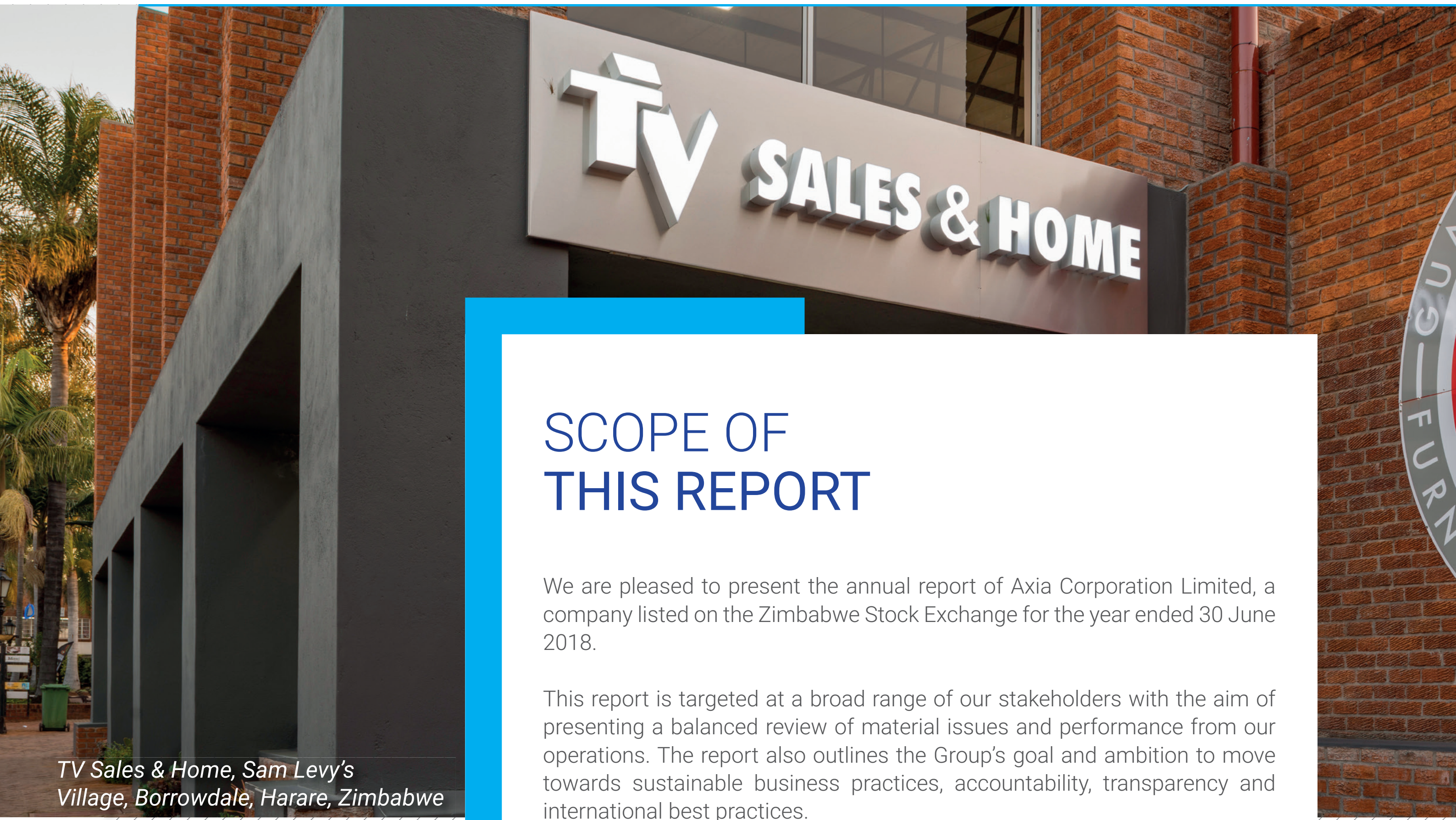
QUALITY | SERVICE | FULFILMENT

AXIA CORPORATION LIMITED

ANNUAL REPORT 2018



TV Sales & Home, Sam Levy's Village, Borrowdale, Harare, Zimbabwe

SCOPE OF THIS REPORT

We are pleased to present the annual report of Axia Corporation Limited, a company listed on the Zimbabwe Stock Exchange for the year ended 30 June 2018.

This report is targeted at a broad range of our stakeholders with the aim of presenting a balanced review of material issues and performance from our operations. The report also outlines the Group's goal and ambition to move towards sustainable business practices, accountability, transparency and international best practices.

REPORTING FRAMEWORKS

This annual report is structured to reflect our objectives of complying with sustainability reporting standards of the Global Reporting Initiatives (GRI). The non-financial section of this report is prepared in accordance with the applicable GRI Standards.

Our financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and audited by Deloitte & Touche (Chartered Accountants Zimbabwe) in accordance with International Standards on Auditing (ISA). An independent auditors' report on the financial statements is contained on Pages 32 - 36.

FORWARD LOOKING STATEMENTS

Certain statements in this report constitute 'forward looking statements'. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performances, objectives or achievements of Axia Corporation Limited to be materially different from future results, performance, objectives or achievements expressed or implied in forward looking statements.

We welcome your feedback on our reporting and any suggestions you have in terms of what you would like to see incorporated in our report for 2019. To do so, please contact Nadia Verwey on email admin@axiaops.com or +263 (24) 277 6998/277 6273.

Luke Ngwerume
Non-Executive Director - Chairman

John Koumides
Group Chief Executive Officer

Axia Corporation Limited

ANNUAL REPORT **2018**

CONTENTS

OVERVIEW

STRATEGIC LEADERSHIP AND GOVERNANCE

PERFORMANCE

ANNEXURES

VISION

To create value through the provision of high quality consumer and durable goods in Zimbabwe and the Region.

MISSION STATEMENT

- To sustainably and profitably distribute, market, merchandise and retail leading consumer and durable goods, thereby growing stakeholder value; and
- To enable easier access to high quality consumer and durable goods at reasonable prices to our customers.

VALUES

- Integrity
- Fairness
- Entrepreneurship
- Quality
- Accountability
- Teamwork

For an Online version of this report and additional information, visit http://www.axiacorpltd.com

Group Structure and Activities

COMPANY OVERVIEW

Axia Corporation Limited ("Axia") was incorporated on 24 February 2016 and on 1 April 2016 acquired, through a scheme of reconstruction, the net assets of Innscor Africa Limited's Speciality Retail and Distribution business, in exchange for 541 593 440 shares in Axia. A new head office structure for Axia was established with effect from 1 April 2016 to monitor and support the operations of Axia's subsidiary companies. Axia listed on the Zimbabwe Stock Exchange on 17 May 2016, following its unbundling from Innscor Africa Limited. Axia adopted 30 June as its financial year end.

Axia Corporation Limited operates within the speciality retail and distribution sector. It has three operating business units, namely TV Sales & Home (TVSH), Transerv and Distribution Group Africa (DGA). TVSH is the leading furniture and electronic appliance retailer with sites located countrywide. Transerv retails automotive spares, by utilising multiple channels to service the needs of its customers countrywide. The business operates through a network of its homegrown branded Transerv retail branches, franchised Midas retail branches and numerous fitment centres. DGA is a large and successful distribution and logistics concern, with operations in Zimbabwe, Zambia and Malawi. Its core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled/frozen warehousing, logistics, marketing, sales and merchandising services.

SPECIALITY RETAIL

TV SALES & HOME

TV Sales & Home	43*

TRANSERV

Transerv	21
Midas	3
Transerv Fitment Centre	15
Auto Cycle Centre	1
Zimbabwe Spares Wholesalers (ZSW)	1
Clutch and Brake Specialists (CBS)	1
ADCO	1

* The number in front of a brand represents the total outlets open as at 30 June 2018

DISTRIBUTION

DISTRIBUTION GROUP AFRICA ZIMBABWE

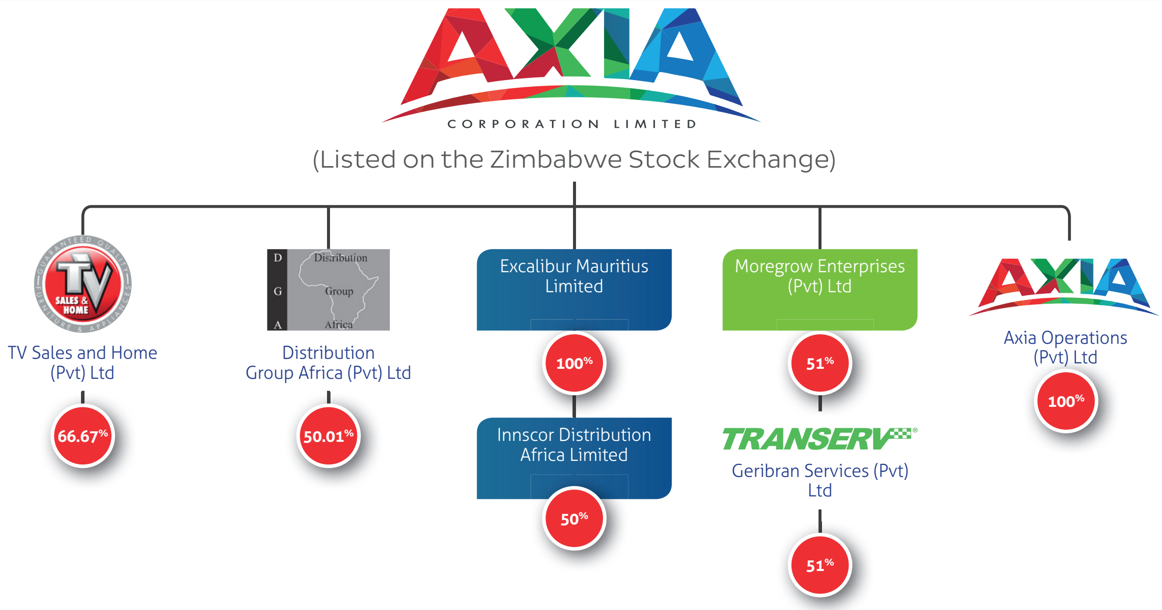
Innscor Distribution
Comox Trading
Eagle Agencies
Snack Sales and Distribution
Freshpro
Vital Logistics
Baobab Africa
Hat On Investments

DISTRIBUTION ZAMBIA

Innscor Distribution
Comox Trading
Mukwa Distribution

DISTRIBUTION MALAWI

Innscor Distribution
Comox Trading

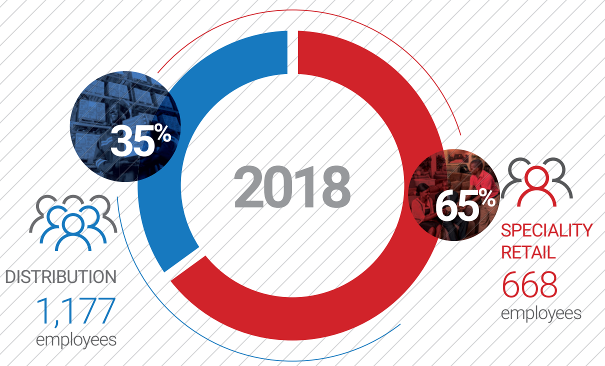


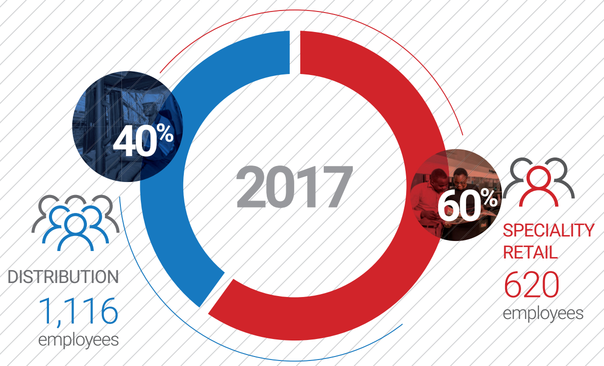
Summary Group Financial Performance

for the year ended 30 June 2018

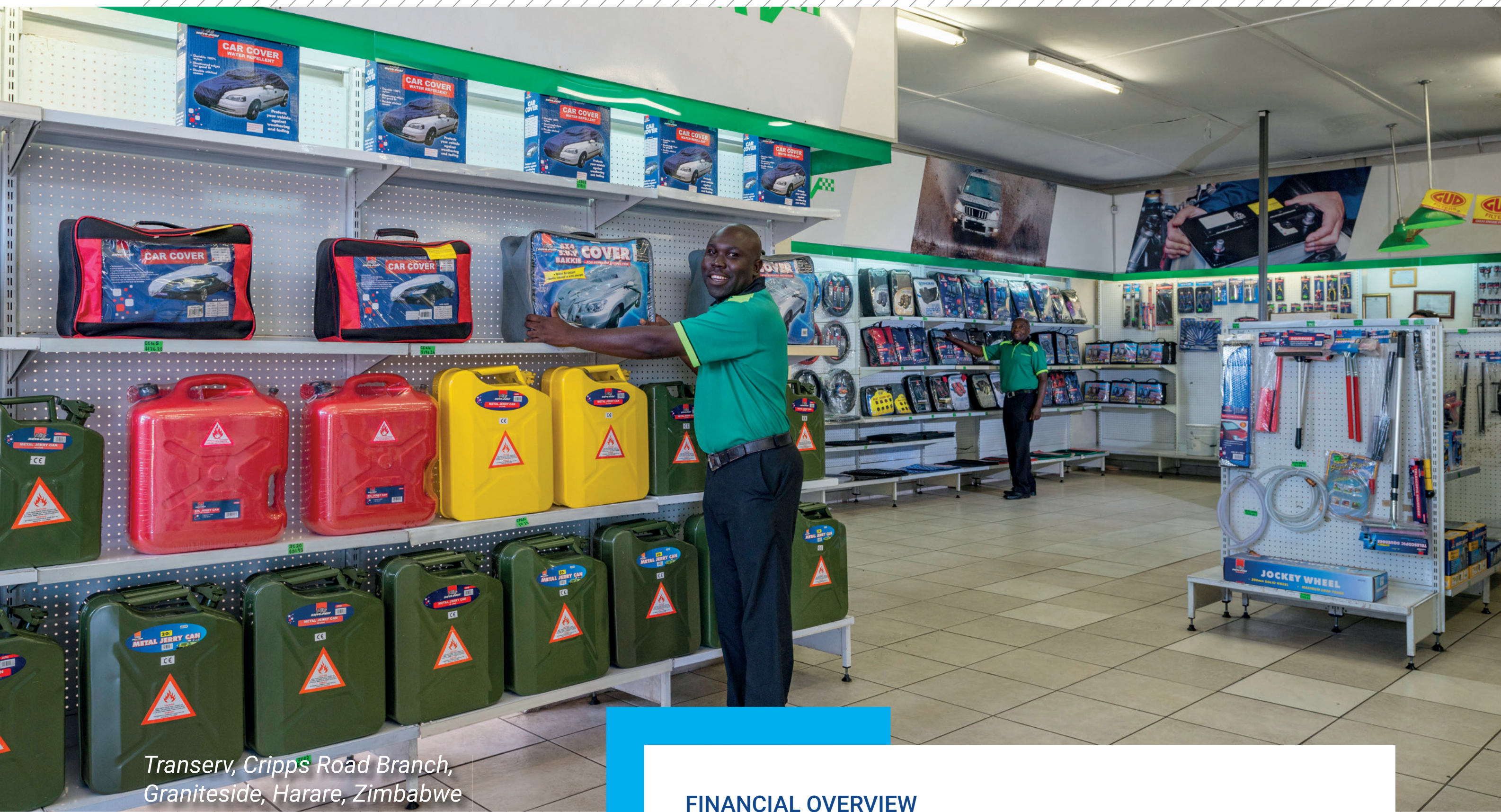
	2018 USD	Restated 2017 USD
Group Summary		
Revenue	275 925 217	211 421 504
Operating profit before impairment, depreciation, amortisation and fair value adjustments	25 808 254	17 692 085
Profit before tax	24 334 957	17 265 120
Profit for the year attributable to equity holders of the parent	10 952 910	7 415 322
Cash generated from / (utilised in) operating activities	1 694 402	(1 934 368)
Net assets (attributable)	40 883 389	34 145 107
Share Performance (cents)		
Basic earnings per share	2.02	1.37
Headline earnings per share	2.02	1.37
Ordinary Share dividends declared and paid during the year:	3 981 354	1 649 390
Interim dividend per share	0.40	0.24
Final dividend per share	0.32	0.22
Special dividend per share	—	0.08
Ordinary Share dividends per share declared during the year	0.72	0.54
Class "A" ordinary share dividends declared during the year	190 200	78 400
Market price per share - 30 June (cents)	22.00	9.72
Number of shares in issue at 30 June	541 593 440	541 593 440
Market capitalisation	119 150 557	52 642 882

Percentage Contribution to Operating Profit





Chairman's Statement and Review of Operations



Transerv, Cripps Road Branch, Graniteside, Harare, Zimbabwe

REVENUE

US$275.925 million

The Group reported revenue of US$275.925 million during the year to achieve a 31% growth on the comparative period.

FINANCIAL OVERVIEW

The Group registered a good performance in an environment of increased risks and opportunities and notwithstanding some challenges characterized by delays in making foreign payments to suppliers of goods and services, difficulties in securing import permits and constraints in the supply of some local products.

The Group reported revenue of US$275.925 million during the year to achieve a 31% growth on the comparative period. The Group sustained growth in profitability by recording an operating profit of US$25.808 million and a profit before tax of US$24.335 million for the year notwithstanding substantial once-off legacy charges recorded in the distribution businesses. Most of these once-off charges were incurred as a result of derecognising some historical debtors and inventory balances that arose as a result of a compromised control and governance environment. Management has dealt with the control environment issues and believes that they have cleared all historical balances as part of the balance sheet restructuring exercise in the affected subsidiaries.

Chairman's Statement and Review of Operations (continued)

Basic and Headline earnings per share for the year amounted to 2.02 US cents. Headline earnings were 47% above the comparative period and when adjusted for income earned on the derivative option, were 28% above prior year at 1.76 US cents.

Significant focus was placed on reducing the Group's foreign creditor positions and to secure additional inventory as a way to ensure superior offerings to customers. Although this has resulted in a significantly changed working capital profile, the Group managed to generate cash from operating activities.

The Group's capital expenditure for the year totalled US$3.997 million. Net borrowings have increased by US$10.558 million mainly to support strategic working capital investments resulting in increased gearing.

As advised in the interim report, the Board reassessed its position of control of Transerv, where the Group has an effective 26.01% share. The Group has equity accounted the results of Transerv and will only consolidate the business when an effective holding above 50% is achieved.

Following this reassessment, the comparative Statement of Profit or Loss and Other Comprehensive Income has been restated, together with the Statements of Financial Position, Statement of Changes in Equity and Statement of Cashflows to show the effect of equity-accounting for Transerv.

In addition, through a scheme of reconstruction, the Group has consolidated the results of Hat On Investments (Pvt) Ltd ("Hat On") and Baobab Africa (Pvt) Ltd ("Baobab") through its subsidiary Distribution Group Africa (Pvt) Ltd ("DGA"), with effect from 1 July 2017. The change in accounting treatment is notwithstanding the fact that there has been no change in the Group's effective shareholding in Baobab whilst the effective shareholding in Hat On increased by 0.02%. This change will improve efficiency in reporting, monitoring and control and other administrative work in the distribution business. The acquisition of Hat On and Baobab by DGA Zimbabwe resulted in goodwill of US$0.42 million on consolidation of DGA. Management has decided to immediately impair the US$0.42 million goodwill.


Distribution Group Africa - Zimbabwe, Arlington Estate Warehouse, Harare.

SUSTAINABILITY REPORTING

As part of our commitment to ensuring the sustainability of our businesses, the Group continues to apply the Global Reporting Initiatives (GRI's) Sustainability Reporting Guidelines. The Group will continue to uphold these practices and values across its operations to ensure that long-term business success is achieved in a sustainable manner.

OPERATIONS

The main operating business units in the Axia Corporation Limited Group are TV Sales & Home ("TVSH"), Distribution Group Africa (DGA) and Transerv. TVSH is the leading furniture and electronic appliance retailer with sites located countrywide. DGA's core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled warehousing, logistics, marketing, sales and merchandising services. Transerv retails automotive spares, by utilising multiple channels to service the needs of its customers.

Chairman's Statement and Review of Operations (continued)

TV Sales & Home, Sam Levy's Village, Borrowdale, Harare, Zimbabwe

CAPITAL EXPENDITURE

US$3.997 million

The Group's capital expenditure for the year totalled US$3.997 million.

TV Sales & Home

TV Sales & Home achieved a great result with a 19% increase in units sold over the prior year, which translated into a turnover growth of 36% driven by significant growth in both cash and lay bye sales. The instalment debtors' book decreased by 11% over the comparative period as credit sales slowed in the first half of the financial year. Credit sales grew in the last quarter of the financial year, arising from promotions and credit deals which were well received by the market and are promising to show significant growth in the new trading year. The quality of the book remained good throughout the year.

Chairman's Statement and Review of Operations (continued)

TV Sales & Home (Continued)

Inventory levels remain good and more focus has been placed on locally manufactured goods. The local manufacturers have managed to supply stock at a very good rate, however these partnerships are key in ensuring that supplies remain high. Management has continued to support the key suppliers to assure continuity of production.

The business has continued to grow its store network by opening three new stores, two in Harare and one in Kadoma, whilst an underperforming store in Harare was closed during the financial year. This brought the total store network at June 2018 up to 43 outlets countrywide. The refurbished Borrowdale, Sam Levy Village, store has become the flagship store in the store network. Sites for additional stores have been identified and such stores are set to open before the end of the first half of the new financial year, in time for the peak trading season. Six stores were upgraded during the financial year and more stores are scheduled for upgrades, to world class standards, in the current financial year.

Distribution Group Africa - Zimbabwe

The Zimbabwean distribution group houses a number of leading brands such as Colgate, Kellogg's, Johnson & Johnson, Tiger Brands, Unilever, Rhodes, Pioneer, Irvines, Probrands and Pepsi. The business delivered a reasonably good set of results despite the issues of local supply stock outs, import permits, settling foreign suppliers as well as once-off charges processed during the financial year. DGA Zimbabwe recorded a 17% revenue growth over the comparative period owing to acquisition of subsidiary companies, Hat On and Baobab, as well as growth in existing business. Operating profit was 25% up from prior year.

As reported at half year, DGA (Zimbabwe and Region) was named as the 2017 "Johnson & Johnson – Distributor of the year in Africa", the 2017 "Colgate Palmolive Best Modern Trade Distributor in Africa" as well as a couple of awards from other principals like Pioneer Foods and Varun Beverages (Pepsi). This is as a result of management's drive to grow volumes. Management recognises that there remains a number of cases of duplicated functions and processes within the distribution group. Therefore, focus will also be directed towards rationalising these as necessary to enhance monitoring and control of this operation. Management is optimistic that by addressing control weaknesses noted during the year, profitability should

Chairman's Statement and Review of Operations (continued)

Distribution Group Africa (Private) Limited is the sole distributor of "Colgate - Pamolive" products in Zimbabwe

FINAL DIVIDEND

0.32

US Cents per share

The Board has declared a final dividend of 0.32 US cents per share in respect of all ordinary shares in the company.

Chairman's Statement and Review of Operations (continued)

increase in the forthcoming year.

Distribution Group Africa - Region

The regional operations reported a mixed set of results. Due to the competitive nature of the environment in the region, the growth in turnover did not translate into the desired profit return. Despite this, regional operations remain a critical component of the Group's distribution footprint to represent agencies held in Zimbabwe.

