CELEBRATING 75 years
1942 2017
VALUE · QUALITY · RANGE

2018

OK ZIMBABWE LIMITED

ANNUAL REPORT

Table of Contents

Corporate Information

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Zimbabwe

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Telefax: +263 4 757028/39

AUDITORS
Deloitte & Touche Chartered Accountants (Zimbabwe)
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
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Harare
Zimbabwe

MAIN BANKERS
Standard Chartered Bank Zimbabwe Limited
Africa Unity Square Branch
Corner Nelson Mandela Avenue / Sam Nujoma Street
P.O. Box 2472
Harare
Zimbabwe

Nedbank Zimbabwe Limited
Old Mutual Centre
Corner 3rd Street / Jason Moyo Avenue
P.O. Box 3200
Harare
Zimbabwe

LAWYERS
Wintertons Legal Practioners
Beverley Corner
Corner Third Street / Selous Avenue
P.O. Box 452
Harare
Zimbabwe

TRANSFER SECRETARIES
Corpserve (Private) Limited
2nd Floor
ZB Centre
Corner First Street / Kwame Nkrumah Avenue
P.O. Box 2208
Harare
Zimbabwe

Directorate and Management

BOARD OF DIRECTORS

Chairman	D. B. Lake #	
Chief Executive Officer	A. E. Siyavora *	
Commercial Director	A. R. Katsande *	
	W. N. Alexander	(Resigned with effect from 31 March 2018)
	F. T. Kembo #	
	R. A. M. Maunze (Ms)	
	R. Mavima (Mrs)	
	A. S. McLeod	(Appointed with effect from 1 March 2018)
	R. J. Moyo	
	H. Nkala #	
	M. T. Rukuni (Mrs) #	
	R. van Solt	(Resigned with effect from 26 January 2018)
	M. C. Jennings **	(Resigned with effect from 31 March 2018)

* Executive
\# Independent Non-executive
** Alternate to W.N. Alexander

Group Secretary — M. Munyuru (Mrs)

AUDIT COMMITTEE

Chairman	M. T. Rukuni (Mrs)
	F. T. Kembo
	R. A. M. Maunze (Ms)
	A. S. McLeod
	R. J. Moyo

Group Secretary — M. Munyuru (Mrs)

REMUNERATION COMMITTEE

Chairman	H. Nkala
	D. B. Lake
	R. Mavima (Mrs)
	R. J. Moyo
	A. E. Siyavora

MANAGEMENT COMMITTEE

Chief Executive Officer	A. E. Siyavora
Commercial Director	A. R. Katsande
Human Resources Executive	M. Z. Chimbghandah
Procurement Executive	M. R. Chingaira
Business Information Executive	W. Mapundu
Operations Executive	A. Munodawafa
Finance Executive	B. Muradzikwa

Board of Directors

ZIMBABWE LIMITED

D. B. Lake
CHAIRMAN

A. E. Siyavora
CHIEF EXECUTIVE OFFICER

A. R. Katsande
COMMERCIAL DIRECTOR

W. N. Alexander
DIRECTOR

F. T. Kembo
DIRECTOR

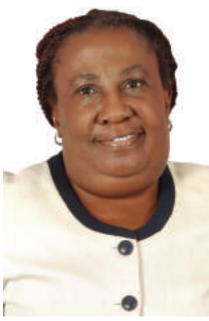
R. A. M. Maunze (Ms)
DIRECTOR

R. Mavima (Mrs)
DIRECTOR

A. S. McLeod
DIRECTOR

R. J. Moyo
DIRECTOR

H. Nkala
DIRECTOR



M. T. Rukuni (Mrs)
DIRECTOR

R. van Solt
DIRECTOR

M. C. Jennings
DIRECTOR (Alternate)

Organisational Vision

CORE VALUES

Discipline, Honesty And Integrity
We believe in discipline, honesty and integrity. Our actions will, at all times, be ethical and fair. These principles, which are fundamental to everything we do, will be consistently applied and will not be compromised.

Respect For The Individual
We believe in and have respect for the individual; be they an employee, a customer, a supplier, a shareholder or any other stakeholder.

Teamwork
We believe that our goals will be achieved best through teamwork. We will always think “we” and not “I”.

Quality Service
We have pride in the quality of our service and are committed to excellence of quality in product and service.

Continuous Improvement
We believe in the principle of continuous improvement and with this we embrace total quality management, facility improvement and technological advancement. We encourage ingenuity and innovation and above all, we promote the development of our staff.

Good Corporate Citizenship
We are fully cognisant of our responsibility to society and, through our contributions, sponsorship, environmental concern and other such practices, will always be a good corporate citizen.

VISION STATEMENT

OK will be the dominant retailer in Zimbabwe.

OK will establish presence in the region.

We aim to achieve real growth in turnover and profitability.

We will be the preferred employer in our industry.

We will benchmark with world-class retailers to set the standards for quality retailing.

We will strive to retain and grow our customer base through the provision of satisfying shopping experiences.

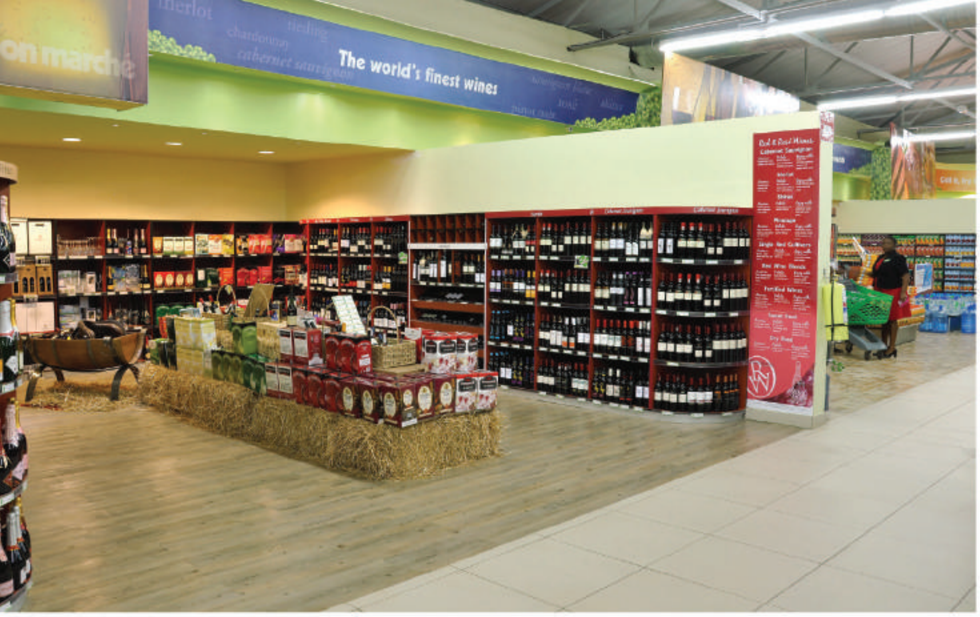
MISSION STATEMENT

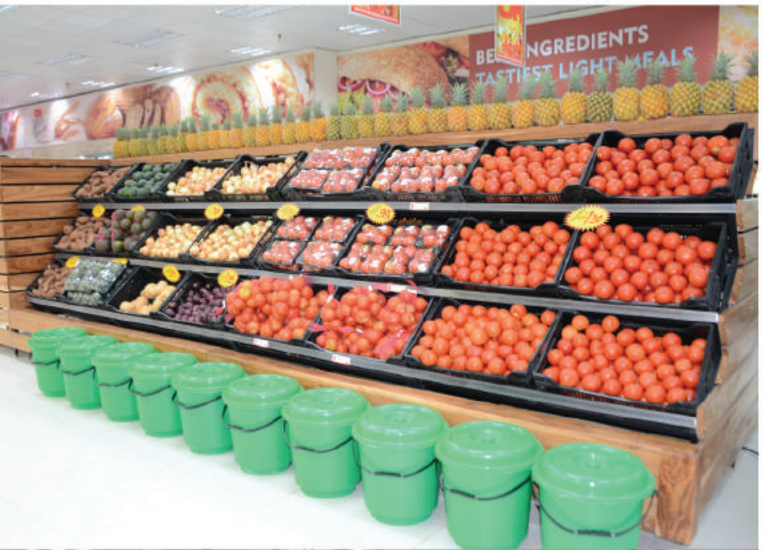
Our business is general retailing, providing quality merchandise and service while offering value for money to our customers in all market segments in Zimbabwe.

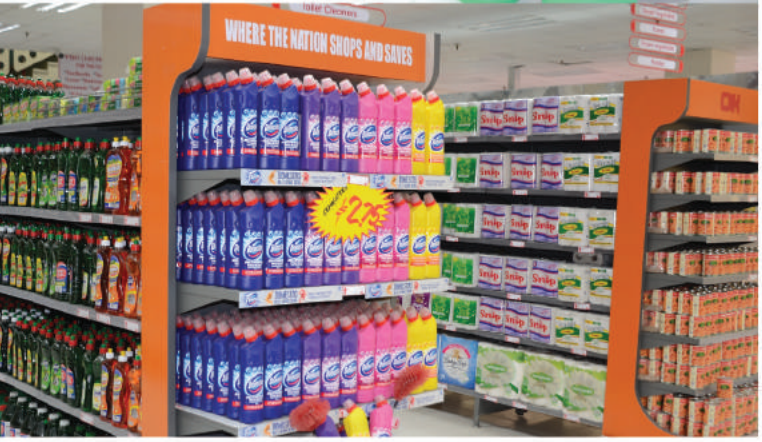
We are committed to the development and welfare of our employees.

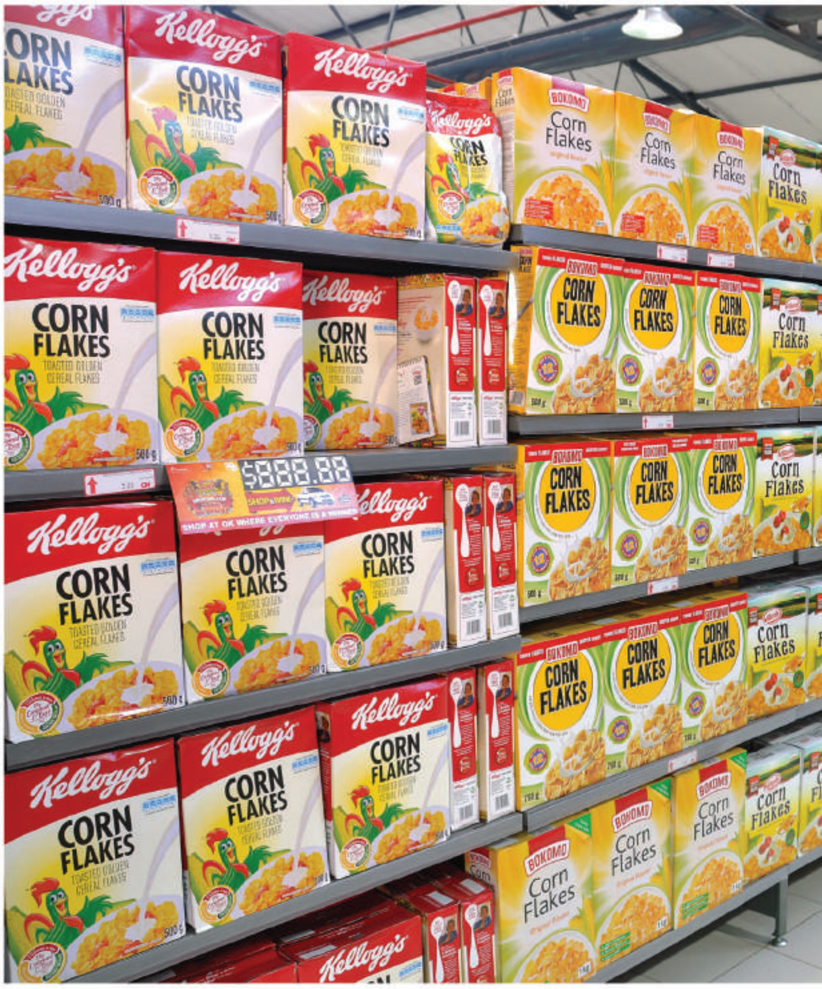
We will aim to achieve an optimum return on investment.

