FINANCIAL STATEMENTS

For the four months period ended 28 February 2019

CASSAVA SMARTECH ZIMBABWE LIMITED

Cassava Smartech

VISION & MISSION

THIS IS US

Cassava Smartech is a diversified smartech group, with a mandate to use digital solutions to drive socio-economic development, and to improve the overall quality of life for all Africans. We are on a transformational mission, and envision a future whereby our solutions are able to touch every life, bringing positive impact particularly to the millions of previously excluded Africans through provision of stable financial service with high level of integrity.

Cassava Smartech has evolved from a Fintech operation (primarily Mobile Money) to a full-fledged smartech business, constantly tapping into new opportunities to address everyday challenges through innovative, inclusive, stable and reliable digital solutions. Today, we have established a balanced portfolio of distinct, yet highly synergistic business pillars, namely FinTech, InsurTech, Social Payments, On-Demand Services, e-Commerce, AgriTech, HealthTech and EduTech. The diversity and integrated nature of the business is what makes Cassava Smartech's business model truly unique.

VISION

To provide digital solutions to all the people of Zimbabwe.

MISSION

Use innovative and inclusive digital solutions to drive socio- economic development and improve the overall quality of life for all Zimbabweans.

VALUES

Experimental
Experiment and explore, venture outside the boundaries of familiar.

Disruptive
Actively seek to disrupt and confront the status quo.

Perceptual
Envision the future. Sensitive to external realities in light of this networked global world

Contents

Directors' responsibility for financial reporting

The Directors of Cassava Smartech Zimbabwe Limited are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the financial statements and related information. Cassava Smartech Zimbabwe Limited's independent external auditors, Deloitte & Touche, have audited the consolidated financial statements and their report appears on pages 7 to 13 of these financial statements.

These financial statements comply with the Companies Act (Chapter 24.03), Banking Act (Chapter 24:20), Insurance Act (Chapter 24:07), and Statutory Instruments (SI 33/99, SI 62/99). Further, these financial statements have been prepared to comply with the Statutory Instrument 33 of 2019, issued on 22 February 2019 and the guidance issued by the Public Accountants and Auditors Board (PAAB). Statutory Instrument 33 of 2019 specified, among other things, that for accounting and other purposes, all assets and liabilities that were valued in United States Dollars immediately before the effective date (other than assets and liabilities referred to in section 44C (2) of the Reserve Bank of Zimbabwe Act), shall on and after the effective date, (22 February 2019) be deemed to be values in RTGS dollars at a rate of one-to-one to the United States Dollar.

The Directors are of the view that the requirement to comply with the Statutory Instrument 33 of 2019 ("SI 33"), has created inconsistencies with International Accounting Standard (IAS) 21 (The Effects of Changes in Foreign Exchange Rates) as well as the principles embedded in the IFRS Conceptual Framework. In order to comply with local laws and regulations, particularly SI 33/19, and after taking into account the relevant guidance on the matter by the Public Accountants and Auditors Board (PAAB) issued on 21 March 2019, the Group has adopted the RTGS Dollar (ZWL) as its functional and presentation currency.

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

The Directors have reviewed the performance and financial position of the Group up to the date of signing of these financial statements. They have also reviewed the prospects of the Group based on its budgets and are satisfied that the Group is a going concern and have therefore applied the going concern assumption in the preparation of these consolidated financial statements.

Preparer of the consolidated financial statements

These consolidated financial statements have been prepared under the supervision of E. Chisango.

E. Chisango
GROUP FINANCE DIRECTOR
Chartered Accountant (Zimbabwe)

The consolidated financial statements were approved by the Board of Directors on 21 June 2019 and signed on its behalf by:

E. Chisango **GROUP FINANCE DIRECTOR**	**E. Chibi** **GROUP CHIEF EXECUTIVE OFFICER**	**T. Mpofu** **CHAIRPERSON OF THE BOARD**

Corporate governance statement

Cassava Smartech Zimbabwe Limited ("CSZL") is a fintech company that is listed on the Zimbabwe Stock Exchange effective the 18th of December 2018. The Board of Directors recognises the importance of good corporate governance and is committed to conducting the business with integrity and in accordance with accepted corporate practices in order to safeguard stakeholders' interests.

The CSZL Board of Directors has led the organization in the establishment of sound corporate governance principles and values for the reporting period. The Board has established structures and policies to ensure continued adherence to the governing instruments and applicable regulatory frameworks to ensure its operations remain compliant.

