	Change in assumption %	Change in reported value US$	Profit before income tax US$	Change in equity US$
Increase in interest rate	1%	26 616	19 895	19 895
Decrease in interest rate	-1%	(26 616)	(19 895)	(19 895)
December 2016				
Increase in interest rate	1%	39 708	29 682	29 682
Decrease in interest rate	-1%	(39 708)	(29 682)	(29 682)

4.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, trade and other receivables and financial assets available for sale. The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

Cash and cash equivalents

• The Group has a credit policy that establishes counterparty trading limits for each banking institution that the Group trades with. These counter party limits are reviewed at least quarterly and submitted to the Group Finance and Investments Committee for approval. In this process the financial results of the banking institutions which are published semi annually, are reviewed and together with other qualitative factors that may be noted. The limits worked out are proposed to the Group Finance and Investments Committee for approval.

The Group only trades with and receives service from banking institutions that meet regulatory requirements;

Key considerations in the review of limits and security requirements include:-

- compliance with minimum capital requirements set by the Reserve Bank of Zimbabwe ("RBZ"),
- conformance with the minimum rating as set out in the RBZ periodic capital adequacy, asset quality, management, earnings liquidity and sensitivity("CAMELS") ratings,
- total shareholder equity,
- total assets,
- ratios such as loan to deposit ratios and non-performing loans ("NPLs"),
- overall profitability and cash generation,
- historical performance and outlook, and
- ability of the bank to provide collateral security.

• The Group further considers the following information in determining the trading limits:-
  - other qualitative factors covered under the CAMELS rating system of the RBZ.
  - qualitative factors include additional opinion formed through market intelligence on the financial institution, shareholder profile, management and segment of market being served.

• Approved collateral security instruments are as follows:

- treasury bills; or
- bankers acceptances.

Notes to the Consolidated and Separate Financial Statements (continued)
For the year ended 31 December 2017

4.3 Credit risk (continued)

The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings by the Global Credit Rating Company:

Credit rating:	2017 US$	2016 US$
AA+	3 888 364	1 701 419
AA-	553 402	-
A+	5 563 576	2 434 435
A	4 155 321	1 818 230
BBB+	165 103	325 239
BBB-	24 780	-
BB+	4 232 338	1 851 930
BB-	1 538 159	673 047
B+	4 301 785	1 882 318
	24 422 828	**10 686 618**

Definition of ratings:

AA+ AA-	Has very strong financial security characteristics.
A+ A-	Has strong financial security characteristics, but is somewhat more likely to be affected by adverse business conditions than banks with higher ratings.
BBB+ BBB-	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than banks with higher ratings.
BB+ BB-	Has vulnerable financial security characteristics , which might outweigh its strength.
B+	Possessing substantial risk that obligations will not be paid when due.

Trade and other receivables

- Debtors are assessed for creditworthiness in line with Group criteria prior to entering into lease arrangements and sale agreements. For lessees and sales of stands, the assessment includes reference checks with institutions that have the debtors previous trading information. Credit risk is managed by requiring tenants to pay rentals in advance; and in the case of purchasers of land, title is withheld until such a time the outstanding balance has been settled.

  Outstanding trade receivables are regularly monitored and all debtors that accrue arrears are closely monitored. An impairment analysis is performed at each reporting date on an individual basis for all debtors. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

When determining specific allowance for credit losses in respect of past due tenant rent and operating costs amounts, the following criteria is used;

(i) Length of period of non-payment;

The length of period a tenant stays without making payment towards past due balances is used as a measure of the extent of delinquency of outstanding amounts All past due amounts over three months are referred to collection agencies and lawyers for collection while amounts that are over six months past due may qualify for specific write-off subject to the fulfilment of additional qualification criteria. All tenant account balances that are over three months are profiled with relevant percentages of general provisions applied to arrive at a general provision amount.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.3 Credit risk (continued)

(ii) Analysis of results of collection efforts undertaken so far in order to recover amounts that are past due

When the efforts of lawyers, collection agencies or direct approaches by the Group to tenants does not yield significant recovery of past due amounts and the prospects of significant recoveries consider remote, the outstanding balance should be considered for specific write off. Significant managerial judgment is exercised in analysing the likelihood of success of current collection efforts with assessment of prospects of recovery rated from more highly probable to remote.

No impairment allowance has been recognised on property sales receivables because the debtors pay a significant deposit upfront, therefore monthly repayments are affordable and title does not pass until the full amount has been settled. There has been no history of default.

(iii) Liquidity and solvency status of the debtor

As may be revealed by a review of the tenant's financial records and through other means such as reading press reports, it may be determined that a deteriorating liquidity and solvency status of a defaulting tenant renders the past due amount uncollectable and therefore qualifying them for specific write-off.

(iv) Security arrangements

The Group considers directors guarantees as vital security in the event that all other means of recovery of past due amounts does not yield meaningful results. In this regard, directors of tenant companies provide guarantees which are called upon in the event that the tenant fails to pay. Unsecured past due amounts that have gone through all reasonable recovery effort and remain uncollectable qualify for specific write-off subject to fulfilment of additional qualifying criteria.

- For retrocession, arrangements are placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, the Group Reinsurance Committee performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowances for impairment.

- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The Group applies a simplified approach to providing for allowances for credit losses, through specific assessment of receivables balances based on credit risk characteristics and the days past due. The allowance for credit losses for the year ended 31 December 2017 was determined as follows:

	Current US$	Not in default 31 - 60 days US$	Not in default 61 - 120 days US$	In default 121 - 180 days US$	In default more than 180 days US$	Total US$
Reinsurance receivables:						
Gross carrying amount	-	4 276 331	2 440 697	889 570	4 218 252	11 824 850
Loss allowance for credit losses	-	-	-	-	(2 387 566)	(2 387 566)
	-	4 276 331	2 440 697	889 570	1 830 686	9 437 284
Rental receivables:						
Gross carrying amount	160 451	191 562	214 856	1 165 497	-	1 732 366
Loss allowance for credit losses	-	-	-	(929 424)	-	(929 424)
	160 451	191 562	214 856	236 073	-	802 942
Debtors for inventory sales:						
Gross carrying amount	1 847 411	-	-	-	-	1 847 411
Loss allowance for credit losses	-	-	-	-	-	-
	1 847 411	-	-	-	-	1 847 411
Total net trade receivables	**2 007 862**	**4 467 893**	**2 655 553**	**1 125 643**	**1 830 686**	**12 087 637**

Notes to the Consolidated and Separate Financial Statements (continued)
For the year ended 31 December 2017

4.3 Credit risk (continued)

The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties by the debtor;

- probability that the debtor will enter bankruptcy or financial reorganisation; and

- default or deliquency in payments (outstanding for more than 120 days).

Financial assets available for sale

• Financial assets available for sale consist of treasury bills and other bonds such as agro bills and power generation bills, which are considered to be low credit risk financial assets as these are government guaranteed and those that have matured to date have all been honoured. These form part of prescribed assets which are bonds/securities issued by the central government, local government, quasi government organisations or any other bonds/securities that may be accorded the prescribed asset status by the Minister of Finance and Economic Development. All these financial instruments have been considered low risk as they have no history of default. The financial assets as at 31 December 2017 were held as follows:

	2017 US$	2016 US$
Issued by the Government:		
- Bonds	1 822 502	1 693 984
- Treasury bills	3 772 241	3 506 233
Issued by other financial institutions, rated:		
BB-	606 261	563 510
Unrated	46 864	-
	6 247 868	**5 763 727**

Credit risk analysis

As at 31 December 2017 the analysis of financial assets that were past due but not impaired is set out below:

31 December 2017	Neither past due nor impaired 30 days US$	Past due but not impaired 60 days US$	Past due but not impaired 90 days US$	Past due net of impairment 120 days US$	Total US$
Trade and other receivables:					
- reinsurance receivables	4 276 331	1 336 271	1 104 426	2 720 256	9 437 284
- rental receivables	160 451	191 562	214 856	236 073	802 942
- debtors for inventory sales	1 847 411	-	-	-	1 847 411
Financial assets available for sale	6 247 868	-	-	-	6 247 868
Cash and cash equivalents	24 417 087	-	-	-	24 417 087
Total	**36 949 148**	**1 527 833**	**1 319 282**	**2 956 329**	**42 752 592**
31 December 2016					
Trade and other receivables:					
- reinsurance receivables	3 002 182	3 365 418	2 899 886	2 561 004	11 828 490
- rental receivables	159 270	183 874	456 505	1 397 181	2 196 830
- debtors for inventory sales	-	466 431	-	-	466 431
Financial assets available for sale	5 763 727	-	-	-	5 763 727
Cash and cash equivalents	11 077 397	-	-	-	11 077 397
Total	**20 002 576**	**4 015 723**	**3 356 391**	**3 958 185**	**31 332 875**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.4 Liquidity risk

It is the Group's policy to ensure that cash resources are available at all times to meet commitments as they arise. Cash outflows arise from the payment of intimated claims and benefits falling due, purchase of investments and other operating commitments. Such outflows are adequately matched by inflows from premium income, maturing investments and investment income. Management monitors rolling forecasts of the Group's cumulative liquidity gap and cash and cash equivalents on the basis of expected cash flows.

The table below summarises the maturity profile of the Group's financial assets and financial liabilities based on contractual and undiscounted payments on a worst case scenario.

Assets and liabilities are on an undiscounted basis.

Liquidity gap analysis

Group 31 December 2017 Assets	On demand to 3 months US$	3 months to 1 year US$	> 1 year US$	Total contractual cash flows US$
Financial assets:				
- available for sale	40 385	864 033	3 557 185	4 461 603
- at fair value through profit or loss	159 421	254 997	667 299	1 081 717
- held to maturity	140 972	2 399 377	1 787 045	4 327 394
Life reassurance contract assets	-	-	569 900	569 900
Loans and receivables including insurance receivables	8 936 054	3 864 531	277 323	13 077 908
Cash and cash equivalents	24 417 087	-	-	24 417 087
Total assets	**33 693 919**	**7 382 938**	**6 858 752**	**47 935 609**
Liabilities				
Non-life insurance liabilities	1 072 062	6 188 786	6 948 592	14 209 440
Life reassurance liabilities	451 373	372 302	-	823 675
Borrowings	303 336	1 009 657	486 470	1 799 463
Trade and other payables (excluding statutory liabilities)	5 408 633	4 579 485	973 830	10 961 948
Total liabilities	**7 235 404**	**12 150 230**	**8 408 892**	**27 794 526**
Liquidity gap	**26 458 515**	**(4 767 292)**	**(1 550 140)**	**20 141 083**
Cumulative liquidity gap	**26 458 515**	**21 691 223**	**20 141 083**	**-**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.4 Liquidity risk (continued)

Liquidity gap analysis

Group 31 December 2016 Assets	On demand to 3 months US$	3 months to 1 year US$	> 1 year US$	Total contractual cash flows US$
Financial assets:				
- available for sale	23 826	509 747	2 098 604	2 632 177
- at fair value through profit or loss	236 873	378 884	991 497	1 607 254
- held to maturity	82 002	1 395 692	1 039 505	2 517 199
Life reassurance assets	-	-	604 094	604 094
Loans and receivables including insurance receivables	9 526 122	4 633 149	332 480	14 491 751
Cash and cash equivalents	11 077 397	-	-	11 077 397
Total assets	**11 077 397**	**16 099 005**	**5 753 470**	**32 929 872**
Liabilities				
Non-life insurance liabilities	-	12 555 587	-	12 555 587
Life reassurance liabilities	-	-	4 833 879	4 833 879
Borrowings	-	645 225	909 758	1 554 983
Trade and other payables (excluding statutory liabilities)	4 231 208	10 114 892	-	14 346 100
Total liabilities	**4 231 208**	**23 315 704**	**5 743 637**	**33 290 549**
Liquidity gap	**16 715 012**	**(16 398 232)**	**(677 457)**	**(360 677)**
Cumulative liquidity gap	**16 715 012**	**316 780**	**(360 677)**	**-**

Company 31 December 2017 Assets	On demand to 3 months US$	3 months to 1 year US$	> 1 year US$	Total contractual cash flows US$
Financial assets available for sale	-	5 256 531	503 363	5 759 894
Loans and receivables	568 191	186 345	-	754 536
Cash and cash equivalents	3 484 146	-	-	3 484 146
Total assets	**4 052 337**	**5 442 876**	**503 363**	**9 998 576**
Liabilities				
Trade and other payables	630 432	5 164 026	-	5 794 458
Total liabilities	**630 432**	**5 164 026**	**-**	**5 794 458**
Liquidity gap	**3 421 905**	**278 850**	**503 363**	**4 204 118**
Cumulative liquidity gap	**3 421 905**	**3 700 755**	**4 204 118**	**-**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.4 **Liquidity risk (continued)**

Liquidity gap analysis

Company 31 December 2016 Assets	On demand to 3 months US$	3 months to 1 year US$	> 1 year US$	Total contractual cash flows US$
Financial assets available for sale	-	1 363 356	1 420 737	2 784 093
Loans and receivables	418 469	47 962	-	466 431
Cash and cash equivalents	402 253	-	-	402 253
Total assets	**820 722**	**1 411 318**	**1 420 737**	**3 652 777**
Liabilities				
Trade and other payables	660 049	5 164 026	-	5 824 075
Total liabilities	**660 049**	**5 164 026**	**-**	**5 824 075**
Liquidity gap	**160 673**	**(3 752 708)**	**1 420 737**	**(2 171 298)**
Cumulative liquidity gap	**160 673**	**(3 592 035)**	**(2 171 298)**	**-**

4.5 **Capital management policies**

The Group's capital comprises ordinary share capital, share premium, reserves and retained earnings. It is the Group's objective to retain a capital position that supports the development of the business. The Group manages its capital structure and makes adjustments to it, in light of changes in the economic conditions. Where necessary, capital is redeployed to subsidiaries from the holding company.

The subsidiaries with minimum capital requirements imposed by their regulators were capitalised as follows:

	2017		2016	
	Shareholders' equity	Minimum regulatory capital	Shareholders' equity	Minimum regulatory capital
Baobab Reinsurance Company Limited	36 655 515	7 500 000	32 401 378	4 000 000
Zambian Reinsurance Company Limited	2 259 311	1 970 443	898 578	100 756
Malawian Reinsurance Company Limited	2 670 088	689 713	2 381 864	137 824
Mozambique Reinsurance Company Limited	2 306 311	1 116 397	2 140 882	459 994
First Reinsurance Company Limited	1 255 999	203 550	934 848	187 406
Emeritus Reinsurance Company of South Africa Limited	379 937	405 022	845 211	364 564
Credit Insurance Zimbabwe Limited	2 911 049	2 500 000	995 960	1 500 000

There were no changes made to the objectives, processes, or policies during the year ended 31 December 2017. Only Emeritus Reinsurance Company of South Africa Limited was not compliant with the minimum capital requirements. The business of the Company is being transferred to First Reinsurance Company Limited, hence no capital injection is required.

4.6 **Insurance risk**

Insurance risk is the risk that actual future underwriting policyholder behaviour and expense experience will differ from that assumed in measuring policyholder liabilities and assets and products pricing. Insurance risk arises due to uncertainty regarding the timing and amount of future cash flows from insurance contracts. This could be due to variations in mortality, morbidity, policyholder behaviour or expense experience in the case of life products, and claims incidence, claim severity or expense experience in the case of short-term insurance products. These could have adverse impacts on the Group's earnings and capital if different from those assumed. The insurance risks that the Group is exposed to that have the greatest impact on the financial position and comprehensive income are covered in more detail in sections 4.6.9 to 4.6.13.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.1 Ownership and accountability

The management and staff in all Business Units("BUs") accepting insurance risk are responsible for the day-to-day identification monitoring and treatment of insurance risk. It is also management's responsibility to report any material insurance risks, risk events and issues identified to senior management through certain pre-defined escalation procedures.