Malawi

Malawi recorded revenue growth of 32%, buoyed by an increase in the formal retail sector and the introduction of new principals such as Nestle and the re-launch of the Colgate Toothpaste 35g product. Growth in revenue filtered through to gross margin resulting in an increase in operating profit.

Zambia

In Zambia, revenue grew by 32% as a result of introduction of new product lines such as Fruit Tree and Tiger Brands. The growth was however achieved at low margin coupled with significant stock write offs on the back of the weakening local currency resulting in the business making a loss for the year. The business however retained all agencies and is well placed to continue servicing the Zambian retail sector.

Transerv

Transerv recorded an overall revenue growth of 31% against prior year. Volumes increased in the last quarter of the year, owing to right pricing and product availability. The business managed to maintain its footprint, across the country, as at previous financial year end. As advised in the interim report, an additional fitment center in Harare was opened in the first quarter of the financial year whilst an underperforming fitment center in Harare was closed. The one-stop concept of paired retail and Fitment Centers is giving the customer enhanced convenience and this has seen increased throughput. Management will continuously focus on procuring the right stock mix at the right price and continue to improve margins and profitability.

PROSPECTS

The Group is hopeful that in the medium to long term, the country will restore business confidence and offer good prospects for sustainable growth despite the current prevailing economic realities.

The Group will continue to manage inventory levels and meet its foreign payments timeously.

The Group maintains its goal to achieve organic and acquisitive growth, improve margins, grow volumes, generate free cash and continue to operate profitably and should thus create value for all stakeholders. Therefore, the Group will continue to scan the market for investment opportunities, to expand existing operations and to add synergistic and complimentary businesses in the speciality retail space as well as backward integrate into manufacturing to establish a ready export market through retail offering in the region as well as to improve its local penetration.

DIVIDEND

The Board has declared a final dividend of 0.32 US cents per share in respect of all ordinary shares of the Company. The dividend is payable in respect of the financial year ended 30 June 2018 and will be paid in full to all shareholders of the Company registered at close of business on the 12th of October 2018. The payment of this dividend will take place on or around the 23rd of October 2018. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 9th of October and ex-dividend as from the 10th of October 2018.

The Board has also declared a final dividend totalling US$86,000 to the Axia Corporation Employee Share Trust (Private) Limited which will be paid on the same date.

APPRECIATION

I express my sincere gratitude to the Board of Directors, executives, management and staff for their ongoing efforts especially for delivering such results in these difficult times. I also take this opportunity to thank the Group's valued customers, suppliers and other stakeholders for their continued support and trust throughout the financial year.

Ngwerume

L E M NGWERUME
Chairman
24 September 2018

Corporate Governance and Approaches

Group Governance and Management Approach

Axia Corporation Limited ("Axia") is committed to the principles of Corporate Governance as laid out in the National Code on Corporate Governance in Zimbabwe. The Directors recognise the need to conduct the affairs of the Group with principles of transparency, integrity, accountability and in accordance with generally accepted corporate practices, in the interests of its shareholders, employees and other stakeholders. This process enables the Group's shareholders and other stakeholders to derive the assurance that, in protecting and adding value to Axia's financial and human capital investment, the Group is being managed ethically, according to prudently determined risk parameters and in compliance with the best international practices.

Corporate Governance and Approaches (continued)

Mechanisms for Communication with Stakeholders

The Group provides various platforms for its stakeholders to communicate with its Board of Directors and senior management. Such platforms include the Annual General Meeting, press release announcements, announcements of interim and year-end results, investor briefings, annual reporting to shareholders and exercise of shareholders' voting rights.

Board and Management Ethics

The Group believes that it is the responsibility of the Board and management to lead by following acceptable ethical business practices. Therefore, all Directors and management are required to declare interests which might be deemed in conflict with their contracts with the Group.

Professional and ethical standards are an integral part of how the company conducts its business affairs. The Group recognises that investor and stakeholder perceptions are based on the manner in which the company, its Directors, management and staff conduct business. The Group therefore strives to achieve the highest standards of integrity and business ethics at all times.

Declaration of Directors' Interests

During the year under review, none of the Directors had any material interests which could cause significant conflict of interest with the Group's objectives. The beneficial interests of Directors and their families in the shares of the Group are disclosed under note 26.3.

Share Dealings

The company has a policy in line with the Zimbabwe Stock Exchange Listing Requirements prohibiting dealings in shares by Directors, officers, executive management and all Group staff for a designated period which is:

- one month prior to the end of the interim or annual reporting periods to the announcement of the interim or annual results or;
- any period when they are aware of any negotiations or in possession of price sensitive information not within the public domain.

Professional Advice

It is the Group's Policy that where justifiable, Directors shall be entitled to seek independent professional advice at the Group's expense on matters in the furtherance of their duties or in advance of the Group and its companies' value creation.

Board Structure

The primary responsibility of the Board is to discharge its fiduciary duty to the shareholders and the Company. The Board is accordingly the highest policy organ of the Company and also acts to direct strategy. The Board meets quartely to monitor the performance of management and to ensure proper control over the strategic direction of the Group.

The Board comprises two executive Directors, and three independent non-executive Directors and one non-independent non-executive Director.

The Board is made up of individuals with proven track records and a wide range of different skills and experience, which they employ for the Company's benefit. The Non-Executive Directors also provide crucial independence and guidance to the Company's strategic decision making process and corporate governance practices.

The Directors are allocated responsibilities in Sub-Committees where they have strategic strengths. Short biographies of each of the Directors are disclosed on page 14.

Each individual business within the Group has a formal Board with clearly defined responsibilities and objectives, for the day-to-day running of its operations. A comprehensive financial reporting system ensures that each business is brought to account on a monthly basis.

Directors remuneration

Remuneration packages for Directors are determined by the Group's Remuneration Committee. These packages include a guaranteed salary as well as performance related incentives linked to the acheivement of pre-set profit targets and levels of free cash flow. As at 30 June 2018, there were no loans from the Company to any Directors. As at 30 June 2018, 10 291 868 share options were granted to Directors and certain senior management and executives. No options had been exercised as at the end of the financial year. More details of the share option scheme are disclosed under note 26.4.2.

Corporate Governance and Approaches (continued)

Sub-Committees:

Committee	Members	Summary Roles & Responsibilities
Executive	J. Koumides (Chairman) R.M. Rambanapasi I. Bekker S. Gorringe C. Hodgson J. Kamasho S. Mushosho B. Muswaka	The Executive Committee is responsible for formulating, directing and implementing strategic decisions. The Committee meets monthly. The Committee is composed of two Directors and six senior managers.
Audit and Risk	T.N. Sibanda (Chairman) J. Koumides T.C. Mazingi	The Group has an audit and risk committee that assists the Board in the fulfilment of its duties. The audit and risk committee of the Board deals, inter alia, with compliance, internal control and risk management. The committee currently comprises of two indepedent non-executive Directors and one executive Director. The committee meets at least three times a year and its responsibilities include but are not limited to the following: • Ensuring that financial reporting across the Group is transparent, accurate and reliable; • Overseeing and managing the performance, functioning and effectiveness of the organisation's finance and risk functions and internal audit functions; • Assisting the Board in fulfilling its corporate governance oversight responsibility in regards to the identification, evaluation and mitigation of operational, strategic and external risks; • Monitoring and reviewing the organisation's risk management practices and risk related disclosures and; • Ensuring that the roles and functions of both internal and external audit are lucid and synchronised. Both the internal and external auditors meet regularly and have unrestricted access to the Audit Committee.
Remuneration and Nomination	T.C. Mazingi (Chairperson) L.E.M. Ngwerume J. Koumides T.N. Sibanda	The remuneration and nomination committee comprises three independent non-executive directors and one executive director. The remuneration and nomination committee's mandate has two primary responsibilities. It is to evaluate and sanction the appointment of, and remuneration packages for, all Board members, Executive Directors and senior management. In doing so, it will assemble a structure and strategy related to the terms of employment for employees, management and board members, as well as any compensation that aims to reward in a manner that attracts and retains talented individuals, and motivates employees to constantly seek to elevate and contribute to the Group's success. The committee is also responsible for orchestrating succession planning within the Company, particularly that of the chief executive and executive management.

Corporate Governance and Approaches (continued)

Attendance of Meetings during the financial year ended 30 June 2018 (from 1 July 2017 to 30 June 2018)

Name of Director	Year of appointment	Main Board / AGM		Audit and Risk Committee		Remuneration and Nominations Committee	
		Attended	Possible	Attended	Possible	Attended	Possible
L.E.M. Ngwerume^	2016	5	5	N/A	N/A	2	2
J. Koumides	2016	5	5	3	3	2	2
R.M. Rambanapasi	2016	5	5	N/A	N/A	N/A	N/A
Z. Koudounaris	2016	4	5	N/A	N/A	N/A	N/A
T.C. Mazingi*	2016	5	5	3	3	2	2
T.N. Sibanda+	2016	4	5	2	3	2	2

^ Chairperson of the Board
* Chairperson of the Remuneration and Nomination Committee
+ Chairperson of the Audit and Risk Committee

Mr Ray M. Rambanapasi, the Finance Director, attends the Audit Committee as an invitee.

Corporate Governance and Approaches (continued)

Board of Directors

Luke Ngwerume
Independent Non-Executive Chairman

Luke Ngwerume is an MBA graduate from the University of Cape Town Business School. He is a retired Group CEO of Old Mutual Zimbabwe, the largest integrated financial services group in the country. He comes from an investment background and is a seasoned business leader in the country. He sits on the Boards of Directors of Delta Corporation Limited, Cimas Medical Aid Society and Old Mutual Nigeria. He is currently leading an innovative financial services distribution digital business, the first of its kind in Zimbabwe. He was twice voted the Old Mutual African CEO of the year in 2011 and 2012.

John Koumides
Group Chief Executive Officer

John Koumides is a former partner of Deloitte in Harare. During his career, John spent nine years at Delta Corporation Limited where he served as Group Financial Director and his last year as Group Operations Director. Thereafter, John joined Innscor Africa Limited ("Innscor") as a Non-Executive Director in 2003. He was appointed the CEO of Innscor in 2003 until 2006 and was again appointed the CEO of Innscor for two years starting in 2013. In his last year at Innscor, John was the Executive Director of Corporate Finance and oversaw the company's unbundling and disposal processes.

Ray Rambanapasi
Group Finance Director

Ray Rambanapasi is a Chartered Accountant experienced in financial analysis, financial control and reporting, corporate finance and internal control. He joined Innscor Africa Limited in December 2011 as an Assistant Group Finance Manager and was promoted to Group Finance Manager in 2013. Prior to joining Innscor Africa Limited, Ray worked for PricewaterhouseCoopers ("PwC") where in his last year was an Assistant Audit Manager. Of the experience gained at PwC, he spent 6 months in the United States of America, New York City Office - Alternative Investments department, where he spent time coaching and supervising audit teams as well as reviewing valuations of private equity firms. Ray is also a holder of a Masters in Business Administration qualification from the Univeristy of Cape Town Business School.

Zinona Koudounaris
Non-Executive Director

Born in Zimbabwe, Zinona (Zed) Koudounaris completed his tertiary education at Rhodes University in South Africa where he attained a Bachelor of Commerce degree, majoring in Business and Computer Science. Zed is a founder shareholder of Innscor Africa Limited ("Innscor"). He was the driving force behind the initial creation and success of Innscor's core Quick Service Restaurant brands, now Simbisa Brands Limited. Zed has held a number of positions within Innscor, including Chief Executive Officer upon Innscor's listing in 1998. Zed remains highly active in pursuing strategic growth opportunities for Axia Corporation Limited and providing guidance to its management team. Zed currently sits on the Boards of Directors of Axia Corporation Limted, Innscor Africa Limited and Simbisa Brands Limited.

Thembiwe Mazingi
Independent Non-Executive Director

Thembiwe is a partner in the legal firm, Coghlan, Welsh & Guest, a position she has held since 1989, having joined the firm in 1982. Her responsibilities include providing legal services and advice on the law of property, conveyancing and notarial practice, trusts, estate planning, taxation, commercial law, corporate compliance and regulatory issues more particularly the interpretation of a diverse range of legislation, evaluating its impact on organisations and policy development, intellectual property law (patents, trademarks, industrial designs and copyrights).

Thembiwe holds a Masters in Business Administration from the University of Zimbabwe and sits on the Boards of Directors of Nicoz Diamond Insurance Company, Ariston Holdings Limited and African Century Limited.

Thembinkosi (Themba) Sibanda
Independent Non-Executive Director

Themba graduated from the University of Zimbabwe in 1978 majoring in Accounting, and subsequently joined Barclays Bank of Botswana at its Head Office in Gaborone. Having returned to Zimbabwe in the early 1980's he qualified as a Chartered Accountant. He has remained in the profession since, and has worked in compliance and audit for the past 36 years at Schmulian & Sibanda where he is the Principal. Themba currently sits on various Boards of Stock Exchange listed Companies including Delta Corporation Limited, Innscor Africa Limited, Padenga Holdings Limited and PPC Zimbabwe Limited. He currently chairs the Board of Edgars Stores Zimbabwe Limited. Themba is also a trustee of several organisations of a public character.

Directorate and Management

Board of Directors

Independent, Non-Executive Directors

* Luke Ngwerume (Chairman)
\+ * Thembiwe Mazingi
\+ * Thembinkosi Sibanda

Non-Independent, Non-Executive Directors

Zinona (Zed) Koudounaris

Executive Directors

\+ * ^ John Koumides
^ Ray Rambanapasi

\+ Members of the Audit and Risk Committee
* Members of the Remuneration and Nomination Committee
^ Members of the Executive Committee

Chairperson of the Audit and Risk Committee	-	Thembinkosi Sibanda
Chairperson of the Remuneration and Nomination Committee	-	Thembiwe Mazingi
Chairperson of the Executive Committee	-	John Koumides

Group Executives

John Koumides ^	Group Chief Executive Officer
Ray Rambanapasi ^	Group Financial Director

Divisional Management

SPECIALITY RETAIL

TV Sales & Home

Sean Gorringe ^	Chief Executive Officer
Joseph Kamasho ^	Finance Director

Transerv

Ilonka Bekker ^	Managing Director
Belinda Muswaka ^	Head of Finance

DISTRIBUTION

Distribution Group Africa - Zimbabwe

Craig Hodgson ^	Chief Executive Officer
Sevious Mushosho ^	Finance Director

Distribution Group Africa - Region

Innscor Distribution & Comox - Zambia

Rick Foden	Managing Director
Collen Alumando	Finance Director

Innscor Distribution & Comox - Malawi

Kennedy Muchenga	Managing Director

Sustainability Strategy & Governance

Group Strategic Approach

The Group strives to operate its business in a sustainable manner that recognises environmental and social impacts. The Group believes that identifying, measuring and being accountable to its stakeholders through sustainability reporting (Economic, Environmental, Social and Governance) has potential for long-term business success. To this end, the Group has moved towards sustainable business practices contained in the Global Reporting Initiatives (GRI's) Sustainability Reporting Standards in informing the way it will engage with its stakeholders, identify material issues, respond to matters and being accountable to its broad range of stakeholders.

Sustainability Strategy & Governance (continued)

The long term goal is to build business that is driven by inclusivity, responsiveness and sustainable business practices while contributing to sustainable development in the places it operates.

The Group will undertake capacity development of established Sustainability teams. These teams will be responsible for assisting management with the identification, management and disclosure of material issues pertaining to economic, environmental and social impacts and opportunities arising from the Group's operations using the GRI Sustainability Standards.

Supply Chain

The Group believes that sustainable supply chain is vital to maintaining and sustaining the Group's brand names and image. Therefore, the Group provides systems which ensure that all suppliers are screened in addition to their track record and consideration of sustainability issues such as environmental, social, behaviour, corruption, statutory compliance and human rights practices. The Group tries to ensure that most suppliers share its common values when it comes to sustainable business practices and contribution to sustainable development.

Sustainable Capital Management

The Group recognises the importance of sustainable capital management. The Group considers nature, human, intellect, finance, manufactured and social relations as capital for input into the Group's Business Model. As such, the Group philosophy is embedded and considers these aspects from a capital perspective in the Group's business models in creating and sustaining business value for its stakeholders in the short and long term.

Material Issues

The Group assessed the material issues raised by stakeholders during the engagement and assessment process, that were considered of high impact to the business. Material issues were identified through feedback from stakeholder engagement processes and evaluation of Business Units Management (Managing Directors, Human Resources Executives, Safety Health and Environmental consultants) for reporting to Group Executives. The Group evaluated the issues on their impact to the business and stakeholders for action and response. The Group considered material issues as those with high and significant impact on the environmental, economic and social aspects.

Report Boundary

The GRI Standards require that the report boundaries are mapped based on materiality and impacts. The process requires that we identify the impacts and where they are taking place. For this report, our impacts were identified based on the countries in which we operate, which are Zimbabwe, Malawi and Zambia. We derive data from these operations in this report to reflect the report boundaries.

Stakeholder Engagement

Our Approach

The Group believes that stakeholders are an integral capital contributing to the long term value creation and sustainability of the business. The Group's Stakeholder Engagement strategy is integrated with its risk and business development management. Material issues discussed during stakeholder engagement are assessed and weighted for appropriate action or responses. The issues are further collated at company level for Group Management attention in defining material issues for the report content and boundaries. Stakeholder engagement provides a crucial business strategy for identifying key risks and opportunities for responsiveness and value creation respectively. The Group believes that partnerships are an effective means for addressing economic, environmental and social challenges. The Group's stakeholder engagement approach is driven at company and Group level through active and proactive management approach in guiding the use of GRI Standards in stakeholder identification, prioritisation and engagement approaches. The table below presents material outcomes of key stakeholder engagement processes conducted by some of the Group's businesses during the year:

Stakeholder	Mode of Engagement	Material Issues Raised	Responses/Action Taken
Employees	• Workers' Committee • Employee workshops, meetings and training • Internal memos • Emails • Telephone	• Staff income and well-being • Skills and capacity development • Safety and health in the workplace	• Monitoring and evaluation reviews • Internal and public training
Customer Communities	• Customer Network events • Social media • Enquiries email • Informative brochures	• Delivery of value and competitive pricing • Broad product range and quality • Promotions	• Understanding customer needs • Continuous customer engagement • After sales service • Free deliveries within pegged radius • Access to all payment methods
Suppliers	• Supplier briefings • Workshops and meetings	• Procurement opportunities • Sustainable sourcing and pricing • Supply chain efficiencies • Quality assurance	• Continued engagements on options • Workable payment terms • Supplier screening
Shareholders	• Annual General Meetings • Investor and shareholder briefings • Annual and Interim reporting	• Business growth • Sustainable value creation • Managing business risks • Long term targets	• Looking for growth opportunities that create value to shareholders • Monitoring our operations and investments
Financial Institutions	• Formal meetings • Briefings	• Lending terms and interest • Access to foreign currency • Investment opportunities • Financial risk	• Formal negotiations and engagements • Impoved facilities and new options
Governance and Regulations	• Policy briefings, compliance inspections, formal meetings	• Regulatory compliance	• Provision of regulatory compliant product offerings • Business regulatory compliance • Submission of Statutory Returns
Local Community	• Engagement with local community including civic and wellfare organisations • Supporting disadvantaged members or areas in the community	• Employment opportunities • Community development • Animal and environmental conservation	• Sponsorships • Charity campaigns and donations • Refurbishments and renovations

Sustainability Performance

The Group continues to make progress in applying sustainability reporting as part of the business strategy for value creation. Sustainability reporting allows the Group to identify and manage economic, environmental and social impacts arising from business operations. In this first full year of operation, the Group identified environmental aspects such as energy, water and climate change as priority and material for the nature of our business operation and sustainability context.

In responding to social aspects, the Group prioritized human capital management and community investment as critical to the success of the business and how it delivers services to its valued customers. The Group's performance in responding to these aspects is a significant step as it works towards full application of GRI Standards in the coming year.

Economic Performance

The prevailing economic environment has an impact on the Group's performance. Prevailing outlook in which major economies have been slowing down has had economic effects prompting the Group to take appropriate measures while considering various alternative business opportunities.

Priorities

- Enhancing value creation to our stakeholders.
- Declining economic growth.
- Competition from cheap imports.
- Declining disposable income impacts on our products and services.
- Competitiveness of operating business environment.
- Investing in Community Social Development.

Management Approach

The Group is committed to building business that will continue to be sustainable while creating value for its shareholders and other stakeholders. The Group's approach is to ensure that its experienced teams with industry expertise, deep market knowledge and entrepreneurial creativity continue to manage all capitals deployed for value creation and sustaining growth in the short and long term.

Economic Value Distributed

The Group generates economic value through retail, distribution and maintenance services. Total value generated is presented in the financial statements. This economic value is distributed through key internal and external channels that includes leasing retail facilities, staff costs, distribution to customers as well as other operational costs. Externally, economic value is distributed to suppliers, government, disadvantaged and communities in need. Below are key distributions for the year:

Payments to Defined Contribution Pension Plan

Information	2018 USD	2017 USD
Local subsidiaries	293 358	246 478
Local joint venture operations	204 058	197 069
Regional subsidiaries	51 326	50 893
Total Paid	**548 742**	**494 440**

The Group's employees in Zimbabwe are covered under the National Social Security Authority, Innscor Africa Pension Fund and the Motor Industry Pension Fund. In the region, they are also covered by the National Pension Scheme Authority (NAPSA-Zambia) and the Group Pension Scheme operated by NICO Life in Malawi. Further details on Defined Contribution Pension Fund Coverage have been disclosed on note 38 to the financial statements.

Sustainability Performance (continued)

Staff, leasing and distribution costs

	2018 USD	2017 USD
Retail shop and warehouse leasing (subsidiaries)	3 754 564	3 448 682
Retail shop and warehouse leasing (joint ventures)	1 348 784	1 329 159
Staff costs	13 164 357	11 522 072
Staff costs (joint ventures)	4 259 195	4 195 902
Distribution costs	5 081 358	4 045 717

Value added Statement 2018

Economic value generated is distributed through different forms that include operating costs, employement, procurement, taxes and capital investment which is presented in detail through our financial statements. However, in this section, we present distributions considered significant to our stakeholders.

Economic Value Generation	Unit	2018	2017
Value Generated*	USD	64 237 146	49 030 402
Financial income, other income, fair value adjustments and interest income	USD	3 937 818	2 966 937
Equity accounted earnings	USD	798 823	263 306
	USD	**68 973 787**	**52 260 645**
Economic Value Distribution			
Staff costs and benefits	USD	(13 164 357)	(11 522 072)
Other operating costs	USD	(27 499 337)	(20 935 479)
Impairment and related charges	USD	(419 325)	–
Depreciation and amortisation	USD	(1 913 260)	(1 544 801)
Providers of debt capital	USD	(1 642 551)	(993 173)
Provisions for taxes	USD	(7 451 633)	(4 378 809)
	USD	**(52 090 463)**	**(39 374 334)**
Value Added	**USD**	**16 883 324**	**12 886 311**

* Value generated is derived from Revenue less Costs of generation of revenue.