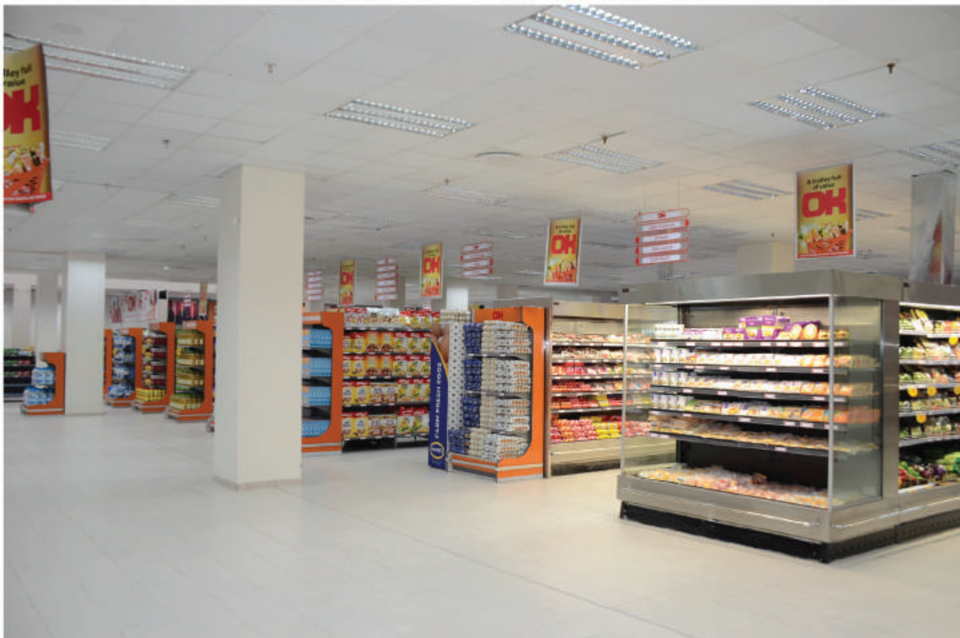
We will strive to build long-term relationships with our suppliers and the community.


The world's finest wines




WHERE THE NATION SHOPS AND SAVES


Kellogg's
CORN FLAKES
BOKOMO
Corn Flakes



Financial Highlights

For the year ended 31 March	2018 US$	2017 US$
Revenue	582 877 529	472 404 982
Earnings before interest, tax, depreciation and amortisation (EBITDA)	31 641 918	16 627 874
Profit before tax	23 600 546	8 884 947
Profit for the year	16 631 329	6 056 609
Headline earnings	16 611 984	6 023 487
Total assets	174 773 800	137 965 889
Market capitalisation	197 322 549	71 519 252
Dividend per share: US Cents		
Interim	0.20	-
Final	0.51	0.26

Chairman's Statement

OVERVIEW

During this period, the operating environment continued to be characterised by inadequate foreign currency reserves necessary to settle international obligations and shortages of cash required for transactions. As a result of the constraints on cash availability, most transactions were conducted through electronic modes of payment. The cost of sourcing foreign currency had the inevitable effect of increasing prices, with ZIMSTATS reporting a year on year inflation increase from 0.21% in March 2017 to 2.68% by March 2018.

Supply of products, both imported and locally sourced, remained stable although intermittent shortages were experienced for some products towards the end of the financial year. The Group continued with its support of the 'Buy Zimbabwe' campaign and increased the number of small to medium enterprises on its list of suppliers. Whilst efforts to increase local manufacturing have gained momentum, importation of goods remains necessary mainly from South Africa, Botswana, Zambia and China.

The strong growth reported at half year continued through to the end of the financial year. The Group delivered a significantly improved performance over prior year in both sales growth and profitability. The growth in sales and increased profitability are attributable to product availability, successful promotions, continued focus on customer service, and tighter internal controls.

Two new stores were opened in Harare during the year, one in Waterfalls and the other in the central business district and their contribution to sales is satisfactory. OK Cameroon Street and OK Wynne Street, both stores in Harare, were closed in the last quarter as the Group continued to rationalise its operations to improve efficiencies. OK Jason Moyo was expanded and refurbished, and the improved facilities in this store are generating meaningful sales. Refurbishment work was also completed at OK Chegutu and the response from customers is pleasing.

GROUP PERFORMANCE

Revenue for the year improved by 23.4% to close the reporting period at US$582.9 million, having increased from US$472.4 million in the prior year. Profit before tax of US$23.6 million was 165.6% up on prior year's US$8.9 million, while profit after tax increased by 174.6% to US$16.6 million from US$6.1 million in prior year.

Overheads growth was restricted to 16.6% which is below the revenue growth of 23.4%. Increases were attributable to, among others, staff costs, utility charges, bank charges and rentals. The cost lines that increased significantly were those corresponding directly with sales generated.

The Group operated free of debt as internally generated funds were adequate for working capital and capital expenditure requirements. Capital expenditure for the year was US$15.5 million, up from US$10.9 million in prior year as the Group continued with its refurbishment exercise to improve existing facilities as well as expand its trading footprint.

DIVIDEND

The Directors have declared a final dividend of 0.51 US cents per share to be paid to shareholders on or about the 14th of June 2018. The final dividend brings the total dividend declared for the year to 0.71 US cents per share.

OUTLOOK

The economic outlook is encouraging as the Government is putting emphasis on economic resuscitation and growth.

The Group plans to continue improving profitability through growing sales and managing its costs. Refurbishment work will be carried out on a number of stores and expansion is planned in identified areas where the Group presently is inadequately represented.

DIRECTORATE

Mr Ronald van Solt resigned from the Board on 26 January 2018 and Messrs William Nicholas Alexander and his alternate, Mark Christopher Jennings, resigned on 31 March 2018. The Board extends its gratitude to each of them for their contributions over the past eight years.

The Directors are pleased to announce the appointment of Mr Andrew Stuart McLeod as a non-executive director of the Group with effect from 1 March 2018.

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D. B. LAKE
CHAIRMAN

22 May 2018

Chief Executive's Report

BUSINESS PERFORMANCE REVIEW

The economic environment and the Group's performance is covered in more detail elsewhere in the annual report.

The Group performed exceedingly well in F 18. Highlighted in the table below are the selected significant amounts, ratios and statistics summarising the key elements of the results:-

	FY 18	FY17
Revenue (US$ millions)	582.9	472.4
Overheads (US$ millions)	81.6	70.0
EBITDA (US$ millions)	31.6	16.6
Attributable earnings (US$ millions)	16.6	6.1
Overheads (% of sales)	14.0%	14.8%
Operating profit (% of sales)	4.0%	1.8%
Inventory (US$ millions)	64.7	52.2
Stock-turn (times)	8.1	7.4
Current ratio	1.5	1.6
Employee benefits (% of sales)	6.2%	6.2%

Revenue grew by 23.4% above prior year, resulting in attributable earnings growth of 174.6%. Earnings grew despite the fact that gross profit margins softened marginally from 17.8% in prior year to 17.6%, a result of the sales mix tilting in favour of lower margin price-monitored products. Overheads increase over prior year was contained at 16.6%, which is below the sales growth rate. The cost lines that increased significantly among the operating expenses were those that vary directly with sales activity. These include:

- Bank charges – More commission was paid to financial institutions due to increased usage of bank cards for transacting. The usage of cards was necessitated by the cash shortages which worsened in the current year compared to prior year. As use of mobile money also increased so did the associated transaction charges.

- Rentals – The increase was mainly as a result of increase in sales in cases where the rental charges are linked to turnover generated in the stores.

- Staff costs – Head count was increased mainly to man two new stores that were opened and also improved facilities in refurbished stores which required more staff in order to provide adequate service.

- Promotions – The increase in promotional expenses was necessary to support the significant sales growth. Competition is so stiff that the retail market is now characterised by promotional activity as consumers search for bargain prices in an effort to stretch the limited disposable income.

Stock-turn improved to 8.1 times (FY17: 7.4), representing a stock cover of 44 days which however is still more than the Group's standard of 30 days. The Group brought in strategic stockholding to manage anticipated product shortages. Once the supply environment in the country improves the Group will manage the holding period of stock to the standard of one month's sales cover.

The Group operated free of debt in the current financial year and funded capital expenditure from retained earnings. However adequate banking facilities are in place should the business operations require additional funding over and above internally generated funds.

OPERATIONS

The Group operates in sixty-two (62) stores that are spread countrywide. Two new stores, OK Malvern and OK Third Street were opened during the year. The performance of these stores was beyond expectation. Refurbishment work was completed at OK Jason Moyo and OK Chegutu resulting in significant increases in customer count and sales. The Directors and management believe the continuous refurbishment programme is essential to improve ambience, refresh facilities and enhance equity of our store brands. The loss making OK Wynne Street and OK Cameron were closed during the year as the Group continued to rationalise its operations to improve efficiencies.

Capital expenditure increased to US$15.5 million from US$10.9 million spent in prior year. The bulk of the capital expenditure was spent on the refurbishment of stores and the two new shops that were opened. While most of the project work was completed during the period, delays in accessing foreign currency affected completion of the planned capital expenditure programme and as a result some of the work will be completed in the next financial year.

Despite the introduction of S.I. 64 to limit imports and encourage local manufacture of certain products, the production and supply of goods is still hamstrung by outdated technology, lack and cost of capital as well as the

Chief Executive's Report (continued)

state and cost of utilities. Imports therefore continue to be necessary to meet demand, and South Africa remains the main source of imported goods. Direct imports have however reduced as goods can only be brought into the country on import permits and licences issued to specific individuals and companies, and this has re-introduced the middleman. Where import permits are issued, the shortage of foreign currency is affecting the timely flow of imported goods.

Total shrinkage was contained at acceptable levels through the efforts of staff and management, coupled with the use of CCTV and the engagement of security guards. Expressed as a percentage of sales, shrinkage was managed below average retail industry levels. However, some branches posted shrinkage results which were higher than the Group's standard. Branch management and the head office operations team are working on enhancing security controls to correct control deficiencies in those stores.

The financial services offering and performance has been impacted negatively by the shortage of cash that is obtaining in the economy. The Kawena offering has proven to be a key strategic initiative to generate foreign currency to pay for imports and efforts are under way to collect more diaspora remittances through this arrangement.

The Group is proudly working with and supporting SME business on agreed business terms. In our commitment to supporting local enterprise, OK Zimbabwe is an active member of "Buy Zimbabwe" and has built relationships with leading local suppliers, small businesses and farmers, in the process securing a wide assortment of local products to sell in the stores.

HUMAN RESOURCES

The head count at the end of the financial year was 4 337 compared to 4 044 at the end of the previous period. The increase in staff was necessitated by the opening of the two new stores, the manning of improved facilities in the refurbished stores and improving manning levels in existing branches as part of measures to improve customer service where necessary.

The Group wide process review and evaluation project initiated two years ago has now taken root with positive results in establishing appropriate work strategies and workforce rightsizing for optimum customer care and service. A continuous improvement culture is now embedded in our employees and that has led to improved productivity.

The industrial relations climate remained calm and positive during the reporting period despite the various economic challenges faced by employees. The Group has intensified and widened the scope of its health and wellness programme for staff members and their dependents across the entire store network with record numbers of staff benefitting from the treatment, health awareness, peer education, psychosocial support and counseling.

INFORMATION TECHNOLOGY

We have improved our network performance in all branches by increasing bandwidth and in most branches the backup link is also a fibre optic link. This improves our efficiencies as the need for electronic information interchange with our business partners has increased.

All branches now have built-in power redundancy, by having two uninterrupted power supply (UPS) systems as standard, to increase uptime at the till points.

The SWAN software in OKmart branches is now stable. Focus has shifted to migrating financial processes, at Head Office, from Mach4 to SWAN.

PROMOTIONS

The 29th edition of our OK Grand Challenge Jackpot Promotion was held successfully over the course of seven weeks as supplier partners continued to demonstrate confidence in our promotion. We managed to retain our usual supplier partners for our annual retail brand promotions – OK Grand Challenge, Bon Marché Liv It Up Fiesta and OKmart Mega Money Maker.

During the period under review, the Group also continued with its reward based promotions under Brand OK and Brand Bon Marché, namely OK Shop Easy Club Token of Appreciation and Bon Marché Apple Club respectively. We also introduced the OKmart Rainbow Club Promotion, which targeted a market not yet tapped into with respect to rewards for a hybrid of high-net worth and traders markets. We are proud that our three (3) reward based promotions have been well received by our respective customer groups as they have gone a long way in contributing to the success that was achieved in the period under review. Our customer base has grown and we have also achieved growth in our basket size.

Our objective to entrench customer association of the Bon Marche' brand with health and wellness was underscored by activations which included Power Walks, Aerobathons, and Walk-A-Robix. Our vision for the brand involves the total association of Bon Marché with "Living Well" and being the advocate for a healthy lifestyle.

Chief Executive's Report (continued)

COMMUNITY RESPONSIBILITY

The Group acknowledges the tremendous support and goodwill it enjoys from the communities among which it operates.

Our flagship CSR initiative which involves partnering with Friends of the Environment and Nyaradzo through the annual celebration of World Tree Planting Day was a success as in prior years. We participated as a major sponsor during the 9th Friends of the Environment 140 km Walkathon from Harare to Ngezi (Turk Mine) the objective of which was to raise awareness to preserve the environment. The number of OK Zimbabwe established nurseries is now five (5) with the last three (3) planned for the forthcoming financial years. Our goal and intention is to be the Anchor sponsor for the 10th Anniversary of this noble cause by establishing our final nursery.