The Group's Internal Audit and Risk department provides independent oversight of compliance with the Group's risk management policies and procedures and the effectiveness of the Group's insurance risk management processes. The Audit and Risk Committee, in place, is responsible for managing all aspects of insurance risk.

This committee reports directly to the Board.

The functions of the committee include:
- recommend insurance risk related policies to the Board for approval and ensure compliance therewith.
- ensure that insurance risk is appropriately controlled by monitoring insurance risk triggers against agreed limits and/or procedures.
- gain assurance that material insurance risks are being monitored and that the level of risk taken is in line with the risk appetite statement at all times.
- consider any new insurance risks introduced through new product development or strategic development and how these risks should be managed.
- monitor, ratify and/or escalate to the Board all material insurance risk-related breaches, and excesses highlighting the corrective action undertaken to resolve the issue.
- monitor insurance risk capital requirements that apply to the management of the Group and its subsidiaries' statements of financial position; and
- approve the reinsurance, underwriting and claim management strategies and oversee the implementation of those strategies.

The statutory actuaries provide oversight of the long-term insurance risks undertaken by the Group in that they are required to:
- report at least annually on the financial soundness of the life licence entity within the Group.
- oversee the setting of assumptions used to provide best estimate liabilities plus compulsory and discretionary margins (as described in the accounting policies) in accordance with the assumption setting policy; and
- report on the actuarial soundness of premium rates in use for new business, and on the profitability of the business taking into consideration the reasonable benefit expectations of policyholders and the associated insurance and market risks.

4.6.2 Risk identification, assessment, measurement and management

Risk management takes place prior to the acceptance of risks through the product development , underwriting , pricing and claims assessment process and at the point of sale. Risks continue to be managed through the measurement, monitoring and treatment of risks once the risks are contracted.

4.6.3 Risk management through product development, pricing and at the point of sale

The product development and pricing process defines the terms and conditions on which the Group is willing to accept risks. Once a policy has been sold, the Group is placed on risk for the duration of the contract and the Group cannot unilaterally change the terms and conditions of the policy except where the policy allows for rate reviews. It is for these reasons that risks need to be carefully assessed and appropriately mitigated before a product is launched and before new policies are accepted onto the Group's statement of financial position. In order to manage these risks, new products need to comply with the Group-wide Product Development Risk Policy.

The product development and approval process ensures that:
- risks inherent in new products are identified and quantified;
- sensitivity tests are performed to enhance understanding of the risks and appropriateness of mitigating actions;
- pricing is adequate for the risk undertaken;
- product design takes account of various factors including size and timing of fees and charges, appropriate levels of minimum premiums, commission structures and policy terms and conditions;
- the Group makes use of reinsurance to reduce its exposures to some insurance risks;
- customers' needs and expectations will be met by the product; and
- post implementation reviews are performed to ensure that intended outcomes are realised and to determine if any further action is required.

Notes to the Consolidated and Separate Financial Statements (continued)
For the year ended 31 December 2017

4.6.4 Risk management post-implementation of products and of in-force policies

The ongoing management of insurance risk, once the risk has been contracted, includes the management of costs, premium adjustments where permitted and appropriate, management strategies and training of cedents to encourage customers to retain their policies, and careful follow up on disability claims , default claims and early death claims.

Further, experience investigations are conducted at least annually on all significant insurance risks to ascertain the extent of deviations from assumptions and their financial impacts. If the investigations indicate that these deviations are likely to persist in future, the assumptions will be adjusted accordingly for the subsequent measurement of policyholder liabilities and assets. Furthermore, any deviations that are likely to persist are also used to inform the product development and pricing of new existing products.

Insurance risks are assessed and reviewed against the Group's risk appetite and risk target. Mitigating actions are developed for any risks that fall outside of management's assessment of risk appetite in order to reduce the level of risk to within the approved tolerance limits.

IFRS sensitivities for insurance risks are provided in section 9. Embedded value sensitivities for insurance risks are also prepared for internal use and reporting to analysts.

4.6.5 Reporting

Each relevant customers facing unit prepares monthly and quarterly reports that include information on insurance risk. The reports are presented to the relevant customer facing unit executive committees and relevant risk committees for review and discussion. Major insurance risks are incorporated into a report of the internal audit on the Group's overall risk which is submitted to the Group Audit and Risk Committee. Where it is deemed necessary, material insurance risk exposures are escalated to the Board.

In respect of insurance risks, the reports contain the results of experience investigations conducted along with other indicators of actual experience. These reports also raise any issues identified and track the effectiveness of any mitigation plans put in place.

4.6.6 Policyholder behaviour risk

This is the risk of adverse financial impact caused by actual policyholders' behaviour deviating from expected policyholders' behaviour, mainly due to:

- regulatory and legislative changes (including taxation);
- changes in economic conditions;
- sales practices;
- competitor behaviour;
- policy conditions and practices; and
- policyholders' perceptions.

The primary policyholder behaviour risk is persistency risk. This generally arises when policyholders discontinue or reduce contributions, or terminate their policies at a rate that is not in line with expectations. This behaviour results in a loss of future premiums that are designed to recoup expenses and commission incurred early in the life of the contract and to provide a profit margin or return on capital. A decrease in persistency generally gives rise to a loss, as the loss of these future charges generally exceeds the charges that the Group applies too the policyholder benefits in these events. However with certain products the general principle does not always apply. For example, level premium risk products at certain durations will produce a strain to earnings if actual persistency is higher than assumed.

In the measurement of policyholder liabilities and assets, margins as described in the accounting policies are added to the best estimate withdrawal rates. In addition, an allowance is made for the withdrawal risk in the Termination Capital Adequacy Requirement ("TCAR") and Ordinary Adequacy Requirement ("OCAR") calculations, with the TCAR providing a capital requirement underpin of meeting the surrender benefits on all policies where this is onerous.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.6 Policyholder behaviour risk (continued)

In the calculation of economic capital requirements, allowance is made for the following risks in respect of policyholder behaviour:

- The risk that the actual level of withdrawals is different from expected; and
- The risk of withdrawal catastrophe to capture a run-on-a-bank type of scenario.

4.6.7 Underwriting risks

The primary purpose of underwriting is to ensure that an appropriate premium is charged for each risk and that cover is not offered to uninsurable risks. Underwriting risks are the risks that future demographic or claims incidence experience will exceed the allowance for expected demographic or claims incidence experience, as determined through provisions, pricing, risk measures and value measures. Underwriting risks include, amongst others, mortality and morbidity risks, longevity risks and non-life (short-term insurance) risks.

4.6.7.1 Mortality and morbidity risk

Mortality risk is the risk of adverse financial impact due to actual mortality (death) claims being higher than anticipated.

Morbidity risk is the risk of adverse financial impact due to policyholder health related (disablement and dread disease) claims being higher than expected.

The Group has the following processes and procedures in place to manage mortality and morbidity risk.

a. Pricing

Premium rates are differentiated by factors which historical experience has shown are significant determinants of mortality and morbidity claims experience.

Prior to taking on individual risk policies, appropriate underwriting processes are conducted, such as medical tests, which influence pricing on the policy prior to acceptance.

The actual claims, experience or monitored on a monthly basis so that deteriorating experience can be timeously identified. Product pricing and the measurement of the liabilities are changed if the deteriorating experience is expected to continue and cannot be mitigated. Detailed mortality and morbidity investigations are conducted on a bi-annual basis for key products.

Allowance for HIV related deaths is made in product pricing and in the measurement of policyholder liabilities and assets.

b. Terms and conditions

The terms and conditions contain exclusions for non-standard and unpredictable risks that may result in severe financial loss (e.g. on life policies, a suicide exclusion applies to the sum assured for death within two years from the date of issue).

Terms are built into the policy contracts that permit risk premiums to be reviewed on expiry of a guarantee period. In particular:

- for institutional risk business, the risk premiums are reviewable annually; and
- for non-Zimbabwean business, similar terms exist.

c. Underwriting

Underwriting guidelines concerning authority limits and procedures to be followed are in place.

All individual business applications for risk cover are underwritten except for some policies with smaller sums assured where specific allowance for no underwriting has been made in the product design and pricing. For individual and institutional business, larger sums assured in excess of specified limits are reviewed by experienced underwriters and evaluated against established processes. For institutional risk business, these specified limits are scheme specific based on the size of the scheme , membership, average age, gender distribution , industry and distribution of sums assured. Since applications on institutional business below the specified limits are not medically underwritten, very few lives are medically tested . However, the annually reviewable terms on institutional business enable premiums to keep pace with emerging claim experience.

Specific testing for HIV and other medicals is carried out based on the assessment of the risk.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

c. Underwriting (continued)

Part of the underwriting process involves assessing the current health conditions and family medical history of applicants. Terms and conditions are varied accordingly.

Non-standard risk, such as hazardous pursuits and medical conditions, are assessed at underwriting stage.

Financial underwriting is used where necessary to determine insurable interest .

The non-life insurance risks are sensitive to certain assumptions. The table below shows the qualitative sensitivity of certain triggers related to insurance business:

Risk triggers	General effect on insurance market	Effect on the Group
1. Many cedants and competition in the domiciled market	Undercutting premium rates	Lower premiums, increase in claims ration, lower profits
	Underwriting bad business	Increase in claims, increase in bad debts, lower profits
2. Weakening local currency	Underinsurance of cedants	Increase in claim rations on partial claims, lower profit
3. Lack of foreign currency and strict exchange controls in local markets.	Inability to discharge external claims and retrocessions	Lower premiums and risk spread, increase in claims ration, lower profits
	Substandard construction and risk management practices	Increased fire and engineering risk, increase in claims, lower profits
4. Weak risk practices of cedants and underlying clients	Having insurance as the only effective risk management item	Increase in claims, lower profit

d. Claims management

Claims are validated against policy term and conditions. Early claims within a period of 1 year for non-accidental claims are assessed for non-disclosure of material facts and investigations carried out to deter fraud.

For morbidity, experienced claims assessors determine the merits of the claim in relation to the policy terms and conditions.

e. Reinsurance

Reinsurance is used by the Group to reduce exposure to a particular line of business, a particular individual, a single event, and to benefit from the management support services and technical expertise offered reinsurers.

Regular reviews, which consider risk appetite, are conducted on reinsurance arrangements for new business. The levels of reinsurance purchased for new business written in 2017 were broadly similar to those in recent previous year. Given that large proportions of the Group's business is long term individual risk business, where the proportion of the risk that is reinsured is fixed for life at the inception of the policy, the Group's overall reinsurance result is heavily influenced by historical reinsurance arrangements. In some instances where underlying policyholder benefits are annually renewable, for example institutional business, reinsurance is annually renewable.

Existing reinsurance arrangements include proportional reinsurance (quota share and surplus type arrangements) on both a treaty and facultative basis and catastrophe reinsurance which is renewed annually.

Catastrophe reinsurance is in place to reduce the risk of many claims arising from the same event. Various events are excluded from the catastrophe reinsurance (e.g. epidemics and radioactive contamination).

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.8 Non-life reinsurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual payments made. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks transfer programme. Reinsurance is placed on both a proportional and non–proportional basis.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group principally issues the following types of general insurance contracts: fire, engineering, motor, guarantee, marine, miscellaneous accident, liability, aviation and agriculture. Risks usually cover twelve months duration.

The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Risk management is vital starting from pre-risk acceptance where some large risks or business perceived risky is surveyed and improvement recommendations passed before cover commences. Selected running risks are also surveyed for risk improvement and mitigating chances and severity of losses. Risk management is thus filtered into the whole underwriting process to manage the portfolio. Furthermore, firm claim management policies to assess all new and on-going claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. The Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Group's risk appetite as decided by management.

4.6.9 Underwriting strategy

Concentration of insurance risk and policies mitigating the concentrations within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration risk by class of business and geographical spread.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.9 Underwriting strategy (continued)

Types of contracts

Fire:	provide indemnity for loss or damage to property caused by perils such as fire, lightning, explosion, earthquakes, floods and malicious damage.
Accident:	provide indemnity for third party bodily injury, property damage, professional indemnity, group personal accident and legal expenses.
Motor:	provide indemnity for loss or damage to the insured motor vehicle.
Engineering:	provide indemnity for losses sustained through use of machinery and equipment or erection of buildings or structures.
Marine:	provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.
Agriculture:	provide indemnity for loss of income or crop damage due to damage due hail, floods, pests and fire.
Aviation:	provide indemnity for cargo, hull and third party bodily injury or property damage classes of business.

The concentration of insurance risk before and after reinsurance by territory in relation to the non-life insurance accepted is summarised below, with reference to the premium revenue (gross and net of reinsurance) arising from non-life insurance contracts:

		Type of contract							
		Fire	Engineering	Motor	Accident	Marine	Agriculture	Aviation	Total
31 December 2017:		US$	US$	US$	US$	US$	US$	US$	US$
Zimbabwe	Gross	3 782 923	556 016	1 465 133	2 981 132	147 028	194 253	49 684	9 176 169
	Net	2 874 811	510 841	1 389 766	2 430 738	108 136	186 066	33 932	7 534 290
Zambia	Gross	856 125	369 037	701 277	859 155	43 964	187 919	19 216	3 036 693
	Net	475 351	244 063	590 318	645 275	30 914	150 522	12 071	2 148 514
Malawi	Gross	2 298 981	479 169	1 000 417	951 830	46 282	304 269	12 793	5 093 741
	Net	1 119 684	163 802	983 855	768 343	18 818	235 703	12 793	3 302 998
Mozambique	Gross	2 086 433	631 212	810 958	1 277 973	188 210	231 833	48 871	5 275 490
	Net	900 406	324 321	591 057	628 190	131 064	80 050	13 973	2 669 061
Botswana	Gross	1 234 084	242 291	22 285	546 720	41 965	-	4 463	2 091 808
	Net	685 825	86 262	20 827	349 401	22 351	-	4 043	1 168 709
Total	Gross	10 258 546	2 277 725	4 000 070	6 616 810	467 449	918 274	135 027	24 673 901
	Net	6 056 077	1 329 289	3 575 823	4 821 947	311 283	652 341	76 812	16 823 572

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.9 Underwriting strategy (continued)

31 December 2016:		Type of contract Fire US$	Engineering US$	Motor US$	Accident US$	Marine US$	Agriculture US$	Aviation US$	Total US$
Zimbabwe	Gross	3 871 098	592 614	1 107 584	2 450 719	183 270	1 031 613	54 217	9 291 115
	Net	2 484 818	468 760	1 046 586	2 195 583	145 167	968 623	38 464	7 348 001
Zambia	Gross	1 023 140	416 739	611 518	751 023	41 594	137 852	18 538	3 000 404
	Net	461 284	239 708	582 930	609 377	24 881	36 374	10 258	1 964 812
Malawi	Gross	2 089 162	424 804	1 274 859	1 430 064	66 449	146 064	9 085	5 440 486
	Net	1 176 412	227 198	1 233 300	1 217 520	50 828	91 255	9 085	4 005 598
Mozambique	Gross	2 392 618	984 899	800 017	1 025 487	228 194	131 310	67 110	5 629 635
	Net	1 187 483	558 266	550 833	601 630	205 418	131 310	26 730	3 261 672
Botswana	Gross	1 198 723	188 472	22 941	484 771	43 016	-	23 630	1 961 553
	Net	683 926	112 109	22 941	378 490	11 025	-	15 189	1 223 680
South Africa	Gross	675 686	46 824	59 011	177 796	23 065	9 180	12 805	1 004 367
	Net	544 986	41 085	59 011	124 443	13 999	9 180	12 805	805 509
Total	Gross	11 250 427	2 654 352	3 875 929	6 319 859	585 588	1 456 018	185 384	26 327 557
	Net	6 538 909	1 647 126	3 495 600	5 127 044	451 318	1 236 742	112 531	18 609 270

4.6.10 Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

4.6.11 Sensitivities

The analysis below is performed for reasonably possible movements in the principal assumption (10% of net premium written) with all other variables held constant, showing the impact on the reported value, profit before income tax and equity of the movement in incurred but not reported ("IBNR") claims. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in the assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The IBNR development has been modelled from past experience.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.11 Sensitivities (continued)

The impact on the profit and equity assumed a change in the actual development holding other variables constant.