Payments to Government

The Group makes various payments to Government as part of statutory obligations for economic development through Corporate tax, Value Added, Import duties, other taxes, levies and fees. Total payments to Government are through income taxes and are presented overleaf:

Sustainability Performance (continued)

Payments to Government (Continued)

Information	2018 USD	2017 USD
Income and withholding taxes (subsidiaries)	7 159 343	5 454 565
Income and withholding taxes (joint ventures)	1 174 400	919 713
Value added taxes (subsidiaries)	9 365 951	5 413 935
Value added taxes (joint ventures)	3 421 750	2 062 349
Customs duties (subsidiaries)	16 645 326	17 511 310
Customs duties (joint ventures)	1 082 783	3 800 000
	38 849 553	**35 161 872**

Environmental Performance

Energy

Management Approach

Conserving energy is a key priority in our business which requires that we promote energy efficiency in our operations. Our approach is that all non-core areas of our storage facilities that do not require lighting at all times have lighting switched off to conserve energy. Management is considering alternative renewable energy sources for business operations.

Performance

As retail business, energy efficiency is critical in the environment we operate. Energy utilisation for our business is driven by distributions to our customers and our operating facilities. Our distributions drive bio-fuels usage while electricity is for our retail shops, storage facilities and workshops. Consumption for the year is presented below:

Energy consumption outside the organisation

Energy type	Unit	2018	2017
Diesel	Litres	1 018 296	671 146
Petrol	Litres	277 654	18 186

Energy consumption inside the organisation

Energy type	Unit	2018	2017
Electricity	Kwh	1 008 000	1 043 276

Water

Management Approach

Managing water and conserving water from all the sources is a critical responsibility of our staff and management in all our operations.

Performance

Water is used in cleaning, sanitisation and consumption. Water usage for the year is presented below:

Source	Unit	2018	2017
Municipal water supplies	m3	377 699	290 660

Sustainability Performance (continued)

Climate change

Management Approach

Climate change is a global priority following the landmark progress resulting in the Paris Agreement which Zimbabwe ratified. The Group believes that it is critical to start making steps in measuring our carbon footprint from our energy sources for the business use. As part of our commitment to climate change response, we started by converting electricity and bio-fuel into carbon emission equivalency using DEFRA and Ecometrica factors based on Zimbabwe country factor. This will allow the Group to manage how it is impacting the climate.

Our Carbon footprint

For the financial year under review, our initial carbon footprint is presented below:

Energy type	Unit	2018	2017
Electricity	Kg C02/KwH	669 393	692 819
Bio-fuels (Diesel and Petrol)	Kg C02e/Litres	2 972 758	1 760 151

Waste Management

Management Approach

Waste management and its appropriate disposal process is of paramount importance to Axia Corporation Limited to which all our staff are responsible for. This process is given a lot of attention to ensure that disposal methods comply with the required and approved standards which take into consideration effects on the environment and climate. The table below shows the waste generated during the year and how it was disposed of:

Waste type	Disposal method	Units	2018	2017
Packing waste and scrap stationery	City Council Waste disposal	Tonnes	314	319

Business units within the Group manage waste arising from damaged, obsolete and returned inventories as follows:

TV Sales & Home

Obsolete and damaged stock is sold at marked down prices at the Factory shop. Customer returns of items still covered by warranty are returned to suppliers and Original Equipment Manufacturers for replacement.

Transerv

Old, obsolete or returned spares are sold at discounted prices at the retail shops. Damaged, unsalvageable and unsellable spares are crushed and disposed at approved dumpsites, operated by local authorities.

Faulty batteries covered by warranty are returned to and replaced by suppliers. Those falling outside warranty are sent to a local operator who has facilities to recycle these through a processing of smelting.

Distribution Group Africa

Waste arising from breakages and expired goods, due to the nature of the products handled is all disposed directly at approved dumpsites, operated by local authorities.

Human Capital Management

Social Cohesion and Community Investments

The Group strives to continuously improve and maintain human capital and community investments at appropriate standing for the purpose of ensuring the Group' s long term business success and sustainability. To optimise human capital contribution into our performance, the Group provides a work environment based on the values of fairness, opportunity creation, integrity, non-discrimination, equal opportunities, empowerment, decent working conditions, good health facilities and motivation activities. The Group believes that society is an integral part of the business, which the Group should continue to plough back to.

Priorities

- Providing employment opportunities.
- Minimising workplace health and safety incidences.
- Investing in human capital development.
- Enhancing employee well-being and capacity.
- Supporting community development.

Management Approach

The Group is committed to ensure operations are in compliance with labour laws, voluntary and international best labour practices and contribution to sustainable community development. The Group's approach is to identify potential health and safety risks, evaluate the risk and take appropriate measures to control or eliminate the risk. The Group's business units engage with communities and other stakeholder groups to identify potential need and contribution. The Group believes that the well-being of the society is integral in providing business opportunities and human capital, therefore the Group's investment is vital.

Performance

Human Capital Management

It is the Group's belief that employee engagement is linked to organisational performance, operational capacity and outcomes while maintaining existing staff motivated and compensated in accordance with performance and contribution.

Employee Engagement

Permanent and Contract Employees	Unit	2018	2017
Male	Count	1 613	1 486
Female	Count	236	254
Total Permanent and Contract Employees		**1 849**	**1 740**

Work related accidents/injuries

The Group observes strong consideration to incidences of safety and fatalities within its work places. Appropriate action is always taken where incidences that affect employees' well-being are noted.

	Unit	2018	2017
Total number of accidents/injuries	Incidence	25	27

None of the reported incidents resulted in fatalities.

Human Capital Management (continued)

Health and Safety topics covered in formal agreements with Trade Unions

During the year, major topics discussed with the Works Council and trade union were mainly related to Human Immunodeficiency Virus/Aquired Immunodeficiency Syndrome (HIV/AIDS), Cancer and general safety in the work place. Topics discussed were handled through our Employee Wellness programme whose activities are provided in the relevant section.

Learning and Development

Learning and development is a critical aspect of the Group's philosophy of investing in human capital that is well motivated, technically sound and equipped to provide efficient and effective customer service and production. The table below presents the average employee training time invested by the Group:

Average Training hours per Employee – Internal Training	Unit	2018	2017
Male	Hours	36	26
Female	Hours	32	24

Average Training hours per Employee – Public Training	Unit	2018	2017
Male	Hours	4	3
Female	Hours	3	3

The Group continues to manage and address issues of ensuring that there is equitable treatment at its work places.

Human Capital Management (continued)

Employee Wellness

Axia Corporation Limited understands that a healthy workforce promotes a healthy and integral enterprise. As such, the Group desires to sustainably provide the highest levels of health, wellness and safety to its employees. The Group wants to create a culture of health, where its employees become responsible for their individual well-being through informed, active participation in health and wellness activities. The Group continually wants to promote good health and safety of its employees.

Employee Total Wellness Centres

These are located in Harare and Bulawayo, and the Group's employees have access to effective health and wellness services. Employees enjoy health care services ranging from primary to specialised health care. Employees also have access to voluntary counselling services.

Programmes for the 2018 financial year were as follows:

Annual Wellness Day

The Group participates in an annual wellness day with companies such as Simbisa Brands Limited, Innscor Africa Limited and Padenga Holdings Limited, which continues to be a resounding success, year after year, and has turned out to be a family fun day. Various sporting activities were on offer for employees as well as health services like visual screening, dental screening, HIV testing & counselling and reproductive health planning.

The key highlight this year was the inception of wellness booths where employees would be checked and received "wellness passports" after all-round tests and checks for stress, general health checks, sexual reproductive health, eye testing, dental check-up, Voluntary Counselling and Testing (VCT), blood typing, Blood Pressure (BP) check, Body Mass Index (BMI), glucose testing as well as emotional counselling.

Retirement Seminar

Group employees were able to participate in the Retirement Seminar for employees above 50 years so that they prepare for their retirement. The seminar was hosted by Old Mutual. This had an overwhelming response as it left the employees equipped with an understanding of how to prepare for retirement and life after retirement. There was also an on-site training from the National Social Security Authority on Retirement benefits and financial wellness for those retiring.

Safety, Health, Environment And Quality (SHEQ) Management

The SHEQ services have been well received and implemented by employees across the country. Employees have been trained on emergency preparedness and risks and hazards in the workplace. Audits are ongoing throughout the Group.

Community Responsibilities

Social Cohesion And Community Investments

The Group believes that environmental and social factors are part of the business' operations and strategy. Therefore, responding to impacts from the Group's operations is a responsibility and business objective that has potential for our long-term business values. In the year under review, the Group undertook a number of initiatives aimed at assisting various social, academic, sporting and cultural initiatives.

Activities	Beneficiaries
Hellenic Academy International Debate Tournament	Hellenic Academy International Debate participants
Friends of Hwange Trust	National Park and Animal Conservation
KidzCan Children's Cancer Initiative	Special pediatric ward at Parerinyatwa Hospital
Zimbabwe Special Olympics	Special needs and disabled athletes
Miracle Missions shoebox project	Disadvatanged children across the nation
Donation of transporation services and animal feeds	Zimbabwe National Society for the Prevention of Cruelty to Animals

Educational Enhancement

Due to the huge success of the Hellenic Academy International Debate tournament ("HAID") which the Group, through its subsidiary Axia Operations (Private) Limited, proudly sponsored in 2017, Hellenic Academy took the decision to host another HAID in March 2018. The Group was once again proud sponsors of the tournament.

Community Outreach

TV Sales and Home ("TVSH") were proud to be a part of the refurbishment and furnishing of the KidzCan Family Lounge at Parirenyatwa Hospital Harare in the A4 Pediatric Special Children's Ward. The project started in February 2018 and concluded in June 2018. The lounge was renovated and TVSH donated furniture and electrical appliances as well as a cash donation towards cancer drugs for the children.

Transerv hosted a Charity Golf Day on 10th May 2018 in which funds were raised for the Zimbabwe Special Olympics. Their donation is to date the biggest donation ever received; ensuring the team were able to travel to Abu Dhabi in July 2018.

Charitable Causes

Distribution Group Africa (Private) Limited ("DGA") were proud to be part of the "Pass on the Kindness – Miracle Missions Shoebox Project" campaign driven by Hellenic School in October 2017. The aim was to fill shoeboxes which were then given to disadvantaged school going children in various areas of Zimbabwe. DGA donated biscuits, cooldrinks, energy bars, pens and beacon sweets to fill 175 shoeboxes.

Wildlife Heritage And Animal Welfare

The Group provided financial support for Friends of Hwange Trust (Hwange National Park) through their recent fund-raising event, Tour de Hwange Cycle Ride 23rd to 26th May 2018; the goal was to raise funds for the Friends of Hwange's activities in Hwange National Park. The Tour de Hwange, saw 19 riders cover approximately 120km over 4 days within the national park. The event was hugely successful having raised circa USD 25 000.

TVSH partnered with Zimbabwe National Society for the Prevention of Cruelty to Animals ("ZNSPCA") to assist with providing transportation of supplies and donations to ZNSPCA's out-of-town branches. After a break in, June 2018, at SPCA headquarters on the Airport Road in Harare, DGA donated a truck load of dry and tinned dog food as well as dog biscuits to assist the SPCA in continuing to feed the animals under their care. In the same month, DGA donated 10 by 8kg bags of dry dog food to the Friends Foundation for Animals.


KIDZCAN FAMILY LOUNGE
Sponsored by
TV Sales & Home
in partnership with
KidzCan Zimbabwe
KidzCan
ZIMBABWE
CHILDREN'S CANCER RELIEF

Business Association Memberships

General
Retailers Association of Zimbabwe

Other
Chartered Institute of Purchasing and Supply (CIPS)
Institute of Chartered Accountants Zimbabwe (ICAZ)
Association of Chartered Certified Accountants (ACCA)
Chartered Institute of Management Accountants (CIMA)

Recognitions and Awards

GROUP AWARDS
The Group received the "Best Board Governance Disclosures" award from the Institute of Chartered Secretaries and Administrators (ICSAZ) at the Excellence in Corporate Governance Awards.

BUSINESS AWARDS

TV Sales & Home
Confederation of Zimbabwe Retailers National Awards 2017 - **Best Furniture Retailer of the Year**
Confederation of Zimbabwe Retailers Manicaland Regional Awards 2017- **Furniture Retailer of the Year**

Distribution Group Africa
Zimbabwe Operations
Pepsi Millionaires' Club - **Fastest Growing Distributor in Africa**
Pepsi Millionaires' Club - **1 Million case sales**
ZIMRA - **Runner up highest dollar value contributor - Customs Duty 2017**
Johnson & Johnson - **Mass Distributor of the Year 2017**
Pioneer Foods - **Fruit Tree Performer of the Year 2017**
Zimbabwe Retailers & Wholesalers Awards - **Supplier of the Year - retailers choice (2nd runner up)**

Regional Operations
Colgate - **Best new product launch (Malawi)**

Distribution Group Africa - Zimbabwe, Arlington Estate Warehouse, Harare.

Axia Corporation Limited

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2018

ANNEXURES

Directors' Responsibility and Approval of Financial Statements

The Directors of the Company are required by the Zimbabwe Companies Act (Chapter 24:03) to maintain adequate accounting records and to prepare financial statements that present a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the profit and cash flows for the year. In preparing the accompanying financial statements, generally accepted accounting practices have been followed. Appropriate accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

The principal accounting policies of the Group are consistent with those applied in the prior year, and conform to International Financial Reporting Standards (IFRS).

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board of Directors recognises and acknowledges its responsibility for the Group's systems of internal financial control. Axia Corporation Limited (Axia) maintains internal controls and systems that are designed to safeguard the assets of the Group, prevent and detect errors and fraud and ensure the completeness and accuracy of the Group's records. The Group's Audit Committee has met the external auditors to discuss their reports on the results of their work, which includes assessments of the relative strengths and weaknesses of key control areas. In a growing Group, occasional breakdowns in established control procedures may occur; any such breakdowns have been reported to the Group's Audit Committee and the Board.

The financial statements were prepared by Axia's finance department under the supervision of the Group Finance Director, Mr Ray M. Rambanapasi (Chartered Accountant Zimbabwe (CA (Z), PAAB Registration Certificate number 479).

The financial statements for the year ended 30 June 2018, which appear on pages 37 to 112 , have been approved by the Board of Directors and are signed on its behalf by:

L.E.M. Ngwerume
Non-Executive Director - Chairman
Harare
24 September 2018

R.M. Rambanapasi
Executive Director - Finance
Harare
24 September 2018

Company Secretary's Certification

for the year ended 30 June 2018

I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required to be lodged by the Public entity in terms of the Companies Act (Chapter 24:03) of the Republic of Zimbabwe, and all such returns are true, correct and up to date.

Prometheus Corporate Services (Private) Limited
Company Secretary
Harare
24 September 2018

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Group for the year ended 30 June 2018.

Share Capital

At 30 June 2018 the authorised share capital of the Company was comprised of 999 999 000 ordinary shares of USD 0.0001 each and 1 000 Non-Voting Class "A" ordinary shares of USD 0.0001 each. The Issued share capital was at USD 54 159 divided into 541 593 440 ordinary shares of USD 0.0001 each and 1 000 Non-voting Class "A" ordinary shares of USD 0.0001 each

Group Results	30 June 2018 USD	Restated 30 June 2017 USD
Profit before tax	24 334 957	17 265 120
Tax expense	(7 451 633)	(4 378 809)
Profit for the year	**16 883 324**	**12 886 311**
Non-controlling interests	(5 930 414)	(5 470 989)
Profit for the year attributable to equity holders of the parent	**10 952 910**	**7 415 322**

Dividends

Ordinary shares

The Board declared an interim dividend of 0.40 US cents per share and a final dividend of 0.32 US cents per share. This brings the total dividend in respect of the 2018 financial year to 0.72 US cents per share.

Non-voting class "A" ordinary shares - Axia Corporation Employee Share Trust

The Board declared an interim dividend of USD 109 000 and a final dividend of USD 86 000 to the Axia Corporation Employee Share Trust (Private) Limited. This brings the total dividend in respect of the 2018 financial year to USD 195 000.

Directors and their Interests

In terms of the articles of association Mrs T.C. Mazingi and Mr L.E.M. Ngwerume retire by rotation at the Annual General Meeting and being eligible offer themselves for re-election. No Directors had, during or at the end of the year, any material interest in any contract of significance in relation to the Group's businesses. The beneficial interests of the Directors in the shares of the Company are given in note 26.3 of the financial statements.

Directors' Fees

Members will be asked to approve the payments of the Directors' fees in respect of the year ended 30 June 2018 (note 12.2.2).

Auditors

Members will be asked to approve the remuneration of the auditors for the year ended 30 June 2018 and to reappoint Deloitte & Touche Chartered Accountants (Zimbabwe) as auditors of the Group to hold office for the ensuing year.

For and on behalf of the Board.

L.E.M. Ngwerume
Non-Executive Director - Chairman
24 September 2018

J. Koumides
Chief Executive Officer
24 September 2018

Deloitte.

PO Box 267
Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare
Zimbabwe

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 4 852130
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
To The Shareholders of Axia Corporation Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Axia Corporation Limited and its subsidiaries ("the Group"), set out on pages 37 to 112, which comprise the consolidated and separate statements of financial position as at 30 June 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 June 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by 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 Consolidated and Separate 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) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables	
As at 30 June 2018, the Group recognised an allowance for credit losses amounting to USD 3 466 802 (2017 restated: USD 3 091 578). There is a risk of non-recoverability of trade receivables, primarily due to increasing credit risk within the prevailing economic environment. Furthermore, the distribution business transacts with companies with varying distribution footprints, which results in a number of reconciling items with customers and the potential for non-recoverable debts to not be identified timeously. Significant judgment is applied by the Directors in establishing an adequate provision against receivables. The provision is determined taking into account the following: • Financial position of the customer; • The customer's payment history particularly past default experiences; • Credit terms specific to the customers; • The ageing of debt; and • Long outstanding unresolved reconciling amounts with the customers. The recoverability of trade receivables has therefore been considered a key audit matter as it is subject to significant estimation and subjective judgement. The policy and disclosures in relation to the allowance for credit losses are included in Note 5 and Note 25 respectively of the consolidated financial statements.	To address this matter, we performed the following audit procedures: • Obtained an understanding and tested the design and implementation of relevant controls in the revenue business cycle to address the significant risk; • Tested the receivables age analysis for completeness and accuracy as a basis for substantive procedures; • Assessed the reasonableness of the methods and assumptions used by management to estimate the allowance for credit losses; • Performed a retrospective review of the allowance for credit losses; • Inspected subsequent receipts of sampled receivables so as to assess recoverability of the balances; • Obtained correspondence from the Group's legal representatives against whom the Group has instituted legal action in respect of outstanding balances and traced these counterparties to the listing of allowances for credit losses; • Performed an independent assessment of the allowance for credit losses taking into account specific circumstances unique to some debtors, which include age of the debt outstanding, and the age and nature of outstanding reconciling balances with debtors. We found that the Directors applied reasonable judgement in determining the allowance for credit losses.

INDEPENDENT AUDITOR'S REPORT (continued)
To The Shareholders of Axia Corporation Limited

Key Audit Matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Revenue recognition</td></tr>
<tr><td>ISA 240 - The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements provides that the auditor is required, based on a presumption that there are risks of fraud in revenue recognition, to evaluate which types of revenue, revenue transactions or assertions give rise to such risks.

The risk was pinpointed to the cut-off of revenue for the Group. Management remuneration is partly based on profitability of the Group, therefore there is a risk that sales may be deliberately overstated, motivated by pressure management may feel to achieve certain results. The Group's revenue for the year was USD 275 925 217 (2017 restated: USD 211 421 504).

As a result, we identified revenue recognition as a key audit matter.

Disclosure on the revenue recognition policy has been presented in Note 5 of the consolidated financial statements, whilst the revenue amounts have been disclosed in Note 10.</td><td>To address this matter we performed the following audit procedures:
Obtained an understanding and tested the design and implementation of relevant controls to address the significant risk;
Obtained an understanding of the appropriateness of the Directors' revenue recognition policies, particularly regarding sales near year-end;
Assessed revenue recognition policies for compliance with International Financial Reporting Standards "IFRS" and their consistent application;
Performed late cut-off procedures for sales transactions recorded close to year-end, to ensure that these were recorded after the risks and rewards associated with ownership had been transferred to the customers;
Performed detailed tests on a sample of credit notes recorded after year-end and assessed validity of the transactions.
We found the Group to have appropriately recognised revenue in accordance with its policies.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (continued)
To The Shareholders of Axia Corporation Limited

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Responsibility and Approval of the Financial Statements, as required by the Companies Act (Chapter 24:03) and certain sections of the Annual Report, which are expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information obtained after the date of the auditor's report, if we conclude that there is a material mistatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT (continued)
To The Shareholders of Axia Corporation Limited

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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, these financial statements have been prepared in accordance with the disclosure requirements of the Companies Act (Chapter 24:03), the relevant statutory instruments (SI33/99 and SI62/96).