Through our wide network of branches, various charitable causes within the customer catchment area of the specific stores were supported throughout the year. Among these were Old People's Homes, Children's Homes as well as support for education with sponsorships being made to local community schools events. As part of our Bon Marche' "Live Well" execution platform we actively sponsored the High Schools T/20 Cricket Tournament as well as the Schools' Invitational Golf Tournament. These promote sport and foster healthy lifestyles for the youth.

As has been the case in the past, the Group also ensured that the HIV/AIDS Awareness programme structures which have been fully entrenched amongst the workforce were extended with greater focus to family and dependants of employees.

CORPORATE GOVERNANCE

The Group remains committed to the principles of good corporate governance and best practices which uphold a culture of business ethics, openness, transparency, integrity and accountability in its business dealings with all its stakeholders. The Group's structures, operations, policies and procedures are continuously assessed and updated for compliance with the law and generally accepted standard of good corporate governance. Our practices are consistent with the standards set by regulatory authorities and are covered in detail elsewhere in the annual report.

RISK MANAGEMENT

The Group operates a formalised and thorough process of identifying, monitoring and managing risks. This is aimed at protecting assets and earnings against financial losses and legal liabilities, as well as seizing opportunities. The Board reviews all business risks on a quarterly basis and ensures that strategies and action plans are in place to manage identified risks. The Group has in place a Risk Management Committee that spearheads the implementation of the Enterprise-Wide Risk Management framework and systems and work is continuing to ensure full implementation of best practices and risk based audits in terms of ISO31000.

During the financial year, the Group enhanced the capacity and scope of the risk management system to increase focus on safety, health and environmental (SHE) risks.

Operational risks are managed through formalised procedures and controls, well trained personnel and information technology back up facilities. Emphasis is placed on continuous review and improvement of systems and procedures as well as specific external and internal audits. Sufficient resources and manpower are made available at all units to continually monitor and report on risk. We consider the CCTV systems in our outlets as a critically important part in risk management with live TV monitors complimenting the process. The environment we are operating in remains harsh and therefore the process of risk management has become a vital component of managing the business.

OUTLOOK

The economic outlook is encouraging as the Government is putting emphasis on economic resuscitation and growth. The Group will continue to position itself to fully benefit from the anticipated upturn in economic activity by growing sales and while containing costs.

The continuous process improvement programmes will continue to be applied across the Group to keep employee work culture focused on productivity and customer satisfaction.

The Group will open a new store in Harare by the second half of the 2019 financial year. A number of new sites are being considered countrywide, while refurbishments are planned for and will be carried out at several stores during the 2019 financial year.

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A. E. SIYAVORA
CHIEF EXECUTIVE OFFICER

22 May 2018

Group Profile

HISTORICAL BACKGROUND

OK Zimbabwe Limited was first incorporated as Springmaster Corporation in 1953. In 1984, the name was changed to Deltrade Limited and this was in turn subsequently changed to the current name in July 2001. The Company controls three subsidiaries namely; Eriswell (Private) Limited, Swan Technologies (Private) Limited and Winterwest (Private) Limited.

The inaugural branch opened at OK First Street (Harare) in 1942 and the second branch in Bulawayo in 1952. A further five outlets were opened across the country by the end of 1960.

In 1977, Delta Corporation acquired the business operations in Springmaster Corporation (now OK Zimbabwe Limited), which they held until the de-merger in October 2001.

OK Zimbabwe Limited has established itself as a customer-oriented organisation providing comprehensive access to a broad range of retail products and allied services developed in response to its customers' requirements for convenience and value.

BUSINESS OPERATIONS

The Group is a leading supermarket retailer whose business covers three major categories, comprising groceries, basic clothing and textiles and houseware products. The groceries category includes dry groceries, butchery, delicatessen, takeaway, bakery, provisions and fruit and vegetable sections.

OK Zimbabwe Limited trades under three highly recognised brand names, OK stores, Bon Marche' stores, and OKmart. The diversified distribution channel allows the Group to target all segments of the market. In this regard, the Group has specifically profiled its stores in terms of design, product range, services and other offerings in a way that effectively caters for the specific requirements in the low, middle and high income consumer categories.

OK Zimbabwe Limited has maintained its position as one of the dominant supermarket retailers in the country's competitive retail sector, despite the effect of liquidity constraints and low disposable incomes. The Group has its own brands through the Top Notch, Premier Choice and Shoppers' Choice labels.

MANAGEMENT STRUCTURE

The Group is controlled by a Board of Directors and managed by a Management Committee: comprising a Chief Executive Officer and six executives (including one Executive Director), which reports to the Board.

HEALTH AND SAFETY

The Group continues to provide both preventative and curative health delivery services to its employees. Outreach programmes to family members of sick and bedridden employees revealed a growing need for generic as well as systematic counselling services, which are provided through professionals.

EDUCATION

Staff development is one of our core values. A substantial number of our employees are enrolled in various education and training programmes at tertiary and professional levels. These programmes provide a pool for technical and managerial positions in the Group.

TRAINING

The Retail Management Development Programme, comprising the Internal Management Trainees and Graduate Management Trainees, remains the cornerstone of our management development endeavors. The Group also has a Training Outside Public Practice (TOPP) programme in place for the training of chartered accountants. For the general staff our focus has been on the sharpening of skills and competencies.

CORPORATE SOCIAL RESPONSIBILITY

OK Zimbabwe Limited has shown commitment to the community by sponsoring or donating to causes in the areas of health, education, students' employment, charities, sports and the environment. Children's Homes, Old People's Homes, Hospice Centres and Disabled People's Associations and re-forestation efforts are amongst the beneficiaries of OK Zimbabwe's social responsibility efforts. Through its network of branches, OK Zimbabwe Limited is involved in various local community activities. The branches are proud to be able to make a positive contribution to the communities in which they operate.

Report of the Directors

The Directors have pleasure in presenting their Seventeenth Annual Report and the Audited Financial Statements of the Group for the year ended 31 March 2018.

YEAR'S RESULTS

Total comprehensive income for the year attributable to shareholders amounted to US$19 197 722.

PROPERTY AND EQUIPMENT

Capital expenditure for the year ended 31 March 2018 amounted to US$15 480 120.

SHARE CAPITAL

The authorised share capital of the Group was US$200,000 made up of 2,000,000,000 ordinary shares of US$0.0001 each while the issued share capital was US$118 397 made up of 1 183 965 906 ordinary shares of US$0.0001 each.

RESERVES

The movements in the Reserves of the Group are shown in the Consolidated Statement of Changes in Equity and Notes to the Consolidated Financial Statements.

DIRECTORS

Mr. Andrew Stuart McLeod was appointed to the Board with effect from 1 March 2018. In terms of Article 107 of the Articles of Association, Mr. McLeod is required to retire from the Board at his first Annual General Meeting. Being eligible, he offers himself for re-election.

Mr. Herbert Nkala is scheduled to retire by rotation at the conclusion of the meeting and being eligible, offers himself for re-election.

Mrs. Martha Tumani Rukuni retires by rotation at the end of the meeting but does not offer herself for re-election.

Messrs. Ronald van Solt, William Nicholas Alexander and Mark Christopher Jennings retired during the course of the year.

AUDITORS

Members will be requested to consider and, if deemed fit to approve the auditors' fees for the past financial year and to appoint auditors of the Group for the ensuing year. Messrs Deloitte & Touche offer themselves for re-appointment.

ANNUAL GENERAL MEETING

The Seventeenth Annual General Meeting of the Group will be held at 1600 hours on Thursday 26th of July 2018 at OKmart, Chiremba Road, Hillside, Harare.

BY ORDER OF THE BOARD

....	....	....
D. B. LAKE **Chairman**	**A. E. SIYAVORA** **Chief Executive Officer**	**M. MUNYURU (Mrs)** **Group Secretary**

22 May 2018

INTRODUCTION

The primary objective of any system of good corporate governance is to ensure that Directors, executives and managers, to whom stewardship of companies is entrusted by the shareholders, carry out their responsibilities faithfully, effectively and efficiently.

The Group is committed to the principles of good corporate governance and best practices set out in the King Codes, the Zimbabwe National Code on Corporate Governance and the Zimbabwe Stock Exchange Listing rules which endorse a culture of business ethics, openness, transparency, integrity and accountability in its dealings with all stakeholders. The Group's structures, operations, policies and procedures are continuously assessed and updated for compliance with the law and generally accepted standards of good corporate governance.

BOARD OF DIRECTORS

The Group's Articles of Association provide for the appointment of independent directors. The Board currently comprises two Executive Directors and eight Non-Executive Directors, four of whom are independent, who were chosen for their wide range of professional and commercial competencies. The Chairman of the Board is an independent non-executive Director.

The Board of Directors is responsible for giving direction to the Group through the setting of the overall strategy, key policies and risk parameters. It is also responsible for approving strategic and operational budgets, significant acquisitions and disposals and interim and annual operating results. The implementation of the overall strategy, policies and the management of risk are monitored using key performance indicators and best practice benchmarks. Executive management presents structured reports, to allow the Board to monitor performance. The Board has constituted Audit and Remuneration Committees to assist it in the discharge of its responsibilities.

In terms of the Group's Articles of Association, Directors are not precluded from entering into or being interested in contracts or arrangements with the Group. However, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract which has been or is to be entered into by the Group, is required to declare the nature and extent of this interest. A Director is not permitted to vote in respect of any contract or arrangement in which he or she is interested. Any service rendered by Directors and all Directors' interests in OK Zimbabwe Limited are required to be conducted on an arms length basis. Full disclosure of any such arrangements by all current executive and non-executive Directors must be made in accordance with legal requirements. Each year, Directors are required to submit in writing whether they have any interest in any contract of significance with the Group, which could give rise to a conflict of interest.

AUDIT COMMITTEE

The Committee consists of five Non-Executive Directors with the Chief Executive Officer and the Finance Executive attending ex-officio. The internal and external auditors attend the meetings and have unrestricted access to the Chairman of the Committee. The Committee meets at least twice a year. The function of the Audit Committee is to advise the Board on all matters relating to corporate governance and regulatory issues. In particular, it monitors financial controls, accounting policies and accounting systems and assesses the processes for identifying, monitoring and managing business risks. It reviews any significant abnormal transactions, ensures there are no restrictions on external auditors' work and follows up matters reported or unresolved with the auditors. It reviews the Group's financial statements and external audit fees before submission to the Board for consideration and approval. The Audit Committee monitors the Internal Audit Charter, plans, programs and reports and recommends the appointment of external auditors.

REMUNERATION COMMITTEE

The Committee consists of four Non-Executive Directors and the Chief Executive Officer. The Remuneration Committee is responsible for making recommendations on all major policy issues, including Board appointments and the remuneration policy of Executive Directors and senior management. The objective of the policy is to ensure that the right calibre of management is recruited and retained. The Committee also considers, at Board level, remuneration levels and conditions of service of staff to ensure that these are fair, appropriate and in line with the market and the Group's remuneration philosophy.

ETHICS

Directors and employees are required to observe the highest ethical standards, ensuring that business practices are conducted in a manner which, in all reasonable

Corporate Governance (continued)

circumstances, is beyond reproach. In this regard, the Group has a detailed code of ethics for all levels of employees. In line with the Zimbabwe Stock Exchange listing requirements, the Group observes a closed period prior to the publication of its interim and year-end financial results, during which period Directors, officers and employees may not deal in the shares of the Group. Where appropriate, this restriction is also extended to include other sensitive periods.

EQUAL OPPORTUNITY

The Group is committed to providing equal opportunities for its employees regardless of race, tribe, place of origin, political opinion, colour, creed or sex.

EMPLOYEE PARTICIPATION

The Group recognises the need for orderly consultation and discussions through workers committees, works councils, departmental and liaison meetings and other collective bargaining fora. These structures, which are designed in consultation with employee representatives, are intended to achieve good employer/employee relations as well as promote productivity, safety and loss control.

SAFETY, HEALTH AND ENVIRONMENT

The Group aims to create wealth and to contribute to development by operating its business with due regard for economic, social, cultural and environmental issues. Safety, health and environmental issues, therefore, receive special attention.

Accounting Philosophy

OK Zimbabwe Limited is dedicated to achieving meaningful and responsible reporting through comprehensive disclosure and explanation of its financial results. This is done to assist objective corporate performance measurement, to enable returns on investment to be assessed against the risks inherent in their achievement and to facilitate appraisal of the full potential of the Group.

The core determinant of meaningful presentation and disclosure of information is its validity in supporting management's decision making process. While the accounting philosophy encourages the pioneering of new techniques, it endorses the fundamental concepts underlying financial accounting disciplines as enunciated by the Institute of Chartered Accountants of Zimbabwe, the International Accounting Standards Board and the International Federation of Accountants.