December 2017	Change in assumption %	Change in reported value US$	Profit before income tax US$	Change in equity US$
Increase in IBNR	10%	18 594	(15 991)	(11 873)
Decrease in IBNR	-10%	(18 594)	15 991	11 873
December 2016				
Increase in IBNR	10%	16 887	(14 523)	(10 783)
Decrease in IBNR	-10%	(16 887)	14 523	10 783

4.6.12 Exposure relating to catastrophe events

The Group sets out the total aggregate exposure that it is prepared to accept in Zimbabwe and the region to a range of events such as natural catastrophes. The aggregate position is reviewed annually. The Group's policies for mitigating catastrophe risk exposure include the use of both proportional and excess of loss. In the event of major catastrophe the net retained loss is US$100 000 (2016 : US$250 000);which is made up of a gross loss of US$15 000 000 (2016: US$20 000 000) and retrocession of US$14 900 000 (2016: US$19 750 000). This is based on the Group's risk appetite as determined by the level of capital. The Group has a reinsurance programme in place with various reinsurers to cushion it in the event of a catastrophe.

4.6.13 Claims development

The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales depending on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund the historical claims ("run off risk"). To manage run off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. The reserves created over time proved to be sufficient to fund the actual claims paid. Further the Group does not participate on any policies with unlimited liability. The Group is liable for all insured events in terms of the contract.

All underlying policies have reporting conditions that restrict the timeline within which a claim should reasonably be made. Delays however sometimes occur between the time insurers process claims and recover from reinsurers. Reserves are maintained for this contingency.

The majority of the Group's insurance contracts are classified as short term, meaning that any claim is settled within a year after the loss date.
In terms of IFRS 4, 'Insurance contracts', an insurer need only disclose claims run off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.13 Claims development (continued)

The tables below indicate the claims development of the Group for the period of 5 years.

IBNR development

Accident year	2012 US$	2013 US$	2014 US$	2015 US$	2016 US$	2017 US$	Total US$
At end of accident year	1 471 842	1 036 906	782 605	898 800	1 279 687	1 217 506	-
One year later	1 471 842	1 036 906	782 605	898 800	1 279 687	-	-
Two years later	1 471 842	1 036 906	782 605	898 800	-	-	-
Three years later	1 471 842	1 036 906	782 605	-	-	-	-
Four years later	1 471 842	1 036 906	-	-	-	-	-
Five years later	1 471 842	-	-	-	-	-	-
Current estimate of cumulative claims incurred	**1 471 842**	**1 036 906**	**782 605**	**898 800**	**1 279 687**	**1 217 506**	**6 687 346**
One year later	(1 276 965)	(810 803)	(650 111)	(351 365)	(443 920)	-	-
Two years later	(1 443 808)	(993 051)	(1 901 232)	(637 462)	-	-	-
Three years later	(1 443 081)	(1 205 047)	(1 321 469)	-	-	-	-
Four years later	(1 394 991)	(1 242 304)	-	-	-	-	-
Five years later	(1 409 096)	-	-	-	-	-	-
Non proportional treaty IBNR	(256 849)	(139 227)	(101 249)	(155 145)	(172 049)	-	-
Cumulative payments to date	(1 665 945)	(1 381 531)	(1 422 718)	(792 607)	(615 969)	-	(5 878 770)
Cumulative claims incurred less payments to date	**(194 103)**	**(344 625)**	**(640 113)**	**106 193**	**663 718**	**1 217 506**	**808 576**

The Group's IBNR provisioning had not been adequate prior to 2016, resulting in the revision of the provisioning rate from 7.5% to 10% of the net premium written. The revised rate resulted in an increased charge to the profit or loss and increase in the liability. The Group will continue assessing the adequacy of the provision.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

4.6.13 Claims development (continued)

Claims development

Accident year	2012 US$	2013 US$	2014 US$	2015 US$	2016 US$	2017 US$	Total US$
At end of accident year	9 332 228	7 963 472	6 349 919	5 470 177	6 601 252	6 041 636	-
One year later	9 332 228	7 963 472	6 349 919	5 470 177	6 601 252	-	-
Two years later	9 332 228	7 963 472	6 349 919	5 470 177	-	-	-
Three years later	9 332 228	7 963 472	6 349 919	-	-	-	-
Four years later	9 332 228	7 963 472	-	-	-	-	-
Five years later	9 332 228	-	-	-	-	-	-
Cumulative claims incurred to date	**9 332 228**	**7 963 472**	**6 349 919**	**5 470 177**	**6 601 252**	**6 041 636**	**41 758 684**
Total claims paid							
At end of accident year	(5 859 487)	(5 070 770)	(4 607 360)	(4 359 750)	(4 009 315)	(5 273 679)	-
One year later	(7 443 767)	(6 392 729)	(6 896 253)	(6 356 285)	(5 347 972)	-	-
Two years later	(8 429 132)	(7 184 795)	(7 382 403)	(6 688 136)	-	-	-
Three years later	(8 718 167)	(8 499 411)	(7 571 170)	-	-	-	-
Four years later	(8 823 840)	(9 117 729)	-	-	-	-	-
Five years later	(9 306 193)	-	-	-	-	-	-
Non proportional treaty IBNR	-	-	-	-	-	-	-
Current estimate of cumulative claims paid	**(9 306 193)**	**(9 117 729)**	**(7 571 170)**	**(6 688 136)**	**(5 347 972)**	**(5 273 679)**	**(43 304 879)**
Cumulative claims incurred less payments to date	**26 035**	**(1 154 257)**	**(1 221 251)**	**(1 217 959)**	**1 253 280**	**767 957**	**(1 546 195)**

Sensitivity analysis for life and health policyholder contract liabilities has not been disclosed as the unit is significantly small, the trends reflect unreliable wide fluctuations and there is not sufficient historical information.

4.6.14 Valuation of life reassurance contracts

All insurance life reassurance contract liabilities as at 31 December 2017 and 2016 were determined by actuaries. The primary assumptions used in the life reassurance contract liability valuation are as follows:

- Investment returns of 3.8% were achieved during 2017 (2016: 2.1%);
- The ratio of operating expenses to net written premiums amounted to 24% for the 2017 financial year (2016: 22%);
- An allowance for claims-related expenses of 5% was included in the IBNR provision computation (2016: 0%);
- The Group does not currently anticipate any additional losses on annually renewable business, therefore, the Additional Unexpired Risk Reserve (AURR) is set to zero (2016: 0); and
- A profit share provision was set at 10% of premiums (2016: 10%) which is allowed for as specified for each contract.

The Group applied a contingency margin of 5% (2016: 5%) of written premiums. This provides protection against the following:

- The current inwards reinsurance business is relatively small, making large claim fluctuations from one year to the next quite likely.
- For the bulk of its risk premium business, Baobab Re Life & Health does not act as the lead reinsurer.

Therefore, the company has less control over the rating basis, as well as limited access to the underlying policy and claims data.

The Group will continue to review the need for a contingency margin.

5 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on products and services as well as on geographical areas as shown below. Management evaluates segment performance based on operating profit/(loss) consistent with the consolidated financial statements.

Reinsurance

The segment offers short-term reinsurance products and services to general insurance companies locally, regionally and internationally. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident, e.g., employee liability claims and asbestos. Revenue in this segment is derived primarily from insurance premiums, investment income and fair value gains and losses on financial assets.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

5 **SEGMENT INFORMATION (continued)**

Life reassurance

The life reassurance segment offers its services to life assurance companies and medical aid societies locally and regionally. The products are savings, protection products and other long-term contracts; both with and without insurance risk and with and without discretionary participating features. It comprises a wide range of whole life, term assurance, unitised pensions, guaranteed pensions, pure endowment pensions and mortgage endowment products. Revenue from this segment is derived primarily from reassurance premium, fees and commission income, investment income and fair value gains and losses on investments.

Real estate

This segment is engaged in leasing, developing, managing, selling and buying properties. It also offers consultancy services related to property development. It derives its revenue primarily from rentals, sales of properties, investment income and estate agency.

General insurance

The segment offers short-term insurance products and services directly to policy holders locally. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of policyholder's accident, e.g., motor accident, domestic credit insurance, export credit. Revenue in this segment is derived primarily from insurance premiums, investment income and fair value gains and losses on financial assets.

Other and eliminations

This segment comprises the holding company and consolidation eliminations.

5.1 **Information about products and services**

2017	Reinsurance US$	Life reassurance US$	Real estate US$	General insurance US$	Other and eliminations US$	Total US$
Gross premium	25 558 128	3 754 417	-	2 371 659	(3 995 753)	27 688 451
Retrocession premium	(8 264 551)	(492 569)	-	(1 196 911)	3 282 652	(6 671 379)
Net premium written	17 293 577	3 261 848	-	1 174 748	(713 101)	21 017 072
Change in unearned premium reserve	1 277 078	-	-	73 880	(169 947)	1 181 011
Net premium earned	**18 570 655**	**3 261 848**	**-**	**1 248 628**	**(883 048)**	**22 198 083**
Brokerage fees and commission	2 304 234	106 381	-	293 232	(874 182)	1 829 665
Total insurance revenue	**20 874 889**	**3 368 229**	**-**	**1 541 860**	**(1 757 230)**	**24 027 748**
Rental income	16 159	-	2 782 114	18 042	(90 422)	2 725 893
Income from sale of inventory property	-	-	2 403 553	-	-	2 403 553
Investment and other revenue	4 005 223	453 945	1 588 581	193 707	970 365	7 211 821
Total income	**24 896 271**	**3 822 174**	**6 774 248**	**1 753 609**	**(877 287)**	**36 369 015**
Net benefits and claims	(5 972 920)	(1 710 234)	-	(551 699)	230 536	(8 004 317)
Commission and acquisition expenses	(7 172 247)	(963 913)	-	(275 237)	982 819	(7 428 578)
Other operating and administrative expenses	(7 605 617)	(790 455)	(4 674 623)	(998 437)	(1 205 328)	(15 274 460)
Operating profit/(loss)	**4 145 487**	**357 572**	**2 099 625**	**(71 764)**	**(869 260)**	**5 661 660**
2016						
Gross premium	26 304 093	4 169 625	-	-	(1 148 667)	29 325 051
Retrocession premium	(7 689 894)	(602 226)	-	-	1 148 667	(7 143 453)
Net premium written	18 614 199	3 567 399	-	-	-	22 181 598
Change in unearned premium reserve	(370 358)	-	-	-	-	(370 358)
Net premium earned	**18 243 841**	**3 567 399**	**-**	**-**	**-**	**21 811 240**
Brokerage fees and commission	2 282 277	131 373	-	-	(395 280)	2 018 370
Total insurance income	**20 526 118**	**3 698 772**	**-**	**-**	**(395 280)**	**23 829 610**
Rental revenue	29 465	-	3 142 756	-	(89 832)	3 082 389
Investment and other income	2 636 872	150 796	813 961	-	(139 098)	3 462 531
Total revenue	**23 192 455**	**3 849 568**	**3 956 717**	**-**	**(624 210)**	**30 374 530**
Net benefits and claims	(7 345 162)	(932 414)	-	-	-	(8 277 576)
Commission and acquisition expenses	(7 301 704)	(990 732)	-	-	395 280	(7 897 156)
Other operating and administrative expenses	(10 431 805)	(781 159)	(2 755 938)	-	(561 323)	(14 530 225)
Operating (loss)/profit	**(1 886 216)**	**1 145 263**	**1 200 779**	**-**	**(790 253)**	**(330 427)**

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For the year ended 31 December 2017

5.2 Geographical information

Information below shows operating results in the countries in which the Group operates

2017	Botswana US$	Malawi US$	Mozambique US$	South Africa US$	Zambia US$	Zimbabwe US$	Eliminations US$	Total US$
Income from third parties:								
Gross premium	1 998 421	4 473 140	5 062 764	(11 061)	2 880 501	13 284 686	-	27 688 451
Retrocession	(829 711)	(1 170 142)	(2 393 703)	-	(711 358)	(1 566 465)	-	(6 671 379)
Rental revenue	-	-	16 159	-	-	2 709 734	-	2 725 893
Income from sale of inventory property	-	-	-	-	-	2 403 553	-	2 403 553
	1 168 710	**3 302 998**	**2 685 220**	**(11 061)**	**2 169 143**	**16 831 508**	**-**	**26 146 518**
Gross premium	2 091 807	5 093 741	5 275 491	(11 061)	3 057 322	16 176 904	(3 995 753)	27 688 451
Retrocession premium	(923 097)	(1 790 743)	(2 606 430)	-	(888 179)	(3 745 581)	3 282 651	(6 671 379)
Net premium written	1 168 710	3 302 998	2 669 061	(11 061)	2 169 143	12 431 323	(713 102)	21 017 072
Change in unearned premium reserve	22 289	256 104	223 537	176 451	12 500	660 076	(169 946)	1 181 011
Net premium earned	1 190 999	3 559 102	2 892 598	165 390	2 181 643	13 091 399	(883 048)	22 198 083
Brokerage fees and commission	316 377	418 863	807 640	20 452	254 184	886 331	(874 182)	1 829 665
Total insurance revenue	**1 507 376**	**3 977 965**	**3 700 238**	**185 842**	**2 435 827**	**13 977 730**	**(1 757 230)**	**24 027 748**
Rental revenue	-	-	16 159	-	-	2 800 156	(90 422)	2 725 893
Income from sale of inventory property	-	-	-	-	-	2 403 553	-	2 403 553
Investment and other revenue	199 467	46 656	(241 209)	166 942	230 813	11 545 462	(4 736 310)	7 211 821
Total revenue	**1 706 843**	**4 024 621**	**3 475 188**	**352 784**	**2 666 640**	**30 726 901**	**(6 583 962)**	**36 369 015**
Net benefits and claims	(315 332)	(1 047 171)	(1 138 759)	(164 971)	(587 939)	(4 980 681)	230 536	(8 004 317)
Commission and acquisition expenses	(603 358)	(1 353 404)	(1 376 524)	(61 766)	(886 462)	(4 129 883)	982 819	(7 428 578)
Operating and administrative expenses	(790 360)	(1 272 937)	(1 299 038)	(501 290)	(880 385)	(11 275 985)	745 535	(15 274 460)
Operating (loss)/profit	**(2 207)**	**351 109**	**(339 133)**	**(375 243)**	**311 854**	**10 340 352**	**(4 625 072)**	**5 661 660**

Notes to the Consolidated and Separate Financial Statements *(continued)*
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5.2 Geographical information (continued)

Information below shows operating results in the countries in which the Group operates