THE BOARD OF DIRECTORS

The role of the Board includes, inter alia, the approval and adoption of the strategic and annual business plans, setting up of objectives, review of key risk and performance areas, review of management's performance against set criteria and objectives and determining the overall policies and processes to ensure the integrity of the institution's risk and internal control management.

The Board has a Charter that sets out its authority, duties, responsibilities and arrangements by which it operates. The Charter also clearly establishes the relationship between the Board of Directors and management. The Board will regularly review its structure and policies in line with international best practice.

The Board of Directors is committed to upholding the highest standards of corporate governance by ensuring that business is conducted in a transparent, responsible and accountable manner as enshrined in international and local corporate governance frameworks. CSZL has adopted and continues to work towards compliance with the National Code on Corporate Governance Zimbabwe.

Transparency

The Board has unrestricted access to Company information, records, documents and management. Efficient and timely procedures for briefing Board members before Board meetings have been developed and implemented to ensure that the Board discharges its duties effectively. Directors are free to take independent professional advice at the expense of CSZL in the furtherance of their duties.

Conflict of Interest

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests. Directors are required to disclose any conflicts and abstain from participating in any discussion or voting on matter in which they have a material interest.

Board Diversity

The Board recognises the importance of diversity and inclusion in its decision-making processes. It comprises nine (9) non-executive directors and two (2) executive directors, five (5) of whom are female.

Board Evaluation

Board and peer evaluations are scheduled to be conducted annually. These would entail the Board members critically evaluating and reviewing each other as members and collectively as a Board. This provision of feedback on the Board's performance and governance processes is the most crucial element of director evaluation as the key factors considered are the functions of the board, board strategy and effectiveness, board structure and committees.

Corporate governance statement (continued)

Board Structure

As at 28 February 2019, the Group's Board comprise nine (9) non-executive directors and two (2) executive directors. The majority of the Board members are non-executive Directors. The Board has an appropriate balance of skills, experience and expertise in accounting, investments, corporate finance, marketing, and business administration to enable it to discharge its responsibilities.

The Board is comprised as follows:

	Name	Designation
1.	Tracy Mpofu (Chairperson)	Non – Executive Director
2.	Michael Louis Bennett	Non – Executive Director
3.	Edmore Chibi	Executive Director
4.	Emilia Chisango	Executive Director
5.	Zienzile Dillion	Non – Executive Director
6.	Darlington Tafara Mandivenga	Non – Executive Director
7.	Strive Masiyiwa	Non – Executive Director
8.	Elizabeth Tanyaradzwa Masiyiwa	Non – Executive Director
9.	Douglas Mboweni	Non – Executive Director
10.	Hardy Njodzi Pemhiwa	Non – Executive Director
11.	Sherree Gladys Shereni	Non – Executive Director

Board Committees

The Board has established and delegated specific roles and responsibilities to standing Committees, to assist it in discharging its mandate. Members of the Executive Committee and other management attend meetings of the various committees by invitation. Each Committee acts within written terms of reference that are approved by the Board and reviewed at least annually. All Board Committees are chaired by non-executive Chairpersons.

To assist the Board in the discharge of its responsibilities, the following standing Committees have been established namely:

i. Board Audit Committee;
ii. Board Risk Committee;
iii. Board Remuneration and Nomination Committee;
iv. Board Social and Ethics Committee.

The Board Committees are comprised as below:

Board Audit Committee

Composition:

Z M Dillion	(Non- Executive Committee Chairperson)
M L Bennett	(Non-Executive Member)
S G Shereni	(Non-Executive Member)

The role of the Audit Committee is to provide an independent evaluation of the adequacy and efficiency of the institution's internal control system, financial reporting practices, information systems and auditing processes.

Corporate governance statement (continued)

The Committee's ultimate goal is to ensure the integrity of financial reporting and implementation of sound internal controls and risk management. The Committee considers and reviews reports from management with a view to assessing the quality of the financial reporting and compliance with disclosure requirements.

The external auditors attend the committee meetings to present their report on key matters and any findings deemed necessary to bring attention to the Committee. The Committee meets at least quarterly or as necessary.

Board Risk Committee

Composition:

S G Shereni	(Non- Executive Committee Chairperson)
Z M Dillion	(Non-Executive Member)
E T Masiyiwa	(Non-Executive Member)
H N Pemhiwa	(Non-Executive Member)

The Risk Committee's primary role is to oversee the effectiveness of risk and compliance management within the Group. The identification and management of risk are central to the Group's objective of creating long-term shareholder value.