The Group is committed to regular reviews of accounting standards and to the development of new and improved accounting practices. This is done to ensure that the information reported to management and the stakeholders of the Group continues to be internationally comparable, relevant and reliable. This includes, wherever it is considered appropriate, the early adoption of accounting standards. However, where the adoption of accounting standards is seen to be fundamentally inappropriate, the Group will comply but disclose its views challenging the requirements of that accounting standard.

Directors' Responsibility for Financial Reporting

The Directors of OK Zimbabwe Limited ("the Group") are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the Group's consolidated financial statements and related information. OK Zimbabwe Limited's independent external auditors, Messrs Deloitte & Touche, have audited the consolidated financial statements and their report appears on pages 18 to 21 of this annual report. The consolidated financial statements for the year ended 31 March 2018 presented from pages 22 to 59 have been prepared using International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The consolidated financial statements have been prepared in accordance with disclosure requirements of the Companies Act (Chapter 24:03), Companies (Financial Statements) Regulations, 1996 and the Zimbabwe Stock Exchange Listing Requirements.

They are based on appropriate accounting policies which have been consistently applied, and modified, where necessary, by the impacts of new and revised standards. The application of accounting policies is supported by reasonable and prudent judgments and estimates.

The Directors are responsible for the systems of internal control. The systems are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent material misstatements and losses. Suitably trained and qualified personnel within the Group staff implement and monitor the systems. Nothing has been brought to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the course of the year.

The Directors have reviewed the performance and financial position of the Group up to the date of signing of these financial statements. They also reviewed the prospects of the Group, including its budgets, and are satisfied that the Group is a going concern and therefore continue to apply the going concern principle in the preparation of these financial statements.

The consolidated financial statements set out on pages 22 to 59 were approved by the Board of Directors on 22 May 2018 and signed on its behalf by:

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D. B. LAKE
Chairman

....

A. E. SIYAVORA
Chief Executive Officer

22 May 2018

PREPARER OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were prepared under the supervision of Mr. Brian Muradzikwa, CA (Z).

....

B. MURADZIKWA
Finance Executive
PAAB Registration Number 03004

Report of the Independent Auditors to the members of OK Zimbabwe Limited

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of OK Zimbabwe Limited and its subsidiaries ("the Group") set out on pages 22 to 59, which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How the matter was addressed in the audit
Completeness and valuation of, and obligations on trade payables	
As set out in note 18 to the consolidated financial statements, the Group has trade payables amounting to US$51 777 242 (2017: US$40 094 882). The Group sources retail merchandise from a number of local and foreign suppliers. Reconciliation processes over trade payables are therefore a critical control to ensuring the trade creditors' balances are complete and valued correctly. Accordingly, the completeness and valuation of, and obligations on trade payables were considered to be a key audit matter.	Written confirmations were issued out to selected suppliers, under our control. We requested the suppliers to provide us with a response acknowledging the amount outstanding as at 31 March 2018. Tests of reconciliations of supplier balances were performed to ensure that reconciling items were valid and accurate. We evaluated the reasonability of explanations for significant changes in the profile and mix of the entity's key trade creditors. We are satisfied that trade payables are complete and fairly valued as at the end of the reporting period, and the Group does have obligations for the amounts.

Report of the Independent Auditors to the members of OK Zimbabwe Limited (continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
Existence and valuation of inventories	
As disclosed in note 13 of the consolidated financial statements, the value of inventories at the end of the reporting period amounted to US$64 675 619 (2017: US$52 164 819). The Group's inventories make up 63.9% of its current assets and 37.0% of its total assets. There were risks identified concerning the existence of inventories due to the high value and number of inventories held by the Group in multiple locations across the country as well as the general increase in stock holding. The shortage of foreign currency has impacted the ability to purchase imported stocks with pressure on customers' disposable income impacting the rate of sale on certain stock items. The existence and valuation of inventories was therefore considered to be a key audit matter.	We observed the year end inventory count at selected store locations with specific consideration over those locations with high likelihood of slow moving items, high shrinkage values and new branches. We evaluated the design and implementation of controls around the management of obsolete inventory. We assessed the reasonableness of the shrinkage recognised in current year. We performed pricing and net realisable value tests for a sample of inventory items. We found the valuation and existence of inventories for the year to be fair.

Other Information

Management is responsible for the other information. The other information comprises that set out on pages 2 to 17 and 66 to 70, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and in the manner required by the Companies Act (Chapter 24:03) and the Companies (Financial Statements) Regulations, 1996, and the Zimbabwe Stock Exchange Listing Requirements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Report of the Independent Auditors to the members of OK Zimbabwe Limited (continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In preparing the consolidated financial statements management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

We communicate with those charged with governance 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 those charged with governance 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.

Report of the Independent Auditors to the members of OK Zimbabwe Limited (continued)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Company Statement of Financial Position (continued)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the consolidated financial statements of OK Zimbabwe Limited and its subsidiaries have been prepared in the manner required by the Companies Act (Chapter 24:03), the Companies (Financial Statements) Regulations, 1996 and the Zimbabwe Stock Exchange Listing Requirements.

Deloitte & Touche

Deloitte & Touche Chartered Accountants (Zimbabwe)
Harare
Zimbabwe

Per. Tumai Mafunga
(PAAB Practice Certificate Number 0442)

Date: 22 May 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Notes	2018 US$	2017 US$
Revenue	5	582 877 529	472 404 982
Changes in trade inventories		(12 611 883)	(4 652 878)
Merchandise and consumables used		(465 051 293)	(388 770 634)
Employee benefits expense		(35 606 325)	(29 273 122)
Depreciation expense	6.2	(8 087 214)	(7 758 654)
Share based payment expense	8.6	(286 308)	(239 000)
Net operating costs		(37 633 104)	(32 738 521)
Finance costs	19.3	(856)	(87 226)
Profit before tax	6	23 600 546	8 884 947
Income tax expense	7.1	(6 969 217)	(2 828 338)
Profit for the year		**16 631 329**	**6 056 609**
Other comprehensive income			
Gain on revaluation of property and equipment	9	3 198 843	-
Fair value gain on available for sale financial assets		47 708	28 357
Income tax relating to components of other comprehensive income		(680 158)	(284)
Other comprehensive income for the year net of tax		**2 566 393**	**28 073**
Total comprehensive income for the year		**19 197 722**	**6 084 682**
Weighted average number of ordinary shares in issue		1 168 353 576	1 160 518 426
Share performance : US Cents			
: attributable earnings per share	23	1.42	0.52
: headline earnings per share	23	1.42	0.52
: diluted earnings per share	23	1.35	0.50
Net asset value per share		8.24	6.81

Consolidated Statement of Financial Position

As at 31 March	Notes	2018 US$	2017 US$
Assets			
Non-current assets			
Property and equipment	9	69 644 623	59 355 490
Long-term receivables	10	3 124 574	3 032 237
Goodwill	11	400 000	400 000
Long-term investments	12	412 009	364 301
Deferred tax assets	17	-	123 043
Total non-current assets		**73 581 206**	**63 275 071**
Current assets			
Inventories	13	64 675 619	52 164 819
Trade and other receivables	14	4 099 645	4 981 435
Prepaid expenses and merchandise supplies		5 612 998	3 777 038
Current tax assets	19.4	-	1 107 337
Short-term loans receivable	15	3 335 063	93 356
Short-term investments	16	7 000 000	2 014 020
Cash and cash equivalents		16 469 269	10 552 813
Total current assets		**101 192 594**	**74 690 818**
Total assets		**174 773 800**	**137 965 889**
Equity and Liabilities			
Capital and reserves			
Share capital	8.4	118 397	116 051
Share premium	8.5	30 361 090	27 338 961
Share based payments reserve	8.6	638 523	352 215
Investments reserve	8.7	124 068	76 838
Revaluation reserve	8.8	9 837 151	7 317 988
Non-distributable reserve	8.9	9 820 399	9 820 399
Retained earnings	8.10	45 384 387	33 963 042
		96 284 015	**78 985 494**
Non-current liabilities			
Deferred tax liabilities	17	**9 711 216**	**10 794 981**
Current liabilities			
Trade and other payables	18	68 313 315	48 185 414
Current tax liabilities	19.4	465 254	-
Total current liabilities		**68 778 569**	**48 185 414**
Total equity and liabilities		**174 773 800**	**137 965 889**

For and on behalf of the Board:

D. B. Lake	A. E. Siyavora	M. Munyuru (Mrs)
Chairman	**Chief Executive Officer**	**Group Secretary**

22 May 2018

Consolidated Statement of Changes In Equity

For the year ended 31 March 2018

	Share capital US$	Share premium US$	Share based payment reserve US$	Investments reserve US$	Revaluation reserve US$	Non distributable reserve US$	Retained earnings US$	Total US$
Balance as at 31 March 2016	**116 051**	**27 338 961**	**113 215**	**48 765**	**7 317 988**	**9 820 399**	**27 906 433**	**72 661 812**
Profit for the year	-	-	-	-	-	-	6 056 609	6 056 609
Other comprehensive income for the year net of tax	-	-	-	28 073	-	-	-	28 073
Recognition of share-based payments	-	-	239 000	-	-	-	-	239 000
Balance as at 31 March 2017	**116 051**	**27 338 961**	**352 215**	**76 838**	**7 317 988**	**9 820 399**	**33 963 042**	**78 985 494**
Profit for the year	-	-	-	-	-	-	16 631 329	16 631 329
Other comprehensive income for the year net of tax	-	-	-	47 230	2 519 163	-	-	2 566 393
Dividend paid	-	-	-	-	-	-	(5 209 984)	(5 209 984)
Recognition of share-based payments	-	-	286 308	-	-	-	-	286 308
Issue of shares	2 346	3 022 129	-	-	-	-	-	3 024 475
Balance as at 31 March 2018	**118 397**	**30 361 090**	**638 523**	**124 068**	**9 837 151**	**9 820 399**	**45 384 387**	**96 284 015**

- **No-distributable reserve** - Records the fair value of the Group's assets at the time of dollarisation in 2009.
- **Share based payments reserve** - Records the change in fair value of the Group's share options in issue.
- **Investment reserve** - Records fair value changes on available-for-sale financial assets.
- **Revaluation reserve** - Records fair value movements of revaluation of land and buildings.
- **Share premium** - Included in the share capital and premium values are 11 928 328 treasury shares which are under the control of Directors. These have been excluded in the computation of earnings per share and do not rank for dividend. The market value of treasury shares at year end was US$1 968 174 (2017: US$727 628).

Consolidated Statement of Cash Flows

For the year ended 31 March	Notes	2018 US$	2017 US$
Cash flows from operating activities			
Cash generated from trading	19.1	31 622 573	16 594 752
Working capital changes	19.2	5 801 082	8 554 135
Cash generated from operations		37 423 655	25 148 887
Net finance income	19.3	432 150	254 727
Tax paid	19.4	(7 037 506)	(2 311 003)
Net cash generated from operating activities		**30 818 299**	**23 092 611**
Cash flows from investing activities			
Investments to maintain operations :			
Replacement of property and equipment		(12 493 332)	(4 995 085)
Proceeds from disposal of property and equipment		321 961	86 931
		(12 171 371)	(4 908 154)
Investments to expand operations:			
Additions to property and equipment		(2 986 788)	(5 903 018)
Increase in long-term receivables		(92 337)	(317 193)
		(3 079 125)	(6 220 211)
Net cash used in investing activities		**(15 250 496)**	**(11 128 365)**
Cash flows from financing activities			
Dividend paid	19.5	(5 209 984)	-
Decrease in borrowings		-	(1 111 612)
Proceeds from share options exercised		537 969	-
Decrease in short-term loans receivable		6 648	60 284
Net cash used in financing activities		**(4 665 367)**	**(1 051 328)**
Net increase in cash and cash equivalents		10 902 436	10 912 918
Cash and cash equivalents at the beginning of year		12 566 833	1 653 915
Cash and cash equivalents at the end of year	19.6	**23 469 269**	**12 566 833**

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

1. General information

The Group is a leading supermarket retailer incorporated in Zimbabwe whose business covers three major categories, comprising groceries, basic clothing and textiles and houseware products. At the reporting date the Group was operating from sixty two shops countrywide and had three wholly owned subsidiaries. Its registered office is disclosed on page 2 of the annual report.

The Group's financial statements are presented in the United States Dollar, which is also the functional currency of the entity.

2. Adoption of new and revised standards and interpretations

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7 Disclosure Initiative
The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group has no financial liabilities under the current financial period. A reconciliation between the opening and closing balances of these items has not been provided as there were no non-cash changes for liabilities from financing activities. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosures that would be required, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments had no impact on the Group's consolidated financial statements as they already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

Annual Improvements to IFRSs 2014-2016 Cycle
The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this report are not yet mandatorily effective and the Group has not early adopted them.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

2.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 Financial Instruments*
IFRS 15 Revenue from Contracts with Customers (and the related Clarifications) *
IFRS 16 Leases**
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***
Amendments to IAS 40 Transfers of Investment Property*
Amendments to IFRSs Annual Improvements to IFRS Standards 2014-2016 Cycle*
IFRIC 22 Foreign Currency Transactions and Advance Consideration*

* Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
** Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
*** Effective for annual periods beginning on or after a date to be determined.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The future application of this IFRS is expected to have a material impact on the Group's financial statements, as it currently complies with IAS 39.