2016	Botswana US$	Malawi US$	Mozambique US$	South Africa US$	Zambia US$	Zimbabwe US$	Eliminations US$	Total US$
Income from third parties:								
Gross premium	1 875 521	5 440 486	5 629 635	1 066 934	3 000 404	12 312 072	-	29 325 051
Retrocession	(673 892)	(1 434 891)	(2 367 965)	(234 442)	(1 035 591)	(1 396 671)	-	(7 143 453)
Rental revenue	-	-	29 465	-	-	3 052 924	-	3 082 389
	1 201 629	**4 005 595**	**3 291 135**	**832 491**	**1 964 812**	**13 968 324**	**-**	**25 263 986**
Gross premium	1 875 521	5 440 486	5 629 635	1 066 934	3 000 404	12 312 072	-	29 325 051
Premium ceded	(673 892)	(1 434 891)	(2 367 965)	(234 442)	(1 035 591)	(1 396 671)	-	(7 143 453)
Net premium written	**1 201 629**	**4 005 595**	**3 261 670**	**832 491**	**1 964 812**	**10 915 400**	**-**	**22 181 598**
Unearned premium reserve	(52 785)	(257 542)	(198 087)	116 257	206 546	(184 747)	-	(370 358)
Net premium earned	**1 148 844**	**3 748 054**	**3 063 583**	**948 749**	**2 171 358**	**10 730 653**	**-**	**21 811 240**
Brokerage fees and commission	227 318	559 491	637 837	61 369	251 206	281 149	-	2 018 370
Total insurance revenue	**1 376 162**	**4 307 545**	**3 701 420**	**1 010 117**	**2 422 564**	**11 011 802**	**-**	**23 829 610**
Rental revenue	-	-	29 465	-	-	3 052 924	-	3 082 389
Investment and other revenue	173 366	89 539	152 326	69 720	73 592	2 903 987	-	3 462 531
Total revenue	**1 549 528**	**4 397 084**	**3 883 211**	**1 079 838**	**2 496 156**	**16 968 713**	**-**	**30 374 529**
Net benefits and claims	(264 446)	(1 673 932)	(1 603 552)	(235 450)	(995 834)	(3 504 361)	-	(8 277 576)
Commission and acquisition expenses	(510 379)	(1 419 495)	(1 449 892)	(353 572)	(863 865)	(3 299 952)	-	(7 897 155)
Operating and administrative expenses	(663 359)	(1 075 669)	(1 978 806)	(726 431)	(767 708)	(9 318 251)	-	(14 530 225)
Operating profit/ (loss)	**111 344**	**227 987**	**(1 149 039)**	**(235 616)**	**(131 251)**	**846 149**	**-**	**(330 426)**

6 PROPERTY AND EQUIPMENT

Cost or valuation	Freehold land and buildings US$	Motor vehicles US$	Equipment and computers US$	Furniture and fittings US$	Total US$
Year ended 31 December 2016					
At 1 January 2016	2 093 451	2 213 497	604 954	324 413	5 236 314
Additions	-	312 288	62 303	22 182	396 773
Revaluation surplus	299 209	-	-	-	299 209
Disposals	-	(688 070)	(39 849)	(3 672)	(731 590)
Reclassification to investment property*	(562 387)	-	-	-	(562 387)
Foreign exchange movements	(142 326)	(65 474)	32 475	(13 381)	(188 705)
At 31 December 2016	**1 687 947**	**1 772 242**	**659 884**	**329 542**	**4 449 614**
Accumulated depreciation and impairment					
Year ended 31 December 2016					
At 1 January 2016	(360 149)	(1 134 589)	(454 996)	(180 684)	(2 130 418)
Depreciation	-	(244 439)	(64 813)	(24 563)	(333 815)
Disposals	-	529 125	37 573	2 579	569 276
Foreign exchange movements	(4 376)	37 527	(29 799)	6 384	9 736
At 31 December 2016	**(364 525)**	**(812 376)**	**(512 035)**	**(196 284)**	**(1 885 220)**
Carrying amount					
At 31 December 2016					
Cost	1 687 947	1 772 242	659 884	329 542	4 449 614
Accumulated depreciation	(364 525)	(812 376)	(512 035)	(196 284)	(1 885 220)
Carrying amount	**1 323 421**	**959 866**	**147 848**	**133 258**	**2 564 394**

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6 **PROPERTY AND EQUIPMENT (continued)**

Cost or valuation	Freehold land and buildings US$	Motor vehicles US$	Equipment and computers US$	Furniture and fittings US$	Total US$
Year ended 31 December 2017					
At 1 January 2017	**1 687 947**	**1 772 242**	**659 884**	**329 542**	**4 449 614**
Additions	-	187 939	121 146	21 367	330 452
Additions through business combinations	1 628 336	-	3	25 609	1 653 948
Revaluation surplus	27 239	-	-	-	27 239
Disposals	-	(612 800)	(38 981)	(2 322)	(654 103)
Foreign exchange movements	(1 472)	26 942	15 897	10 932	52 299
At 31 December 2017	**3 342 050**	**1 374 323**	**757 949**	**385 128**	**5 859 449**
Accumulated depreciation and impairment					
Year ended 31 December 2017					
At 1 January 2017	(364 525)	(812 376)	(512 035)	(196 284)	(1 885 221)
Depreciation	(70 770)	(218 056)	(53 044)	(48 611)	(390 481)
Disposals	-	457 573	32 392	2 056	492 021
Foreign exchange movements	77 696	(51 865)	(20 123)	(4 095)	1 613
At 31 December 2017	**(357 599)**	**(624 724)**	**(552 810)**	**(246 934)**	**(1 782 067)**
Carrying amount					
At 31 December 2017					
Cost	3 342 050	1 374 323	757 949	385 128	5 859 449
Accumulated depreciation	(357 599)	(624 724)	(552 810)	(246 934)	(1 782 067)
Carrying amount	**2 984 450**	**749 599**	**205 138**	**138 194**	**4 077 382**

*Reclassification to investment property relates to property 204 Samora Machel originally bought and developed for owner occupation. Management changed the use of the property to held to earn rentals. The property is now leased to third parties.

Property and equipment are free from encumbrances.

COMPANY PROPERTY AND EQUIPMENT	**2017 US$**	**2016 US$**
Cost	391	391
Depreciation	-	-
Carrying amount	391	391

The equipment is an office safe.

Fair value hierachy

The following table shows an analysis of the fair values of land buildings recognised in the statement of financial position by level of the fair value hierarchy;

31 December 2017:	**Level 1 US$**	**Level 2 US$**	**Level 3 US$**	**Total US$**	**Total gain/(loss) in the period in OCI US$**
Freehold Land and buildings	-	-	2 984 450	2 984 450	299 209
31 December 2016:					
Freehold Land and buildings	-	-	1 323 421	1 323 421	-

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

6 **PROPERTY AND EQUIPMENT (continued)**

Valuation techniques used to derive level 3 fair values

The table below presents the following for land and buildings:

- 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 categorized 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.

Class of property	Fair value 31 December 2017 US$	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD offices and land - owner occupied	2 984 450	market comparable	Rate per square metre (US$)	500 - 1 000

Class of property	Fair value 31 December 2016 US$	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD offices and land - owner occupied	1 323 421	market comparable	Rate per square metre (US$)	400 - 700

The market value was determined by reference to observable prices in an open market. Under the market comparable method, 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).

7 INVESTMENT PROPERTY	GROUP 2017 US$	GROUP 2016 US$
Carrying amount as at 1 January	44 924 623	46 997 682
Acquisition and development	3 542 041	311 082
Acquisition through business combinations	12 000	-
Disposals	(10 000 000)	(376 739)
Fair value loss recognised in profit or loss	(807 852)	(2 372 464)
Reclassifications from owner occupied property*	-	562 387
Exchange rate movement on foreign operations	114 033	(197 325)
Carrying amount as at 31 December	37 784 845	44 924 623

Investment property, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

*Reclassification to investment property relates to property 204 Samora Machel originally bought and developed for owner occupation. Management changed the use of the property to held to earn rentals. The property is now leased to third parties.

The Group's investment property comprises mainly properties located in Zimbabwe that are owned by the Group's subsidiary Zimre Property Investments Limited, a subsidiary of the Group that is quoted on the Zimbabwe Stock Exchange ("ZSE"). All the properties are under level 3 on the fair value hierarchy.

Investment property with a total carrying amount of US$9.3 million (2016: US$10 million) was encumbered at 31 December 2017.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

7 INVESTMENT PROPERTY (continued)

7.1 Investment properties categories rentals and operating expenses

The table below shows the rentals and operating expenses for each category of investment property

	Rentals		Operating expenses (property that generated rentals)		Operating expenses (property that did not generate rentals)	
	2017 US$	2016 US$	2017 US$	2016 US$	2017 US$	2016 US$
Office	1 404 670	1 657 402	(851 103)	(1 083 142)	-	-
Retail	1 070 425	1 160 025	(307 511)	(3 155)	-	-
Industrial	52 410	82 139	(73 864)	(59 184)	-	-
Residential and other	198 388	182 823	-	-	(61 357)	(241 947)
Total	**2 725 893**	**3 082 389**	**(1 232 478)**	**(1 145 481)**	**(61 357)**	**(241 947)**

7.2 Fair value hierarchy

The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy. The fair value hierarchy prioritises the inputs used to measure fair value into three broad levels (levels 1, 2 and 3), moving from quoted prices in active markets in level 1 to unobservable inputs in level 3.

The following table gives the fair values under each category of investment property together with gains/(loss) recognised through the statement of comprehensive income.

31 December 2017:	Level 1 US$	Level 2 US$	Level 3 US$	Total US$	Fair value loss through profit or loss US$
Office	-	-	26 804 886	26 804 886	(867 150)
Retail	-	-	4 812 196	4 812 196	(167 186)
Industrial	-	-	980 000	980 000	(73 516)
Residential and other	-	-	5 187 763	5 187 763	300 000
Total	**-**	**-**	**37 784 845**	**37 784 845**	**(807 852)**
31 December 2016:					
Office	-	-	37 503 276	37 503 276	(490 196)
Retail	-	-	1 700 000	1 700 000	-
Industrial	-	-	1 070 000	1 070 000	(90 000)
Residential and other	-	-	4 651 347	4 651 347	(1 792 268)
	-	**-**	**44 924 623**	**44 924 623**	**(2 372 464)**

All gains and losses recorded in statement of 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.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

7 INVESTMENT PROPERTY (continued)

Valuation techniques 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 categorized 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.

Class of property	Fair value 31 December 2017 US$	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail*	4 812 196	Income capitalisation	Rental per square metre (US$)	12.00
			Capitalisation rate	7.00%
			Vacancy rate	5.70%
CBD offices	26 804 886	Income capitalisation	Rental per square metre (US$)	5.00
			Capitalisation rate	8.00%
			Vacancy rate	30.50%
Industrial	980 000	Income capitalisation	Rental per square metre (US$)	3.00
			Capitalisation rate	12.00%
			Vacancy rate	62.70%
Land - Residential	431 371	Market comparable	Rate per square metre	n/a
Land - Commercial	4 456 392	Market comparable	Rate per square metre (US$)	500 - 1 000
Residential	300 000	Market comparable	Comparable transacted	
			properties prices (US$)	1 000 - 1 500
Total	**37 784 845**			

Class of property	Fair value 31 December 2016 US$	Valuation technique	Key unobservable inputs	Range (weighted average)
CBD retail*	1 700 000	Income capitalisation	Rental per square metre (US$)	15.00
			Capitalisation rate	8.00%
			Vacancy rate	3.90%
CBD offices	37 503 276	Income capitalisation	Rental per square metre (US$)	5.00
			Capitalisation rate	8.00%
			Vacancy rate	24.90%
Industrial	1 070 000	Income capitalisation	Rental per square metre (US$)	4.00
			Capitalisation rate	13.00%
			Vacancy rate	47.00%
Land - Residential	431 371	Market comparable	Rate per square metre	n/a
Land - Commercial	3 919 976	Market	Rate per square metre (US$)	400 - 700
			Comparable	
Residential	300 000	Market	Comparable transacted	
			Comparable properties prices (US$)	1 500 - 2 000
Total	**44 924 623**			

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

7 INVESTMENT PROPERTY (continued)

Lettable space per square metre

	Lettable space m²		
Sector	**December 2017**	**December 2016**	**December 2017**
CBD retail	13 674	15 648	24.19%
CBD offices	35 980	43 310	63.64%
Industrial	6 881	6 881	12.17%
Total	**56 535**	**65 839**	**100.00%**

Descriptions and definitions

Investment property is stated at fair value, which is determined based on valuations performed by Knight Frank Zimbabwe, an accredited independent property valuer, at 31 December 2017. Investment property is stated based on a desktop valuation. Knight Frank Zimbabwe is an industry specialist in valuing these types of investment properties. The fair values of the property portfolio have been determined using the income approach for developed commercial and industrial properties; and the market approach for residential properties and undeveloped land. Valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied.

Valuation process

The market value was determined by reference to observable prices in an open market. Where there were no comparable prices, the market value was determined by capitalising achieved rentals using yield levels. The fair value of investment property is categorised as level 3 because of the significant unobservable inputs which were used.

i. Income approach

Under the income capitalisation method, a property's fair value is estimated based on the annualised 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. Market approach

Under the market comparable method, a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Company 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. Vacancy rate

The Company determines the vacancy 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 flows from the property, assuming a rise to Estimated Rental Value ("ERV") at the next review, but with no further rental growth.The valuation technique and key unobservable inputs used in determining the fair value measurement of investment property as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below:

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

7 INVESTMENT PROPERTY (continued)

Sensitivity analysis to significant changes in unobservable inputs within level 3 of the hierarchy. Significant increases/(decreases) in the comparable transacted properties and rental per square metre in isolation would result in a significant higher/(lower) fair value measurement. Significant increases/(decreases) in the long-term vacancy rate and prime yield in isolation would result in a significant lower/(higher) fair value measurement.

The rental rate yield represents the net income expected in year zero divided by the current property values (historical or trailing income yield). The risk arises when void levels in the portfolio increase. This increase will consequently result in a reduction in net incomes. Where net incomes remain constant, a reduction in the yield rates will result in increased property values. The table below highlights the sensitivity to a reasonable possible change in the yield rate applied to values of the investment properties.

8 INTANGIBLE ASSETS

8.1 Software

	GROUP 2017 US$	GROUP 2016 US$
Cost:		
As at 1 January	395 652	395 652
Additions	128 243	-
At 31 December	**523 895**	**395 652**
Accumulated amortisation:		
At 1 January	(316 479)	(264 495)
Charge for the year	(71 753)	(51 984)
Foreign exchange movements	(11 982)	-
Balance at 31 December	**(400 214)**	**(316 479)**
Carrying amount at 31 December	**123 681**	**79 173**

The intangible assets relate to computer software that the Group purchased from various vendors. The software licences have a finite life of up to 5 years and are amortised over that period. The amortisation costs for the year are included in operating and administrative expenses in the statement of profit or loss.

As at 31 December 2017 (2016 - US$nil), these assets were tested for impairment, and management has determined no impairment is required in respect of these intangibles.

8.2 Goodwill

	GROUP 2017 US$	GROUP 2016 US$
Carrying amount:		
As at 1 January	-	-
Additions	325 803	-
Impairment for the year	-	-
At 31 December	**325 803**	**-**

The goodwill during the year arose from the acquisition of control in Credit Insurance Zimbabwe Limited (see note 9.1)

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

8.2 Goodwill (continued)

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The table below sets out the key assumptions in the calculation of the value in use:

Assumption	Approach used to determine values
Earnings before interest, tax, depreciation and amortisation	Expected growth based on the strategic change in the business model, through introduction of Underwriting Managements Agencies ("UMAs"). The UMAs to result in increase in gross premiums and reduction in operating and administration expenses.
Annual capital expenditure	These are based on the planned strategic change. These are not expected to result in an increase in gross premiums or cost savings. Capital expenditure on the UMA management system is expected to be US$600 000 in the first year.
Long-term growth rate (1%)	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Pre-tax discount rate (19.8%)	Reflect specific risks relating to the insurance industry and Zimbabwe.

Impact of possible changes to the key assumptions

If the earnings before interest, tax, depreciation and amortisation are 50% less than estimated by management (holding all other variables constant) as at 31 December 2017, there will still be no impairment to be recognised as the recoverable amount will still have a headroom of US$1 165 835 over the carrying amount. The long-term growth of 1% is the least estimated over the industry, however, any increase (holding other variables constant) will not result in an impairment of the goodwill.

If the pre-tax discount rate had been 5% higher than the estimate, at 24.5%, the Group would still not have recognised an impairment despite a reduction in the gap between the recoverable amount and cost to US$2 082 045.

The Directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of Credit Insurance Zimbabwe Limited to exceed its recoverable amount.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

9 INVESTMENT IN SUBSIDIARY	COMPANY 2017 US$	COMPANY 2016 US$
At 1 January	34 902 165	35 090 160
Additions	1 277 946	-
Disposals	-	(187 995)
	36 180 111	**34 902 165**

The principal subsidiaries are those listed in note 38.1 of the financial statements

The reporting date of all subsidiaries is 31 December.

9.1 Business combinations

On 1 March 2017, the Group acquired an additional 60% of the share capital of Credit Insurance Zimbabwe Limited, a short term insurer operating in Zimbabwe. The total consideration amounted to US$1 million. As a result of the purchase, the Group expects to increase presence in the short term insurance business.

The following is a summary of the consideration paid and the amounts of the assets acquired and liabilities assumed and recognised at the acquisition date:

	1 MARCH 2017 US$
Consideration paid	1 000 000
Fair value of initial investment	60 197
Total consideration	**1 060 197**
The assets and liabilities recognised as a result of the acquisition are as follows:	
Freehold land and buildings	1 628 336
Investment property	12 000
Furniture and equipment	25 609
Intangible assets - Software	14 782
Deferred tax asset	234 153
Accounts receivables	335 086
Prepayments and other assets	244 718
Other insurance receivables	48 698
Held to maturity investments	160 090
Current tax asset	193 540
Cash and cash equivalents	83 098
Accounts payables	(823 774)
Other payables	(64 667)
Provisions	(1 220 116)
Total identifiable net assets	871 553
Less: non controlling interests	(137 159)
Add: goodwill	325 803
Net assets acquired	**1 060 197**

None of the goodwill is deductible for tax purposes.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

9.1 Business combinations

A gain of US$60 197 was recognised from the remeasurement of the previously held interest in Credit Insurance Zimbabwe (Private) Limited. The remeasurement gain is included in other income in statement of comprehensive income. The fair value of acquired trade receivables is US$335 086. The gross contractual amount for trade receivables due is US$335 086. The full amount is expected to be collectible. The non-controlling interest has been recognised as a proportion of net assets acquired. The gross written premium included in the consolidated statement of comprehensive income from 1 March 2017 to 31 December 2017 contributed by Credit Insurance Zimbabwe Limited was US$1 960 756. Credit Insurance Zimbabwe Limited also contributed a profit for the year of US$53 194 over the same period.

Had Credit Insurance Zimbabwe Limited been consolidated from 1 January 2017, the consolidated statement of comprehensive income for the year ended 30 June 2017 would show pro-forma revenue of US$37 682 285 and pro-forma profit of US$5 731 182.

	COMPANY 2017 US$	COMPANY 2016 US$
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	1 000 000	-
Less cash and cash equivalents acquired	(83 098)	-
Net cash outflow from investing activities	**916 902**	**-**

9.2 Disposal of subsidiary

As at 31 December 2016, the Group announced its intention to exit a subsidiary in reinsurance business, Colonnade Reinsurance (Private) Limited, incorporated in Zimbabwe. The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements.

The subsidiary was sold on 8 December 2017. The financial information of the subsdiary on the date of disposal is as set out below:

	30 November 2017 US$
Consideration received	20 000
Carrying amount of the net assets sold	(621 365)
Non controlling interest	235 681
Loss on disposal before income tax	(365 684)
Income tax expense on gain	-
Loss on disposal after tax	**(365 684)**

The carrying amounts of assets and liabilities as at the date of sale were:

Property, plant and equipment	20 473
Investment properties	598 400
Intangible assets	1 137
Other non current assets	435 152
Trade and other receivables	1 946 197
Cash and cash equivalents	20 146
Trade and other payables	(1 727 979)
Reinsurance contract liabilities	(672 161)
Net assets	**621 365**

Notes to the Consolidated and Separate Financial Statements (continued)
For the year ended 31 December 2017

10 INVESTMENTS IN ASSOCIATES

	Group 2017 US$	Restated Group 2016 US$	Restated Group 2015 US$
At 1 January	**10 371 239**	**10 605 936**	**24 582 617**
Impairment	-	-	(10 824 334)
Share of profits of associates	280 247	(23 579)	(6 292 054)
Share of other comprehensive income	(29 290)	(51 689)	(804 024)
Additions	-	-	4 581 076
Dividends	-	(114 194)	(80 988)
Transfer to non current assets held for sale	(5 207 570)	-	-
Exchange rate movements	811	(45 235)	(556 357)
At 31 December	**5 415 437**	**10 371 239**	**10 605 936**

10.1 Details of the Group's associates are as follows:

Name of associate	Published activity	Country of incorporation principal place of business	Proportion of ownership interest held as at 31 December 2017	Proportion of ownership interest held as at 31 December 2016
1. CFI Holdings Limited*	Agro-retail	Zimbabwe	28.00%	28.00%
2. NicozDiamond Insurance Limited*	General insurance	Zimbabwe	-	28.78%
3. Fidelity Life Assurance Limited*	Life insurance	Zimbabwe	20.57%	20.57%
4. United General Insurance Limited	General insurance	Malawi	23.00%	23.00%
5. Credit Insurance Zimbabwe Limited**	General insurance	Zimbabwe	-	24.00%
6. Special Automobile Underwriters Association of Zimbabwe ("SAUZ")	General insurance	Zimbabwe	20.00%	20.00%

* The associates are quoted on the Zimbabwe Stock Exchange

**The Group gained control in Credit Insurance Zimbabwe Limited on 1 March 2017, see note 9.1.

The reporting dates of all associates is 31 December, except for the associate that is in the agro-retail sector whose reporting date is 30 September. The financial statements taken into account for that associate are for the year ended 30 September 2017. Management has determined that there were no significant transactions to take into account for the period 1 October to 31 December 2017 in respect of the associate. Equity accounting in 2016 reduced the investment to nil.

The quoted values of the listed associates were as follows, as at 31 December:

	2017 US$	2016 US$
Fidelity Life Assurance Limited	2 464 951	2 464 951
CFI Holdings Limited	30 716 202	4 228 633

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

10.2 Summarised financial information of associates

31 December 2017	CFI Holdings Limited US$	Fidelity Life Assurance Limited US$	United General Insurance Limited US$	Sauz US$
A. Statements of financial position				
Current assets	27 317 775	81 034 127	7 074 901	1 227 598
Non-current assets	45 447 238	38 856 677	2 341 956	6 104
Current liabilities	(16 568 090)	(84 695 555)	(7 405 009)	(1 050 837)
Non-current liabilities	(12 459 986)	(24 617 568)	-	(682)
Net assets	**43 736 937**	**10 577 681**	**2 011 848**	**182 183**
B. Statements of comprehensive income				
Revenue	42 534 742	55 918 083	8 710 901	775 432
Profit/(loss) from continuing operations	879 869	(56 242)	492 611	20 195
Other comprehensive (loss)/ income	3 900	(10 912)	12 342	-
Total comprehensive (loss)/ income	**883 769**	**(67 154)**	**504 953**	**20 195**
Dividends received from associate	-	-	-	-

31 December 2016 (restated)	CFI Holdings Limited US$	Nicoz Diamond Limited US$	Fidelity Life Assurance Limited US$	United General Insurance Limited US$	Credit Insurance Zimbabwe Limited US$	Sauz US$
A. Statements of financial position						
Current assets	27 142 819	19 996 931	79 073 493	6 103 088	1 304 323	588 942
Non-current assets	68 840 092	21 207 684	30 515 721	2 523 271	1 789 128	9 077
Current liabilities	(42 364 061)	(22 012 896)	(69 259 940)	(7 109 420)	(1 935 344)	(544 872)
Non-current liabilities	(16 896 699)	(431 964)	(29 684 437)	-	-	-
Net assets	**36 722 151**	**18 759 755**	**10 644 837**	**1 516 939**	**1 158 107**	**53 147**
B. Statements of comprehensive income						
Revenue	29 331 871	27 504 581	52 367 026	5 632 235	1 361 958	666 490
(Loss)/profit from continuing operations	(13 692 072)	959 798	8 564 629	(826 473)	(466 913)	(106 062)
Post-tax (loss)/profit from discontinued operations	(13 692 072)	(533 673)	-	(826 473)	(466 913)	(106 062)
Other comprehensive (loss)/income	27 889	(373 618)	123 821	(15 162)	-	-
Total comprehensive (loss)/income	**(13 664 183)**	**52 507**	**8 688 450**	**(841 635)**	**(466 913)**	**(106 062)**
Dividends received from associate	-	(111 589)	-		-	-

10.3 Prior period errors

During the years ended 31 December 2014 - 2016, Fidelity Life Assurance Limited's, an associate of the Group, revenue accounting policy was inconsistent with the conditions 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 principles in line with IFRS.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

10.3 Prior period errors (continued)

In addition, an error was noted, at Fidelity Life Assurance Limited, 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 (a subsidiary of the associate) with the Fidelity Life Assurance Limited 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 effect of the restatements is noted below:

Impact on the consolidated statement of financial position:

	31-Dec-16			1-Jan-16		
Group Assets	**As previously reported US$**	**Impact US$**	**As restated US$**	**As previously reported US$**	**Impact US$**	**As restated US$**
Property and equipment	2 564 394	-	2 564 394	3 105 897	-	3 105 897
Investment property	44 924 623	-	44 924 623	46 997 682	-	46 997 682
Intangible assets	79 173	-	79 173	131 157	-	131 157
Investment in associates	10 111 114	(260 125)	10 371 239	11 228 169	622 233	10 605 936
Deferred income tax asset	1 497 670	-	1 497 670	2 287	-	2 287
Financial assets available for sale	6 535 700	-	6 535 700	6 639 684	-	6 639 684
Inventory	2 755 060	-	2 755 060	3 201 218	-	3 201 218
Trade and other receivables	13 921 851	-	13 921 851	15 643 148	-	15 643 148
Life reassurance contract asset	569 900	-	569 900	821 700	-	821 700
Current income tax receivable	-	-	-	28 561	-	28 561
Deferred acquisition costs	1 757 201	-	1 757 201	1 781 811	-	1 781 811
Financial assets :						
held to maturity investments	2 363 567	-	2 363 567	2 016 736	-	2 016 736
at fair value through profit or loss	1 607 254	-	1 607 254	1 846 032	-	1 846 032
Assets classified as held for sale	3 073 391	-	3 073 391	3 602 794	-	3 602 794
Cash and cash equivalents	11 077 397	-	11 077 397	13 419 045	-	13 419 045
Total assets	**102 838 295**	**(260 125)**	**103 098 420**	**110 465 921**	**622 233**	**109 843 688**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

10.3 Prior period errors (continued)

Impact on the consolidated statement of financial position:

Group	31-Dec-16 As previously reported US$	31-Dec-16 Impact US$	31-Dec-16 As restated US$	1-Jan-16 As previously reported US$	1-Jan-16 Impact US$	1-Jan-16 As restated US$
Equity and liabilities						
Equity attributable to equity holders of the parent						
Share capital	15 331 003	-	15 331 003	15 306 763	-	15 306 763
Share premium	11 427 034	-	11 427 034	11 562 694	-	11 562 694
Revaluation reserve	13 759 295	-	13 759 295	13 746 144	-	13 746 144
Mark-to-market reserve	429 018	-	429 018	194 588	-	194 588
Foreign currency translation reserve	(7 903 398)	134 711	(7 768 687)	(7 364 712)	(1 112)	(7 365 824)
Retained earnings	6 448 633	125 414	6 574 047	6 541 308	(621 121)	5 920 187
Total equity attributable to equity holders of the parent	39 491 585	260 125	39 751 710	39 986 785	(622 233)	39 364 552
Non-controlling interest	25 219 840	-	25 219 840	28 422 021	-	28 422 021
Total equity	**64 711 425**	**260 125**	**64 971 550**	**68 408 806**	**(622 233)**	**67 786 573**
Liabilities						
Life reassurance contract liabilities	4 632 265	-	4 632 265	5 990 565	-	5 990 565
Deferred income tax liability	2 090 850	-	2 090 850	4 460 978	-	4 460 978
Borrowings	1 376 091	-	1 376 091	885 264	-	885 264
Trade and other payables	14 185 096	-	14 185 096	15 133 800	-	15 133 800
Short term insurance contract liabilities	11 937 005	-	11 937 005	12 622 493	-	12 622 493
Other provisions	1 043 186	-	1 043 186	885 339	-	885 339
Current income tax payable	161 004	-	161 004	-	-	-
Liabilities associated with assets classified as held for sale	2 701 373	-	2 701 373	2 078 676	-	2 078 676
Total liabilities	38 126 870	-	38 126 870	42 057 115	-	42 057 115
Total equity and liabilities	**102 838 295**	**260 125**	**103 098 420**	**110 465 921**	**(622 233)**	**109 843 688**

Impact on the consolidated statement of comprehensive income:

Group	31-Dec-16 As previously reported US$	31-Dec-16 Impact US$	31-Dec-16 As restated US$
Total income	30 914 853	-	30 914 853
Total expenditure	(33 498 865)	-	(33 498 865)
Loss before share of profit of associates	(2 584 012)	-	(2 584 012)
Share of profit of associates	(770 115)	746 536	(23 579)
Income tax credit	2 303 534	-	2 303 534
Loss from discontinued operations	(1 152 100)	-	(1 152 100)
Loss for the year	(2 202 693)	746 536	(1 456 157)
Share of other comprehensive loss of associates	(187 513)	135 824	(51 689)
Other comprehensive income	(577 475)	-	(577 475)
Total comprehensive loss for the year	**(2 967 681)**	**882 359**	**(2 085 322)**
Impact on earnings per share:			
Basic and diluted earnings per share	(0.08)	0.03	(0.05)

There was no impact on the consolidated statement of cashflows.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
11	**INCOME TAX**					
11.1	**Deferred tax**					
	Reflected in the statement of financial position as follows:					
	Deferred tax asset	1 902 755	1 497 670	2 287	-	-
	Deferred tax liability	(1 330 614)	(2 090 851)	(4 460 978)	-	-
	Net deferred tax asset	**572 141**	**(593 181)**	**(4 458 691)**	**-**	**-**
	The movement on the deferred tax account is as shown below:					
	At 1 January	(593 181)	(4 458 691)	2 562 540	-	(6 568)
	Recognised in profit or loss	32 050	2 452 476	(2 416 582)	-	(28 910)
	Tax income/(expense) recognised in OCI	93 321	(98 545)	(53 022)	-	-
	Deferred taxes changes	1 039 951	1 511 579	(4 551 627)	-	35 478
	At 31 December	**572 141**	**(593 181)**	**(4 458 691)**	**-**	**-**
11.1.3	**Sources of deferred tax asset/(liability)**					
	Property, plant and equipment	(211 305)	(313 215)	(172 997)	(101)	-
	Investment properties	(1 186 131)	(2 124 340)	(2 200 071)	-	-
	Intangible assets	(6 080)	(2 017)	(3 339)	-	-
	Financial assets available for sale	(85 234)	(140 070)	(121 481)	(45 958)	-
	Trade and other receivables	(572 981)	(1 177 833)	(4 911 339)	-	-
	Trade and other payables	844 645	-	-	-	-
	Deferred acquisition costs	-	(452 479)	(458 816)	43 104	-
	Short-term investments	(42 506)	(192 664)	(136 527)	-	-
	Other receivables and prepayments	(66 526)	(37 697)	(209 763)	-	-
	Long-term provisions	248 761	-	-	-	-
	Short-term provisions	1 125 832	1 878 213	1 933 609	2 955	-
	Assessable tax losses	523 666	1 968 921	1 822 033	-	-
	Deferred tax asset/(liability)	**572 141**	**(593 181)**	**(4 458 691)**	**-**	**-**
11.2	**Income tax credit/(expense)**					
	Current	-	(148 942)	(198 170)	-	-
	Deferred	32 050	2 452 476	(2 416 582)	-	(28 910)
		32 050	**2 303 534**	**(2 614 752)**	**-**	**(28 910)**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
11.3	**Tax rate reconciliation**					
	Accounting (loss)/ profit before tax from continuing operations	5 926 502	(2 607 591)	(20 587 519)	3 764 008	(3 977 730)
	Tax at Zimre Holdings Limited statutory income tax rate of 25.75% (2016: 25.75%)	1 526 074	671 455	5 301 286	969 232	1 024 265
	Effect of Investment property fair value losses taxed at different rate	208 022	(492 286)	(822 810)	-	-
	Effect of gains on fair value of financial assets through profit or loss taxed at different rate	(199 888)	33 436	737	(1 320 615)	-
	Share of profits from associates	(72 164)	(6 072)	(1 460 265)	-	-
	(Gain)/loss on disposal or purchase of subsidiaries and associates	(593 389)	-	(527 190)	(5 150)	-
	Gain on disposal of investment property	(206 000)	-	-	-	-
	Effect of Life Reassurance entity taxed differently	81 288	172 233	199 249	-	-
	Impairment of associate	-	-	(2 787 266)	-	(397 059)
	Effect of limiting assessable tax losses	-	-	(1 075 398)	427 767	(572 069)
	Effects of fines and other non-deductible expenses	431 321	(120 559)	-	-	(119 808)
	Income exempt from tax - dividends	(70 902)	65 269	82 728	(71 593)	10 607
	Income exempt from tax - interest	(298 466)	344 794	403 635	(2 422)	25 154
	Non-deductible/non-taxable movements in insurance provisions	(508 425)	1 650 957	(1 850 417)	-	-
	Non-deductible expenses	-	-	-	2 781	-
	Effect of higher tax rates in the subsidiaries operating outside Zimbabwe	(265 421)	(15 693)	(79 041)	-	-
	Income tax credit/ (expense) for the year reported in profit or loss	**32 050**	**2 303 534**	**(2 614 752)**	**-**	**(28 910)**

11.4 Recoverability of unused assessable tax losses

Some of the Group entities in reinsurance have incurred assessable tax losses since 2009. In 2015, the Group did not recognise the expired portion of the assessable tax losses using tax rules in which the entities are domiciled. The effect reduced deferred tax assets in 2015 by US$1 075 398 as disclosed in note 5 (iv).