The engagement partner on the audit resulting in this independent auditor's report is Stelios Michael.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Stelios Michael
Partner
PAAB Practice Certificate Number 0443

Date: 24 September 2018

Group Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 USD	Restated 2017 USD
Revenue	10	275 925 217	211 421 504
Cost of sales		(211 688 071)	(162 391 102)
Gross profit		**64 237 146**	**49 030 402**
other income	11	2 234 802	1 119 234
operating expenses	12	(40 663 694)	(32 457 551)
Operating profit before impairment, depreciation, amortisation and fair value adjustments		**25 808 254**	**17 692 085**
financial income	13	1 274 464	1 138 735
depreciation and amortisation		(1 913 260)	(1 544 801)
impairment of goodwill		(419 325)	—
fair value adjustments on listed equity investments		68 173	69 564
Profit before interest, equity accounted earnings and tax		**24 818 306**	**17 355 583**
interest income	14	360 379	639 404
interest expense	15	(1 642 551)	(993 173)
equity accounted earnings	21.1	798 823	263 306
Profit before tax		**24 334 957**	**17 265 120**
tax expense	16	(7 451 633)	(4 378 809)
Profit for the year		**16 883 324**	**12 886 311**
Other comprehensive (loss) / income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations		(293 650)	383 438
Other comprehensive (loss) / income for the year, net of tax		**(293 650)**	**383 438**
Total comprehensive income for the year		**16 589 674**	**13 269 749**
Profit for the year attributable to:			
equity holders of the parent		10 952 910	7 415 322
non-controlling interests		5 930 414	5 470 989
		16 883 324	**12 886 311**
Total comprehensive income for the year attributable to:			
equity holders of the parent		10 806 085	7 607 041
non-controlling interests		5 783 589	5 662 708
		16 589 674	**13 269 749**
Earnings per share (cents)			
Basic earnings per share	8	2.02	1.37
Headline earnings per share	8	2.02	1.37
Diluted basic earnings per share	8	2.01	1.37
Diluted headline earnings per share	8	2.01	1.37

Group Statement of Financial Position

As at 30 June 2018

	Notes	2018 USD	Restated 2017 USD	Restated 2016 USD
ASSETS				
Non-current assets				
property, plant and equipment	19	9 085 381	6 737 412	6 554 486
intangible assets	20	35 083	35 083	153 087
investments in associates and joint ventures	21	5 617 736	4 718 913	4 791 265
loan receivable from associate	21.6	—	1 321 478	1 219 624
deferred tax assets	31	2 022 942	1 631 648	788 135
		16 761 142	**14 444 534**	**13 506 597**
Current assets				
financial assets	23	1 690 080	920 926	116 964
inventories	24	47 750 007	30 948 151	25 979 411
trade and other receivables	25	54 088 040	47 387 606	42 777 497
cash and cash equivalents		7 297 248	10 738 475	13 211 289
		110 825 375	**89 995 158**	**82 085 161**
Total assets		**127 586 517**	**104 439 692**	**95 591 758**
EQUITY AND LIABILITIES				
Capital and reserves				
ordinary share capital	26	54 159	54 159	54 159
share based payments reserve	27	161 634	13 694	—
non-distributable reserves	28	(2 682 041)	(2 535 216)	(2 726 935)
distributable reserves	29	43 349 637	36 612 470	30 733 137
Attributable to equity holders of the parent		**40 883 389**	**34 145 107**	**28 060 361**
non-controlling interests		24 773 735	22 737 302	20 203 436
Total shareholders' equity		**65 657 124**	**56 882 409**	**48 263 797**
Non-current liabilities				
deferred tax liabilities	31	1 756 257	1 753 307	1 734 862
interest-bearing borrowings	32	—	1 375 214	2 905 012
		1 756 257	**3 128 521**	**4 639 874**
Current liabilities				
interest-bearing borrowings	32	26 055 163	17 563 259	9 938 435
trade and other payables	33	32 361 391	25 316 249	30 755 165
provisions	34	944 203	634 008	836 509
current tax liabilities		812 379	915 246	1 157 978
		60 173 136	**44 428 762**	**42 688 087**
Total liabilities		**61 929 393**	**47 557 283**	**47 327 961**
Total equity and liabilities		**127 586 517**	**104 439 692**	**95 591 758**

L.E.M. Ngwerume
Non-Executive Director - Chairman
24 September 2018

R.M. Rambanapasi
Executive Director - Finance
24 September 2018

Group Statement of Changes in Equity

for the year ended 30 June 2018

	Attributable to equity holders of the parent						
	Ordinary Share Capital USD	**Share based payments reserve USD**	**Non-Distributable Reserves USD**	**Distributable Reserves USD**	**Total USD**	**Non-controlling Interests USD**	**Total USD**
Balance on 30 June 2016 (as previously reported)	**54 159**	**–**	**(2 726 935)**	**31 168 659**	**28 495 883**	**21 204 211**	**49 700 094**
Effect of restatement*	–	–	–	–	–	(565 253)	(565 253)
Correction of prior period error (note 7)	–	–	–	(435 522)	(435 522)	(435 522)	(871 044)
Balance at 30 June 2016 (restated)	**54 159**	**–**	**(2 726 935)**	**30 733 137**	**28 060 361**	**20 203 436**	**48 263 797**
Profit for the year	–	–	–	7 415 322	7 415 322	5 470 989	12 886 311
Other comprehensive income	–	–	191 719	–	191 719	191 719	383 438
Total comprehensive income	–	–	191 719	7 415 322	7 607 041	5 662 708	13 269 749
Share based payments expense (note 27)	–	13 694	–	–	13 694	–	13 694
Dividends paid (note 9)	–	–	–	(1 649 390)	(1 649 390)	(2 990 164)	(4 639 554)
Transactions with owners in their capacity as owners	–	–	–	113 401	113 401	(138 678)	(25 277)
Balance at 30 June 2017 (restated)	**54 159**	**13 694**	**(2 535 216)**	**36 612 470**	**34 145 107**	**22 737 302**	**56 882 409**
Profit for the year	–	–	–	10 952 910	10 952 910	5 930 414	16 883 324
Other comprehensive loss	–	–	(146 825)	–	(146 825)	(146 825)	(293 650)
Total comprehensive (loss)/income	–	–	(146 825)	10 952 910	10 806 085	5 783 589	16 589 674
Share based payments expense (note 27)	–	147 940	–	–	147 940	–	147 940
Dividends paid (note 9)	–	–	–	(3 981 354)	(3 981 354)	(3 811 389)	(7 792 743)
Transactions with owners in their capacity as owners	–	–	–	(234 389)	(234 389)	64 233	(170 156)
Balance at 30 June 2018	**54 159**	**161 634**	**(2 682 041)**	**43 349 637**	**40 883 389**	**24 773 735**	**65 657 124**

* the effect of restatement in the 2016 financial period relates to the derecognition of the non-controlling interests in Moregrow Enterprises (Private) Limited, which were included in the non-controlling interests' balances taken on from the unbundling of Axia Corporation Limited on 1 April 2016. See note 6 for further details on this restatement.

Group Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 USD	Restated 2017 USD
Cash generated from operations	**17.1**	**10 135 917**	**3 873 966**
interest income		360 379	639 404
interest expense		(1 642 551)	(993 173)
tax paid	17.2	(7 159 343)	(5 454 565)
Total cash generated from / (utilised in) operating activities		**1 694 402**	**(1 934 368)**
Investing activities	**17.3**	**(4 511 122)**	**(1 977 440)**
Net cash outflow before financing activities		**(2 816 720)**	**(3 911 808)**
Financing activities		(624 507)	1 438 994
dividends paid by holding company	9.1	(3 981 354)	(1 649 390)
dividends paid by subsidiaries to non-controlling interests	9.2	(3 811 389)	(2 990 164)
proceeds from interest-bearing borrowings	17.4	16 955 544	11 637 866
repayment of interest-borrowings	17.4	(9 818 912)	(5 559 318)
cash received from non-controlling interests		31 604	–
Net decrease in cash and cash equivalents		**(3 441 227)**	**(2 472 814)**
Cash and cash equivalents at the beginning of the year		**10 738 475**	**13 211 289**
Cash and cash equivalents at the end of the year		**7 297 248**	**10 738 475**

Notes to the Group Financial Statements

for the year ended 30 June 2018

1 Corporate Information

The consolidated financial statements of Axia Corporation Limited for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the Directors on 24 September 2018. Axia Corporation Limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The Group operates within the speciality retail and distribution industries selling products such as homeware furniture, electrical appliances and automotive spares as well as the distribution of many local and international branded FMCG products into the general retail and wholesale sectors whilst offering logistics, transport, marketing, merchandising, storage and maintenance services thereon. The registered office is 1st Floor, Edward Building, Corner Nelson Mandela/ First Street, Harare and the physical address of the Corporate office is 8 Cambridge Avenue, Newlands, Harare.

2 Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB). The consolidated financial statements have also been prepared in compliance with the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange listing rules.

2.1 Going concern

The Directors have satisfied themselves that the Group is in a sound financial position and has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2.2 Basis of preparation

The consolidated financial statements are based on statutory records that are maintained under the historical cost convention except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD) and all values are rounded to the nearest dollar (USD1), except where otherwise indicated.

3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2018. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

3 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it:

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

4 Changes in accounting policies and disclosures

4.1 Amendments to standards and interpretations that are mandatorily effective for the current year.

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

Amendments to IAS 7 Disclosure Initiatives

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's liabilities arising from financing activities consist of borrowings (note 32). A reconciliation between the opening and closing balances of these items is provided in note 17.4. Consistent with the transition provision of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 17.4 the application of these amendments has had no impact on the Group's consolidated financial statements.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

4 Changes in accounting policies and disclosures (continued)

4.1 Amendments to standards and interpretations that are mandatorily effective for the current year (continued)

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 has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with the 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 package are not yet mandatorily effective and they have not been early adopted by the Group (see note 4.2).

IFRS 12 states that an entity need not provide summarised financial information for interest 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 interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

4.2 Standards and interpretations in issue but not yet effective

The Group has not early adopted the following new and revised IFRS's that have been issued but not yet effective:

IFRS 9 Financial Instruments

IFRS 9 was issued in November 2009 to include 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 the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt 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 to which IFRS 3: Business Combinations, applies) in other comprehensive income, with only dividend income generally recognised in profit or loss. IFRS 9 introduced new requirements for the classification and measurement of financial assets.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

4 Changes in accounting policies and disclosures (continued)

4.2 Standards and interpretations in issue but not yet effective (continued)

Key requirements of IFRS 9: (continued)

- 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 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.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS9, 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.

Based on an analysis of the Group's financial assets and financial liabilities as at 30 June 2018 on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

Classification and measurement
All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment
Under IFRS 9, receivables (note 25) 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. Accordingly, the directors expect to recognise lifetime and 12-month expected credit losses for instalment credit receivables.

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 9 is applicable for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

4 Changes in accounting policies and disclosures (continued)

4.2 Standards and interpretations in issue but not yet effective (continued)

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.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The Group recognises revenue from the following major sources:

- Sales of goods such as furniture, electronic appliances, fast moving consumer products such as health and hygiene products and foodstuffs (perishable and non-perishable).
- Interest income on sale of furniture and electronic appliances on credit; and
- Dividend income from investments in listed and unlisted equities.

The sales-related warranties for goods sold cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group will continue to account for the warranty in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets, consistent with this current accounting treatment.

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

IFRS 15 is applicable for annual periods beginning on or after 1 January 2018, with earlier application permitted.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

4 Changes in accounting policies and disclosures (continued)

4.2 Standards and interpretations in issue but not yet effective (continued)

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 lease and services 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 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, extensive disclosures are required by IFRS 16.

As at 30 June 2018, the Group has non-cancellable operating lease commitments of USD 12 906 675. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed in operating lease commitments in note 36. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. 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.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

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. 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.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

4 Changes in accounting policies and disclosures (continued)

4.2 Standards and interpretations in issue but not yet effective (continued)

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

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 to IFRS 2 are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provision applies. The Directors of the Company 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 the Group does not have any 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 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 investor's 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 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 investor's interests in the new associate or joint venture.

The effective date of amendments to IFRS 10 and IAS 28 is yet to be set by the IASB; however, earlier application of the amendments is permitted. The Group's Directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 40 Transfer 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 that situations other than the ones listed in IAS 40: Investment Property, 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 Group's Directors anticipate that the application of these amendments will not have an impact on the consolidated financial statements of the Group as the Group does not hold any investment properties.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

4 Changes in accounting policies and disclosures (continued)

4.2 Standards and interpretations 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.

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 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 investments entity ('IE') to retain the fair value measurement applies 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.

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 for 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.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding discounts, rebates, and value added tax. Instalment sales are accounted for when the risks and rewards of ownership are passed to the buyer. However, finance charges related to hire purchase sales are credited to revenue over the period of the settlement. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery and when the entity retains neither continual managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Interest income

Revenue is recognised as interest accrues using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the Group's right to receive the payment is established, which is when the respective investee company shareholders have approved the dividends.

Employee benefits

Short-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions are recognised during the period in which the employee renders the related service. The Group recognises the expected cost of bonuses only when the Group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Retirement benefit costs

Retirement benefits are provided for Group employees through the Innscor Africa Pension Fund, the National Social Security Authority, the National Employment of the Motor Industry Pension Fund, Nico Life Insurance Company Limited (Malawi) and National Pension Scheme Authority (Zambia). The Group's pension schemes are defined contribution schemes and the cost of retirement benefits is determined by the level of contributions made in terms of the rules. Contributions to defined contribution retirement plans are recognised as an expense when employees have rendered service entitling them to the contributions.

All eligible employees contribute to the National Social Security Authority (Zimbabwe) defined contribution pension scheme, or the equivalent in foreign subsidiaries. The cost of retirement benefits applicable to the National Social Security Authority, which commenced operations on 1 October 1994, is determined by the systematic recognition of legislated contributions.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Employee benefits (continued)

Share based payments

The Group issues share options to certain employees. The options are measured at fair value at the date of grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest and the corresponding equity is disclosed in a share option reserve which forms part of equity.

The fair value is determined using the binomial option pricing model. The value transferred to the share option reserve is amortised to retained earnings as the related share options are exercised or forfeited.

Equity Settled Transactions

Equity settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

Leases

The determination of whether an arrangement contains a lease depends on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the assets.

Leases where all the risks and benefits of ownership of the asset are not transferred to the Group are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease period.

Foreign currency translation

The Group's financial statements are presented in United States Dollars, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. The tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items that are measured in terms of the historical cost basis in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the dates when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Foreign operations

Assets and liabilities of subsidiary companies denominated in foreign currencies are translated into United States Dollars at rates of exchange ruling at reporting date and their statements of profit or loss and other comprehensive income results are translated at the average rate of exchange for the period. The average rate of exchange is calculated by dividing the summation of the opening rate to the closing rate by two. Where there are drastic movements between the opening and closing rates of exchange, the statement of comprehensive income results are translated on a month on-month basis using the average rate of exchange for each month. Differences on exchange arising from translation of assets and liabilities at the rate of exchange ruling at reporting date and translation of statement of comprehensive income items at average rates, are recognised in other comprehensive income. Upon divestment from a foreign operation, translation differences related to that entity are taken to profit or loss.

Business combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, that is a financial instrument, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed and the amount recognised for non-controlling interest. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Such acquisition does not meet the definition of a business combination in accordance with IFRS 3 'Business Combinations'. The Group's policy is to treat such an acquisition as a group restructuring, using the common control method, as follows:

- The assets, liabilities and reserves of the acquired entity/entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, that would otherwise be required by IFRS 3;
- No new goodwill is recognised as a result of the restructuring. The only goodwill recognised is the existing goodwill in the business as reflected in the consolidated financial statements of the selling entity; and
- The comparative period in the statement of comprehensive income reflects the results of the Group from the effective date of such transaction.

Property, plant and equipment

Plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are requiring replacement in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Land is carried at cost whereas buildings are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets such that the cost is reduced to the residual values of the assets over the useful lives of the assets.

The various rates of depreciation are listed below:

- Freehold property - 2%
- Leasehold improvements - the lesser of period of lease or 10 years
- Fittings and Equipment - 10% - 25%
- Vehicles - 12.5% - 25%

The carrying values of plant and equipment are reviewed for impairment annually, or earlier where indications are that the carrying value may be irrecoverable. When the carrying amount exceeds the estimated recoverable amount, assets are written down to the recoverable amount.

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

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed by the Group, and prospectively adjusted if necessary, on an annual basis. Depreciation is not charged when the carrying amount of an item of property, plant and equipment becomes equal or less than the residual value.

Intangible assets

Intangible assets acquired separately are initially measured and recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in profit or loss in the period in which they occur.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

The Group assesses at each reporting date, or earlier where indications that impairment exists, whether an asset may be impaired. This entails estimating the asset's recoverable amount, which is the higher of the asset's fair value less costs of disposal and value in use. Where the asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and its carrying amount is written down to its recoverable amount. In assessing the 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 time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated in order to reverse the previously recognised impairment losses. A previously recognised impairment loss is reversed only to the extent that there has been a change in the estimates used in determining the asset's recoverable amount since the last impairment loss was recognised. If that is the case the asset's carrying amount is increased to its recoverable amount. However, the increased carrying value of the asset is limited to the carrying value determinable, net of depreciation, had the impairment not occurred. Such reversal is taken to profit or loss. After the reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method of accounting. Associates are entities in which the Group exercises significant influence and which are neither subsidiaries nor jointly controlled operations. Joint ventures are joint arrangements where by the parties that have joint control 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 a portion thereof, is classified as held for sale, in which case it is accounted in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in an associate or a joint venture is initially carried in the statement of financial position at cost. Subsequently, the investments in associates or joint ventures are carried at cost plus post-acquisition changes in the Group's share of the reserves of the associate or joint venture, less dividends received from the associate or joint venture. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment.

The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the associates or joint ventures attributable to the Group.

Where there have been changes recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associate.

The financial statements of an associate or joint venture are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate or investment in joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and it's carrying value and recognises the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence, and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

The Group continues to use the equity method when an investment in associate becomes an investment in joint venture or when an investment in joint venture becomes an investment in associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or joint venture, but the Group continues to use the equity method, the Group reclassifies to profit or loss the portion of the gain or loss that had previously been recognised on other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on disposal of the related assets and liabilities.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Investments in subsidiaries (held in the separate books of the company)

Subsidiaries are companies in which the Company controls. Control is achieved where the Company has power over more than one half of the voting rights or the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Investments in subsidiaries are initially carried in the statement of financial position at cost. Where an indication of impairment exists, the recoverable amount of investment is assessed. Where the carrying amount of the investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the profit or loss. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss.

Financial assets

Financial assets include trade and other receivables, cash and cash equivalents and investments. Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets on initial recognition.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near-term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

(i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

(ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or

(iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables

Trade and other receivables are subsequently carried at amortised cost after taking into account an allowance for any uncollectible amounts. Allowance for credit losses is made when there is objective evidence that the Group will most probably not recover the debts. Bad debts are impaired when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less and are measured at amortised cost.

Impairment of financial assets

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

Impairment of financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics.

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

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. In general, cost is established on a weighted average cost basis. Cost of inventories shall comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Financial liabilities

Financial liabilities include trade and other payables, bank overdrafts and interest-bearing loans, and these are initially measured at fair value including transaction costs and subsequently amortised costs. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any certain reimbursements. If the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to those provisions. Where discounting is used, the increase in the provision due to passage of time is recognised in profit or loss as a borrowing cost.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Provisions (continued)

Provision for warranty claims

In respect of provision for warranty claims, the Group warrants its television products and certain component parts of electronic appliances. The provision is made on the basis of previous experience of the incidence of such claims.

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Contingent liabilities

Contingent liabilities, which include certain financial guarantees, litigation and other letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or in other comprehensive income and not in profit or loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Group Financial Statements (continued)
for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Taxes (continued)

Deferred income tax (continued)

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax except where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of Value Added Tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Executive Directors.

Key estimates, uncertainties and judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. The useful lives are set out on property, plant and equipment policy above and no changes to those useful lives have been considered necessary during the year. Residual values will be reassessed each year and adjustments for depreciation will be done in future periods if there is indication of impairment in value.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the value of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to note 31 for more information on the evidence supporting recognition of deferred tax assets.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

5 Summary of significant accounting policies (continued)

Key estimates, uncertainties and judgements (continued)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next ten years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the goodwill recognised by the Group.

Provision for obsolete stock

The provision for obsolescence is based on assessment of quality of stock through sampling. Inventory that no longer meets minimum quality standards as a result of damage or exceeding standard shelf life is classified as obsolete. Inventory relating to discontinued products is also classified as obsolete. Refer to note 24 for more information on the carrying amount of inventory and the provision for obsolete stock.

Allowance for credit losses on receivables

Allowance for credit losses on receivables is a specific provision made for trade receivables which is reviewed on a monthly basis. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period as well as the value of security held over that receivable. Refer to note 25 for more information on the carrying amount of trade and other receivables and the provision for credit losses.

Share based payments

The assumptions and methodology underlying the valuation of the share-based payments are fully described in note 26.4.2.

Determination of functional currency

The Group operates in an economy which is experiencing a shortage of foreign currency and consequently has exchange control regulations that impact the timing of payment of foreign payables among other matters. Given the context of the environment, management has assessed if there has been a change in the functional currency used by the company. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It is observed that whether cash, bond notes, electronic money transfers or point of sale transactions, the unit of measure across all these payment modes remains US Dollars.

6 Restatement of financial statements

On 1 July 2017, the Board reassessed its position of control of Geribran Services (Private) Limited t/a Transerv ("Transerv"), where the Group has an effective 26.01% share. Following this reassessment, the Group has equity accounted the results of Transerv and will only consolidate the business when an effective holding above 50% is achieved. Transerv and Moregrow Enterprises (Private) Limited ("Moregrow"), its holding company have been assessed to be joint ventures due to joint control (See note 21). Following this reassessment, the comparative Statement of Profit or Loss and Other Comprehensive Income has been restated, together with the Statements of Financial Position, Statement of Changes in Equity and Statement of Cashflows to show the effect of equity-accounting for Transerv and Moregrow.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

6 Restatement of financial statements (continued)

Below is a summary detailing the impact of the restatement on the previously disclosed comparative financial statements:

6.1 Effect of restatement on Statement of Profit or Loss and Other Comprehensive income

	As previously disclosed 2017 USD	Effect of restatement	Restated 2017 USD
Revenue	248 262 239	(36 840 735)	211 421 504
Cost of sales	(187 024 349)	24 633 247	(162 391 102)
Gross profit	**61 237 890**	**(12 207 488)**	**49 030 402**
other income	1 359 115	(239 881)	1 119 234
operating expenses	(39 689 216)	7 231 665	(32 457 551)
Operating profit before depreciation, amortisation and fair value adjustments	**22 907 789**	**(5 215 704)**	**17 692 085**
financial income	942 861	195 874	1 138 735
depreciation and amortisation	(1 768 546)	223 745	(1 544 801)
fair value adjustments on listed equities	69 564	–	69 564
Profit before interest, equity accounted (losses) / earnings and tax	**22 151 668**	**(4 796 085)**	**17 355 583**
interest income	639 404	–	639 404
interest expense	(1 460 835)	467 662	(993 173)
equity accounted (losses) / earnings	(576 620)	839 926	263 306
Profit before tax	20 753 617	(3 488 497)	17 265 120
tax expense	(5 479 328)	1 100 519	(4 378 809)
Profit for the year	**15 274 289**	**(2 387 978)**	**12 886 311**
Other comprehensive income - to be recycled to profit or loss			
exchange differences arising on the translation of foreign operations	383 438	–	383 438
Other comprehensive income for the year, net of tax	**383 438**	**–**	**383 438**
Total comprehensive income for the year	**15 657 727**	**(2 387 978)**	**13 269 749**
Profit for the year attributable to:			
equity holders of the parent	7 415 322	–	7 415 322
non-controlling interests	7 858 967	(2 387 978)	5 470 989
	15 274 289	**(2 387 978)**	**12 886 311**
Total comprehensive income for the year attributable to:			
equity holders of the parent	7 607 041	–	7 607 041
non-controlling interests	8 050 686	(2 387 978)	5 662 708
	15 657 727	**(2 387 978)**	**13 269 749**

The restatement did not have any impact on previously reported basic, headline and diluted earnings per share.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

6 Restatement of financial statements (continued)

6.2 Effect of restatement on Statements of Financial Position

	2017			2016		
	As previously disclosed 2017 USD	Effect of restatement USD	Restated 2017 USD	As previously disclosed 2016 USD	Effect of restatement USD	Restated 2016 USD
ASSETS						
Non-current assets						
property, plant and equipment	8 759 891	(2 022 479)	6 737 412	8 721 952	(2 167 466)	6 554 486
intangible assets	4 105 306	(4 070 223)	35 083	4 223 310	(4 070 223)	153 087
investments in associates and joint ventures	–	4 718 913	4 718 913	230 974	4 560 291	4 791 265
loan receivable from associate	1 321 478	–	1 321 478	1 219 624	–	1 219 624
deferred tax assets	1 631 648	–	1 631 648	872 857	(84 722)	788 135
	15 818 323	**(1 373 789)**	**14 444 534**	**15 268 717**	**(1 762 120)**	**13 506 597**
Current assets						
financial assets	920 926	–	920 926	116 964	–	116 964
inventories	39 777 392	(8 829 241)	30 948 151	32 419 610	(6 440 199)	25 979 411
trade and other receivables	49 116 282	(1 728 676)	47 387 606	43 722 239	(944 742)	42 777 497
cash and cash equivalents	11 192 564	(454 089)	10 738 475	13 717 844	(506 555)	13 211 289
	101 007 164	**(11 012 006)**	**89 995 158**	**89 976 657**	**(7 891 496)**	**82 085 161**
Total assets	**116 825 487**	**(12 385 795)**	**104 439 692**	**105 245 374**	**(9 653 616)**	**95 591 758**
EQUITY AND LIABILITIES						
Capital and reserves						
ordinary share capital	54 159	–	54 159	54 159	–	54 159
share based payments reserve	13 694	–	13 694	–	–	–
non-distributable reserves	(2 535 216)	–	(2 535 216)	(2 726 935)	–	(2 726 935)
distributable reserves	37 047 992	(435 522)	36 612 470	31 168 659	(435 522)	30 733 137
Attributable to equity holders of the parent	**34 580 629**	**(435 522)**	**34 145 107**	**28 495 883**	**(435 522)**	**28 060 361**
non-controlling interests	24 182 339	(1 445 037)*	22 737 302	21 204 211	(1 000 775)*	20 203 436
Total shareholders' equity	**58 762 968**	**(1 880 559)**	**56 882 409**	**49 700 094**	**(1 436 297)**	**48 263 797**