Financial Instruments: Measurement requirements.
The classification and measurement of financial assets and liabilities by reference to the business model will result in financial assets and liabilities measured at amortised cost. Impairments of financial assets will now be done based on the expected credit losses model. There will be no impact on hedge accounting, as the Group does not make use of any hedging instruments.

Classification and measurement:
Treasury bills classified as held-to-maturity investments and trade receivables carried at amortised cost as disclosed in notes 12 and 14 respectively: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9.

Impairment:
Financial assets measured at amortised cost will be subject to the impairment provisions of IFRS 9.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9. In general, the Directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

2.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)
Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, IFRS 15 requires extensive disclosures.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the sale of merchandise, lease and sublease of properties and interest income.

Apart from providing more extensive disclosures on the Group's revenue transactions, the Directors do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

IFRS 16 Leases
IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, IFRS 16 requires extensive disclosures.

The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the Directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review.

In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for both operating and finance leases), the Directors of the Group do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The amendments clarify the following:
1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2.2 New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (continued)

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

i) The original liability is derecognised;

ii) The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

iii) Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The Directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as there are no cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors of the Group anticipate that the application of these amendments will not have a material impact on the Group's consolidated financial statements in future periods as such transactions are unlikely to arise.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify those situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The Directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should there be a change in use of any of its properties.

2.2 New and revised IFRSs in issue but not yet effective (continued)

Annual Improvements to IFRSs 2014 – 2016 Cycle

The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year, see note 2.1 for details of application.

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at fair value through profit or loss (FVTPL) is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The Directors of the Group do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

3 Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies (Financial Statements) Regulations, 1996, and the Zimbabwe Stock Exchange Listing Requirements.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.2 Basis of preparation (continued)

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, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristic into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly,
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies of the financial statements, set out below, have been consistently followed in all material respects.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities including special purpose entities controlled by the Group (its subsidiaries).

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and;
- Has the ability to use its power to affect its returns.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value.

3 Significant accounting policies (continued)

3.4 Business combinations (continued)

Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs.

Changes in the fair value of contingent consideration classified as equity are not recognised. Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liability and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and, assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree's share-base payments awards are measured in accordance with IFRS 2 Share-based payments; and assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard; and
- Assets or disposal groups that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

3.5 Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group entity undertakes its activities under joint arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other operators are recognised in the financial statements of the relevant entity and classified according to their nature.

Liabilities and expenses incurred directly in respect of interests in jointly controlled assets, and its share of joint operation expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably.

3 Significant accounting policies (continued)

3.5 Interest in joint operations (continued)

Joint operation arrangements that involve the establishment of a separate entity in which each operator has an interest are referred to as jointly controlled entities.

The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination.

3.6 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3.7 Investments in subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has control. The existence and effect of potential voting rights that are currently exercised or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date in which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

3.8 Goodwill

Goodwill arising on acquisition of assets is initially measured and recognised at cost as determined on the acquisition date. Subsequently goodwill is measured at cost less accumulated impairment losses, if any. This goodwill is subsequently tested for impairment at least on an annual basis and any resulting impairment is recognised immediately in the statement of profit or loss and other comprehensive income.

3 Significant accounting policies (continued)

3.9 Foreign currency transactions and balances

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Transaction and translation gains or losses arising on conversion or settlement are dealt with in the statement of profit or loss and other comprehensive income in the determination of the operating income.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Property and equipment

Property and equipment are stated in the statement of financial position at cost or revalued amount less any subsequent accumulated depreciation and impairment. Methods of valuation used are as follows:

Industrial land and buildings	Open market value
Residential land and buildings	Open market value
Other property and equipment	Cost and Directors' valuation

Revaluations are performed after every three years to ensure that the carrying amounts do not differ materially from those that would be determined using fair values. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in the statement of profit or loss and other comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in the statement of profit or loss and other comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

3.11 Property and equipment (continued)

Freehold land is not depreciated.

Motor vehicles, fixtures and equipment are stated at cost or Directors' valuation less accumulated depreciation and accumulated impairment.

The assets are depreciated over their estimated useful lives which are as follows:

Freehold property	20 years
Leasehold improvements	lease tenure
Equipment	5 to 10 years
Motor vehicles	5 years

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

3.12 Inventories

Inventories are valued at the lower of cost and net realisable value. Merchandise and consumable stores are valued at the landed cost on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Income is recognised on an effective interest rate basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together

3 Significant accounting policies (continued)

3.13 Financial instruments (continued)

Financial assets (continued)

and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated statement of profit or loss and other comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Listed redeemable notes held by the entity that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3 Significant accounting policies (continued)

3.13 Financial instruments (continued)

In respect of AFS equity securities, impairment previously recognised in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal; or
- it becoming probable that the borrower will enter bankruptcy or financial difficulties; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3 Significant accounting policies (continued)

3.13 Financial instruments (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the entity retains an option to repurchase part of a transferred asset), the entity allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
  on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

3 Significant accounting policies (continued)

3.13 Financial instruments (continued)

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.14 Related parties

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all executive and non-executive directors.

3 Significant accounting policies (continued)

3.14 Related parties (continued)

An entity is related to a reporting entity if any of the following conditions applies;

- The same entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third party and the other entity is an associate of the third entity.

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

3.15 Revenue recognition

Revenue comprises sales, rentals, interest and dividend income. Revenue from the sale of goods is recognised at the fair value of the consideration received or receivable when the risk and rewards of ownership have passed to the customer. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Rental income is recognised on an accrual basis. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3.16 Tax

Income tax expense represents the current tax and deferred tax.

Current tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

3 Significant accounting policies (continued)

Deferred tax (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

3.17 Employee benefits

Defined contribution plans

The entity operates pension schemes in terms of the Pension and Provident Funds Act (Chapter 24:09) and current contributions to defined contribution schemes are charged against income as incurred. The entity also participates in the National Social Security Authority scheme. Under defined contribution plans the entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the actuarial risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

Short term employee benefits

Wages, salaries, paid annual leave; bonuses and non-monetary benefits are recognised as employee benefit expenses and accrued when the associated services are rendered by the employees of the entity.

Termination benefits

Termination benefits are payable when employment is terminated by the entity before retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Retirement benefits are provided for Group employees through the OK Zimbabwe Pension Fund, which is a defined contribution fund, and through the National Social Security Authority (NSSA) which is also a defined contribution

3 Significant accounting policies (continued)

Retirement benefit costs (continued)

scheme. Contributions to both are charged to the statement of profit or loss and other comprehensive income.

The NSSA scheme is a defined contribution scheme promulgated under the National Social Security Authority Act (Chapter 17:04). The Group's obligations under the scheme are limited to specific contributions legislated from time to time.

3.18 Provisions and contingencies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivables can be measured reliably.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity, or a present obligation that arises from past events but it is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. In the ordinary course of business, the Group may pursue a claim against a subcontractor or client. Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the flow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the Group but not recognised on the statement of financial position.

3.19 Operating lease

The Group operates in leased premises in some of the locations. Leases under which the risk and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations incurred under operating leases are charged to the statement of profit or loss and other comprehensive income in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3 Significant accounting policies (continued)

3.20 Share-based payments

Senior management of the entity receive remuneration in the form of share based payments, whereby they receive equity instruments as consideration for rendering services. The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions, other than linked to the price of the shares of the Group. The cost of equity settled transactions is recognised, together with the corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

Fair value is measured using the Black-Scholes pricing model. The expected life in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercised restrictions and behavioural considerations.

3.21 Impairment of tangible and intangible assets other than goodwill

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets suffered an impairment. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (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.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount.

An impairment is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease. Where an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairments been recognised for the asset in prior years. A reversal of an impairment is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case reversal of the impairments is treated as a revaluation increase.

4 Key sources of estimation uncertainty

The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.1 Assessment of impairment of property and equipment

Determining whether property and equipment is impaired requires an estimation of the value in use. The value in use calculation requires the Directors to estimate the future cash flows expected and a suitable discount rate in order to calculate present value. The directors believe that the carrying amount of property and equipment at the end of the reporting period of US$69 644 623 approximated its fair value and no impairment was recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

4 Key sources of estimation uncertainty (continued)

4.2 Useful lives and residual values of property and equipment

The residual values were assessed through comparison of prices of new and aged assets, on a sample basis for each asset category to give an indicative recovery rate. The useful lives are set out in note 3.11 and no changes to these useful lives have been considered necessary during the year.

4.3 Valuation of share options

The method of determining the intrinsic value of the shares by using the relationship between the strike price and the share price of the option on grant date, based on similar listed entities in the retail industry in neighbouring countries which have a more stable currency, has been assessed as inappropriate since market conditions are different in the respective countries. The amount charged to the statement of profit or loss and other comprehensive income is therefore the Group's best estimate. Refer to note 8.3 for the assumptions applied in the model.

4.4 Future lease commitments

The Group has estimated future revenue for branches for which rentals are paid. The projections are based on budgets approved by the Board and are an estimate of lease expense commitments. Refer to note 6.5 for further information.

4.5 Goodwill

Goodwill arising on acquisition of assets is initially measured and recognised at cost as determined on the acquisition date less accumulated impairment, if any. This goodwill is subsequently tested for impairment at least on an annual basis and any resulting impairment is recognised immediately in the statement of profit or loss and other comprehensive income. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment may arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March		Note	2018 US$	2017 US$
5	**Revenue**			
	Sales of merchandise		581 808 830	471 441 272
	Lease and sub-lease income		635 693	621 757
	Interest income	19.3	433 006	341 953
			582 877 529	**472 404 982**
6	**Profit before tax**			
	Profit before tax takes into account the following:			
6.1	**Other operating expenses**			
	Utilities and backup power expenses		8 139 590	7 054 085
	Marketing and promotion expenses		3 484 708	2 561 945
	Security expenses		3 478 860	3 370 953
	Cleaning expenses		2 129 103	1 977 428
	Bank charges		1 966 567	1 460 079
	Reorganisation costs		-	1 350 000
	Maintenance expenses		1 778 418	1 342 190
	Foreign currency losses/(gains)		22 990	(211 938)
	Profit on sale of property and equipment		(19 345)	(33 122)
6.2	**Depreciation expense**			
	Property		1 118 046	1 194 387
	Equipment		6 969 168	6 564 267
			8 087 214	**7 758 654**
6.3	**Auditors' remuneration**			
	Current year audit fees and expenses		**112 766**	**101 978**
6.4	**Retirement benefit costs**			
	OK Zimbabwe Pension Fund:			
	- Defined contribution scheme		1 644 299	1 679 163
	National Social Security Authority Scheme		700 080	640 272
			2 344 379	**2 319 435**
6.5	**Net leasing expense**			
	Minimum lease payments		7 308 122	7 088 110
	Contingent lease payments		2 108 670	1 149 176
			9 416 792	**8 237 286**
	Lease and sub-lease income received has been included in note 5.			
	Net future lease commitments			
	Lease payments:			
	Payable within one year		10 479 050	8 660 247
	Payable in two to five years		39 800 883	33 151 712
	Payable thereafter		6 743 918	6 198 245
	Sub-lease payments expected to be received		(3 240 000)	(3 888 000)
			53 783 851	**44 122 204**

The Group leases most of its shops under operating leases. The average lease term entered into is 5 years.