In 2016, further losses were incurred by some of the Group reinsurance entities. The Group has embarked on restructuring initiatives that it expects will make the entities profitable from 2017 going forward. The entities can carry assessable tax losses for a maximum of 6 years. Assessable tax losses for 2016 that were recognised amounted to US$570 429 with a tax effect of US$146 886. The Group expects to recover on the losses within the stipulated 6 years.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
11.5	**Tax losses**					
	Unused tax losses for which no deferred tax asset has been recognised	6 313 916	4 652 684	1 633 310	6 313 916	4 652 684
	Unrecognised deferred tax asset at 25.75% (2016 - 25.75%)	1 625 833	1 198 066	420 577	1 625 833	1 198 066
	The unused tax losses were incurred by the holding company, Zimre Holdings Limited that is unlikely to generate adequate taxable income in the foreseeable future against which the unused assessable tax loses can be used.					
	The aging of the assessable tax losses is as follows:					
	Current	1 661 232	3 019 374	1 292 795	1 661 232	3 019 374
	1 year	3 019 374	1 292 795	164 178	3 019 374	1 292 795
	2 years	1 292 795	164 178	-	1 292 795	164 178
	3 years	164 178	-	176 337	164 178	-
	4 years	-	176 337	-	-	176 337
	5 years	176 337	-	-	176 337	-
		6 313 916	**4 652 684**	**1 633 310**	**6 313 916**	**4 652 684**

		Company 2017 US$	Company 2016 US$
12	**LOAN TO SUBSIDIARY**		
	At 1 January	1 426 737	1 426 737
	Non-cash repayment	(1 426 737)	-
	At 31 December	**-**	**1 426 737**

The loan was to Baobab Reinsurance Limited at 0% (2016 - 0%) interest.

It was repaid in 2017 in full. The loan was repaid using quoted equities.

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
13	**AVAILABLE FOR SALE FINANCIAL ASSETS**					
	Quoted equities at fair value	37 944	-	-	4 092 473	-
	Unquoted equities at fair value	3 932 123	3 135 541	5 102 259	503 363	1 139 997
	Long-term bonds and securities	3 586 318	3 400 159	1 537 425	1 046 864	-
		7 556 385	**6 535 700**	**6 639 684**	**5 642 700**	**1 139 997**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
14	**INVENTORY**					
	Property and stands developed for sale	3 372 701	2 738 935	2 998 453	-	-
	Consumables	21 293	16 125	202 765	-	-
	Total	**3 393 994**	**2 755 060**	**3 201 218**	**-**	**-**

There was no write off of inventories during the year ended 31 December 2017 (2016 : US$nil).

The cost of inventories recognised as an expense and included in cost of sales amounted to US$1 219 544 (2016: US$1 389 262).

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
15	**TRADE AND OTHER RECEIVABLES**					
	Reinsurance receivables	8 507 189	13 365 386	12 309 613	-	-
	Less: allowance for credit losses	(2 387 566)	(4 972 664)	(5 290 581)	-	-
	Net reinsurance receivables	**6 119 623**	**8 392 722**	**7 019 032**	**-**	**-**
	Non reinsurance receivables					
	Rental receivables	1 577 991	1 657 770	1 344 831	-	-
	Debtors for inventory sales	1 847 912	3 402 773	3 514 792	-	-
	Less: allowance for credit losses	(929 424)	(1 244 140)	(794 391)	-	-
	Non reinsurance receivables - net	**2 496 479**	**3 816 403**	**4 065 232**	**-**	**-**
	Total trade and other receivables-net	8 616 102	12 209 125	11 084 264	-	-
	Receivables from related parties	889 753	971 154	4 441 457	-	466 431
	Total	**9 505 855**	**13 180 279**	**15 525 721**	**-**	**466 431**
	Prepaid property development costs	1 435 232	-	-	-	-
	Other receivables and prepayments*	3 642 055	741 572	117 428	754 536	-
	Total trade and other receivables	**14 583 142**	**13 921 851**	**15 643 149**	**754 536**	**466 431**
	A reconciliation of the allowance for credit losses for loans and receivables is, as follows:					
	At 1 January	**6 216 804**	**6 084 972**	**4 451 652**	**-**	**-**
	Charge for the year	590 153	2 764 005	2 839 111	-	-
	Amounts written off	(3 489 967)	(2 632 173)	(1 205 791)	-	-
	At 31 December	**3 316 990**	**6 216 804**	**6 084 972**	**-**	**-**
	Split into:					
	Reisurance receivables	2 387 566	4 972 663	5 290 581	-	-
	Rental receivables	929 424	1 244 140	794 391	-	-
	Total	**3 316 990**	**6 216 804**	**6 084 972**	**-**	**-**

Debtors for rentals pay 1 month deposit as collateral whilst debtors for inventory have the stand or property bought as collateral.
All other debtors are not secured.
No interest is charged on overdue debtors.

*Other receivables and prepayments comprise of receivables from disposal of investment in NicozDiamond Insurance Limited, staff loans, prepaid licence fees and sundry receivables.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
16	**DEFERRED ACQUISITION COSTS**					
	At 1 January	**1 757 201**	**1 781 811**	**2 052 776**	**-**	**-**
	Net movement for the year	(240 159)	(24 610)	(270 965)	-	-
	At 31 December	**1 517 042**	**1 757 201**	**1 781 811**	**-**	**-**
17	**FINANCIAL ASSETS**					
17.1	**Held to maturity investments**					
	At 1 January	**2 363 567**	**2 016 736**	**999 903**	**100 000**	**100 000**
	Purchases	397 983	346 831	1 016 833	-	-
	Disposals	(100 000)	-	-	(100 000)	-
	At 31 December	**2 661 550**	**2 363 567**	**2 016 736**	**-**	**100 000**

Held to maturity investments are treasury bills and other short-term deposits with financial institutions

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
17.2	**At fair value through profit or loss**					
	At 1 January	**1 607 254**	**1 846 032**	**1 646 889**	**223 359**	**28 858**
	Purchases	-	-	-	104 766	121 382
	Disposals	(1 407 984)	(342 610)	(241 953)	-	-
	Fair value gain/(loss)	776 264	103 832	441 096	254 039	73 119
	At 31 December	**975 534**	**1 607 254**	**1 846 032**	**582 164**	**223 359**

At fair value through profit or loss financial assets are quoted investments.

17.3 Determination of fair value and fair value hierachy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets and liabilities.
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, directly or indirectly.
- **Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

17.3 Determination of fair value and fair value hierachy (continued)

The following table shows an analysis of financial instruments recorded at fair value of the fair value hierarchy:

	Level 1 US$	Level 2 US$	Level 3 US$	Total fair value US$
At 31 December 2017:				
Available for sale assets (note 13)	37 944	-	7 518 441	7 556 385
Financial assets at fair value through profit or loss (note 17.2)	975 534	-	-	975 534
Total	**1 013 478**	**-**	**7 518 441**	**8 531 919**
At 31 December 2016:				
Available for sale assets (note 13)	-	-	6 535 684	6 535 684
Financial assets at fair value through profit or loss (note 17.2)	1 607 254	-	-	1 607 254
Total	**1 607 254**	**-**	**6 535 684**	**8 142 938**

Valuation technique for financial assets measured at fair value

Quoted equity investments valuation

Level 1 is made up of the Group's investments in equities securities quoted on the Zimbabwe Stock Exchange

18 DISCONTINUED OPERATIONS

As at 31 December 2016, the Group announced its intention to exit a subsidiary in reinsurance business, Colonnade Reinsurance (Private) Limited, incorporated in Zimbabwe. The associated assets and liabilities were consequently presented as held for sale in the 2016 financial statements. The subsidiary was sold on 8 December 2017, see note 9.2.

The summarised financial information of the discontinued operations are presented below:

18.1 Summarised statement of financial position	Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
Assets	**-**	**3 073 391**	**3 602 794**	**-**	**-**
Property, plant and equipment	-	27 763	29 641	-	-
Investment properties	-	598 400	711 000	-	-
Investments in equity instruments	-	36 366	37 047	-	-
Trade receivables	-	2 016 743	2 124 484	-	-
Related party receivables	-	65 956	166 269	-	-
Other receivables and prepayments	-	54 517	92 585	-	-
Cash and cash equivalents	-	273 646	441 768	-	-
Liabilities	**-**	**2 701 373**	**2 078 676**	**-**	**-**
Deferred tax	-	87 315	4 420	-	-
Trade payables	-	1 061 948	942 430	-	-
Related party payables	-	6 429	17 322	-	-
Other payables and accruals	-	69 649	58 147	-	-
Current tax payable	-	143 312	85	-	-
Short-term provisions	-	1 332 720	1 056 272	-	-
Net assets	**-**	**372 018**	**1 524 118**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
18.2	**Summarised statement of comprehensive income**					
	Gross premium	874 660	2 026 679	2 661 032	-	-
	Retrocession premium	(414 222)	(534 133)	(809 049)	-	-
	Net premium written	**460 438**	**1 492 546**	**1 851 983**	**-**	**-**
	Change in unearned premium reserve	230 656	86 935	238 629	-	-
	Earned premium	**691 094**	**1 579 481**	**2 090 612**	**-**	**-**
	Brokerage commission and fees	151 560	176 510	277 819	-	-
	Total insurance income	**842 654**	**1 755 991**	**2 368 431**	**-**	**-**
	Rental revenue	-	-	3 774	-	-
	Investment income	9 629	40 341	43 760	-	-
	Total income	**852 283**	**1 796 332**	**2 415 965**	**-**	**-**
	Net benefits and claims	(98 467)	(692 479)	(310 978)	-	-
	Commission and acquisition expenses	(261 662)	(558 808)	(706 802)	-	-
	Operating and administrative expenses	(627 116)	(1 354 455)	(1 478 147)	-	-
	Other income/ (losses)	-	(112 893)	192 950	-	-
	Profit before income tax	**(134 962)**	**(922 303)**	**112 988**	**-**	**-**
	Income tax expense	-	(229 797)	(32 798)	-	-
	Profit after for the year	**(134 962)**	**(1 152 100)**	**80 190**	**-**	**-**
	Other comprehensive income for the period net of tax	-	-	-	-	-
	Total comprehensive income	**(134 962)**	**(1 152 100)**	**80 190**	**-**	**-**
18.3	**Summarised statement of cash flows**					
	Cash (outflows)/inflow (to)/from operating activities	-	(202 579)	26 930	-	-
	Cash flows from investing activities	-	34 456	2 162	-	-
	Cash flows to investing activities	-	-	-	-	-
	Net cash (decrease)/ increase for the year	**-**	**(168 123)**	**29 092**	**-**	**-**

18.4 Disposal of non-current assets held for sale

The Group determined that an investment in NicozDiamond Insurance Limited, an associate in short-term insurance businesses incorporated in Zimbabwe, be classified as non-current assets held for sale, as at 30 June 2017. The decision was taken to allow the Group to concentrate on the core reinsurance bussinesses. The investment in NicozDiamond was disposed-off on 13 December 2017.

The assets classified as held for sale are measured at fair value less costs to sell using the Group accounting policies as the carrying amount is more than the fair value less costs to sell.

Consideration received or receivable:	Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
Cash	6 474 596	-	-	-	-
Consideration receivable	565 792	-	-	-	-
Total disposal consideration	**7 040 388**	**-**	**-**	**-**	**-**
Carrying amount of the assets	(5 207 568)	-	-	-	-
Gain on sale before income tax	1 832 820	-	-	-	-
Income tax expense on gain	-	-	-	-	-
Gain on sale after income tax	**1 832 820**	**-**	**-**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Group 2015 US$	Company 2017 US$	Company 2016 US$
19	**CASH AND CASH EQUIVALENTS**					
	Cash on hand	5 001	390 779	4 187	-	-
	Cash at bank	11 263 673	3 148 746	2 650 244	3 327 508	-
	Term deposits maturing under 3 months	13 148 413	7 537 872	10 764 614	156 639	402 253
	Cash and cash equivalents	**24 417 087**	**11 077 397**	**13 419 045**	**3 484 147**	**402 253**

Term deposits are presented as cash equivalents if they have a maturity of 3 months or less from the date of placement with a financial institution and are repayable within 24 hours notice.

20 SHARE CAPITAL

20.1 Authorised share capital

Authorised share capital for the year ended 31 December 2017 was 2 000 000 000 (2016 - 2 000 000 000) ordinary shares with a nominal value of US$0.01 each, US$20 000 000 (2016 - US$20 000 000).

20.2 Issued share capital

	Share capital US$	Share premium US$	Total US$
Year ended 31 December 2016			
At 1 January 2016	**15 306 763**	**11 562 694**	**26 869 457**
Issue of new shares	24 240	-	24 240
Share issue costs	-	(135 661)	(135 661)
At 31 December 2016	**15 331 003**	**11 427 033**	**26 758 036**
Year ended 31 December 2017			
At 1 January 2017	**15 331 003**	**11 427 033**	**26 758 036**
Issued during the year	-	-	-
At 31 December 2017	**15 331 003**	**11 427 033**	**26 758 036**

20.3 Unissued shares

466 661 063 unissued shares are under the control of directors subject to the limitations imposed by the Articles and Memorandum of Association of the company, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements.