6 Restatement of financial statements (continued)

6.2 Effect of restatement on Statements of Financial Position (continued)

	2017			2016		
	As previously disclosed 2017 USD	Effect of restatement USD	Restated 2017 USD	As previously disclosed 2016 USD	Effect of restatement USD	Restated 2016 USD
EQUITY AND LIABILITIES (continued)						
Non-current liabilities						
deferred tax liabilities	1 858 664	(105 357)	1 753 307	1 734 862	–	1 734 862
interest-bearing borrowings	2 205 714	(830 500)	1 375 214	3 735 511	(830 499)	2 905 012
	4 064 378	**(935 857)**	**3 128 521**	**5 470 373**	**(830 499)**	**4 639 874**
Current liabilities						
interest-bearing borrowings	23 545 004	(5 981 745)	17 563 259	14 838 839	(4 900 404)	9 938 435
trade and other payables	28 729 642	(3 413 393)	25 316 249	33 064 919	(2 309 754)	30 755 165
provisions	702 157	(68 149)	634 008	897 804	(61 295)	836 509
current tax liabilities	1 021 338	(106 092)	915 246	1 273 345	(115 367)	1 157 978
	53 998 141	**(9 569 379)**	**44 428 762**	**50 074 907**	**(7 386 820)**	**42 688 087**
Total liabilities	**58 062 519**	**(10 505 236)**	**47 557 283**	**55 545 280**	**(8 217 319)**	**47 327 961**
Total equity and liabilities	**116 825 487**	**(12 385 795)**	**104 439 692**	**105 245 374**	**(9 653 616)**	**95 591 758**

* Reconciliation of effect of restatement in Statement of Changes In Equity:

	2017 USD	2016 USD
Correction of prior period error (note 7)	(435 522)	(435 522)
Derecognition of non-controlling interests in Transerv and Moregrow	(1 009 515)	(565 253)
Total effect of restatement on non-controlling interests balance	**(1 445 037)**	**(1 000 775)**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

6 Restatement of financial statements (continued)

6.3 Effect of restatement on Statement of Cash flows

	As previously disclosed 2017 USD	Effect of restatement	Restated 2017 USD
Cash generated from operations	6 141 948	(2 267 982)	3 873 966
interest income	639 404	—	639 404
interest expense	(1 460 835)	467 662	(993 173)
tax paid	(6 374 278)	919 713	(5 454 565)
Total cash utilised in operating activities	**(1 053 761)**	**(880 607)**	**(1 934 368)**
Investing activities	**(2 048 138)**	**70 698**	**(1 977 440)**
Net cash outflow before financing activities	**(3 101 899)**	**(809 909)**	**(3 911 808)**
Financing activities	**576 619**	**862 375**	**1 438 994**
dividends paid by holding company	(1 649 390)	—	(1 649 390)
dividends paid by subsidiaries to non-controlling interests	(4 933 880)	1 943 716	(2 990 164)
proceeds from interest-bearing borrowings	14 137 865	(2 499 999)	11 637 866
repayment of interest-borrowings	(6 977 976)	1 418 658	(5 559 318)
Net (decrease) / increase in cash and cash equivalents	**(2 525 280)**	**52 466**	**(2 472 814)**
Cash and cash equivalents at the beginning of the year	**13 717 844**	**(506 555)**	**13 211 289**
Cash and cash equivalents at the end of the year	**11 192 564**	**(454 089)**	**10 738 475**

7 Prior period error

DGA Regional operations

A decision was made to write off intercompany management fees owed by a subsidiary company to the regional operation's holding company in the 2015 financial year. The receivable was written off in the books of the regional holding company, whilst the liability continued to be recognised in the subsidiary. At consolidation level, consolidation entries would be processed to eliminate this intercompany transaction. In the same 2015 financial year, the subsidiary erroneously utilised the liability against a write-off of other receivables. However, the correcting intercompany journals at consolidation were not processed to consider the liability utilised at subsidiary level resulting in an error of USD 871 044.

The error has been corrected in the earliest period presented, being the 2016 financial statements. Below is a summary detailing the impact of the correction in the 2016 financial statements:

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

7 Prior period error (continued)

Statement of Profit or Loss and Other Comprehensive Income	Effect on 2016
Effect of correction	–

Statement of Financial Position	Effect on 2016
Decrease in distributable reserves	(435 522)
Decrease in non-controlling interests	(435 522)
Decrease in total equity	**(871 044)**
Increase in payables	871 044
	871 044

The correction of the error has no impact on taxation.

8 Earnings per share

8.1 Basic earnings basis

The calculation is based on the profit attributable to equity holders of the parent and weighted average number of ordinary shares in issue for the year.

8.2 Diluted earnings basis

The calculation is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares in issue after adjusting for the conversion of share options. Share options are considered for dilution if the average market price of ordinary shares during the year exceeds the exercise price of such options.

The employee share options had a dilutive effect at the end of the financial year. Refer to note 26.4 for more information on share options.

8.3 Headline earnings basis

Headline earnings comprise of basic earnings attributable to equity holders of the parent adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.

The following reflects the income and share data used in the basic, headline and diluted earnings per share computations:

	2018 USD	2017 USD
8.4 Number of shares in issue		
Number of ordinary shares in issue per basic and headline earnings per share	541 593 440	541 593 440
Effect of share options	3 718 974	–
Weighted average number of ordinary shares in issue adjusted for the effect of dilution	**545 312 414**	**541 593 440**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	2018 USD	2017 USD
8 Earnings per share (continued)		
8.5 Reconciliation of basic earnings to headline earnings:		
Profit for the year attributable to equity holders of the parent	10 952 910	7 415 322
Adjustment for capital items (gross of tax):		
Profit on disposal of equipment	(56 598)	(26 401)
Impairment loss on derecognition of motor vehicles	34 283	—
Impairment of goodwill	419 325	—
Tax effect on adjustments	5 746	7 067
Non-controlling interests' share of adjustments	(391 846)	6 653
Headline earnings attributable to equity holders of the parent	**10 963 820**	**7 402 641**
Basic earnings per share (cents)	2.02	1.37
Headline earnings per share (cents)	2.02	1.37
Diluted basic earnings per share (cents)	2.01	1.37
Diluted headline earnings per share (cents)	2.01	1.37

9 Dividends

Dividends paid per share are based on the ordinary number of shares in issue on the effective date of declaration and entitlement of the ordinary shares to the dividend. The final dividend together with special dividend declared in prior year of 0.30 US cents was paid during the current year. Also, a final dividend of USD 81 200 was declared and paid to the Axia Corporation Employee Share Trust (Private) Limited during the current year. The current year interim dividend of 0.40 US cents per share was declared and paid to ordinary shareholders whilst USD 109 000 was also declared and paid to Axia Corporation Employee Share Trust (Private) Limited.

	2018 USD	2017 USD
9.1 Dividends declared and paid on ordinary shares		
Final dividend declared relating to previous financial period	1 624 780	270 797
Interim dividend declared	2 166 374	1 300 193
Axia Corporation Employee Share Ownership Trust (Class "A" ordinary share dividends)	190 200	78 400
	3 981 354	**1 649 390**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

9 Dividends (continued)

9.1 Dividends declared and paid on ordinary shares (continued)

The Board declared a final dividend of 0.32 US cents per share in respect of all ordinary shares of the Company for the year ended 30 June 2018. This brings the total dividend in respect of the financial year ended 30 June 2018 to 0.72 US cents per share. The final dividend will be payable in full to all shareholders of the Company registered at close of business on the 12th of October 2018. The payment of this dividend will take place on or around the 23rd of October 2018. The shares of the Company will be traded cum-dividend on the Zimbabwe Stock Exchange up to the market day of 9th of October and ex-dividend as from the 10th of October 2018.

The Board has also declared a final dividend totalling USD 86 000 to Axia Corporation Employee Share Trust (Private) Limited.

	2018 USD	2017 USD
9.2 Dividends declared and paid by subsidiaries to non-controlling interests		
TV Sales & Home (Private) Limited	2 299 770	2 199 780
Distribution Group Africa (Private) Limited	1 399 720	749 850
Eagle Agencies (Private) Limited	70 899	40 534
Shipserve (Private) Limited	41 000	–
	3 811 389	**2 990 164**

	2018 USD	Restated 2017 USD
10 Revenue		
Sale of goods	270 703 221	205 499 065
Interest on instalment credit sales	5 221 996	5 922 439
	275 925 217	**211 421 504**
11 Other income		
Sundry income and sales	2 005 526	908 073
Rental income of excess space	229 276	211 161
	2 234 802	**1 119 234**

Included in sundry income is the sale of non-core business items such as sale of raw materials, fuel and commissions.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

		Notes	2018 USD	Restated 2017 USD
12	**Operating expenses**			
	Staff costs		13 164 357	11 522 072
	Audit fees and expenses	12.1	245 910	188 353
	Operating lease charges - fixed		2 709 060	2 899 677
	Operating lease charges - variable		1 045 504	549 005
	Distribution costs		5 081 358	4 045 717
	Repairs and maintenance		1 332 238	887 291
	Electricity, water and rates		699 692	635 658
	Commissions		2 427 762	1 830 840
	Warranty fees		328 151	235 026
	Bank charges		816 038	629 255
	Security		599 744	413 532
	Telephone and postage		283 034	226 358
	Fuel		580 280	586 257
	Advertising and marketing		914 250	698 223
	Insurance and licenses		552 969	411 375
	Bad debts written off and allowance for credit losses		4 269 116	1 504 636
	Inventories written off and obsolescence charges		2 885 248	2 909 627
	Other		2 728 983*	2 284 649
			40 663 694	**32 457 551**

* Other operating expenses comprise of legal fees, consultancy fees, security, printing & stationery, travel, donations, cleaning, rates and refuse charges.

		Notes	2018 USD	Restated 2017 USD
12.1	**Audit fees and expenses**			
	Current year		245 910	128 700
	Prior year under-provision		—	59 653
			245 910	**188 353**
12.2	**Included in operating expenses are share based payment expenses and key management's emoluments comprising of:**			
	12.2.1 Short term employee benefits			
	Equity setted share based payments expense	27	147 940	13 694
	Executive directors - total emoluments		1 226 679	1 018 417
	Other management remuneration*		3 483 970	3 222 086
			4 858 589	**4 254 197**

* Other management includes executives and senior management of the Group's subsidiary companies.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	Notes	2018 USD	Restated 2017 USD
12 Operating expenses (continued)			
12.2 Included in operating expenses are share based payment expenses and key management's emoluments comprising of: (continued)			
12.2.2 Non-executive directors fees			
Independent, non-executive directors - fees		91 647	80 315
Non-independent, non-executive directors - fees, emoluments and other services		373 562	335 660
		465 209	**415 975**
13 Financial income			
Realised exchange gains		270 293	154 555
Unrealised exchange (losses) / gains		(1 002 152)	380 766
Profit on disposal of equipment		56 598	26 401
Fair value adjustment on derivative asset (note 23)		1 943 892	562 814
Dividends received from listed equity investments		5 833	14 199
		1 274 464	**1 138 735**
14 Interest income			
Loans to associate companies		15 503	101 854
Bank deposits and short term investments		76 605	413 426
Other loans and receivables		268 271	124 124
		360 379	**639 404**
15 Interest expense			
Bank overdrafts and interest-bearing borrowings		1 642 551	993 173
16 Tax expense			
16.1 Income tax charge			
Current income tax charge		7 186 199	5 170 209
Witholding tax		152 779	36 064
Deferred tax	31.1	112 655	(827 464)
		7 451 633	**4 378 809**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	Notes	2018 USD	Restated 2017 USD
16 Tax expense (continued)			
16.2 Tax rate reconciliation		**%**	**%**
Statutory rate of taxation, inclusive of AIDS levy		25.75	25.75
Adjusted for:			
Tax effect of joint venture and associate profit / (losses)		0.85	0.39
Regional rates		0.43	0.15
Unrecognised tax losses		0.57	–
Other non-taxable/non-deductible items*		3.02	(0.93)
Effective tax rate		30.62	25.36

* Other non-taxable and non-deductible items include depreciation in excess of the passenger motor vehicle limit, certain donations, fines, non-deductible legal expenses and excess pension.

	Notes	2018 USD	Restated 2017 USD
17 Cash flow information			
17.1 Cash generated from operations			
Profit before interest, equity accounted earnings and tax		24 818 306	17 355 583
Depreciation		1 913 260	1 544 801
Share based payments expense		147 940	13 694
Unrealised exchange losses / (gains)		1 002 152	(380 766)
Unrealised fair value gain on derivative financial asset, net of proceeds	23	(697 285)	(562 814)
Fair value adjustments on listed equity investments	23	(68 173)	(69 564)
Inventories written off and obsolescence charges		2 885 248	2 909 627
Allowance for credit losses	25	4 269 116	1 504 636
Impairment of goodwill on acqusition of subsidiaries	18	419 325	–
Impairment loss on derecognition of motor vehicles	19	34 283	–
Provisions charged to profit or loss	34	605 279	337 158
Profit on disposal of equipment		(56 598)	(26 401)
Increase in inventories		(18 025 501)	(7 821 823)
Increase in trade and other receivables		(10 519 835)	(5 847 690)
Increase / (decrease) in trade and other payables		3 747 135	(4 536 178)
Decrease in provisions		(338 735)	(546 297)
		10 135 917	**3 873 966**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	Notes	2018 USD	Restated 2017 USD
17 Cash flow information (continued)			
17.2 Tax paid			
Opening balance		(915 246)	(1 157 978)
Charged to profit or loss		(7 338 978)	(5 206 273)
Acquisition of subsidiaries	18	(9 542)	–
Exchange and other non-cash movements		292 044	(5 560)
Closing balance		812 379	915 246
		(7 159 343)	**(5 454 565)**
17.3 Investing activities			
Expenditure on property, plant and equipment	19	**(3 997 442)**	**(1 639 589)**
To maintain operations		(1 977 976)	(972 358)
To expand operations		(2 019 466)	(667 231)
Proceeds on disposal of equipment		84 771	54 088
Loans advanced to associates		–	(101 854)
Acquisition of subsidiaries	18	482 095	–
Payment to non-controlling interests to equalise shareholder loan	39.5	(976 850)	–
Acquisition of interest in associate or joint venture	21.1	(100 000)	(118 501)
Movements in trade finance loan advanced		(3 696)	(171 584)
		(4 511 122)	**(1 977 440)**

17.4 Cashflows arising from interest-bearing borrowings (disclosed in financing activities)

		Cashflows		Non cash movements			
	Restated 2017 USD	Proceeds from borrowings	Repayments of borrowings	Acquisitions	Foreign exchange movements	Other non-cash movements	**2018 USD**
Long-term financing	1 375 214	–	(1 375 214)	–	–	–	–
Short-term financing	17 563 259	16 955 544	(8 443 698)	8 344 786	(19 942)	(8 344 786)	26 055 163
Total liabilities from financing activities	**18 938 473**	**16 955 544**	**(9 818 912)**	**8 344 786**	**(19 942)**	**(8 344 786)**	**26 055 163**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

18 Net cash flow arising on the conversion of associates to subsidiaries and acquisition of a subsidiary

Hat On Investments (Private) Limited and Baobab Africa (Private) Limited

Through a scheme of reconstruction, the Group has consolidated the results of Hat On Investments (Private) Limited ("Hat On") and Baobab Africa (Private) Limited ("Baobab") through its subsidiary Distribution Group Africa (Private) Limited ("DGA"), with effect from 1 July 2017. Previously, these entities were equity-accounted in the results of the Group.

The Group previously held 49.99% in Hat On and 33.33% in Baobab. The Group through DGA, now owns 100% of Hat On and 66.67% of Baobab.

Equip Solutions (Private) Limited

On 1 July 2017, the Group, through DGA's subsidiary company, Dynamaster (Private) Limited, obtained a 51% controlling interest in Equip Solutions (Private) Limited ("Equip"). Equip is a distribution company holding agencies that presented an opportunity for growth and an increased footprint in the distribution business.

The net cash flow arising from the acquisition and restructuring transactions is shown below:

	Note	Hat On (Pvt) Ltd	Baobab Africa (Pvt) Ltd	Equip Solutions (Pvt) Ltd	Total
Assets					
Property, plant and equipment	19.1	(269 777)	(96 658)	(48 742)	(415 177)
Net deferred tax assets	31	(214 844)	(234 003)	(23 765)	(425 082)
Deferred tax assets		(214 844)	(234 003)	–	(448 847)
Deferred tax liabilities		–	–	23 765	23 765
Inventories		(917 274)	(802 801)	(299 575)	(2 019 650)
Trade and other receivables		(3 674 151)	(1 874 542)	(397 656)	(5 946 349)
Cash and cash equivalents		(139 533)	(321 594)	(52 572)	(513 699)
Interest-bearing borrowings	17.4	4 754 475	3 449 415	140 896	8 344 786
Trade and other payables		684 891	792 221	611 420	2 088 532
Provisions	34	13 115	55 187	14 058	82 360
Current tax (assets)/liabilities	17.2	(34 103)	44 805	(1 160)	9 542
Net liabilities/(assets) on conversion of associates to subsidiaries or acquisition of subsidiary		**202 799**	**1 012 030**	**(9 566)**	**1 205 263**
Non-controlling interests' share therein		(158 710)	(286 431)	4 782	(440 359)
Fair value of net liabilities/(assets) recognised		**44 089**	**725 599**	**(4 784)**	**764 904**
Fair value of previously held losses retained		(25 233)	(351 950)	–	(377 183)
Net goodwill recorded and impaired at acquisition		(18 856)	(373 649)	(26 820)	(419 325)
Consideration paid		**–**	**–**	**(31 604)**	**(31 604)**
Add: Cash and cash equivalents on conversion of associates to subsidiaries or acquisition of subsidiary		139 533	321 594	52 572	513 699
Net cash inflow on conversion of associates to subsidiaries and acquisition of subsidiary		**139 533**	**321 594**	**20 968**	**482 095**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

19 Property, plant and equipment

	Freehold property USD	Leasehold improvements USD	Fittings & Equipment USD	Motor vehicles USD	Total USD
Cost					
At 30 June 2016 (As previously reported)	**2 579 345**	**986 869**	**7 430 362**	**5 311 088**	**16 307 664**
Effect of restatement	–	(140 926)	(2 633 776)	(275 681)	(3 050 383)
At 30 June 2016 (restated)	**2 579 345**	**845 943**	**4 796 586**	**5 035 407**	**13 257 281**
Additions	–	39 925	881 248	718 416	1 639 589
Disposals	–	–	(5 215)	(114 574)	(119 789)
Exchange movements	60 077	34 850	27 462	84 098	206 487
At 30 June 2017 (restated)	**2 639 422**	**920 718**	**5 700 081**	**5 723 347**	**14 983 568**
Additions	–	215 430	2 270 250	1 511 762	3 997 442
Disposals	–	–	(55 932)	(249 474)	(305 406)
Impairment of motor vehicles	–	–	–	(209 674)	(209 674)
Conversion of associates to subsidiaries and acquistion of subsidiaries	–	–	425 759	206 412	632 171
Exchange movements	(53 938)	(31 293)	(26 250)	(71 720)	(183 201)
At 30 June 2018	**2 585 484**	**1 104 855**	**8 313 908**	**6 910 653**	**18 914 900**
Acumulated depreciation and impairment losses					
At 30 June 2016 (As previously reported)	**659 918**	**274 082**	**3 826 064**	**2 825 648**	**7 585 712**
Effect of restatement	–	(56 472)	(658 956)	(167 489)	(882 917)
At 30 June 2016 (restated)	**659 918**	**217 610**	**3 167 108**	**2 658 159**	**6 702 795**
Disposals	–	–	(4 083)	(88 019)	(92 102)
Charge for the year	74 436	53 797	992 439	424 129	1 544 801
Exchange movements	8 210	1 994	24 421	56 037	90 662
At 30 June 2017 (restated)	**742 564**	**273 401**	**4 179 885**	**3 050 306**	**8 246 156**
Disposals	–	–	(35 540)	(241 693)	(277 233)
Charge for the year	74 184	73 118	959 404	806 554	1 913 260
Conversion of associates to subsidiaries and acquistion of subsidiaries	–	47 646	80 535	88 813	216 994
Impairment of motor vehicles	–	–	–	(175 391)	(175 391)
Exchange movements	(9 019)	(1 790)	(23 485)	(59 973)	(94 267)
At 30 June 2018	**807 729**	**392 375**	**5 160 799**	**3 468 616**	**9 829 519**
Net carrying amount					
At 30 June 2018	**1 777 755**	**712 480**	**3 153 109**	**3 442 037**	**9 085 381**
At 30 June 2017 (restated)	**1 896 858**	**647 317**	**1 520 196**	**2 673 041**	**6 737 412**
At 30 June 2016 (restated)	**1 919 427**	**628 333**	**1 629 478**	**2 377 248**	**6 554 486**

Certain motor vehicles are encumbered as indicated in note 19.2.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	2018 USD	Restated 2017 USD
19 Property, plant and equipment (continued)		
19.1 Reconciliation of opening and closing carrying amounts		
Net carrying amount at the beginning of the year (restated)	**6 737 412**	**6 554 486**
Cost	14 983 568	13 257 281
Accumulated depreciation and impairment losses	(8 246 156)	(6 702 795)
Movement for the year:		
Additions at cost	3 997 442	1 639 589
Conversion of associates and acquisition of subsidiaries (note 18)	415 177	–
Net carrying amount of disposals	(28 173)	(27 687)
Depreciation charge for the year	(1 913 260)	(1 544 801)
Impairment loss on derecognition of motor vehicles	**(34 283)**	**–**
Impairment of motor vehicles at cost	(209 674)	–
Impairment of motor vehicles accumulated depreciation	175 391	–
Exchange movements	(88 934)	115 825
Net carrying amount at the end of the year	**9 085 381**	**6 737 412**
Cost	18 914 900	14 983 568
Accumulated depreciation and impairment losses	(9 829 519)	(8 246 156)
19.2 Security		
Net book value of motor vehicles pledged as security for borrowings (Regional Operations)	94 320	215 012

Details of the borrowings are shown in note 32.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	Goodwill on acquisition USD	Other intangible asset USD	Total USD
20 Intangible assets			
Net carrying amount 30 June 2016 (as previously reported)	**4 186 628**	**36 682**	**4 223 310**
Gross carrying amount	4 186 628	43 027	4 229 655
Accumulated amortisation	–	(6 345)	(6 345)
Effect of restatement	(4 068 624)	(1 599)	(4 070 223)
Net carrying amount 30 June 2016 (restated)	**118 004**	**35 083**	**153 087**
Gross carrying amount	118 004	41 428	159 432
Accumulated amortisation	–	(6 345)	(6 345)
Goodwill adjustment	(118 004)	–	(118 004)
Net carrying amount 30 June 2017	**–**	**35 083**	**35 083**
Gross carrying amount	–	41 428	41 428
Accumulated amortisation	–	(6 345)	(6 345)
Goodwill on conversion of associates to subsidiaries	392 505	–	392 505
Goodwill on acquisition of subsidiary	26 820	–	26 820
Impairment of goodwill on conversion of associates to subsidiaries and acquisition of subsidiary (note 18)	(419 325)	–	(419 325)
Net carrying amount 30 June 2018	**–**	**35 083**	**35 083**
Gross carrying amount	–	41 428	41 428
Accumulated amortisation	–	(6 345)	(6 345)

The conversion of Hat On Investments (Private) Limited and Baobab Africa (Private) Limited from associates to subsidiaries and acquisition of Equip Solutions (Private) Limited by the distribution business resulted in goodwill totalling USD 419 325. A decision was made to immediately impair this goodwill on the conversion and/or acquisition date.