Notes to the Consolidated Financial Statements

For the year ended 31 March		2018 US$	2017 US$
7	**Income taxes**		
7.1	**Tax charge**		
	Income tax		
	Current :		
	Standard	8 353 465	1 914 866
	Aids Levy	250 604	57 446
	Withholding tax on interest earned	6 028	1 842
	Deferred :		
	(Credit)/debit to statement of profit or loss and other comprehensive income	(1 763 923)	854 184
	Deferred tax asset written off	123 043	-
	Total income tax expense	**6 969 217**	**2 828 338**

7.2	**Reconciliation of tax charge**	**2018**	**2017**
		%	%
	Standard rate	25.75	25.75
	Adjusted for :		
	- Effect of net expenses not deductable for tax	3.83	5.97
	- Interest taxed at special rates	(0.05)	(0.02)
		3.78	5.95
	Effective rate of tax	**29.53**	**31.70**

8	**Share capital**		
8.1	**Share capital**	**2018 US$**	**2017 US$**
	Authorised: 2 000 000 000 ordinary shares of US$0.0001 each	200 000	200 000
	Issued and fully paid: 1 183 965 906 (2017: 1 160 518 426)	118 397	116 051

8.2 Shares under option

The number of shares subject to options is approved by the shareholders in Annual General Meetings. The Directors in turn are empowered to grant share options to certain employees of the Group. These options are granted at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the date of grant and have a vesting period of three years . Each employee share option converts into one ordinary share of OK Zimbabwe Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

8 Share capital (continued)

8.2 Shares under option (continued)

These shares were under option at beginning of the year:

	Subscription Price	Number of Shares
2010 Scheme		
Granted 1 June 2012	US$0.100	14 149 680
Options forfeited		(1 351 000)
Options exercised		(11 850 900)
Balance at 31 March 2018		**947 780**
2013 Scheme		
Granted 6 June 2013	US$0.260	17 441 480
Granted 5 June 2014	US$0.181	14 766 680
Granted 21 May 2015	US$0.100	14 894 000
Total at 31 March 2018		**47 102 160**
Movements for the year under the 2013 Scheme:-		
Granted 6 June 2013	US$0.260	17 441 480
Granted 5 June 2014	US$0.181	14 766 680
Granted 21 May 2015	US$0.100	14 894 000
		47 102 160
Options forteited		(8 798 000)
Options exercised		(9 210 180)
Balance at 31 March 2018		**29 093 980**
2016 Scheme		
Granted 2 June 2016	US$0.043	23 142 780
Granted 23 May 2017	US$0.066	14 737 600
		37 880 380
Movements for the year under 2016 Scheme:-		
Granted 2 June 2016	US$0.043	23 142 780
Granted 23 May 2017	US$0.066	14 737 600
		37 880 380
Options forfeited		(1 317 000)
Options exercised		(4 552 400)
Balance at 31 March 2018		**32 010 980**
Total granted still to vest		**62 052 740**

8.3 Share-based payments computation

The options outstanding at 31 March 2018 had a weighted average exercise price of US$0.1095 and a weighted average remaining contractual life of fourteen months.

The inputs into the Black-Scholes model in respect of the options granted during the current and prior years were as follows:

Share price at grant (2013 scheme)	US$0.260
Share price at grant (2013 scheme)	US$0.181
Share price at grant (2013 scheme)	US$0.100
Share price at grant (2016 scheme)	US$0.043
Share price at grant (2016 scheme)	US$0.066
Expected volatility	50%
Weighted average grant price	US$0.1095

For the year ended 31 March 2018

8 Share capital (continued)

8.3 Share-based payments computation (continued)

Expected life	14 months
Average risk free rate	0.5%
Dividend yield	2%

Valuation inputs:

Exercise price - The Scheme rules state that the price for the shares comprised in an option shall be the market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. The price for options granted on 23 May 2017 was US$0.066.

Expected volatility - Expected volatility is a measure of the amount by which the price is expected to fluctuate during a period, for example between grant date and the exercise date. Volatility was calculated as the standard deviation of lognormal daily returns for the period starting 6 June 2013 to 31 March 2018.

Expected dividends - When estimating the fair value of options, the projected valuation of shares is reduced by the present value of dividends expected to be paid during the vesting period. This is because the payment of dividends reduces the value of a company.

Risk-free rate of return - A risk free rate of return is the interest rate an investor would expect to earn on an investment with no risk which is usually taken to be a government issued security. It is the interest rate earned on a risk-free security over a specified time horizon.

All options expire 6 years after the date of grant, if not exercised.

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group's original estimates, if any, are recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 March		2018 US$	2017 US$
8.4	**Share capital**		
	At the beginning of the year	116 051	116 051
	Share options exercised	2 346	-
	At the end of the year	**118 397**	**116 051**
8.5	**Share premium**		
	At the beginning of the year	27 338 961	27 338 961
	Share options exercised	3 022 129	-
	At the end of the year	**30 361 090**	**27 338 961**
8.6	**Share based payments reserve**		
	At the beginning of the year	352 215	113 215
	Recognition of share based payments	286 308	239 000
	At the end of the year	**638 523**	**352 215**
8.7	**Investments reserve**		
	At the beginning of the year	76 838	48 765
	Other comprehensive income for the year	47 230	28 073
	At the end of the year	**124 068**	**76 838**
8.8	**Revaluation reserve**		
	At the beginning of the year	7 317 988	7 317 988
	Other comprehensive income for the year	2 519 163	-
	At the end of the year	**9 837 151**	**7 317 988**

Revaluations of freehold land and buildings are conducted on at least three year intervals. The Directors made a decision to have the freehold property revalued in the current year instead of the following year in order to ensure that the carrying amounts do not differ materially from the fair values as at the reporting date. The next revaluation is due in the financial year ending 31 March 2021.

		2018 US$	2017 US$
8.9	**Non - distributable reserve**	**9 820 399**	**9 820 399**
8.10	**Retained earnings**		
	At the beginning of the year	33 963 042	27 906 433
	Profit for the year	16 631 329	6 056 609
	Dividend paid	(5 209 984)	-
	At the end of the year	**45 384 387**	**33 963 042**

Notes to the Consolidated Financial Statements

For the year ended 31 March	2018 US$	2017 US$
9 Property and equipment		
Freehold property		
Revalued amount	16 018 000	13 788 419
Accumulated depreciation	-	(496 461)
	16 018 000	**13 291 958**
Leasehold improvements		
Cost	13 806 201	12 971 787
Accumulated depreciation	(5 744 417)	(5 124 093)
	8 061 784	**7 847 694**
Equipment		
Cost	79 692 063	74 951 117
Accumulated depreciation	(46 347 149)	(41 790 013)
	33 344 914	**33 161 104**
Vehicles		
Cost	8 671 196	7 468 610
Accumulated depreciation	(4 758 399)	(4 412 883)
	3 912 797	**3 055 727**
Work in progress	**8 307 128**	**1 999 007**
Total property and equipment	**69 644 623**	**59 355 490**
Group movement in net book amount for the year:		
At the beginning of the year	59 355 490	56 269 850
Capital expenditure	15 480 120	10 898 103
Revaluation	3 198 843	-
Disposals	(302 616)	(53 809)
Depreciation	(8 087 214)	(7 758 654)
At the end of the year	**69 644 623**	**59 355 490**

Fair value measurement of the Group's freehold land and buildings

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment. The fair value measurements of the Group's freehold land and buildings were performed by Homelux Real Estate (Private) Limited, independent valuers not related to the Group as at 31 March 2018. Homelux is a member of the Institute Valuers of Zimbabwe, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

9 Property and equipment (continued)

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 31 March 2018 are as follows:

	Level 1 US$	Level 2 US$	Level 3 US$	Fair value US$
				as at 31/03/2018
Freehold land	-	5 406 000	-	5 406 000
Buildings	-	10 612 000	-	10 612 000
				as at 31/03/2017
Freehold land	-	3 193 000	-	3 193 000
Buildings	-	10 098 958	-	10 098 958

If freehold land and buildings were stated at cost less accumulated depreciation the values at reporting period would have been US$5 466 835 (2017: US$5 741 446).

	2018 US$	2017 US$
Capital expenditure comprised :		
Freehold property	12 854	19 419
Leasehold improvements	729 482	1 062 109
Plant and equipment	5 072 176	7 227 943
Motor vehicles	1 378 968	719 524
Work in progress	8 286 640	1 869 108
	15 480 120	**10 898 103**
Disposals :		
Plant and equipment	**(302 616)**	**(53 809)**

10 Long-term receivables

Zvishavane prepaid rentals	1 639 594	1 869 293
Hwange prepaid rentals	1 216 263	1 162 944
OK Third Street prepaid rentals	268 717	-
	3 124 574	**3 032 237**

The Group funded construction of two supermarket buildings on behalf of Prosna Enterprises (Private) Limited of Zvishavane and Hwange Colliery Company Limited for lease by itself. The costs are recovered through future contingent rentals and the outstanding balance is charged interest at the rate of 10% per annum. Consequently, the prepaid rentals have not been classified under financial assets or finance leases. The Group also funded property structural adjustments on OK Third Street to suit its requirements which will be recovered throught futue rentals and the outstanding balance is charged interest at a rate of 7% per annum. The short-term components of these three projects are included under other receivables on note 14 below.

11 Goodwill

Arising on acquisition of business interests	**400 000**	**400 000**

Goodwill arose when the Group acquired the assets of Makro Zimbabwe at a premium. Goodwill is assessed for impairment on an annual basis and at the reporting date there was no impairment.

12 Long-term investments

Investment in Winterwest (Private) Limited	283 451	283 451
Available for sale financial assets	125 158	77 450
Held to maturity	3 400	3 400
	412 009	**364 301**

The Group has 100% (2017:100%) interest in Winterwest (Private) Limited, a house boat owning company.

Notes to the Consolidated Financial Statements

For the year ended 31 March	2018 US$	2017 US$

12 Long-term investments (continued)

The available for sale financial assets are quoted shares in an active market and are level 1 in the fair value hierarchy.

Held to maturity investment relates to treasury bills issued by the Reserve Bank of Zimbabwe as compensation for funds that were applied by the central bank from the Group's foreign currency bank account during the Zimbabwe Dollar era.

13 Inventories

Consumable stocks	2 056 764	2 157 847
Merchandise for trade	62 618 855	50 006 972
	64 675 619	**52 164 819**

The cost of merchandise inventories recognised as an expense during the year was US$477 663 176 (2017: US$393 423 512). The cost of inventories recognised as an expense include (US$1 298 995) (2017: US$4 916 108) in respect of (markups)/write downs and US$2 494 685 (2017 : US$2 995 033) in respect of shrinkage.

14 Trade and other receivables

Trade receivables	4 239 115	4 807 072
Allowance for doubtful debts	(139 470)	(172 690)
	4 099 645	4 634 382
Kawena Distributors (Proprietary) Limited	-	347 053
	4 099 645	**4 981 435**

The average credit period on sales is 30 days. No interest is charged on trade receivables and they are not secured. The Group has recognised an allowance for doubtful debts of 100% against all trade receivables over 120 days as management believe these may not be recoverable.

15 Short-term loans receivable

Unsecured	**3 335 063**	**93 356**

Short-term loans are made up of loans given to staff. These are recovered over periods determined by management following the issue of the loan and attract interest at a rate of 10% per annum. The significant increase over the prior year is in respect of share options exercised by certain employees of the Group valued at US$3 248 355 and not paid for at statement of financial position date.

16 Short-term investments	**7 000 000**	**2 014 020**

Short term investments relate to funds placed on the money market with a local financial institution. The investments yield an interest rate of 3.8% per annum and matured on 9 May 2018.

17 Deferred taxes

Deferred tax liability movements:

At the beginning of year	10 794 981	9 940 513
(Credit)/debit to statement of profit or loss	(1 763 923)	854 184
Income tax relating to components of other comprehensive income	680 158	284
At the end of year	**9 711 216**	**10 794 981**

The deferred tax liability comprises of the effects of temporary differences arising from

Property	3 616 453	1 483 700
Prepayments and consumables	526 214	1 339 226
Equipment	6 250 432	7 971 280
Quoted investments	1 252	775
Provisions	(683 135)	-
	9 711 216	**10 794 981**

Notes to the Consolidated Financial Statements

For the year ended 31 March	2018 US$	2017 US$
17 Deferred taxes (continued)		
Deferred tax asset movements:		
At the beginning of the year	(123 043)	(123 043)
Debit to statement of profit or loss	123 043	-
At the end of year	-	**(123 043)**
The deferred tax asset comprises of the effects of temporary diferences arising from:		
Property	-	20 220
Equipment	-	44 079
Tax loss of a subsidiary	-	(187 342)
	-	**(123 043)**
18 Trade and other payables		
Trade payables	51 777 242	40 094 882
Accruals and other payables	16 536 073	8 090 532
	68 313 315	**48 185 414**

The average credit period on purchases is 30 days. The Group manages its financial risk by ensuring that all payables are paid within pre-agreed credit terms. The Directors believe that the carrying amounts represent the fair value.