The Committee's task is to ensure the quality, integrity and reliability of the Group's risk management. The Committee reviews and assesses the integrity of the Group's risk control systems and ensures that the risk policies and strategies are effectively managed. It assists the Board of Directors in the discharge of its duties relating to corporate accountability and associated risks in terms of management, assurance and reporting. The Committee meets at least quarterly or as necessary.

Board Remuneration and Nominations Committee

Composition:

H N Pemhiwa	(Non- Executive Committee Chairperson)
S G Shereni	(Non-Executive Member)
D Mboweni	(Non-Executive Member)
E T Masiyiwa	(Non-Executive Member)

The Board Remuneration and Nominations Committee's overall responsibility is to review, on behalf of the Board, the Group's remuneration structure and employment policies with a view to ensure that the Group provides competitive rewards to attract, motivate and retain the required skills.

The Committee considers all human resources issues including industrial relations, the recruitment and retention policy and remuneration terms and packages for management and staff.

The Committee reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any changes. The Committee meets at least quarterly or as necessary.

Corporate governance statement (continued)

Board Social and Ethics Committee

Composition:

H N Pemhiwa (Non- Executive Committee Chairperson)
S G Shereni (Non-Executive Member)
D Mboweni (Non-Executive Member)
E T Masiyiwa (Non-Executive Member)

The Board Social and Ethics Committee has an independent, oversight role with responsibility for monitoring and reporting on the Group's compliance with legislated social and economic development requirements and other codes of good practice relating to corporate citizenship, the environment, health, public safety and consumer protection.

The Committee assists the Board in monitoring the Group's social development programmes and initiatives, in particular, the Group's progress in relation to social investment. It also monitors ethics and integrity within the Group, having regard to the need to maintain the highest standards of governance and the strategic direction of the Group.

The Committee also oversees and monitors certain areas of market disclosure; it reviews the Group's compliance with market disclosure obligations and sets guidelines for the release of information. The Committee meets at least twice a period or as necessary.

Board of Directors Attendance Register as at 28 February 2019

As at 28 February 2019, the Group's Board of directors had held one (1) meeting and the record of each Director is depicted below:

Name	Designation	Total meetings held	Total Present	Total Absent
T Mpofu	Chairperson	1	1	Nil
M L Bennett	Non – Executive Director	1	1	Nil
E Chibi	Executive Director	1	1	Nil
E Chisango	Executive Director	1	1	Nil
Z M Dillion	Non – Executive Director	1	1	Nil
D T Mandivenga	Non – Executive Director	1	1	Nil
S Masiyiwa	Non – Executive Director	1	Nil	1
E T Masiyiwa	Non – Executive Director	1	1	Nil
D Mboweni	Non – Executive Director	1	1	Nil
H N Pemhiwa	Non – Executive Director	1	1	Nil
S G Shereni	Non – Executive Director	1	1	Nil

** All directors were appointed effective 12 November 2018*

Compliance

CSZL complied with the applicable laws and regulations governing its activities throughout the reporting period.

Deloitte.

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Independent Auditor's Report to the Shareholders of Cassava Smartech Zimbabwe Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the consolidated financial statements of Cassava Smartech Zimbabwe Limited and its subsidiaries ("the Group") set out on pages 14 to 82 which comprise the consolidated statement of financial position as at 28 February 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four month period then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly, the consolidated statement of financial position of Cassava Smartech Zimbabwe Limited as at 28 February 2019, and its consolidated financial performance and its consolidated cash flows for the four month period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03), and the relevant Statutory Instruments ("SI") SI 33/99 and SI 62/96.

Basis for Adverse Opinion

1. Non-compliance with the requirements of IAS 21 - The Effects of Changes in Foreign Exchange Rates

   The Group transacted using a combination of the United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised up until 22 February 2019, the substance of the transacting framework, from an accounting perspective, suggested that it was currency for financial accounting and reporting purposes. The Reserve Bank of Zimbabwe (RBZ) issued a monetary policy statement (MPS) in October 2018 instructing all banks to separate and create distinct bank accounts for depositors, namely, RTGS Foreign Currency Accounts (FCA) and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Due to this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates." Such assessment pointed to a change in functional currency. The Group predominantly traded in RTGS dollars from 1 November 2018, the date the companies making up the Group were demerged from Econet Wireless Zimbabwe Limited. The Group would have been deemed to be operating in a functional currency different from that prescribed by SI33/19 as prescribed by International Financial Reporting Standards.