The other intangible asset comprises a computer software used to manage the instalment debtors book, housed by TV Sales & Home. As at 30 June 2018, there was no impairment of computer software.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	2018 USD	Restated 2017 USD	Restated 2016 USD
21 Investments in Associates and Joint Ventures			
21.1 Reconciliation of movements in associates and joint ventures			
Opening balance	4 718 913	4 791 265	4 708 670
Purchases at cost	100 000	118 501	—
Equity accounted earnings	798 823	263 306	15 561
Dividends received	—	(681 304)	(83 004)
Balance reclassified to other payables	—	227 145	150 038
Balance at the end of the year	**5 617 736**	**4 718 913**	**4 791 265**

Management had provided for equity accounted losses from associate companies in the previous reported periods, where the investment had been reduced to zero, as the Group held constructive obligations on behalf of the associates.

Investments in associates and joint ventures comprise of:

	2018 USD	Restated 2017 USD	Restated 2016 USD
Moregrow Enterprises (Private) Limited	5 541 215	4 718 913	4 560 291
Firm Action (Private) Limited	76 521	—	—
Hat On Investments (Private) Limited	—	—	230 974
	5 617 736	**4 718 913**	**4 791 265**

21.2 The Group has the following investments in associates and joint ventures:

21.2.1 Moregrow Enterprises (Private) Limited

Moregrow Enterprises (Private) Limited ("Moregrow") is the holding company of Geribran Services (Private) Limited t/a Transerv ("Transerv"), a leading automotive spares retailer. During the year, the Board reassessed its position of control of Moregrow where the Group has a 51% shareholding. Moregrow, in turn exercises joint control in Transerv through a 51% shareholding. This translates to an effective shareholding of 26.01% in Transerv by the Group. As such, the investment in Moregrow has been classified as a joint arrangement, where Moregrow is a joint venture in accordance with International Financial Reporting Standards. As a result of this reassessment and classification, the Group has equity accounted the results of Moregrow.

	2018 USD	Restated 2017 USD	Restated 2016 USD
Reconciliation of the investment in joint venture;			
Balance at the beginning of the year	4 718 913	4 560 291	4 489 751
Equity accounted earnings	822 302	839 926	153 544
Dividends received	—	(681 304)	(83 004)
Balance at the end of the year	**5 541 215**	**4 718 913**	**4 560 291**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

21 Investments in Associates and Joint Ventures (continued)

21.2 The Group has the following investments in associates and joint ventures: (continued)

21.2.2 Firm Action (Private) Limited

In the current year, the Group, through its subsidiaries in the distribution business acquired a 50% interest in Firm Action (Private) Limited ("Firm Action"). Firm Action is involved in the distribution of principal's FMCG products to the retail and wholesale market. The Group exercises joint control in Firm Action and has rights to the net assets of the arrangement. As such the joint arrangement is classified as a joint venture in accordance with International Financial Reporting Standards. The group has equity accounted the results of the Firm Action joint venture.

	2018 USD
Reconciliation of the investment in joint venture;	
Acquisition of interest in joint venture	100 000
Equity accounted losses	(23 479)
Balance at the end of the year	**76 521**

21.2.3 Baobab Africa (Private) Limited

Baobab Africa (Private) Limited ("Baobab") is involved in the distribution of principal's FMCG products to the retail and wholesale market as well as clearing agency services. Through a scheme of reconstruction, the Group consolidated the results of Baobab through its subsidiary, Distribution Group Africa (Private) Limited with effect from 1 July 2017. The Group's effective shareholding in Baobab increased by 0.01% to 33.34%.

	Restated 2017 USD	Restated 2016 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	–	(12 012)
Equity accounted losses	(201 912)	(138 026)
Balance reclassified to other payables	201 912	150 038
Balance at the end of the year	**–**	**–**

Fair value of previously retained losses, that were classified to other payables, were recognised on conversion from associate to subsidiary (note 18).

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

21 Investments in Associates and Joint Ventures (continued)

21.2 The Group has the following investments in associates and joint ventures: (continued)

21.2.4 Hat On Investments (Private) Limited

Hat-On Investments (Private) Limited ("Hat On") is involved in the distribution of principal's products to the retail and wholesale market. Through a scheme of reconstruction, the Group consolidated the results of Hat On through its subsidiary, Distribution Group Africa (Private) Limited with effect from 1 July 2017. The Group's effective shareholding in Hat On increased by 0.02% to 50.01%.

	Restated 2017 USD	Restated 2016 USD
Reconciliation of the investment in associate;		
Balance at the beginning of the year	230 974	230 931
Equity accounted (losses) / earnings	(374 708)	43
Acquisition of additional interest in associate	118 501	—
Balance reclassified to other payables	25 233	—
Balance at the end of the year	**—**	**230 974**

Fair value of previously retained losses, that were reclassified to other payables, were recognised on conversion form associate to subsidiary (note 18).

21.3 Summarised financial information of associates and joint ventures

	Revenue USD	Profit/ (loss) after tax USD	Non-current assets USD	Current assets USD	Non-current liabilities USD	Current liabilities USD
Moregrow Enterprises (Private) Limited						
30 June 2018	—	1 612 357	6 141 193	440 023	—	95 443
30 June 2017	—	1 646 914	4 871 889	3 529	—	2 000
30 June 2016	—	301 066	4 560 832	354 830	—	353 270
Firm Action (Private) Limited						
30 June 2018	1 334 379	(46 957)	36 825	585 649	—	469 432
Baobab Africa (Private) Limited						
30 June 2017	5 401 496	(578 508)	330 662	2 998 901	3 449 425	892 204
30 June 2016	1 303 800	(442 994)	560 063	2 946 188	2 188 173	1 745 912
Hat On Investments (Private) Limited						
30 June 2017	8 120 011	(937 652)	484 621	4 730 958	4 754 474	663 903
30 June 2016	1 734 982	3 312	398 176	4 634 388	285 117	3 868 551

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

21 Investments in Associates and Joint Ventures (continued)

21.4 Reconciliation of the carrying amount of joint ventures

	2018 Moregrow USD	2017 Moregrow USD	2016 Moregrow USD	2018 Firm Action USD
Total shareholders equity	6 485 773	4 873 418	4 562 392	153 042
Less: Moregrow goodwill into Transerv	(4 068 624)	(4 068 624)	(4 068 624)	–
Less: Other reconciling items	(355 455)	(355 455)	(355 455)	–
Net assets attributable to shareholders of the joint venture	**2 061 694**	**449 339**	**138 313**	**153 042**
Axia's effective share (%)	51.00%	51.00%	51.00%	50.00%
Axia's effective share (USD)	1 051 464	229 162	70 540	76 521
Reconciling items:				
Axia goodwill	4 068 624	4 068 624	4 068 624	–
Axia investment at cost	129 177	129 177	129 177	–
Equity loan	291 950	291 950	291 950	–
Carrying amount at the end of the year	**5 541 215**	**4 718 913**	**4 560 291**	**76 521**

21.5 Reconciliation of the carrying amount of associates

	2017 Hat On USD	2016 Hat On USD	2017 Baobab USD	2016 Baobab USD
Total shareholders equity	(202 798)	878 896	(1 012 066)	(427 834)
Non controlling interests therein	158 720	(177 882)	(76 332)	(61 313)
Net assets attributable to shareholders of the associate	**(44 078)**	**701 014**	**(1 088 398)**	**(489 147)**
Axia's effective share (%)	49.99%	33.33%	33.33%	33.33%
Axia's effective share (USD)	(22 035)	233 648	(362 763)	(163 033)
Reconciling items:				
Other reconciling items	(3 198)	(2 674)	10 813	12 995
Reclassification to payables	25 233	–	351 950	150 038
Carrying amount at the end of the year	**–**	**230 974**	**–**	**–**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

21 Investments in Associates and Joint Ventures (continued)

21.6 Loan receivable from associate

The Group advanced a loan to Hat On Investments (Private) Limited ("Hat On") when it was an associate company. The loan attracted an interest rate of 9.24% per annum on all outstanding amounts and repayment is scheduled to commence post this financial year end. Below are reconciliations of the loan balance that was outstanding from Hat On.

	2018 USD	Restated 2017 USD	Restated 2016 USD
Opening balance	1 321 478	1 219 624	2 289 687
Interest accrued	—	101 854	—
Repayments made	—	—	(1 070 063)
Elimination of loan balance on conversion of associate to subsidiary	(1 321 478)	—	—
Closing balance	**—**	**1 321 478**	**1 219 624**

22 Description of Group Investments in Subsidiary, Associates and Joint Venture companies

Listed below are the Group's effective ordinary shareholding in various business units and excludes dormant companies:

	2018	2017	2016
Speciality Retail			
TV Sales & Home (Private) Limited	66.67%	66.67%	66.67%
Innscor Credit Retail (Mauritius) Limited	100.00%	100.00%	100.00%
Moregrow Enterprises (Private) Limited *	51.00%	51.00%	51.00%
Geribran Services (Private) Limited t/a Transerv *	26.01%	26.01%	26.01%
Distribution			
Distribution Group Africa (Private) Limited	50.01%	50.01%	50.01%
Innscor Distribution (Private) Limited	50.01%	50.01%	50.01%
Comox Trading (Private) Limited ^	50.01%	50.01%	50.01%
Eagle Agencies (Private) Limited ^	37.51%	37.51%	37.51%
Biscuit Company (Private) Limited t/a Snacks Sales & Distribution ^	50.01%	41.67%	41.67%
Tevason Investments (Private) Limited t/a FreshPro ^	50.01%	50.01%	50.01%
Vital Logistics Zimbabwe (Private) Limited ^	50.01%	50.01%	50.01%
Innscor Distribution Africa Limited	50.00%	50.00%	50.00%
Innscor Distribution (Malawi) Limited ^	50.00%	50.00%	50.00%
Photo Marketing (Malawi) Limited t/a Comox ^	50.00%	50.00%	50.00%
Innscor Distribution (Zambia) Limited ^	50.00%	50.00%	50.00%
Comox Trading (Zambia) Limited	50.00%	50.00%	50.00%
Mukwa Distribution (Zambia) Limited ^	37.50%	37.50%	37.50%
Commview Investments (Private) Limited	100.00%	100.00%	100.00%

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

22 Description of Group Investments in Subsidiary, Associate and Joint Venture companies (continued)

	2018	2017	2016
Distribution (continued)			
Baobab Africa (Private) Limited ^	33.34%	33.33%	33.33%
Hat On Investments (Private) Limited ^	50.01%	49.99%	49.99%
Corporate Services			
Axia Operations (Private) Limited	100.00%	100.00%	100.00%
Excalibur Mauritius Limited	100.00%	100.00%	100.00%

* Associate or Joint Venture ^ Subsidiary of subsidiary

22.1 Country of incorporation

All Group companies are incorporated in Zimbabwe, except for the following operating companies:

Company	Country of incorporation
Innscor Credit Retail (Mauritius) Limited	Mauritius
Innscor Distribution Africa Limited	Mauritius
Innscor Distribution (Malawi) Limited	Malawi
Photo Marketing (Malawi) Limited	Malawi
Innscor Distribution (Zambia) Limited	Zambia
Comox Trading (Zambia) Limited	Zambia
Mukwa Distribution (Zambia) Limited	Zambia
Excalibur Mauritius Limited	Mauritius

23 Financial Assets

	2018 USD	Restated 2017 USD	Restated 2016 USD
Financial assets comprise of:			
Listed equities	254 701	186 528	116 964
Trade finance loan receivable	175 280	171 584	–
Derivative financial asset	1 260 099	562 814	–
Total financial assets	**1 690 080**	**920 926**	**116 964**
Reconciled as follows:			
Balance at the beginning of the year	920 926	116 964	113 233
Net loans advanced	3 696	171 584	–
Fair value adjustments through profit or loss	68 173	69 564	3 731
Fair value adjustment on derivative financial asset	1 943 892	562 814	–
Proceeds and disposal of derivative financial asset	(1 246 607)	–	–
Balance at the end of the year	**1 690 080**	**920 926**	**116 964**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

23 Financial Assets (continued)

Derivative financial asset

Axia Operations (Private) Limited, by way of guarantee, underwrote to Innscor Africa Limited (IAL) an amount of USD 653 820 which represented the payment made by IAL to the Zimbabwe Revenue Authority for withholding tax arising from the unbundling of its Speciality Retail and Distribution businesses through a dividend in specie of Axia Corporation Limited (Axia) shares in May 2016. In respect of this withholding tax IAL retained 12 886 241 Axia Corporation Limited shares which were registered in its name. During the year, IAL disposed of 7 000 000 shares and Axia repaid the USD 653 820 underwritten to IAL.

The financial asset which emanates from this transaction is calculated at the fair value of the remaining Axia Corporation Limited shares taking into account relevant transaction costs, less any dividends received by IAL on the shares. The resultant uplift in the value of this financial asset is included in the statement of profit or loss and other comprehensive income. At 30 June 2018, the financial asset was valued at $ 1 260 099.

Financial assets are analysed as follows:

	Fair value through profit or loss USD	Financial assets at amortised cost USD	Total USD
Balance on 30 June 2016	**116 964**	**—**	**116 964**
Trade finance loan receivable	—	171 584	171 584
Fair value adjustments and movements on listed equities and derivative financial asset	632 378	—	632 378
Balance on 30 June 2017	**749 342**	**171 584**	**920 926**
Trade finance loan receivable	—	3 696	3 696
Fair value adjustments and movements on listed equities and derivative financial asset	765 458	—	765 458
Balance on 30 June 2018	**1 514 800**	**175 280**	**1 690 080**

Fair value hierarchy

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

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

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

23 Financial Assets (continued)

Fair value through profit or loss	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
30 June 2018				
Listed equities	254 701	–	–	254 701
Derivative financial asset	–	1 260 099	–	1 260 099
	254 701	**1 260 099**	**–**	**1 514 800**
30 June 2017				
Listed equities	186 528	–	–	186 528
Derivative financial asset	–	562 814	–	562 814
	186 528	**562 814**	**–**	**749 342**
30 June 2016				
Listed equities	116 964	–	–	116 964

There were no transfers between levels during the year.

Valuation techniques used to determine level 2 values

	Valuation technique	Significant inputs
Derivative financial asset	Market approach	• Share price • Share disposal costs • Dividends declared

24 Inventories

	2018 USD	Restated 2017 USD	Restated 2016 USD
Consumable stores	223 195	97 606	32 193
Finished products, net of allowance for obsolescence	44 759 158	26 498 543	21 259 450
Goods in transit	2 767 654	4 352 002	4 687 768
	47 750 007	**30 948 151**	**25 979 411**

The amount of inventory write-down in respect of obsolescence expenses is USD 2 885 248 (2017: USD 2 909 627 and 2016: USD 621 704).

The amount of inventory recognised as an expense in cost of sales is USD 211 688 071 (2017: USD 162 391 102 and 2016: USD 31 928 485).

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	2018 USD	Restated 2017 USD	Restated 2016 USD
25 Trade and other receivables			
Trade receivables	24 284 430	22 086 211	25 893 063
Instalment sales receivables	8 214 452	9 254 314	13 931 331
Prepayments	14 220 049	11 023 553	6 814 566
Rental deposits	231 310	136 291	223 646
Receivables from associate companies	—	4 194 801	—
VAT receivable	5 998 865	—	—
Other receivables	4 605 736	3 784 014	534 684
	57 554 842	**50 479 184**	**47 397 290**
Allowance for credit losses	(3 466 802)	(3 091 578)	(4 619 793)
	54 088 040	**47 387 606**	**42 777 497**

Included in other receivables are marketing claims from distribution principals and staff loans.

Reconciliation of allowance for credit losses is as follows:

	2018 USD	Restated 2017 USD	Restated 2016 USD
Opening balance	**3 091 578**	**4 619 793**	**4 347 162**
Charge for the year	4 269 116	1 504 636	274 446
Conversion of associates to subsidiaries and acquisition of subsidiary	1 216 424	—	—
Write offs of bad debts	(5 072 699)	(3 037 220)	—
Exchange movements	(37 617)	4 369	(1 815)
Closing balance	**3 466 802**	**3 091 578**	**4 619 793**

Credit terms vary per business unit. Interest is charged on overdue accounts at varying rates depending on the business and on the credit terms.

As at 30 June 2018, the ageing analysis of trade and other receivables (excluding prepayments and VAT receivable) was as follows:

			Past due before impairment	
	Total USD	Neither past due nor impaired USD	60-90 days USD	More than 90 days USD
30 June 2018	37 335 928	26 931 351	4 266 978	6 137 599
30 June 2017 (restated)	39 455 631	35 208 557	3 150 278	1 096 796
30 June 2016 (restated)	40 582 724	34 521 594	3 364 343	2 696 787

Note 40 on credit risk of trade receivables explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	2018 USD	2017 USD	2016 USD
26 Ordinary share capital			
26.1 Authorised			
999 999 000 ordinary shares of US$0.0001 each	100 000	100 000	100 000
1 000 Non-Voting Class "A" ordinary shares of US$0.0001 each*	—	—	—
	100 000	**100 000**	**100 000**
26.2 Issued and fully paid			
541 593 440 ordinary shares of US$0.0001 each	54 159	54 159	54 159

*Class "A" shares are non-voting ordinary shares that will be used for the Axia Corporation Employee Share Trust.

There were no changes in Authorised and Issued share capital during the current year.

26.3 Directors' shareholdings

At 30 June 2018, the Directors held directly and indirectly the following number of shares:

	2018	2017	2016
J. Koumides	720 000	720 000	720 000
Z. Koudounaris	112 393 212	112 393 212	111 473 843
T.C. Mazingi	1 802	1 802	1 802
L.E.M. Ngwerume	5 406	5 406	5 406
	113 120 420	**113 120 420**	**112 201 051**

There has been no change in the Directors' shareholding subsequent to 30 June 2018 to the date of this report.

26.4 Share options

26.4.1 Indigenisation Share Options

As at 30 June 2018, Axia Corporation Limited had the following two Share Option agreements arising from the Group's indigenisation transaction:

1) The first option agreement is with an indigenous company, Benvenue Investments (Private) Limited ("Benvenue"). The terms of the Benvenue Share Option are as follows:

Number of shares:		Fifty Million (50 000 000)
Tenure:		10 years (until January 2024)
Pricing:	The higher of -	75% of the volume weighted average price of Axia Corporation Limited shares over the previous 60 trading days, or for the first five years (until January 2019), USD 0.19 per share and, for the second five years, USD 0.28 per share

At the end of the year, the share option scheme had a remaining contractual life of five and a half years but no shares had been issued to Benvenue.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

26 Ordinary share capital (continued)

26.4 Share options (continued)

26.4.1 Indigenisation Share Options (continued)

2) The second option agreement is with the newly created Axia Corporation Limited Employee Share Trust. The terms of the Axia Corporation Limited Employee Share Trust Option are as follows:

Number of shares:	Thirty Million (30 000 000)
Tenure:	10 years (until January 2024)
Pricing:	At the volume weighted average price of Axia Corporation Limited shares over the previous 60 trading days.

At the end of the year, the share option scheme had a remaining contractual life of five and a half years.

26.4.2 Employee Share Option Scheme

Share options are granted to Directors and to certain senior employees of the Group. The total number of shares available for the scheme of 54 159 344 was approved by shareholders in a General Meeting, and the number of options granted is calculated in accordance with the performance-based criteria approved by the Board's Remuneration Committee. The number of share options are limited in line with the Zimbabwe Stock Exchange (ZSE) regulations. The pertinent terms of the Axia Corporation Limited Employee Share Option Scheme are as follows:

Maximum number of shares available	54 159 344
Vesting period	Can be exercised after 3 years and before the end of 5 years
Exercise price	The higher of 45-day volume weighted average price of Axia Corporation Limited shares immediately preceding the offer date, or the nominal value of the shares
Expiry period	2 years from the date on which each option may first be exercised

Under the scheme, up to 1% of the issued share capital of the company (5 415 934 shares) are availed to Directors and eligible senior employees annually over a 10 year period. Options are conditional on the employee completing three years of service (vesting period). The shares are awarded, subject to achievement of a Headline Earnings growth performance condition outlined in the approved scheme document. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

26 Ordinary share capital (continued)

26.4 Share options (continued)

26.4.2 Employee Share Option Scheme (continued)

No options have been exercised in the year ended 30 June 2018. The following reconciles share options at the beginning and at the end of the year:

	Number of options
Balance at the end of the year	**5 150 934**
Granted during the year	5 140 934
Exercised during the year	—
Forfeited during the year	—
Balance at the end of the year	**10 291 868**

No share options were exercisable as at 30 June 2018.

Option series	Number	Grant date	Vesting date	Expiry date	Exercise price USD
(1) Granted on 29 November 2016	5 150 934	29-Nov-16	28-Nov-19	28-Nov-21	0.0556
(2) Granted on 26 September 2017	5 140 934	26-Sep-17	25-Sep-20	25-Sep-22	0.2473

Employee share options granted in September 2017 (series 2) have a dilutive effect at the end of the financial year. Employee share options granted in November 2016 (series 1) did not have a dilutive impact at year end.

26.4.3 Value of share options at the end of the year

Valuation of the share option scheme was conducted by a third-party valuation expert. Share options were measured in accordance with IFRS 2: Share-based Payments, at their market-based measure at the grant date. The options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including probability of meeting market conditions attached to the option) and behavioural considerations. Expected volatility is based on the historical share price volatility of the company and comparison with similar listed companies.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

26 Ordinary share capital (continued)

26.4 Share options (continued)

26.4.3 Value of share options at the end of the year (continued)

Inputs into the model

Description		Series 1 Value	Series 2 Value
Grant date		29-Nov-16	26-Sep-17
Vesting date		28-Nov-19	25-Sep-20
Performance period for HEPS performance condition		3 years	3 Years
Performance condition success probability (grant date and year end)		100%	100%
Number of options		5 150 934	5 140 934
Share price at grant date	(USD)	0.0550	0.3010
Option exercise strike price	(USD)	0.0556	0.2473
Risk free rate		1.50%	1.70%
Dividend yield		3%	3%
Volatility		35%	35%
Exercise multiple		1.8	1.8

27 Share based payments reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 26.4.2 above for further details. Below is a reconciliation of the movements in this reserve for the year.

	2018 USD	2017 USD
Opening balance	**13 694**	–
Equity setted share based payments expense	147 940	13 694
Closing balance	**161 634**	**13 694**

The company share-based payments reserve is also used to recognise the value of equity-settled share-based payments provided to employees, including key management, as part of their remuneration.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

28 Non-distributable reserves

Consists of the Share premium reserve and Foreign currency translation reserve.

	Share premium reserve	Foreign currency translation reserve	Total
Balance on 30 June 2016	**40 496**	**(2 767 431)**	**(2 726 935)**
Exchange differences arising on translation of foreign subsidiaries	–	191 719	191 719
Balance on 30 June 2017	**40 496**	**(2 575 712)**	**(2 535 216)**
Exchange differences arising on translation of foreign subsidiaries	–	(146 825)	(146 825)
Balance on 30 June 2018	**40 496**	**(2 722 537)**	**(2 682 041)**

Nature and purpose of reserves

Share premium reserve

Share premium reserve is used to record amounts over and above nominal value of shares issued.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

Non-distributable reserve - Company

The holding company has a non-distributable reserve of USD 27 700 642 (as shown on Page 107), comprising the net assets acquired through unbundling of the Speciality Retail and Distribution silo of Innscor Africa Limited. This reserve is eliminated on consolidation.