	2018 US$	2017 US$
19 Cash flow information		
19.1 Cash generated from trading	**31 622 573**	**16 594 752**
Profit before tax	23 600 546	8 884 947
Adjust for:		
Finance costs	856	87 226
Depreciation	8 087 214	7 758 654
Share based payments expense	286 308	239 000
Employee share participation costs	100 000	-
Interest income	(433 006)	(341 953)
Profit on sale of property and equipment	(19 345)	(33 122)
19.2 Working capital changes	**5 801 082**	**8 554 135**
Increase in inventories	(12 510 800)	(4 919 237)
Decrease in trade and other receivables	119 941	3 859 236
(Increase)/decrease in prepaid expenses and merchandise supplies	(1 835 960)	1 482 553
Increase in trade and other payables	20 027 901	8 131 583
19.3 Net finance income	**432 150**	**254 727**
Finance costs	(856)	(87 226)
Interest income	433 006	341 953
19.4 Tax paid	**(7 037 506)**	**(2 311 003)**
Asset at beginning of the year	1 107 337	770 488
Current tax charge for the year	(8 610 097)	(1 974 154)
Liability/(asset) at end of the year	465 254	(1 107 337)
19.5 Dividend paid	**(5 209 984)**	**-**

For the year ended 31 March	2018 US$	2017 US$

19 Cash flow information (continued)

19.6 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, and short-term investments. Cash and cash equivalents at the end of the year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2018 US$	2017 US$
Cash and bank balances	16 469 269	10 552 813
Short-term investments	7 000 000	2 014 020
	23 469 269	**12 566 833**

Included in cash and cash equivalents are balances with banks. These balances are used for transacting on a daily basis. The Reserve Bank of Zimbabwe through Exchange Control Operational Guide 8 (ECOGAD 8) introduced a foreign payments priority list that has to be followed when making foreign payments. Any foreign payments that are made from the bank balances above are ranked based on the Reserve Bank of Zimbabwe prioritization criteria and paid subject to the bank having adequate funds with its foreign correspondent banks. This has resulted in increase in foreign creditor balances compared to prior year.

Cash and cash equivalents include bond notes. Bond notes are a debt instrument which has been disclosed under cash and cash equivalents since it meets the definition of cash and cash equivalents and is pegged at 1:1 with the US$.

20 Directors

20.1 Directors emoluments

	2018 US$	2017 US$
For fees as Directors	211 450	134 210
For managerial services	1 320 361	2 170 722
	1 531 811	**2 304 932**

20.2 Directors' shareholding

At 31 March 2018, the Directors held directly and indirectly the following number of shares in the Group:

	2018	2017
A. E. Siyavora	6 473 570	2 625 195
A. R. Katsande	17 351 768	16 226 048
D. B. Lake	26 572	26 572
R. Mavima	600	-
R. J. Moyo	40 161 585	-
V. W. Zireva	-	19 028 926
	64 014 095	**37 906 741**

Notes to the Consolidated Financial Statements

For the year ended 31 March	2018 US$	2017 US$
21 Related party transactions and balances		
21.1 Compensation of key management personnel		
Short-term employment benefits	3 447 576	2 057 956
Post-employment benefits	309 388	331 112
Share-based payments	286 308	239 000
	4 043 272	**2 628 068**
21.2 Loans to key management personnel	**2 674 531**	**-**

These loans were in respect of the exercise of share options as explained in note 15.

22 Commitments for capital expenditure		
Authorised but not contracted for	**20 620 514**	**17 479 000**

The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.

23 Earnings per share		
Earnings attributable to shareholders	16 631 329	6 056 609
Profit on sale of property and equipment	(19 345)	(33 122)
Headline earnings	**16 611 984**	**6 023 487**

Basic earnings
The calculations are based on the earnings attributable to ordinary shareholders. Account is taken of the weighted number of shares in issue for the period during which they have participated in the income of the Group and these amount to 1 168 353 576 (2017: 1 160 518 426) at reporting date.

Headline earnings
Headline earnings per share are calculated by dividing the headline earnings by the same divisor used in the attributable earnings basis.

Diluted earnings
The calculation is based on the earnings attributable to ordinary shareholders and the number of shares in issue after adjusting to assume conversion of share options not yet exercised. Dilution arising in respect of share options granted amounted to 62 052 740 shares (2017: 56 264 160).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

24 Financial risk management

24.1 Treasury risk management

Senior executives of the Group meet on a regular basis to analyse, amongst other matters, interest rate exposures and report positions to the Board. The Group's exposure at the reporting period is as detailed below.

24.2 Foreign exchange risk management

The Group conducts business predominantly in United States Dollars. Limited exchange risk occurs between the stage of accepting other currencies at the point of sale and the point of conversion of those other currencies to United States Dollars at the bank. This is managed by converting the amounts as soon as they are received to avoid or minimize exchange losses occasioned by movements in exchange rates.

The following United States Dollar cross rates with major transacting currencies for the Group were applied at:

	31 March 2018	31 March 2017
USD/ZAR	11.98	13.12
USD/BWP	9.64	10.43
GBP/USD	0.72	1.23
EURO/USD	0.82	1.06

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Currency of South Africa (ZAR)	6 475 184	-	8 648 807	1 491 424
Currency of Botswana (BWP)	-	-	479 977	113 690
Currency of United Kingdom (GBP)	-	-	304 447	245 407
Currency of European Union (EURO)	-	-	244 391	129 917

24.3 Interest rate risk management

Group policy is to adopt a non-speculative approach to managing interest rate risk. Approved funding instruments include bankers' acceptances, call loans, overdrafts, commercial paper and long-term loans. Approved investment instruments include term and call deposits, which are placed with reputable financial institutions.

24.4 Liquidity risk management

The Group has no significant liquidity risk exposure as it has unutilised banking facilities of US$10 million. The Directors of the Group may, at their discretion, borrow money and secure repayment thereof provided that the aggregate amount owing at any one time shall not exceed twice the total equity reserves. Borrowings in excess of the specified limit require prior sanction of shareholders in a general meeting. The following table details the Group's remaining contractual maturity for its financial assets and liabilities. The table has been compiled based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to repay the liability.

For the year ended 31 March 2018

24 Financial risk management (continued)

24.4 Liquidity risk management (continued)

	Less than 12 months US$	1 to 5 years US$	+ 5year US$	Total US$
2018				
Trade and other payables	68 313 315	-	-	68 313 315
Trade and other receivables	4 099 645	-	-	4 099 645
Short-term loans	3 335 063	-	-	3 335 063
Short-term investments	7 000 000	-	-	7 000 000
Cash and cash equivalents	16 469 269	-	-	16 469 269
	30 903 977	**-**	**-**	**30 903 977**
2017				
Trade and other payables	48 185 414	-	-	48 185 414
Trade and other receivables	4 981 435	-	-	4 981 435
Short-term loans	93 356	-	-	93 356
Short-term investments	2 014 020	-	-	2 014 020
Cash and cash equivalents	10 552 813	-	-	10 552 813
	17 641 624	**-**	**-**	**17 641 624**

The liquidity risk on foreign creditors and lenders has increased due to delay of foreign payments. Refer to note 19.6 for additional disclosures under cash and cash equivalents.

24.5 Credit risk management

Credit risk arises mainly from trade and other receivables. The Group uses publicly available financial information and its own trading records to rate its customers. Customer banking records are also reviewed. Credit exposure is controlled by counterparty limits that are reviewed and approved by management.

24.6 Capital risk management

The Group's primary objectives in managing capital are:

- To guarantee the ability of the entity to continue as a going concern whilst providing an equitable return to the shareholders and benefit to customers and other stakeholders.
- To maintain a strong fallback position which is commensurate with the level of risk undertaken by the entity in the normal course of its business.

The entity's capital consists of equity attributable to the shareholders, comprising the issued share capital, reserves and retained income as disclosed in the statement of changes in shareholders' equity. The entity's operating target is to maintain operating assets at a level that is higher than the available operating funds at all times in order to restrict recourse on shareholders' equity for operational funding.

The objectives were met at all times during the course of the year under review.

The gearing ratio for the Group is 0% (2017:0%).

25 Fair value of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

26 Insurance cover

The Group's assets are adequately insured at full replacement cost.

27 Segment information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. For the purpose of decision making, allocation of resources and assessment of performance, senior management consider the Group to be a single operating unit. Consequently no segment information is presented.

28 Subsidiaries

Details of the Group's operating subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the parent company	
			31/03/18	31/03/17
Eriswell (Private) Limited	Leasing of property	Harare, Zimbabwe	100%	100%
Swan Technologies (Private) Limited	Dormant	Harare, Zimbabwe	100%	100%
Winterwest (Private) Limited	House Boat Owning Company	Harare, Zimbabwe	100%	100%

All subsidiaries are wholly owned and insignificant to the Group hence no further disclosures are required.

29 Events after reporting period

Dividend

On 22 May 2018 the Directors declared a final dividend of 0.51 US cents per share based on the results for the year ended 31 March 2018. This brings the total dividend declared for the year to 0.71 US cents per share.

30 Contingent liabilities

The Group has a dispute with a third party arising from interpretation of legislation. Further information cannot be disclosed as this would prejudice the Group's position on the matter. Based on legal advice, the Directors believe that the likelihood of an outflow of economic benefits is low.

31 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 22 May 2018.

Report of the Independent Auditors to the members of OK Zimbabwe Limited

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REPORT ON THE AUDIT OF THE COMPANY STATEMENT OF FINANCIAL POSITION

Opinion

We have audited the company statement of financial position of OK Zimbabwe Limited ("the Company") as at 31 March 2018 and the related notes (together "the financial statement") set out on pages 64 to 65.

In our opinion, the accompanying financial statement has been prepared, in all material respects, in compliance with the recognition and measurement requirements of International Financial Reporting Standards (IFRSs) to give a true and fair view of the financial position of the Company as required by Section 142 (1) of the Companies Act (Chapter 24:03).

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 Financial Statement section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statement has been prepared for inclusion in the Company's annual report, wherein the Company's consolidated financial statements have been presented, in order that it may be presented together with those consolidated financial statements at the Company's annual general meeting as required by Section 144 (1) of the Companies Act (Chapter 24:03). As a result, the financial statement may not be suitable for any other purpose if read in isolation.

Key Audit Matters

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

Key audit matter	How the matter was addressed in the audit
Completeness and valuation of, and obligations on trade payables	
As set out in the financial statement, the Company has total trade and other payables amounting to US$68 239 447 (2017: US$48 062 190). Of this amount US$51,777 242 (2017: US$40 094 882) is specifically attributable to trade payables The Company sources retail merchandise from a number of local and foreign suppliers. Reconciliation processes over trade payables are therefore a critical control to ensuring the trade creditors' balances are complete and valued correctly.	Written confirmations were issued out to selected suppliers, under our control. We requested the suppliers to provide us with a response acknowledging the amount outstanding as at 31 March 2018. Tests of reconciliations of supplier balances were performed to ensure that reconciling items were valid and accurate.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF OK ZIMBABWE LIMITED (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT (continued)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
Completeness and valuation of, and obligations on trade payables	
Accordingly, the completeness and valuation of, and obligations on trade payables were considered to be a key audit matter.	We evaluated the reasonability of explanations for significant changes in the profile and mix of the entity's key trade creditors. We are satisfied that trade payables are complete and fairly valued as at the end of the reporting period, and the Company did have obligations for the amounts.

Key audit matter	How the matter was addressed in the audit
Existence and valuation of inventories	
As set out in the financial statement, the value of inventories at the end of the reporting period amounted to US$64 675 619 (2017: US$ 52 164 819). The Company's inventories make up 64.1% of its current assets and 37.1% of its total assets. There were risks identified concerning the existence of inventories due to the high value and number of inventories held by the Company in multiple locations across the country as well as the general increase in stock holding. The shortage of foreign currency has impacted the ability to purchase imported stocks with pressure on customer disposable income impacting the rate of sale certain stock items. The existence and valuation of inventories was therefore considered to be a key audit matter.	We observed the year-end inventory count at selected store locations with specific consideration over those locations with high likelihood of slow moving items, high shrinkage values & new branches. We evaluated the design and implementation of controls around the management of obsolete inventory. We assessed the reasonableness of the shrinkage recognised in current year. We performed pricing and net realisable value tests for a sample of inventory items. We found the valuation and existence of inventories for the year to be fair.

Responsibilities of Management and Those Charged With Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the recognition and measurement requirements of IFRSs and in the manner required by section 142 (1) of the Companies Act (Chapter 24:03), and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF OK ZIMBABWE LIMITED (continued)

Auditor's Responsibilities for the Audit of the Financial Statement (continued)

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 this financial statement.

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

- Identify and assess the risks of material misstatement of the financial statement, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

Report of the Independent Auditors to the members of OK Zimbabwe Limited

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statement 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.

Deloitte & Touche

Deloitte & Touche Chartered Accountants (Zimbabwe)
Harare
Zimbabwe

Per. Tumai Mafunga
(PAAB Practice Certificate Number 0442)

Date: 22 May 2018

Company Statement of Financial Position

As at 31 March	Notes	2018 US$	2017 US$
Assets			
Non-current assets			
Property and equipment	A	66 343 915	56 282 140
Investment in subsidiaries	B	3 583 455	3 483 455
Long-term receivables		3 124 574	3 032 237
Goodwill		400 000	400 000
Long-term investments		128 558	80 851
		73 580 502	**63 278 683**
Current assets			
Inventories		64 675 619	52 164 819
Trade and other receivables		3 765 708	4 678 932
Prepaid expenses and merchandise supplies		5 612 998	3 777 038
Short-term loans		3 335 063	93 356
Current tax assets		-	1 109 945
Short-term investments		7 000 000	2 014 020
Cash and cash equivalents		16 469 204	10 549 969
		100 858 592	**74 388 079**
Total assets		**174 439 094**	**137 666 762**
Equity and liabilities			
Capital and reserves			
Share capital		118 397	116 051
Share premium		30 361 090	27 338 961
Share based payments reserve		638 523	352 215
Investments reserve		124 068	76 838
Revaluation reserve		9 837 151	7 317 988
Non-distributable reserve		9 820 399	9 820 399
Retained earnings		45 651 407	34 099 712
		96 551 035	**79 122 164**
Non-current liabitilies			
Deferred tax liabilities		**9 183 983**	**10 482 408**
Current liabilities			
Trade and other payables		68 239 447	48 062 190
Current tax liabilities		464 629	-
		68 704 076	**48 062 190**
Total equity and liabilities		**174 439 094**	**137 666 762**

The Company's operations form a significant portion of the Group's results hence no separate company statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity are disclosed.