		Group 2017 US$	Group 2016 US$
21	**SHORT-TERM INSURANCE CONTRACT LIABILITIES**		
	Gross liabilities		
	Outstanding claims	7 347 470	6 043 418
	Incurred but not reported claims provision ("IBNR")	2 739 641	2 237 337
	Unearned premium reserve	8 377 612	8 246 001
		18 464 723	**16 526 756**
	Recoveries from reinsurance		
	Outstanding claims	(2 631 691)	(1 682 186)
	Incurred but not reported claims provision	(880 208)	(548 598)
	Unearned premium reserve	(3 020 062)	(2 358 967)
		(6 531 961)	**(4 589 751)**
	Net liabilities		
	Outstanding claims	4 715 779	4 361 232
	Incurred but not reported claims provision	1 859 433	1 688 739
	Unearned premium provision	5 357 550	5 887 034
		11 932 762	**11 937 005**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

21.1 Reconciliation of insurance and other provisions

Group	Outstanding claims US$	Incurred but not reported claims US$	Unearned premium US$	Total US$
Balance at 1 January 2016	5 115 439	1 427 135	6 079 919	12 622 493
Utilised during the year	(297 452)	(333 370)	(370 358)	(1 001 180)
Incurred during the year	(456 755)	594 974	177 473	315 692
Balance at 31 December 2016	**4 361 232**	**1 688 739**	**5 887 034**	**11 937 005**
Group				
Balance at 1 January 2017	4 361 232	1 688 739	5 887 034	11 937 005
Utilised during the year	(332 356)	(25 940)	(1 181 011)	(1 539 307)
Incurred during the year	686 903	196 634	651 527	1 535 064
Balance at 31 December 2017	**4 715 779**	**1 859 433**	**5 357 550**	**11 932 762**

22 NON-INSURANCE PROVISIONS

Reconciliation of the non-insurance provisions	Leave pay US$	Termination US$	Total US$
At 1 January 2016	**372 144**	**513 195**	**885 339**
Additional provision	25 693	132 154	157 847
At 31 December 2016	**397 837**	**645 349**	**1 043 186**
At 1 January 2017	**397 837**	**645 349**	**1 043 186**
Additional provision	(18 822)	153 044	134 222
At 31 December 2017	**379 015**	**798 393**	**1 177 408**

- Leave pay provision relates to amounts for contractual days employees are entitled to be absent from work on paid leave that were not utilised as at year-end.
- Termination provision relates to employee contracts termination amounts payable to management should they decide to leave employment.

23 LIFE REASSURANCE CONTRACT ASSET AND LIABILITIES

23.1 Life reassurance contract asset	2017 US$	2016 US$
At 1 January	**569 900**	**821 700**
Movement for the year	-	(251 800)
At 31 December	**569 900**	**569 900**
23.2 Life reassurance contract liabilities		
At 1 January	**4 632 265**	**5 990 565**
Movement for the year	-	(1 358 300)
At 31 December	**4 632 265**	**4 632 265**
Net movement for the year	**-**	**1 106 500**

The life reassurance contract liabilities relates to a pool of policyholder funds underwritten by a division of the reinsurance subsidiary with a composite trading license. The transfer to life fund is determined by actuarial valuation and profit participation rules between shareholders and policyholders as set by the Board. The balance at year-end represents the Group's liability to meet long-term life reassurance contracts.

The last actuarial valuation was done as at 31 December 2017 by Independent Actuaries & Consultants and Zimbabwe Actuarial Consultants. In accordance with paragraph 26 of IFRS 4, the Group maintained its conservative approach by maintaining the higher of the value determined by the actuarial process and what has been already provided for at any given time.

The life reassurance contract liabilities were made up of the following as at 31 December:

	2017			2016		
Life reassurance contract liabilities	Gross US$	Retrocession recoveries US$	Net US$	Gross US$	Retrocession recoveries US$	Net US$
Actuarial value of policy liabilities	608 800	30 100	578 700	608 800	30 100	578 700
IBNR provision	2 927 065	417 200	2 509 865	2 927 065	417 200	2 509 865
Unearned premium reserve	848 000	122 600	725 400	848 000	122 600	725 400
Other	248 400	-	248 400	248 400	-	248 400
Total	**4 632 265**	**569 900**	**4 062 365**	**4 632 265**	**569 900**	**4 062 365**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

24.1 BORROWINGS	2017 US$	2016 US$
Short-term portion of long term loans	1 244 288	570 995
Long term portion	555 073	805 096
	1 799 361	**1 376 091**
Balance as at 1 January	1 376 091	885 264
New drawn downs	1 227 890	490 827
Interest for the year	15 405	17 219
Capital repayments	(804 620)	-
Interests payment	(15 405)	(17 219)
Balance as at 31 December	**1 799 361**	**1 376 091**

The loan facility is administered as follows:

Tenure	**3 years**
Security	CABS loan secured by a first mortgage bond on Stand 16591, Harare Township ZB Loan secured by a first mortgage on Stand 353 Bulawayo Township
Interest rate	CABS, 10% per annum (2016 - 10%) ZB Bank, 11.11% per annum (2016 - 11.11%)
Fees	CABS, establishment fees, 2%, annual renewal, 1% ZB Bank, arrangement fee, 1%

24.2 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented

	2017	2016
Cash	(24 417 088)	(11 077 397)
Short-term portion of long term loans	1 244 288	570 995
Long term portion	555 073	805 096
Net debt	**(22 617 727)**	**(9 701 306)**

Year ended 31 December 2016	Liquid investments US$	Borrowings due within one year US$	Borrowings due after one year US$	Total US$
Net debt as at 1 January 2016	(13 419 046)	330 644	554 620	(12 533 782)
Cashflow	1 880 407	-	490 827	2 371 234
Foreign exchange movement	461 242	-	-	461 242
Net debt as at 31 December 2016	**(11 077 397)**	**330 644**	**1 045 447**	**(9 701 306)**
Year ended 31 December 2017				
Net debt as at 1 January 2017	(11 077 397)	330 644	1 045 447	(9 701 306)
Cashflows	(13 081 158)	(804 620)	1 227 890	(12 657 888)
Foreign exchange movement	(258 533)	-	-	(258 533)
Non-cash movements	-	1 718 264	(1 718 264)	-
Net debt as at 31 December 2017	**(24 417 088)**	**1 244 288**	**555 073**	**(22 617 727)**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Company 2017 US$	Company 2016 US$
25	**TRADE AND OTHER PAYABLES**				
	Due to retrocessionaires	8 093 041	9 953 897	-	-
	Pensions and other employee long-term benefits	1 835 507	1 988 039	-	-
	Deferred revenue from sale of stands	1 216 308	-	-	-
	Other trade payables*	1 419 084	366 257	5 164 026	3 938 631
	Accruals**	1 062 417	32 860	630 432	-
		13 626 357	**12 341 053**	**5 794 458**	**3 938 631**
	Other payables penalties and social security payments	-	1 844 043	-	-
	Total trade and other payables	**13 626 357**	**14 185 096**	**5 794 458**	**3 938 631**

* Other trade payables are constituted of non-insurance payables from the holding company and property business, business subscriptions and other payables.

**Included in the accruals are actuarial fees accrued, employee performance incentive bonus accrued and accruals arising from change in executive management contracts.

		Group 2017 US$	Group 2016 US$
26	**GROSS PREMIUM WRITTEN**		
	Life reassurance contracts	3 754 417	4 169 625
	Non-life reinsurance	23 934 034	25 155 425
		27 688 451	**29 325 050**
27	**RETROCESSION PREMIUM**		
	Life reassurance contracts	(492 569)	(602 226)
	Non-life reinsurance	(6 178 810)	(6 541 227)
		(6 671 379)	**(7 143 453)**
28	**UNEARNED PREMIUM PROVISION**		
	Provision on gross premium	654 220	107 162
	Less retrocession premiums	526 791	(477 520)
		1 181 011	**(370 358)**
29	**BROKERAGE COMMISSION AND FEES**		
	Retrocession commission income	1 946 659	1 913 382
	Surrender charges and other contract fee income	(116 994)	104 988
		1 829 665	**2 018 370**
30	**INCOME FROM SALE OF INVENTORY PROPERTY**		
	Sale of property and stands	2 403 553	2 268 201
	Cost of sales of property and stands	(1 219 544)	(1 389 262)
		1 184 009	**878 939**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$
31	**NET PROPERTY OPERATING COSTS**		
	Operating costs recoveries	843 308	861 555
	Property operating costs	(1 409 968)	(1 387 428)
		(566 660)	**(525 873)**

		Group 2017 US$	Group 2016 US$	Company 2017 US$	Company 2016 US$
32	**INVESTMENT INCOME**				
	Dividend income	275 348	253 473	278 032	41 192
	Interest income	1 159 090	1 339 005	8 250	97 684
		1 434 438	**1 592 479**	**286 282**	**138 876**
33	**OTHER INCOME**				
	Profit/(loss) from disposal of property and equipment	119 273	57 765	(214)	-
	Gains/(losses) from disposal of financial assets	2 670 109	(22 585)	4 874 561	(82 626)
	Gains/(losses) from disposal of Investments in subsidiary	(365 684)	-	20 000	-
	Gains from disposal of investment property	800 000	(10 409)	-	-
	Realised exchange differences	(14 652)	(52 906)	-	-
	Recoveries from debtors written off	143 869	125 601	-	-
	Recoveries from retrocession arrangements	-	1 390 832	-	-
	Fair value gains on financial assets through profit or loss	776 264	103 832	254 039	73 119
	Unrealised exchange gains/(losses)	(438 988)	60 955	-	-
	Retrocessionaire payable write-downs	1 857 743	-	-	-
	Other gains	193 993	-	-	-
		5 741 927	**1 653 085**	**5 148 386**	**(9 507)**
34	**OPERATING AND ADMINISTRATION EXPENSES**				
	Independent auditor's remuneration for audit	(257 449)	(332 012)	(41 998)	(34 396)
	Directors' fees (non-executive)	(346 025)	(325 127)	(80 300)	(73 900)
	Employee benefit expenses (note 34.1)	(5 881 133)	(6 664 690)	(481 384)	(1 545 170)
	Depreciation	(390 481)	(396 635)	-	-
	Allowance for credit losses	(382 975)	(2 764 005)	-	-
	Impairment or write-off of receivables	(207 178)	-	-	-
	Amortisation of intangible assets	(71 753)	(51 984)	-	-
	Impairment of non-current assets	-	-	-	(1 541 975)
	Consultation fees	(1 006 016)	(551 505)	(588 061)	(138 263)
	Legal fees	(48 355)	(18 067)	(7 550)	-
	Fines	(12 160)	(468 189)	-	(465 274)
	Rent, premises costs and utilities	(442 536)	(470 103)	(65 474)	(59 060)
	Travel and representation	(235 513)	(295 033)	(4 425)	(4 006)
	Marketing, advertising and promotion	(464 497)	(327 354)	(4 171)	(7 325)
	Property expenses	(2 719 828)	(2 513 379)	-	-
	Other operating expenses	(2 808 561)	(2 191 652)	(397 297)	(237 730)
		(15 274 460)	**(17 306 915)**	**(1 670 660)**	**(4 107 099)**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

		Group 2017 US$	Group 2016 US$	Company 2017 US$	Company 2016 US$
34.1	**Employee benefit expenses**				
	Directors' remuneration (executive directors)	(896 400)	(1 024 897)	-	-
	Wages and salaries (excluding executive directors)	(3 220 603)	(2 857 533)	(366 252)	(505 389)
	Retrenchment costs	-	(366 524)	-	(141 297)
	Other staff costs	(1 215 667)	(1 281 479)	(64 271)	(147 951)
	Pension costs	(363 734)	(556 292)	(50 861)	(234 294)
	Social security costs	(59 121)	(61 726)	-	-
	Post-employment benefits other than pensions	(125 607)	(516 239)	-	(516 239)
		(5 881 132)	**(6 664 690)**	**(481 384)**	**(1 545 170)**

35	**EARNINGS PER SHARE**				
	Basic and diluted earnings per share attributable to the ordinary equity holders of the Company				
	From continuing operations	0.37	-	0.25	(0.26)
	From discontinued operations	(0.01)	(0.05)	-	-
	Total basic earnings per share attributable to the ordinary equity holders of the Company	**0.36**	**(0.05)**	**0.25**	**(0.26)**
	Reconciliations of earnings used in calculating earnings per share				
	Basic and diluted earnings per share				
	Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share:				
	From continuing operations	5 651 795	55 041	3 764 007	(3 997 270)
	From discontinued operation	(134 962)	(714 302)	-	-
		5 516 833	**(659 261)**	**3 764 007**	**(3 997 270)**
	Number of shares used for basic and diluted earnings per share	1 533 338 937	1 533 338 937	1 533 338 937	1 533 338 937

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

36 MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

36.1 Summary of non-controlling interest amounts

Name of company	Country of incorporation	Nature of business	2017	2016
Zimre Property Investments Limited	Zimbabwe	Real estate	40%	48%
Mozambique Reinsurance (Private) Limited	Mozambique	Reinsurance	49%	49%
Credit Insurance Zimbabwe Limited	Zimbabwe	General insurance	15%	-

Accumulated balances of material non-controlling interests		2017 US$	2016 US$
Zimre Property Investments Limited	Real estate	21 886 303	25 583 539
Mozambique Reinsurance (Private) Limited	Reinsurance	878 484	1 000 542
Credit Insurance Zimbabwe Limited	General Insurance	195 677	-
		22 960 465	**26 584 081**

Name of company Profit/ (loss) allocated to material non-controlling interests		
Zimre Property Investments Limited	1 051 643	(735 724)
Mozambique Reinsurance (Private) Limited	(122 058)	168 809
Credit Insurance Zimbabwe Limited	58 518	-
	988 103	**(566 915)**

36.2 Summarised statements of profit or loss

36.2.1 Summarised statement of profit or loss for 2017:

	Zimre Property Investments Limited US$	Mozambique Reinsurance Company Limited US$	Credit Insurance Zimbabwe Limited US$
Gross premium	-	**5 275 491**	**2 371 659**
Total income	**5 749 172**	**3 670 131**	**1 602 239**
Net benefits and claims	-	(1 138 759)	(551 699)
Commission and acquisition expenses	-	(1 376 524)	(275 237)
Operating and administration	(4 674 623)	(1 299 038)	(998 437)
Operating profit/(loss)	**1 074 549**	**(144 190)**	**(223 134)**
Other gains/(loss)	1 025 076	(194 942)	151 869
Profit/(loss) before income tax	**2 099 625**	**(339 132)**	**(71 265)**
Income tax	386 007	90 036	364 348
Profit/(loss) for the year	**2 485 632**	**(249 096)**	**293 083**
Dividends paid	701 974		
Dividends paid to non-controlling interests	318 396		

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

36.2.2 Summarised statement of profit or loss for 2016:

	Zimre Property Investments Limited US$	Mozambique Reinsurance Company Limited US$	Credit Insurance Zimbabwe Limited US$
Gross premium	**-**	**5 629 635**	**-**
Total income	**3 956 717**	**3 883 211**	**-**
Net benefits and claims	-	(1 603 552)	-
Commission and acquisition expenses	-	(1 449 892)	-
Operating and administration	(2 755 938)	(1 978 806)	-
Operating profit/(loss)	**1 200 779**	**(1 149 039)**	**-**
Other gains/(loss)	(2 699 284)	1 318 981	-
(Loss)/profit before income tax	(1 498 505)	169 942	-
Income tax	94 183	174 566	-
(Loss)/profit for the year	**(1 404 322)**	**344 509**	**-**
Dividends paid to non-controlling interests	204 134		

36.3 Summarised statements of financial position

Summarised statement of financial position as at 31 December 2017

	Zimre Property Investments Limited US$	Mozambique Reinsurance Company Limited US$	Credit Insurance Zimbabwe Limited US$
Property and equipment	991 231	52 034	1 631 448
Investment properties	36 709 959	536 824	12 500
Other non-current assets	1 020 400	752 597	598 502
Trade and other receivables	4 271 395	3 349 062	271 538
Inventories	3 372 701	-	-
Deferred acquisition costs	-	195 373	35 239
Short term investments	40 385	756 130	270 720
Cash and cash equivalents	10 220 365	465 545	1 433 196
Total assets	**56 626 436**	**6 107 565**	**4 253 143**
Total equity	**50 722 612**	**2 306 317**	**3 257 046**
Borrowings	3 045 144	-	-
Trade and other payables	2 714 407	2 441 428	255 145
Insurance and other provisions	144 273	1 359 820	740 952
Total liabilities and equity	**56 626 436**	**6 107 565**	**4 253 143**

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

36.3 Summarised statements of financial position (continued)

Summarised statement of financial position as at 31 December 2016

	Zimre Property Investments Limited US$	Mozambique Reinsurance Company Limited US$	Credit Insurance Zimbabwe Limited US$
Property and equipment	1 197 730	38 774	-
Investment properties	43 871 346	591 566	-
Other non-current assets	1 105 375	472 206	-
Trade and other receivables	3 099 233	3 472 728	-
Inventories	2 738 935	-	-
Deferred acquisition costs	-	188 720	-
Short term investments	317 434	659 733	-
Cash and cash equivalents	377 712	849 005	-
Total assets	**52 707 765**	**6 272 732**	**-**
Total equity	**48 832 868**	**2 041 929**	**-**
Borrowings	3 177 492	19 321	-
Trade and other payables	646 658	2 182 665	-
Insurance and other provisions	50 747	2 028 817	-
Total liabilities and equity	**52 707 765**	**6 272 732**	**-**

36.4 Summarised statements of cash flows

36.4.1 Summarised cash flow information for 2017:

Operating	1 846 047	248 543	(702 278)
Investing	8 114 012	(200 435)	36 660
Financing	(117 406)	(22 015)	2 000 000
Net increase in cash and cash equivalents	**9 842 653**	**26 093**	**1 334 382**

36.4.2 Summarised cash flow information for 2016:

Operating	(355 131)	(26 876)	-
Investing	329 598	70 834	-
Financing	275 240	-	-
Net increase in cash and cash equivalents	**249 707**	**43 958**	**-**

Notes to the Consolidated and Separate Financial Statements (continued)
For the year ended 31 December 2017

37 RELATED PARTY DISCLOSURES

37.1 Principal subsidiaries

The holding company's direct subsidiaries are Baobab Reinsurance (Private) Limited and Credit Insurance Zimbabwe Limited owned 100% (2016: 100%) and 84% (2016: 24%, accounted for as an associate), respectively, of the issued share capital.