29 Distributable reserves

	2018 USD	2017 USD
Balance on 30 June 16 (As previously reported)	**–**	**31 168 659**
Correction of prior period error (note 7)	–	(435 522)
Balance at the beginning of the year (restated)	**36 612 470**	**30 733 137**
Retained for the year	10 952 910	7 415 322
Dividends paid (note 9)	(3 981 354)	(1 649 390)
Transactions with owners in their capacity as owners	(234 389)	113 401
Balance on 30 June	**43 349 637**	**36 612 470**
Retained in:		
Holding company	4 563 844	3 283 690
Subsidiary companies	37 708 103	33 049 913
Associate companies and joint ventures	1 077 690	278 867
	43 349 637	**36 612 470**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

30 Non-controlling interests in significant subsidiaries

The Group has the following subsidiaries that have significant non-controlling interests:

	Distribution Group Africa (Private) Limited			TV Sales & Home (Private) Limited			Innscor Distribution Africa Limited		
	2018	2017	2016^	2018	2017	2016^	2018	2017	2016^
Principal place of business	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zambia & Malawi	Zambia& Malawi	Zambia& Malawi
Proportion of ownership interests held by non-controlling interests	49.99%	49.99%	49.99%	33.33%	33.33%	33.33%	50%	50%	50%
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Profit allocated to non-controlling interests	1 715 882	2 442 100	567 406	4 076 331	2 677 969	463 307	138 200	250 231	22 517
Accumulated non-controlling interests of subsidiaries	12 365 837	12 032 752	10 274 265	9 937 558	8 150 090	7 672 338	2 511 413	2 841 814	2 458 495

* Dividends paid to non-controlling interests have been disclosed under note 9.2.

^ 2016 comparative period reflects trading for 3 months whereas 2017 and 2018 reflect 12 months respectively.

30 Non-controlling interests in significant subsidiaries (continued)

The summarised financial information of these subsidiaries based on amounts before inter-company eliminations is provided below:

	Distribution Group Africa (Private) Limited			TV Sales & Home (Private) Limited			Innscor Distribution Africa Limited		
	2018	**2017**	**2016^**	**2018**	**2017**	**2016^**	**2018**	**2017**	**2016^**
Principal place of business	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zimbabwe	Zambia & Malawi	Zambia& Malawi	Zambia& Malawi
Proportion of ownership interests held by non-controlling interests	49.99%	49.99%	49.99%	33.33%	33.33%	33.33%	50%	50%	50%
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Statement of profit or loss									
Revenue	175 851 678	136 672 842	26 029 480	69 431 199	50 941 355	10 236 047	30 642 340	23 807 307	5 079 703
Operating profit (EBITDA)	9 780 117	7 802 415	1 035 749	16 834 581	10 589 177	1 530 776	878 576	681 685	231 224
Statement of financial position									
Current assets	58 816 136	49 922 646	41 761 826	35 051 992	29 991 655	28 961 246	12 017 599	8 071 743	11 171 473
Non-current assets	7 034 851	4 995 976	4 599 555	2 658 443	1 620 633	1 106 398	1 378 909	1 459 111	1 598 743
Current liabilities	41 081 961	30 330 316	25 633 251	6 462 925	5 781 887	5 333 528	8 548 348	3 711 665	7 560 500
Non-current liabilities	324 403	359 894	–	1 431 854	1 377 685	1 714 798	–	59 365	258 533
Statement of cash flows									
Net cash flow from operating activities	327 579	(3 925 359)	1 485 585	6 633 616	4 670 916	1 096 171	2 316 376	435 116	72 182
Net cash flow from investing activities	(2 000 413)	(772 009)	(44 034)	(1 443 170)	(934 730)	(91 537)	(120 190)	(31 517)	(14 055)
Net cash flow from financing activities	1 510 155	670 040	(546 369)	(7 052 687)	(6 600 000)	–	(1 923 709)	(7 580)	72 613

^ 2016 comparative period reflects trading for 3 months whereas 2017 and 2018 reflect 12 months respectively.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	2018 USD	Restated 2017 USD	Restated 2016 USD
31 Net deferred tax (assets) / liabilities			
31.1 Reconciliation			
Opening balance	121 659	946 727	1 937 328
Charged/(released) to profit or loss	112 655	(827 464)	(1 012 874)
Acquisition of subsidiaries (note 18)	(425 082)	–	–
Exchange movements	(75 917)	2 396	22 273
Closing balance	**(266 685)**	**121 659**	**946 727**
31.2 Analysis of net deferred tax (assets) / liabilities			
Accelerated depreciation for tax purposes	730 422	513 404	751 754
Tax losses	(745 466)	(808 096)	(439 314)
Derivative financial asset	324 475	144 925	–
Unrealised exchange (losses) / gains	(340 625)	47 610	(42 456)
Instalment credit receivables	1 337 649	1 256 275	1 943 073
Allowance for credit losses	(803 626)	(725 006)	(1 043 052)
Provision for obsolete inventories	(136 593)	(126 648)	(150 810)
Provision for leave pay and warranties	(632 921)	(180 805)	(72 468)
	(266 685)	**121 659**	**946 727**
The net deferred tax (assets) / liabilities are made up as follows:			
Deferred tax assets	(2 022 942)	(1 631 648)	(788 135)
Deferred tax liabilities	1 756 257	1 753 307	1 734 862
	(266 685)	**121 659**	**946 727**

The Group recognises deferred tax assets arising from tax losses where there is a reasonable expectation that sufficient taxable profit will be available in future through various initiatives by the Directors to utilise these losses.

In the current year, assessed losses in the distribution business to the tune of USD 542 341, giving rise to a total deferred tax asset of USD 139 573 were not recognised. These losses will expire in the year 2024.

Management has implemented strategies around restructuring the Group to ensure that all tax losses are utilised. These initiatives and strategies include updated business models in the entities in which accumulated losses exist and are expected to generate sufficient profitability to utilise all the accumulated losses before they expire.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

32 Interest-bearing borrowings

	Rate of interest (p.a)	Year Repayable	2018 USD	Restated 2017 USD	Restated 2016 USD
Long-term financing					
Secured					
Regional Operations	24%	2018 - 2019	—	43 637	215 389
Unsecured					
Zimbabwe Operations	7%	2018 - 2019	—	1 331 577	2 689 623
Total long-term financing			—	1 375 214	2 905 012
Short-term financing					
Secured					
Regional Operations	22%	up to 365 days	94 320	—	—
Unsecured					
Regional Operations	9.2%	up to 365 days	1 456 312	911 009	790 453
Unsecured					
Zimbabwe Operations	6-7%	up to 365 days	15 875 199	3 871 141	2 849 521
Short-term portion of long-term financing			—	1 411 923	1 055 210
Overdraft	6-20%	On demand	8 629 332	11 369 186	5 243 251
Total short-term financing			26 055 163	17 563 259	9 938 435
Total interest-bearing borrowings			26 055 163	18 938 473	12 843 447

As at 30 June 2018, the Board of Directors had authorised aggregate borrowing limits of USD 56.3 million (2017: USD 50.3 million).

Short-term borrowings form part of the Group's core borrowings and are renewed in terms of ongoing facilities negotiated with the relevant financial institutions. The facilities expire at different dates and are reviewed and renewed when they mature. Secured facilities are secured by a cession of motor vehicles worth USD 94 320 (2017: USD 215 012).

Borrowing powers

In terms of the Articles of Association, the borrowing powers of the company and its subsidiaries (excluding inter-company borrowings) are limited to twice the aggregate of the nominal amount of the share capital of the company plus the total free reserves of the company and its subsidiaries. The level of borrowings throughout the financial year was adequately covered in this respect.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

	2018 USD	Restated 2017 USD	Restated 2016 USD
33 Trade and other payables			
Trade payables	20 362 642	17 414 984	21 928 261
Accruals	7 481 552	2 599 549	3 592 209
Customer deposits	3 572 367	1 873 341	3 443 535
Other payables	944 830	3 428 375	1 791 160
	32 361 391	**25 316 249**	**30 755 165**

Trade payables are non-interest bearing and are normally settled within 30 - 60 days. Other payables are non-interest bearing and have varying settlement terms.

33.1 Restrictions on the use of bank balances held in foreign banks

In 2016 the Reserve Bank of Zimbabwe, through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which is to be followed when making foreign payments. Any foreign payments which are made from bank balances are ranked, based on the Reserve Bank of Zimbabwe prioritisation criteria and paid subject to the banking institution having adequate funds with its Foreign Correspondent Banks. The timing of funds flows is therefore dependent on the approvals the Group receives.

These timing delays impact the Group's ability to repay foreign creditors. Please also refer to the note on key judgements applied by management in producing these financial statements under note 5 on the determination of functional currency.

	2018 USD	2017 USD	2016 USD
34 Provisions			
Leave pay	685 898	489 273	555 080
Provision for warranty	258 305	144 735	281 429
	944 203	**634 008**	**836 509**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

34 Provisions (continued)

Reconciliation of provisions

	Leave pay USD	Provision for warranties USD	Total USD
Balance on 30 June 2016 (As previously reported)	**616 375**	**281 429**	**897 804**
Effect of restatement	(61 295)	–	(61 295)
Balance on 30 June 2016 (restated)	**555 080**	**281 429**	**836 509**
Charge for the year	102 132	235 026	337 158
Exchange movements	6 638	–	6 638
Less paid / utilised	(174 577)	(371 720)	(546 297)
Balance on 30 June 2017 (restated)	**489 273**	**144 735**	**634 008**
Charge for the year	277 128	328 151	605 279
Conversion of associates to subsidiaries and acqusition of subsidiary (note 18)	82 360	–	82 360
Exchange movements	(38 709)	–	(38 709)
Less paid / utilised	(124 154)	(214 581)	(338 735)
Balance on 30 June 2018	**685 898**	**258 305**	**944 203**

	2018 USD	Restated 2017 USD
35 Capital expenditure commitments		
Authorised and contracted	–	231 189
Authorised but not yet contracted	6 339 389	4 768 651
	6 339 389	**4 999 840**

The capital expenditure will be financed from the Group's own resources and existing borrowing facilities.

36 Future lease commitments - Group as a lessee

The Group has entered into commercial leases on certain properties and motor vehicles. These leases have varying terms between 3 to 5 years with renewable options included in some of the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals or lease charges payable under non-cancellable operating leases at 30 June are as follows:

	2018 USD	Restated 2017 USD
Payable within one year	2 722 552	2 301 131
Payable between two and five years	8 747 350	5 615 389
Payable after five years	1 436 773	154 508
	12 906 675	**8 071 028**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

37 Segmental analysis

Management has determined the Group's operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The revenue, operating profit, assets and liabilities reported to the Board are measured consistently with that in the reported consolidated financial statements.

37.1 Geographical information

	Revenue USD	Operating profit (EBITDA)^ USD	*Non-current assets USD	Current assets USD	Non-current liabilities USD	Current liabilities USD
Zimbabwe Operations						
30 June 2018	245 282 877	24 940 236	13 597 870	98 790 700	1 756 257	51 549 222
30 June 2017 (Restated)	187 614 197	17 023 476	11 510 874	81 923 211	3 084 884	41 663 942
Regional Operations						
30 June 2018	30 642 340	868 018	1 140 330	12 034 675	—	8 623 914
30 June 2017 (Restated)	23 807 307	668 609	1 302 012	8 071 947	43 637	2 764 820

* Excludes deferred tax assets

^ Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)

37.2 Business Segments

The reporting structure is summarised as follows:

Speciality Retail
The main operations in this reporting silo are TV Sales & Home ("TVSH") and Transerv. TVSH is the leading furniture and electronic appliance retailer with sites located countrywide. Transerv retails automotive spares by utilising multpile channels to service the needs of its customers countrywide. The business operates through a network of its homegrown branded Transerv retail branches, franchised Midas retail branches and numerous fitment centers.

Distribution
Distribution Group Africa is a large distribution and logistics concern with operations in Zimbabwe, Zambia and Malawi. Its core areas of expertise lie in inbound clearing and bonded warehousing, ambient and chilled/frozen warehousing, logistics, marketing, sales and merchandising services.

Other Segments
This segment reports the Group's head office support functions, namely company secretarial services, legal, treasury, internal audit and tax services.

Geographical Segments
The Group is also organised into parcels of businesses incorporated in Zimbabwe, and those incorporated in countries outside Zimbabwe. See note 22.1 for companies incorporated outside of Zimbabwe.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

37.2 Business Segments (continued)

	Speciality Retail USD	Distribution USD	Other Segments USD	Intersegment adjustments USD	Total USD
Revenue					
30 June 2018	69 431 199	206 494 018	–	–	275 925 217
30 June 2017 (Restated)	50 941 355	160 480 149	–	–	211 421 504
Operating profit/(loss) before impairment, depreciation, amortisation and fair value adjustments					
30 June 2018	16 834 581	10 658 697	(1 685 024)	–	25 808 254
30 June 2017 (Restated)	10 589 177	8 484 101	(1 381 193)	–	17 692 085
Depreciation and amortisation					
30 June 2018	(417 460)	(1 481 667)	(14 133)	–	(1 913 260)
30 June 2017 (Restated)	(259 366)	(1 268 932)	(16 503)	–	(1 544 801)
Equity accounted earnings / (losses)					
30 June 2018	822 302	(23 479)	–	–	798 823
30 June 2017 (Restated)	839 926	(576 620)	–	–	263 306
Net interest income / (expense)					
30 June 2018	69 724	(1 187 866)	(164 030)	–	(1 282 172)
30 June 2017 (Restated)	346 956	(542 903)	(157 822)	–	(353 769)
Segment assets					
30 June 2018	37 710 435	79 247 495	43 725 605	(33 097 018)	127 586 517
30 June 2017 (Restated)	31 612 288	64 149 477	41 508 054	(32 830 127)	104 439 692
30 June 2016 (Restated)	27 497 591	59 131 597	33 938 354	(24 975 784)	95 591 758
Segment liabilities					
30 June 2018	7 894 779	49 954 712	9 570 298	(5 490 396)	61 929 393
30 June 2017 (Restated)	7 156 981	34 159 217	8 839 361	(2 598 276)	47 557 283
30 June 2016 (Restated)	4 478 274	33 450 232	4 801 920	4 597 535	47 327 961
Capital expenditure					
30 June 2018	1 420 191	2 571 605	5 646	–	3 997 442
30 June 2017 (Restated)	774 647	832 836	32 106	–	1 639 589

37.3 Information about major customers

There were no individual customers that made up more than 10% of external revenues for the Group.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

38 Pension funds

Innscor Africa Limited Pension Fund

This is a self-administered, defined contribution fund. The Fund has been operational since 2000. Membership is compulsory for employees of the Group who are not members of other occupational pension funds. Contributions are at the rate of 14% of pensionable emoluments less NSSA of which members pay 7%. Following Axia Corporation Limited's ("Axia") unbundling from Innscor Africa Limited, Axia's pensions remained part of the Innscor Africa Pension Fund.

National Employment of Motor Industry Pension Fund

This is a defined contribution fund which covers employees in specified occupations of the motor industry. The majority of employees at Transerv are members of this fund. The minimum contributions are 5% each for members and employer. Members have an option to elect to contribute up to a maximum of 10%.

National Social Security Authority Scheme (NSSA)

The scheme was established, and is administered, in terms of statutory Instrument 393 of 1993. Introduced in 1994, the Pension and Other Benefits Scheme is a defined contribution plan based on a 50/50 contribution from both the employers and employees and are limited to specific contributions legislated from time to time. These are presently 7% of pensionable emoluments (total member and company contribution) of which the maximum monthly pensionable salary is USD700. A total monthly contribution of USD 49 (total member and company contribution) is therefore the maximum per employee.

National Pension Scheme Authority (NAPSA) – Zambia

The scheme was established and is administered, in terms of the Government of Zambia Act of 1996 and enacted effective 12th February 2000. This came after the formation of the Zambia National Provident Fund (ZNPF) which has been in existence since 1966 with a mandate to act as the main vehicle for providing retirement and social security benefits to workers in the country. The benefits are based on a 50/50 contribution from the employers and employees and are limited to specific contributions legislated from time to time.

NICO Life (Group Pension Scheme) – Malawi

NICO Life was established in line with the Pensions Act of 2010 of Malawi whereby both the employer and employee contribute. This is a Defined Contribution Arrangement with employees contributing 5% and employers contributing 10% of pensionable earnings.

Pension costs recognised as an expense for the period:

	2018 USD	Restated 2017 USD
Zimbabwe Operations		
Innscor Africa Limited Pension Fund	190 491	128 200
National Social Security Authority Scheme & Workers' Compensation Insurance Fund	102 867	118 278
	293 358	**246 478**
Regional operations		
Workers Compernsation Insurance Fund (Zambia)	5 230	5 186
National Pension Scheme Authority (Zambia)	25 591	25 375
NICO Life (Malawi)	20 505	20 332
	51 326	**50 893**
Total Pension Costs	**344 684**	**297 371**

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

39 Related party transactions

39.1 Trading transactions

Related party activities consist of transactions between Axia Corporation Limited's consolidated entities, its associates and joint ventures. Inter Company transactions have been eliminated on consolidation.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and incur interest at rates above the Group's average cost of borrowing and settlement occurs in cash. For the year ended 30 June 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Related party transactions are summarised as follows:

Name of related party	sales USD	purchases USD	rent received USD	interest received USD	trade & other receivables USD	trade & other payables USD
Moregrow Enterprises (Private) Limited						
30 June 2018	—	—	—	3 650	91 500	—
30 June 2017	—	—	—	33 692	—	—
Firm Action (Private) Limited						
30 June 2018	343 939	—	—	11 853	374 691	—
Baobab Africa (Private) Limited						
30 June 2017	185 268	72 057	63 000	—	1 862 503	25 796
Hat On Investments (Private) Limited						
30 June 2017	1 087 610	440 789	3 600	101 854	3 653 779	437 815

39.2 Compensation of key personnel to the Group

	2018 USD	Restated 2017 USD
Short - term employee benefits (note 12.2.1)	4 858 589	4 254 197

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

39 Related party transactions (continued)

39.3 Transactions with Directors

The Group has leased properties from various companies in which some of the Directors have either a financial or custodial interest. The leases are undertaken at an arm's length basis. The Group also pays consultancy fees to a non-executive Director from time to time.

	2018 USD	Restated 2017 USD
Lease payments	229 608	230 908
Consultancy fees to Director related entity	357 307	317 350

39.4 Other related party payables

	2018 USD	Restated 2017 USD
Amount payable to Axia Corporation Employee Share Trust (Private) Limited	268 600	159 600

39.5 Payments to other related parties

In the current year, an amount of USD 976 850 was paid to Electrolux (Private) Limited by the Group to equalise a shareholder loan in one of the distribution businesses. Electrolux (Private) Limited is the non-controlling shareholder in Distribtion Group Africa (Private) Limited where the group holds 50.01%. This amount is included as part of investing activities in the Group statement of cash flows.

39.6 Bank guarantees on behalf of related parties

The Group entered into guaranteeship agreements with financial institutions to secure the borrowings of Geribran Services (Private) Limited t/a Transerv to the tune of the Groups' effective holding of 26.01%. Details of amounts guaranteed are as follows:

	2018 USD	Restated 2017 USD
Bank guarantees provided to financial institutions	3 017 160	1 560 600

40 Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets, trade and other receivables, cash and cash equivalents, interest-bearing borrowings and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations or to achieve a return on surplus short-term funds. The Group has various other financial assets and financial liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

40 Financial risk management objectives and policies (continued)

The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to the risk for changes in market interest rates relates primarily to variable short-term overdraft rates. The Group's policy is to manage its interest cost by limiting exposure to overdrafts and where borrowings are required, to borrow at favourable and fixed rates of interest.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on short-term overdrafts. There is an immaterial impact on the Group's equity.

	2018 USD	Restated 2017 USD
Effect on profit before tax		
Increase of 3%	(314 102)	(263 211)
Decrease of 3%	314 102	263 211

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of significant investment operations in countries outside Zimbabwe, the Group's statement of financial position can be affected significantly by movements in foreign currency exchange rates. The Group also has transactional currency exposures. Such exposure arises from the sale or purchase, by an operating unit, in currencies other than the unit's functional currency. The Group limits exposure to exchange rate fluctuations by either pre-paying for purchases, securing forward contracts to take advantage of exchange rate movements and/or retaining stock until the foreign currency to settle the related liability has been secured.

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

30 June 2018

Currency	Liabilities	Assets	Net position
South African Rand	(131 169 696)	10 236 809	(120 932 887)
USD equivalent	(9 503 398)	741 669	(8 761 729)
EURO	(227 126)	37 738	(189 388)
USD equivalent	(264 443)	643 938	(220 505)

30 June 2017 (Restated)

Currency	Liabilities	Assets	Net position
South African Rand	(101 846 956)	4 841 148	(97 005 808)
USD equivalent	(7 796 001)	370 572	(7 425 429)

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

40 Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group's results to a reasonably possible change in the United States Dollar (USD) exchange rate against the following currencies, with all other variables held constant.

30 June 2018	Change in rate	Effect on profit before tax USD	Effect on equity USD
South African Rand	+10%	(973 525)	(722 843)
	-10%	796 521	591 417
Euro	+10%	(18 074)	(13 420)
	-10%	14 788	10 980

30 June 2017 (Restated)	Change in rate	Effect on profit before tax USD	Effect on equity USD
South African Rand	+10%	(825 048)	(612 598)
	-10%	675 039	501 216

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to debt impairment is not significant.

There is no concentration risk as the Group trades with a wide range of customers with different risk profiles. Credit limits are set by the Group to avoid exposure to a single customer.

Where it sees fit, the Group can from time to time ask for collateral security from customers. This is done after assessing the customers' ability to honour their obligations and the level of exposure. Collateral can be properties, listed equities or other assets.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and held for trading financial assets, the Group's Executive Committee approves all counterparties, sets and monitors exposure limits and terms of engagement.

The maximum exposure arising from default equals the carrying amount of the financial assets as disclosed in the statement of financial position less the market value of any security held.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

40 Financial risk management objectives and policies (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding through a well managed portfolio of short-term investments and/or flexibility through the use of bank overdrafts and interest-bearing borrowings.

The table below summarises the maturity profile of the Group's financial assets and liabilities:

30 June 2018	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(18 074 178)	(8 793 024)	–	(26 867 202)
Trade and other payables	(23 935 009)	(8 426 382)	–	(32 361 391)
Total	**(42 009 187)**	**(17 219 406)**	**–**	**(59 228 593)**
Assets				
Cash and cash equivalents	7 297 248	–	–	7 297 248
Trade and other receivables excluding prepayments	22 983 877	16 884 114	–	39 867 991
Financial assets	254 701	1 435 379	–	1 690 080
Total	**30 535 826**	**18 319 493**	**–**	**48 855 319**

30 June 2017 (Restated)	Within 3 months USD	Between 4 -12 months USD	More than 12 months USD	Total USD
Liabilities				
Interest-bearing borrowings	(8 574 205)	(8 156 150)	(3 079 296)	(19 809 651)
Trade and other payables	(23 442 908)	(1 873 341)	–	(25 316 249)
Total	**(32 017 113)**	**(10 029 491)**	**(3 079 296)**	**(45 125 900)**
Assets				
Cash and cash equivalents	10 738 475	–	–	10 738 475
Trade and other receivables excluding prepayments	36 364 053	–	–	36 364 053
Financial assets	186 528	734 398	–	920 926
Total	**47 289 056**	**734 398**	**–**	**48 023 454**

Equity price risk

The Group is exposed to movement in fair value of listed equities. Investments in listed equities are valued at fair value and are therefore susceptible to market fluctuations. Comprehensive measures and limits are in place to control the exposure of the Group's listed equity investments to fair value risk. The carrying value of such listed equities at reporting date was not material.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

40 Financial risk management objectives and policies (continued)

Equity price risk (continued)

The derivative financial asset is measured at fair value, derived from the share price of listed equity interests of the company. The table below demonstrates the sensititivity of a reasonable change to a significant input (share price) on the valuation of the asset.