For and on behalf of the Board:

D. B. Lake	**A. E. Siyavora**	**M. Munyuru (Mrs)**
Chairman	**Chief Executive Officer**	**Group Secretary**

22 May 2018

Notes to the Company Statement of Financial Position

For the year ended 31 March		2018 US$	2017 US$
A	**Property and equipment**		
	Freehold property		
	Revalued amount	12 718 000	10 588 419
	Accumulated depreciation	-	(368 961)
		12 718 000	**10 219 458**
	Leasehold improvements		
	Cost	13 806 201	12 971 787
	Accumulated depreciation	(5 744 417)	(5 124 093)
		8 061 784	**7 847 694**
	Equipment		
	Cost	79 691 214	74 951 117
	Accumulated depreciation	(46 347 007)	(41 790 013)
		33 344 207	**33 161 104**
	Vehicles		
	Cost	8 671 196	7 468 610
	Accumulated depreciation	(4 758 399)	(4 412 883)
		3 912 797	**3 055 727**
	Work in progress	**8 307 127**	**1 998 157**
	Total property and equipment	**66 343 915**	**56 282 140**
B	**Investment in subsidiaries**		
	Eriswell (Private) Limited		
	Opening carrying amount	3 200 000	3 200 000
	Fair value adjustment	100 000	-
	Closing carrying amount	**3 300 000**	**3 200 000**

The investment represents the Group's 100% shareholding in Eriswell (Private) Ltd, a property owning company.

	2018 US$	2017 US$
Winterwest (Private) Limited		
Opening carrying amount	283 451	283 451
Additions	-	-
Closing carrying amount	**283 451**	**283 451**

The investment represents the Group's 100% shareholding in Winterwest (Private) Limited, a boat owning company

	2018 US$	2017 US$
Swantech Technologies (Private) Limited		
Opening carrying amount	4	4
Additions	-	-
Closing carrying amount	**4**	**4**

The investment represents the Group's 100% shareholding in Swan Technologies (Private) Limited, a computer and telecommunications development and marketing company.

Shareholders' Analysis

As at 31 March 2018

SHAREHOLDER DISTRIBUTION

	Number of shareholders	%	Issued shares	%
1-5 000	26 108	95.70	17 488 731	1.46
5 001-10 000	310	1.14	2 220 150	0.19
10 001-25 000	254	0.93	4 086 192	0.34
25 001-50 000	177	0.65	6 484 205	0.54
50 001-100 000	134	0.48	9 837 968	0.82
100 001-200 000	84	0.31	12 047 980	1.01
200 001-500 000	90	0.33	29 165 439	2.44
500 001-1 000 000	49	0.18	34 866 358	2.92
Above 1 000 000	76	0.28	1 079 697 211	90.28
Total	**27 282**	**100.00**	**1 195 894 234**	**100.00**

SHAREHOLDER BY INDUSTRY

	Number of shareholders	%	Issued shares	%
Pension Funds	256	0.94	394 168 570	32.96
Local Nominee	103	0.34	273 477 351	22.87
Insurance Companies	23	0.08	201 671 170	16.86
Local Companies	322	1.18	180 598 014	15.10
Local Individual Resident	25 939	95.13	51 811 545	4.34
Foreign Nominee	14	0.05	39 495 931	3.30
Foreign Companies	5	0.02	27 267 338	2.28
Trusts	33	0.12	22 364 391	1.87
Fund Managers	14	0.05	2 104 413	0.18
New Non-Resident	166	0.61	1 128 575	0.09
Other Investments & Trust	68	0.25	714 266	0.06
Deceased Estates	309	1.13	549 796	0.05
Foreign Individual Resident	15	0.05	378 276	0.03
Charitable	14	0.05	163 265	0.01
Employees	1	0.00	1 333	0.00
Total	**27 282**	**100.00**	**1 195 894 234**	**100.00**

TOP TEN SHAREHOLDERS

Shareholder	**Issued shares**	**%**
National Social Security Authority (NPS)	219 857 086	18.38
SCB Nominees 033663700084	219 565 763	18.36
Old Mutual Life Assurance Company Zimbabwe Limited	180 493 337	15.09
Stanbic Nominees (Pvt) Ltd	117 482 386	9.82
Old Mutual Zimbabwe Limited	57 111 651	4.78
Lasmid Investments (Pvt) Ltd	50 401 128	4.21
Datvest Nominees Foreign	40 161 585	3.36
Mining Industry Pension Fund	31 208 174	2.61
IAFPEF OKZL Management Partnership Trust (NNR)	27 138 023	2.27
National Social Security Authority (WCIF)	25 008 033	2.09
Other	227 467 068	19.03
Issued Shares	**1 195 894 234**	**100.00**

Notice to Members

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of Members of OK Zimbabwe Limited will be held in the OKmart Functions Room, First Floor, OKmart, 30 Chiremba Road, Hillside, Harare on Thursday 26 July 2018 at 15:00 hours for the following purposes:

ORDINARY BUSINESS

1. **CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS**
   To receive, consider and adopt the audited financial statements of the Company for the year ended 31 March 2018, together with the reports of the Directors and Auditors thereon.

2. **DIVIDEND**
   To confirm the payment of an interim dividend of 0.20 US cents per share and a final dividend of 0.51 US cents per share giving a total dividend of 0.71 US cents per share for the year ended 31 March 2018.

3. **DIRECTORATE**
   3.1. Mr. Andrew Stuart McLeod was appointed to the Board with effect from 1 March 2018. In terms of Article 107 of the Articles of Association, Mr. McLeod retires from the Board at the meeting. Being eligible, he offers himself for re-election.

   3.2. In terms of the Company's Articles of Association, Mr. Herbert Nkala is scheduled to retire by rotation at the conclusion of the meeting. Being eligible, he offers himself for re-election.

   3.3. To note the retirement of Mrs. Martha Tumani Rukuni who retires by rotation at the end of the meeting but does not offer herself for re-election.

   3.4. To note the retirement of Messrs. Ronald van Solt, William Nicholas Alexander and Mark Christopher Jennings during the course of the year.

   3.5. To approve the fees paid to the Directors during the financial year ended 31 March 2018.

4. **AUDITORS' FEES AND APPOINTMENT OF AUDITORS**
   4.1. To approve the auditors' fees for the past financial year.

   4.2. To reappoint Messrs. Deloitte & Touche Chartered Accountants (Zimbabwe) as Auditors of the Company for the ensuing year.

SPECIAL BUSINESS

5. **ADMINISTRATION OF THE SHARE OPTION SCHEME RULES**

To consider, and if deemed fit, pass with or without modification, the following resolution:

As an Ordinary Resolution

5.1 **THAT** in accordance with Clause 11.1 of the Share Option Scheme Rules, as part of his retirement package, the Directors resolved to extend the exercise period for 7,901,200 Share Options granted to Mr. Willard Vimbai Zireva prior to his retirement from the Company beyond the normal twelve months to six years. The Members hereby approve and ratify the action taken by the Directors.

6. SHARE OPTION SCHEME - 2019

To consider, and if deemed fit, pass with or without modification, the following resolution:

As an Ordinary Resolution

6.1. **THAT** the Directors be and are hereby authorized to establish a share option scheme effective from the 1st of April 2019 to be called "Share Option Scheme – 2019" and to grant options in respect of the rules of the Scheme, such options in aggregate not exceeding 59,870,297 (Fifty nine million eight hundred and seventy thousand two hundred and ninety seven) ordinary shares, being 5% of the 1,197,405,994 (one billion one hundred and ninety seven million four hundred and five thousand nine hundred and ninety four) ordinary shares in issue as at 31 May 2018.

6.2. **THAT** the Share Option Scheme – 2016 be withdrawn with effect from the date of commencement of Share Option Scheme - 2019;

6.3. **THAT**, with effect from the date of commencement of Share Option Scheme - 2019, no further options shall be granted under the Share Option Scheme – 2016 but without prejudice to the subsisting rights of any participants already granted Options prior to the termination of the 2016 Scheme.

7. ALLOTMENT OF SHARES TO THE OK EMPLOYEES SHARE PARTICIPATION TRUST

To consider and, if deemed fit, pass, with or without modification, the following resolution:

As an Ordinary Resolution

7.1. **THAT** the Directors be and they are hereby authorized to allocate 549,676 (Five hundred and forty nine thousand six hundred and seventy six) ordinary shares to the OK Employees Share Participation Trust through an allotment from the Company's unissued shares held under the control of the Directors in terms of a Shareholders' Resolution dated 23 August 2001.

7.2. **THAT** the Directors be and they are hereby authorized to allocate, at the end of each financial year, to the OK Employee Share Participation Trust through an allotment from the Company's unissued shares such shares as may be required should the Trust's shareholding in the Company be below 2% of the issued share capital of the Company at the end of each financial year.

EXPLANATORY NOTES

1. Share Option Scheme - 2019

Article 3 of the Company's Articles of Association stipulates that the allotment or disposal of any unissued shares in the existing capital of the Company and any new shares in any increased capital, or in the terms upon which such shares may be issued or disposed of, shall be decided by the Company in general meeting, provided that the Company in general meeting may empower the Directors to allot or dispose of the same upon such terms and conditions as the Directors in their discretion think fit.

At the Annual General Meeting held on 23 July 2015 Shareholders authorized the Directors to establish a share option scheme and to grant options not exceeding 58,496,109 (Fifty eight million four hundred and ninety six thousand one hundred and nine) shares in terms of the rules of that scheme. Of these, 1,633,000 shares had not been granted as at 31 May 2018. The Company has to continue to offer meaningful incentives to both existing and new executives and senior management. Accordingly, the Directors hereby propose that a new Share Option Scheme be established with effect from the 1st of April 2019. Any shares not yet granted to employees in terms of the Share Option Scheme – 2016, will be withdrawn immediately upon the establishment of the proposed new scheme.

Notice to Members

2. Allotment of shares to the OK Employees Share Participation Trust

In terms of the Deed of the OK Employee Share Participation Trust, 2% of the issued share capital of the Company should be held by the Trust for the benefit of employees of OK Zimbabwe Limited. As at 31 May 2018, the Trust held 23,398,443 ordinary shares, representing 1.95% of the issued share capital of the Company. Accordingly, the Directors hereby propose the allocation of 549,676 (five hundred and forty nine thousand six hundred and seventy six) additional ordinary shares in OK Zimbabwe Limited to the Trust. The effect of this additional donation will be to increase the Trust's shareholding in the Company to 23,948,119 ordinary shares, thus enabling it to retain its 2% shareholding.

In terms of a resolution of shareholders dated 23 August 2001 the entire authorized but unissued shares in the share capital of the Company were placed under the control of the Directors. Subject to approval by shareholders, Directors are therefore authorized to allot unissued shares as proposed in Resolutions 6 and 7.

ANY OTHER BUSINESS

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

APPOINTMENT OF PROXY

In terms of the ***Companies Act [Chapter 24:03]***, a member of the Company is entitled to appoint one or more proxies to attend, vote and speak in his or her stead. A proxy need not be a member of the Company. Proxy forms must be deposited at the registered office of the Company not less than forty-eight (48) hours before the time appointed for holding the meeting.

ELECTRONIC ANNUAL REPORT

The Company's 2018 Annual Report is now available on the Company's website http://www.okziminvestor.com/. Electronic copies of the Annual Report have also been emailed to those shareholders whose e-mail addresses are on record.

BY ORDER OF THE BOARD

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Margaret Munyuru (Mrs.)
Group Secretary

4 July 2018

Shareholders' Calendar

Seventeenth Annual General Meeting	26 July 2018
Next financial year end	31 March 2019
ANTICIPATED DATES	
Interim reports for 2019	9 November 2018
Annual report published for 2019	June 2019
Eighteenth Annual General Meeting	July 2019

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INVITATION TO REGISTER ON OK ZIMBABWE INTERACTIVE INVESTOR WEBSITE

We encourage you to register on our website **www.okziminvestor.com** to enable you to access updates and all information you need to make informed investment decisions and monitor management's efforts to create shareholder value. We value your feedback.

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