Baobab Reinsurance (Private) Limited is domiciled in Zimbabwe.

In turn Baobab Reinsurance (Private) Limited has interests in the subsidiaries listed below:

Subsidiaries of Baobab Reinsurance (Private) Limited	Country of incorporation	Activity	2017	2016
Zimre Property Investments Limited	Zimbabwe	Real estate	60%	51%
Zambian Reinsurance Company Limited	Zambia	Reinsurance	100%	100%
Malawi Reinsurance Company Limited	Malawi	Reinsurance	100%	100%
Mozambique Reinsurance Company Limited (owned through Malawi Reinsurance)	Mozambique	Reinsurance	51%	51%
First Reinsurance Company Limited	Botswana	Reinsurance	90%	90%
Emeritus Reinsurance Company of South Africa Limited	South Africa	Reinsurance	100%	100%
Baobab Reassurance Life and Health (Private) Limited	Zimbabwe	Life Reassurance	-	100%
Emeritus International Reinsurance Company Limited	Botswana	Reinsurance	100%	100%

During the year, operations of Baobab Reassurance Life and Health (Private) Limited were merged with the operations of Baobab Reinsurance (Private) Limited following the granting of a composite reinsurance licence by the Insurance and Pensions Commission of Zimbabwe to Baobab Reinsurance (Private) Limited on a 7 July 2017.

37.2 Entity with significant influence over the Group

Day River Corporation Limited owns 40.16% of the issued share capital of Zimre Holdings Limited (2016: 40.16%), with the Government of Zimbabwe owning 21.63% (2016: 21.63%)

37.3 Associates

The Group's information on associates is on note 10.

37.4 Transactions and balances with related parties

The following table provides the total amount of transactions and balances that have been entered into with related parties.

A. Intercompany transactions

			2017		2016	
Description	Company owed	Relationship	Transaction amount for the year US$	Balance US$	Transaction amount for the year US$	Balance US$
Intercompany rentals	Zimre Property Investments Limited	Subsidiary	90 421	13 684	89 832	295 753
Intercompany loan*	Baobab Reinsurance (Private) Limited	Subsidiary	(1 426 737)	-	3 165 857	1 426 73
Intercompany dividends	Zimre Property Investments Limited	Subsidiary	318 396	-	103 341	-

* More information on the loan is disclosed in note 12.

Notes to the Consolidated and Separate Financial Statements *(continued)*
For the year ended 31 December 2017

B. Compensation of key management personnel of the Group	2017 US$	2016 US$
Short-term employee benefits	(896 400)	(1 024 897)
Post-employment pension and medical benefits	-	-
Termination benefits	-	-
Share-based payment transactions	-	-
Total compensation paid to key management personnel	**(896 400)**	**(1 024 897)**

C. Other interest of directors in the holding company	Number of shares	
	2017	2016
BN Kumalo	1 031 315	1 031 315

37.5 Transactions involving changes in subsidiaries shareholding

37.5.1 Change in degree of control in Zimre Property Investments Limited

During 2017, the Zimre Holdings purchased a further interest in Zimre Property Investments Limited as shown below:

	2017	2016
Additional interest bought	9.03%	3.28%
Interest after purchase	59.92%	50.89%
Purchase price in US$	2 028 280	486 104
Bargain on purchase US$	2 402 202	1 182 081

Zimre Property Investments Limited remains a subsidiary of the Group.
The bargain on purchase was recognised directly in equity

38 OTHER COMPREHENSIVE INCOME

	2017			2016		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Exchange differences on translating foreign operations	509 177	-	509 177	(1 012 570)	-	(1 012 570)
Gains on equity instruments	232 803	(11 640)	221 163	234 430	-	234 430
Gains on property, plant and equipment revaluations	67 711	93 321	161 032	299 209	(98 545)	200 664
Share of other comprehensive income of associates	(29 290)	-	(29 290)	(51 689)	-	(51 689)
Other comprehensive income net of tax	**780 401**	**81 681**	**862 082**	**(530 620)**	**(98 545)**	**(629 165)**

39 EVENTS AFTER THE REPORTING DATE

The following events that occurred after the reporting date were deemed non-adjusting events.

39.1 Dividends

The directors have declared a final dividend of US$1.1 million on all ordinary shares in issue, at a board meeting held on 21 March 2018, in respect of the year ended 31 December 2017. In accordance to IAS 10, events after the balance sheet date, the final dividend was declared after the reporting period, therefore, the dividend has not been recognised as a liability as at 31 December 2017, but has been disclosed in the notes and will be accounted for in the financial statements for the year ending 31 December 2018.

39.1 Rebranding of reinsurance operations

In March to May 2018, the Group rebranded the reinsurance subsidiaries under the Emeritus Reinsurance brand. The rebranding costs are estimated at US$300 000 and will be expensed in the year ending 31 December 2018 as they are incurred.

Shareholders Analysis
As at 31 December 2017

ZimRe Holdings Limited top 10 Shareholders as at 31 December 2017

Shareholder Name	Number of Shares	% of Total Issued Shares
DAY RIVER CORPORATION (PRIVATE) LIMITED	614 769 314	40.09
GOVERNMENT OF ZIMBABWE	331 728 844	21.63
NATIONAL SOCIAL SECURITY AUTHORITY	203 905 526	13.30
LALIBELA LIMITED-NNR	157 498 202	10.27
NICKDALE ENTERPRISES (PVT) LTD	68 123 292	4.44
LOCAL AUTHORITIES PENSION FUND	34 788 794	2.27
NSSA - WORKERS' COMPANSATION	22 622 184	1.48
HAYES-NNR NOEL	15 187 617	0.98
MARIOT COMPUTING AND MANAGEMENT SERVICES (PVT) LTD	11 703 653	067
VON SEIDEL-NNR RICHARD JOHN	8 535 224	0.56
TOTAL HOLDING OF TOP SHAREHOLDERS	**1 468 862 650**	**95.69**
REMAINING HOLDING	**64 476 287**	**4.31**
TOTAL ISSUED SHARES	**1 533 338 937**	**100.00**

Analysis of Shareholders for Zimre Holdings Limited as at 31 December 2017

Size of shareholding	Number of Shareholders	% No. of Shareholders	Shares Held	% of Shares Held
1-1000	2 206	72.71	450 543	0.03
1001-2000	237	7.81	362 350	0.02
2001-3000	88	2.90	218 825	0.01
3001-4000	67	2.21	236 887	0.02
4001-5000	43	1.42	198 194	0.01
5001-10000	108	3.56	769 871	0.05
10001-20000	90	2.97	1 324 874	0.09
20001-50000	65	2.14	1 992 359	0.13
50001-100000	41	1.35	3 007 004	0.20
100001-500000	47	1.55	9 288 036	0.61
500001-1000000	11	0.36	8 042 097	0.52
1000001-10000000	23	0.76	58 924 124	3.84
10000001-50000000	3	0.10	72 498 595	4.73
50000001-100000000	1	0.03	68 123 292	4.44
100000001-9999999999	4	0.13	1 307 901 886	85.30
Totals	**3 034**	**100.00**	**1 533 338 937**	**100.00**

Size of shareholding	Number of Shareholders	% No. of Shareholders	Total Holding	% of Total Holding
INDIVIDUALS	2 803	92.39	27 898 455	1.82
COMPANIES	170	5.60	1 252 140 784	81.66
FCDA RESIDENT AND NEW NON RESIDENT	9	0.30	186 547 958	12.17
PENSION FUNDS	16	0.53	59 274 558	3.87
NOMINEE COMPANY	33	1.09	7 161 008	0.47
INSURANCE COMPANIES	3	0.10	316 174	0.02
Totals	**3 034**	**100.00**	**1 533 338 937**	**100.00**

Notice of Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting (AGM) of members will be held in the Ophir Room of Crowne Plaza Monomotapa Hotel, 54 Park Lane, Harare on the 20th of June 2018 at 14.30 hours, to consider the following business:

ORDINARY BUSINESS

1. **Financial Statements**

   To receive, consider and adopt the Financial Statements for the year ended 31 December 2017 together with the Report of the Directors and Auditors thereon.

2. **Dividend**

   To declare a final dividend of US$1,100,000 amounting to US0.071739 cents per share for the year ended 31st December 2017.

3. **Directorate**

   Messrs H.W.B Rudland, E. Zvandasara and Mrs J Maguranyanga retire by rotation in terms of Article 75 of the Company's Articles of Association and being eligible, offer themselves for re-election.

4. **Directors Remuneration**

   To approve the remuneration of the Directors for the year ended 31 December 2017.

5. Independent Auditors Fees

To approve the remuneration of the Independent Auditors, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), for the year ended 31 December 2017.

6. **Appointment of Independent Auditor**

   To reappoint PricewaterhouseCoopers Chartered Accountants (Zimbabwe) as the Independent Auditors for the Company for the ensuing year until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

7. **General Authority to buy back shares**

   As an Ordinary Resolution

Subject to the requirements of the Companies Act [Chapter 24:03] and Zimbabwe Stock Exchange, the Directors be and are hereby authorised to renew the authority granted on Wednesday, 28 June 2017, to buyback the Company's issued ordinary shares subject to the following terms and conditions:

(i) That the purchase price shall not be lower than the nominal value of the Company's shares and not greater than 5% or lower than 5% of the weighted average trading price of the ordinary shares five (5) business days immediately preceding the date of the repurchase of such shares.

(ii) The maximum number of shares that may be acquired shall not exceed 10% (ten percent) of the company's issued ordinary share capital.

(iii) That this authority shall expire on the date of the next Annual General Meeting of the Company and shall not extend beyond 15 (fifteen) months from the date of the resolution.

(iv) That the shares repurchased may be held for treasury purposes or cancelled as may be decided by the Board of Directors from time to time.

Notice of Annual General Meeting *(continued)*

8. **Any other business**
   To transact all such other business as may be transacted at an Annual General Meeting.

EXPLANATORY NOTE TO THE GENERAL AUTHORITY TO BUY BACK SHARES

The Directors, in considering the effect of the purchase above, have reviewed the Company's budget and cash flow forecast for the period of twelve months after date of notice convening the Annual General Meeting. On the basis of this review, the Directors are satisfied that:

- The Company is in a strong financial position and will, in the ordinary course of business, be able to pay its debts for the period of twelve (12) months after the Annual General Meeting;
- The assets of the Company will be in excess of its liabilities for a period of twelve (12) months after the Annual General Meeting;
- The ordinary capital and reserves of the Company will be adequate for a period of twelve (12) months after the Annual General Meeting, and
- The working capital will be adequate for a period of twelve (12) months after the Annual General Meeting.

Appointment of Proxy

(i) In terms of the Companies Act (Chapter 24:03) a member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend, vote and speak in his stead. A proxy need not be a member of the Company.

(ii) Proxy forms must be deposited at the registered office of the Company or at the office of the Transfer Secretaries (ZB Transfer Secretaries (Private) Limited, 21 Natal Road, Avondale, Harare, Zimbabwe) not less than 48 (forty-eight) hours before the time appointed for the holding of the meeting.

By order of the Board

L Madzinga
Group Company Secretary

Form of Proxy

I/We...

(insert name in block letters)

Of...

(insert address)

Being a member/members of the above Zimre Holdings Limited ("ZHL" or the "Company"), hereby appoint Mr/Mrs/Ms...

....

(insert name in block letters)

Of...

(insert address)

Or failing him/her.. *(insert name in block letters)*

Of... *(insert name in block letters)*

Or failing him/her..

(insert name in block letters)

Of... *(insert address)*

Or failing him/her, the Chairman of the meeting as my/ our proxy to to attend, speak and vote for me/us on my/our behalf at the general meeting of the Company as specified above and any adjournments thereof.

SIGNED this...Day of...2018

Signature of Member/Director...

Name of Member ....

(If for a body Corporate, kindly sign on behalf thereof)

NOTES

1. A member entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person, whether a member of the Company or not, as his/her proxy to attend, vote and speak in his/her stand. Appointment of a proxy will not preclude a member from attending and voting at the meeting. Every person present and entitled to vote at a general meeting shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.
2. Proxy forms should be lodged at the registered office of the Company or at the office of the Transfer Secretaries (specified overleaf) by no later than 48 (forty-eight) hours before the time of the holding of the meeting.
3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initiated and signed for by the signatory/signatories.
4. The proxy form must be signed and dated for it to be valid.
5. Shareholders are requested to submit key questions in writing at least 5 (five) business days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.
6. Documentary evidence in the form of a Board resolution establishing the authority of a person signing this form of proxy must be deposited together with the proxy form not less than 48 (forty-eight) hours before the meeting unless previously recorded by the Company Secretary of the Company's Transfer Secretaries.
7. If two or more proxies appointed in the alternate attend the meeting then that person attending the meeting whose name appears first on the proxy form shall be regarded as the validly appointed proxy.
8. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
9. This is a GENERAL PROXY allowing the proxy to vote on behalf of the member's behalf on the resolutions properly proposed for the meeting and or any other business that may properly come before the meeting. The proxy can vote as he/she sees fit FOR or AGAINST a resolution unless given additional specific written directions as to how to vote on specific resolutions in which case those directions must be filed together with this General Proxy.

Form of Proxy *(continued)*

Transfer Secretaries
ZB Transfer Secretaries (Private) Limited,
21 Natal Road,
Avondale,
Harare, Zimbabwe

Registered Office
Zimre Holdings Limited
9th Floor Zimre Centre
25 Kwame Nkrumah Avenue
Harare Zimbabwe

Notice of Change of address

Members are encouraged to keep the Company and the Transfer Secretaries informed of any change in name or address:

Shareholder's name in full ....

(Block Letters)

New Address ....

.... (Physical or electronic)

Signature/s of Signature member/s ....