	2018 USD	2017 USD
Significant input measured: share price of listed equity instruments		
Effect on profit before tax and asset valuation		
Increase of 10%	126 010	121 630
Decrease of 10%	(126 010)	(121 630)

The Group's Executive Committee is tasked with the responsibility of performing research into potential opportunities in order to provide suggestions for investments to the Board of Directors. This Committee monitors the performance of the current investment portfolio and reports to the Board of Directors.

41 Fair value of financial instruments

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

42 Capital management

The primary objective of the Group's capital management is to ensure that all its companies maintain healthy capital ratios in order to support the business and maximise shareholder value.

The Group manages its capital (total equity and debt) and makes adjustment to it in light of changes in the economic environment. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares as well as reduce or increase debt levels. No changes were made to the objectives, policies or processes during the year ended 30 June 2018.

Notes to the Group Financial Statements (continued)

for the year ended 30 June 2018

42 Capital management (continued)

The Group manages capital using gross gearing ratio and net gearing ratios. The gross gearing ratio is calculated as total borrowings divided by the sum of total borrowings and equity.

	2018 USD	Restated 2017 USD
Total borrowings	26 055 163	18 938 473
Cash and Cash equivalents	(7 297 248)	(10 738 975)
Net Borrowings	**18 757 915**	**8 199 988**
Total Equity	**65 657 124**	**56 882 409**
Gross gearing ratio	28%	25%
Net gearing ratio	22%	13%

43 Translation rates

The table below provides the closing translation rates used for the purpose of accounting for foreign investments' statements of financial position to the Group's reporting currency and foreign denominated balances:

	2018 FX : USD 1	2017 FX : USD 1
South African Rand	13.80	13.06
Malawian Kwacha	734.78	724.08
Zambian Kwacha	10.05	9.24
Euro	1.16	1.14

44 Contingent liabilities

The Group's contingent liabilities relate to guarantees advanced to a joint venture company, Transerv, disclosed under note 39.6.

45 Events after reporting date

There have been no significant events after the reporting date.

Company Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Notes	2018 USD	2017 USD
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
other income		–	–
operating expenses	C1	(394 864)	(247 029)
Operating loss before impairment, depreciation and amortisation		**(394 864)**	**(247 029)**
financial income	C2	6 000 510	5 831 305
impairment loss	C3	(218 918)	–
Profit before interest and tax		**5 386 728**	**5 584 276**
interest income	C4	119 586	156 842
interest expense	C5	(217 203)	(260 790)
Profit before tax		**5 289 111**	**5 480 328**
tax expense	C6	(27 603)	(36 064)
Profit for the year		**5 261 508**	**5 444 264**
Earnings per share (cents)			
Basic earnings per share	C7	0.97	1.01
Headline earnings per share	C7	1.01	1.01
Diluted basic earnings per share	C7	0.96	1.01
Diluted headline earnings per share	C7	1.01	1.01

* Accounting policy notes of the company are the same as Group accounting policies. Refer to accounting policy notes on pages 41 to 60.

Company Statement of Financial Position

As at 30 June 2018

	Notes	2018 USD	Restated 2017 USD
ASSETS			
Non-current assets			
investments in subsidiaries and joint ventures	C8	30 884 351	31 103 269
		30 884 351	**31 103 269**
Current assets			
trade and other receivables	C9	2 347 389	4 807 722
cash and cash equivalents		21 882	51 774
		2 369 271	**4 859 496**
Total assets		**33 253 622**	**35 962 765**
EQUITY AND LIABILITIES			
Capital and reserves			
ordinary share capital	26	54 159	54 159
share based payments reserve	27	104 144	9 080
non-distributable reserves	28	27 700 642	27 700 642
distributable reserves		4 563 844	3 283 690
Total equity		**32 422 789**	**31 047 571**
Non-current liabilities			
interest-bearing borrowings	C10	—	1 331 577
		—	**1 331 577**
Current liabilities			
interest-bearing borrowings	C10	—	3 170 370
other payables and accruals	C11	830 833	413 247
		830 833	**3 583 617**
Total liabilities		**830 833**	**4 915 194**
Total equity and liabilities		**33 253 622**	**35 962 765**

John Koumides
Chief Executive Officer
24 September 2018

R M Rambanapasi
Executive Director - Finance
24 September 2018

C8. Investments in subsidiaries and joint ventures

	2018 USD	Restated 2017 USD
66.67% equity shares in TV Sales & Home (Private) Limited	14 420 226	14 420 226
51% equity shares in Moregrow Enterprises (Private) Limited	4 489 751	4 489 751
50.01% equity shares in Distribution Group Africa (Private) Limited	9 710 794	9 710 794
100% equity shares in Commview Investments (Private) Limited	—	218 918
100% equity shares in Axia Operations (Private) Limited	100	100
100% equity shares in Excalibur Mauritius Limited	2 263 480	2 263 480
	30 884 351	**31 103 269**

Company Statement of Changes in Equity

for the year ended 30 June 2018

	Ordinary Share Capital USD	*Share based payments reserve USD	Non-Distributable Reserves USD	Distributable Reserves USD	Total USD
Balance at 30 June 2016	**54 159**	**—**	**27 700 642**	**(511 184)**	**27 243 617**
Profit for the year	—	—	—	5 444 264	5 444 264
Dividends paid	—	—	—	(1 649 390)	(1 649 390)
Share based payments expense	—	9 080	—	—	9 080
Balance at 30 June 2017	**54 159**	**9 080**	**27 700 642**	**3 283 690**	**31 047 571**
Profit for the year	—	—	—	5 261 508	5 261 508
Dividends paid	—	—	—	(3 981 354)	(3 981 354)
Share based payments expense	—	95 064	—	—	95 064
Balance at 30 June 2018	**54 159**	**104 144**	**27 700 642**	**4 563 844**	**32 422 789**

*This reserve relates to the portion of share options attributable to the company under the share option scheme detailed under note 26.4.2 of the Group financial statements.

Company Statement of Cashflows

for the year ended 30 June 2018

	Notes	2018 USD	2017 USD
Cash generated from operations	C12.1	**8 578 629**	**1 071 222**
interest income		119 586	156 842
interest expense		(217 203)	(260 790)
tax paid		(27 603)	(36 064)
Total cash generated from operating activities		**8 453 409**	**931 210**
Investing activities		**–**	**–**
Net cash inflow before financing activities		**8 453 409**	**931 210**
Financing activities		**(8 483 301)**	**(879 446)**
dividends paid by holding company		(3 981 354)	(1 649 390)
increase in borrowings		–	3 488 925
repayment of borrowings		(4 501 947)	(2 718 981)
Net (decrease) / increase in cash and cash equivalents		**(29 892)**	**51 764**
Cash and cash equivalents at the beginning of the year		**51 774**	**10**
Cash and cash equivalents at the end of the year		**21 882**	**51 774**

Notes to the Company Financial Statements

for the year ended 30 June 2018

	2018 USD	2017 USD
C1. Operating expenses		
Directors fees	113 902	98 595
Audit fees and expenses	14 520	12 200
Financial reporting costs	57 834	61 244
Listing fees	22 425	16 371
Dividend processing expenses	8 731	9 608
Equity settled share based payments expense	95 064	9 080
Consulting and legal fees	30 983	11 250
Share register maintenance fees	17 940	18 460
Other operating costs	33 465	10 221
	394 864	**247 029**

C2. Financial income

Financial income comprises of dividend income received from subsidiary companies. This income is eliminated in full on consolidation of the Company accounts into the Group.

C3. Impairment loss

On 1 July 2017, the company impaired its investment in Commview Investments (Private) Limited, which was held at cost. Commview was the investment vehicle holding interests in Hat On Investments (Private) Limited and Baobab Africa (Private) Limited whose ownership was restructured to become subsidiaries of Distribution Group Africa (Private) Limited, another Axia Corporation Limited's subsidiary company. As such, Commview no longer held those investments, resulting in the reciprocal investment by Axia Corporation Limited becoming impaired. Refer to Note 18 in the Group financial statements for further information regarding this restructure.

	2018 USD	2017 USD
C4. Interest received		
Interest on loans advanced to group companies	119 586	18 652
Interest received on short term investments	—	138 190
	119 586	**156 842**
C5. Interest paid		
Interest-bearing borrowings	217 203	260 790
	217 203	**260 790**

Notes to the Company Financial Statements (continued)

for the year ended 30 June 2018

		2018 USD	2017 USD
C6.	**Tax expense**		
	Witholding taxes paid	27 603	36 064
		27 603	**36 064**
C7.	**Earnings per share**		
	Number of shares in issue		
	Number of ordinary shares in issue per basic and headline earnings per share	541 593 440	541 593 440
	Effect of share options	3 718 974	–
	Weighted average number of ordinary shares in issue adjusted for the effect of dilution	**545 312 414**	**541 593 440**
	Reconciliation of basic earnings to headline earnings:		
	Profit for the year attributable to equity holders of the parent	5 261 508	5 444 264
	Adjustment for capital items (gross of tax):		
	Impairment loss of investment	218 918	–
	Tax effect on adjustments	–	–
	Headline earnings attributable to equity holders of the parent	**5 480 426**	**5 444 264**
	Basic earnings per share (cents)	0.97	1.01
	Headline earnings per share (cents)	1.01	1.01
	Diluted basic earnings per share (cents)	0.96	1.01
	Diluted headline earnings per share (cents)	1.01	1.01
C9.	**Trade and other receivables**		
	Third party receivables		
	Prepayments	5 376	–
	Total third party receivables	**5 376**	**–**
	Amounts due from group companies		
	Axia Operations (Private) Limited	–	1 698 042
	Distribution Group Africa (Private) Limited	2 250 513	3 109 680
	Moregrow Enterprises (Private) Limited	91 500	–
	Total amounts due from group companies	**2 342 013**	**4 807 722**
	Total trade and other receivables	**2 347 389**	**4 807 722**

Amounts due from group companies are at arm's length terms with no fixed repayment dates. However, these receivables are usually settled within a period of 3 to 6 months.

Notes to the Company Financial Statements (continued)

for the year ended 30 June 2018

			2018 USD	2017 USD
C10. Interest bearing borrowings				
	Rate of interest	**Year repayable**		
Long-term financing				
Unsecured				
Long term portion of interest-bearing borrowings	7%	2019	–	1 331 577
Total long term financing			**–**	**1 331 577**
Short-term financing				
Unsecured				
Short term interest-bearing borrowings	7%	365 days	–	1 854 447
Short term portion of interest-bearing borrowings	7%	365 days	–	1 315 923
Total short term financing			**–**	**3 170 370**
Total interest bearing borrowings			**–**	**4 501 947**

As at 30 June 2018, the Board of Directors had authorised aggregate borrowing limits of USD 20 million (2017: USD 20 million). During the year ended 30 June 2018, the company had repaid all outstanding loans.

Borrowing powers

In terms of the Articles of Association, the borrowing powers of the company are limited to twice the aggregate of the nominal amount of the share capital of the company plus the total free reserves of the company and its subsidiaries. The level of borrowings throughout the financial year was adequately covered in this respect.

	2018 USD	2017 USD
C11. Other payables and accruals		
Other payables	378 771	370 796
Accruals	53 059	42 451
	431 830	**413 247**
Amounts payable to group companies		
Axia Operations (Private) Limited	399 003	–
	399 003	**–**
Total other payables and accruals	**830 833**	**413 247**
C12. Cashflow information		
C12.1 Cash generated from operations		
Profit before interest and tax	5 386 728	5 584 276
impairment loss recognised	218 918	–
share based payments expense for the year	95 064	9 080
Decrease / (increase) in trade and other receivables	2 459 964	(4 611 889)
Increase in other payables and accruals	417 955	89 755
	8 578 629	**1 071 222**

GRI Content Index - 'Core'

GENERAL STANDARD DISCLOSURES	PAGE(S)	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
GRI102-14	5	Assured
GRI102-1	Cover	Not Assured
GRI102-2	2	Not Assured
GRI102-3	115	Not Assured
GRI102-4	2	Not Assured
GRI102-5	2, 115	Not Assured
GRI102-6	2	Not Assured
GRI102-7	2, 38, 107	Not Assured
GRI102-8	23 - 25	Not Assured
GRI102-41	18, 24	Not Assured
GRI102-9	17	Not Assured
GRI102-10	60, 72	Not Assured
GRI102-11	11	Not Assured
GRI102-12	26 - 27	Not Assured
GRI102-13	28	Not Assured
INDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
GRI102-45	107	Not Assured
GRI102-46	17	Not Assured
GRI102-47	17	Not Assured
GRI103-1	17	Not Assured
GRI103-1	17	Not Assured
GRI102-48	60	Not Assu red
GRI102-49	60	Not Assured
STAKEHOLDER ENGAGEMENT		
GRI102-40	18	Not Assured
GRI102-42	18	Not Assured
GRI102-43	18	Not Assured
GRI102-44	18	Not Assured
REPORT PROFILE		
GRI102-50	IFC	Not Assured
GRI102-51	IFC	Not Assured
GRI102-52	IFC	Not Assured
GRI102-53	IFC	Not Assured
GRI102-54	IFC	Not Assured
GRI102-55	113 -114	Not Assured
GOVERNANCE		
GRI102-18	16 - 17	Not Assured
ETHICS AND INTEGRITY		
GRI102-16	11	Not Assured

GRI Content Index - 'Core' (continued)

SPECIFIC STANDARD DISCLOSURES

MATERIAL ASPECTS: DMA AND INDICATORS		PAGE(s)	OMMISSION	ASSURANCE
ECONOMIC				
Economic Performance				
GRI201-1:	Direct Economic Value Generated and distributed	20	N/A	Assured
GRI201-3:	Coverage of the organisation's defined Contribution plan obligation	19	N/A	Assured
ENVIRONMENTAL				
Energy				
GRI302-1:	Energy consumption within the organisation	21	N/A	Not Assured
GRI302-2:	Energy Consumption outside the organisation	21	N/A	Not Assured
Water				
GRI303-1:	Water withdrawn by source	21	N/A	Not Assured
GRI306-2:	Total weight of waste by type and disposal method	22		
SOCIAL				
Employment				
GRI40 1-1:	Total number and rates of new employee hires and employee turnover	23	N/A	Not Assured
GRI403-2:	Total injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities	23	N/A	Not Assured
GRI403-4:	Health and Safety Topics covered in formal agreements with Trade Unions	24	N/A	Not Assured
Training and Education				
GRI404-1:	Average hours of training per year per employee	24	N/A	Not Assured

Shareholders' Analysis and Calendar

Size of Shareholding	Number of Shareholders	Shareholders %	Issued Shares	Shares %
1 - 10 000	3 323	84.61	3 379 233	0.62
10 001 - 25 000	152	3.87	2 541 627	0.47
25 001 - 50 000	94	2.39	3 428 578	0.63
50 001 - 100 000	85	2.16	5 910 954	1.09
100 001 - 200 000	86	2.19	12 973 080	2.40
200 001 - 500 000	84	2.14	27 320 709	5.05
500 001 - and over	104	2.64	486 039 259	89.74
	3 928	**100.00**	**541 593 440**	**100.00**
Trade Classification				
Companies	480	12.22	290 238 602	53.60
Pension Funds	303	7.71	109 852 545	20.29
Insurance Companies	42	1.07	81 032 462	14.96
Foreign Nominees	18	0.46	21 604 876	3.99
Foreign Companies	7	0.18	12 101 984	2.23
Local Individual Residents	2 671	68.00	9 124 438	1.68
Local Nominees	91	2.32	7 959 505	1.47
New Non-Residents	92	2.34	4 180 326	0.77
Other Investment Companies and Trusts	143	3.64	2 664 752	0.49
Government / Quasi	1	0.03	1 738 930	0.32
Fund Managers	17	0.43	711 551	0.13
Trusts	7	0.18	182 991	0.03
Charitable Organisations	18	0.46	83 270	0.02
Banks	2	0.05	48 475	0.01
Deceased Estates	35	0.88	47 133	0.01
Foreign Individual - Non Residents	1	0.03	21 600	0.00
	3 928	**100.00**	**541 593 440**	**100.00**
Top Ten Shareholders				
ZMD Investments (Pvt) Ltd			105 249 222	19.43
HM Barbour (Pvt) Ltd			100 024 000	18.47
Stanbic Nominees (Pvt) Ltd			68 257 092	12.60
Old Mutual Life Assurance Company Zimbabwe Ltd			66 327 017	12.25
Sarcor Investments (Pvt) Ltd			22 484 058	4.15
Standard Chartered Nominees (Pvt) Ltd			18 754 708	3.46
Pharaoh Limited			12 033 459	2.22
Mining Industry Pension Fund			8 238 931	1.52
Music Ventures (Pvt) Ltd			7 465 382	1.38
Old Mutual Zimbabwe Ltd			7 149 260	1.32
Other			125 610 311	23.20
			541 593 440	**100.00**

Shareholders' Calendar

Third Annual General Meeting	27 November 2018
Financial Year End	30 June

Reporting and Meeting Dates

6 months to 31 December 2018	March 2019
12 months to 30 June 2019	September 2019
Annual Report Published	November 2019
Fourth Annual General Meeting	November 2019

Registered Office
Axia Corporation Limited
Edward Building
Corner 1st Street/Nelson Mandela Avenue
Harare, Zimbabwe

Transfer Secretaries
Corpserve Transfer Secretaries (Private) Limited
2nd Floor, ZB Centre
1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
Email: enquiries@corpserve.co.zw

Notice to Members

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of members will be held at Chapman Golf Club, 1 Henry Chapman Road, Eastlea, Harare on Tuesday 27 November 2018 at 08h15, for the purpose of transacting the following business: -

Ordinary Business

1. To receive and consider the financial statements for the year ended 30 June 2018 together with the report of the Directors and Auditors thereon.

2. To re-elect retiring Directors: Mrs. T.C. Mazingi and Mr. L.E.M. Ngwerume who retire by rotation and being eligible offer themselves for re-election.

3. To approve Directors' fees for the year ended 30 June 2018.

4. To approve the remuneration of the Auditors for the year ended 30 June 2018 and re-appoint Deloitte & Touche of Harare as Auditors of the Company until the conclusion of the next Annual General Meeting.

Special Business

5. Approval of Share Buy-Back

That the members authorize in advance, in terms of section 79 of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange ("ZSE") Listing Requirements, the purchase by the Company of its own shares upon such terms and conditions and such amounts as the Directors of the Company may from time to time determine and such authority hereby specifies that: -

i) The authority in terms of this resolution shall expire on the date of the Company's next Annual General Meeting; and
ii) Acquisitions shall be of ordinary shares which, in aggregate in any one financial year, shall not exceed 10% (*ten per centum*) of the Company's issued ordinary share capital; and
iii) The maximum and minimum prices, respectively, at which such ordinary shares may be acquired will not be more than 5% (*five per centum*) above and 5% (*five per centum*) below the weighted average of the market price at which such ordinary shares are traded on the ZSE, as determined over the 5 (five) business days immediately preceding the date of purchase of such ordinary shares by the Company; and
iv) A press announcement will be published as soon as the Company has acquired ordinary shares constituting, on a cumulative basis in the period between Annual General Meetings, 3% (*three per centum*) of the number of ordinary shares in issue prior to the acquisition; and
v) If during the subsistence of this resolution the Company is unable to declare and pay a cash dividend, then this resolution shall be of no force and effect.

NOTE:-
In terms of this resolution, the Directors are seeking authority to allow use of the Company's available cash resources to purchase its own shares in the market in terms of the Companies Act and the regulations of the ZSE. The Directors will only exercise the authority if they believe that to do so would be in the best interest of the shareholders generally. In exercising this authority, the Directors will duly take into account following such repurchase, the ability of the Company to pay its debts in the ordinary course of business, the maintenance of an excess of assets over liabilities, and for the Company and Group, the adequacy of ordinary capital and reserves as well as working capital.

Notice to Members (continued)

6. Loans to Executive Directors:

To resolve as an ordinary resolution, with or without amendments: "That the Company be and is hereby authorized to make any loan to any Executive Director or to enter into any guarantee or provide any security in connection with a loan to such Executive Director for the purpose of enabling him to properly perform his duty as an officer of the Company, as may be determined by the Remuneration Committee of the Board of Directors, provided that the amount of the loan or the extent of the guarantee or security shall not exceed the annual remuneration of that Director."

7. Amendment of the Company's Articles of Association

It is intended to replace Article 130 of the Company's Articles of Association and substitute it with a new Article 130 clarifying and authorizing the use of electronic mailing and the posting of company accounts on the Company's website as follows:

"A copy of every Statement of Financial Position (including every document required by the statutes to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the Auditor's report, shall not less than twenty-one (21) days before the date of the meeting be sent to every member of and every holder of debentures of the Company, to every person registered under these Articles, and should the Company have any of its shares or stock or debentures or other securities quoted on the Zimbabwe Stock Exchange, three (3) copies to the secretary of the Zimbabwe Stock Exchange. The sending of the Annual Accounts and Statement of Financial Position and the other documents referred to above can be sent by way of electronic mailing to the member or debenture holders last known e-mail address, or by the posting of such documents on the Company's electronic website."

NOTE: -

The purpose of this replacement and substitution of an Article of the Company is to allow for the quick and efficient dissemination of important Notices and Circulars to Shareholders of the Company at a time when delivery of Notices and Circulars by mail has become very slow, unreliable and expensive.

Any other business

8. To transact any other business competent to be dealt with at the Annual General Meeting.

Proxies

In terms of the Companies Act, a Member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll and speak in his/her stead. A proxy need not be a member of the Company.

Proxy forms must reach the Company's registered office not less than 48 (forty-eight) hours before the commencement of the meeting.

By order of the Board
AXIA CORPORATION LIMITED

Prometheus Corporate Services (Private) Limited
Company Secretary
Harare
24 September 2018

Corporate Information

Domicile
The Company is incorporated and domiciled in Zimbabwe.

Core Business
Speciality Retail and Distribution

Registered Office
Edward Building
1st Street/Nelson Mandela Avenue
Harare, Zimbabwe

Postal Address
8 Cambridge Avenue
Newlands
Harare
Zimbabwe

Contact Details
Telephone: +263 (24) 277 6998/277 6273
Email: finance@axiaops.com

Company Secretary
Prometheus Corporate Services (Private) Limited
12 Cuba Drive
Mt Pleasant
Harare

Auditors
Deloitte & Touche
Chartered Accountants (Zimbabwe)

Legal Advisors
Lunga Attorneys and Corporate Advisors

Principal Bankers
CABS
First Capital Bank Limited (formerly Barclays Bank of Zimbabwe Limited)
Stanbic Bank Zimbabwe Limited
Standard Chartered Bank Zimbabwe Limited
Ecobank Zimbabwe Limited

Transfer Secretaries
Corpserve Transfer Secretaries (Private) Limited
2nd Floor, ZB Centre
1st Street/Kwame Nkrumah Avenue
Harare, Zimbabwe
Email: enquiries@corpserve.co.zw

Notes