Independent Auditor's Report (continued)

Basis for Adverse Opinion (continued)

1. Non-compliance with the requirements of IAS 21 - The Effects of Changes in Foreign Exchange Rates (continued)

   On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. Statutory Instrument 33 ("SI 33/19") fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

   The Directors used 28 February 2019 as the date of change in functional currency .Because the Group transacted using a combination of the United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from 1 November 2018 to 28 February 2019, the decision to change the functional currency on 28 February 2019 in line with SI 33/19 results in material misstatement to the financial performance and cash flows of the Group as transactions denominated in USD were not appropriately translated. Had the Group applied the requirements of IAS 21, many of the elements of the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive.

2. Valuation of Property and Equipment

   Cassava Smartech Zimbabwe Limited was demerged from Econet Wireless Zimbabwe Limited. The former Econet Wireless Zimbabwe Limited Group which included Cassava Smartech Zimbabwe Limited group of companies changed its policy on Property, Plant and Equipment from a cost model to a revaluation model. This change in policy was effective 1 September 2018. As disclosed in note 10 of the financial statements, the Property and Equipment values have been based on what the Econet Directors believed was the best estimate of the value of the assets in use as at 1 September 2018 without the use of independent experts. The valuation was done by the Econet Directors taking into account the value of RTGS that would have been paid out as at 1 September 2018 using their understanding of the market and purchasing parity that existed at that point between the different modes of payment. The values determined by the Econet Directors have been adopted by the Cassava Directors in the Group's opening balances without amendment. We were unable to assess whether the approaches they used are consistent with IFRS and industry norms for similar assets in a similar environment. Consequently we were unable to determine the reasonability of assumptions applied in determining the valuation of Property and Equipment given the specific nature of the Group's assets in the prevailing environment.

Emphasis of matter- Subsequent events

Without further qualifying our opinion, we draw attention to note 37 of the financial statements which indicates significant movements in exchange rates that occurred post year-end and the consequent impact on the Group's operations.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section of our report and the Emphasis of matter – Subsequent events section, we have determined the matters described below to be the key audit matters.

Independent Auditor’s Report (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of expected credit losses on trade and other receivables	
The Group adopted the new and complex accounting standard IFRS 9: Financial Instruments. This standard introduced impairment based on expected credit losses, rather than the incurred loss model previously applied under IAS 39 Financial Instruments: Recognition and Measurement. The closing impairment allowances reflected in the statement of financial position as at 28 February 2019 and determined in accordance with IFRS 9 are detailed per Note 19. This was considered a key audit matter as the determination of the expected credit losses (ECL) requires significant judgment. The key areas where we identified greater levels of Directors’ judgement and therefore increased levels of audit focus in the Group’s implementation of IFRS 9 included: • The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Group’s expected credit loss model; • Assumptions used in the expected credit loss such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (e.g. exchange rates, gross domestic rates, interest rates, gross domestic product growth, inflation); and • The identification of exposures with a significant deterioration in credit quality. Note Y to the financial statements includes details on the accounting policies applied around the expected credit losses. Note 19 further provides detailed information around the determination of the expected credit losses.	In addressing this matter, we performed the following procedures: With assistance of the external auditors’ modelling expert: • We tested the design and implementation of controls around the determination of the expected credit losses; • We performed an assessment of the modelling techniques and methodology used against the requirements of IFRS 9; • We obtained an understanding of the work performed by the Group’s credit expert in determination of the expected credit losses; • We performed procedures to ensure the competence, objectivity and independence of the Group’s expert; • We tested assumptions used in the ECL calculations and assessed for reasonability; • We tested the completeness of trade and other receivables included in the ECL calculations; • We assessed consistency of inputs and assumptions used by the Group’s management to determine impairment provisions; • We tested the accuracy and completeness of data inputs used in determination of the ECL; • Where applicable, we reviewed the appropriateness of the Group’s determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages; • For a sample of exposures, we tested the appropriateness of the Group’s staging, where applicable; • We reviewed the appropriateness of the opening balance adjustments.

Independent Auditor's Report (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
The entity's revenue streams are characterised by high volumes of transactional data. The revenue computation process is highly automated, complex in nature and dynamic thus requiring numerous information technology related checks and balances. Due to the varying terms and conditions, the revenue recognition is complex as a result of the following: > The recognition criteria for revenue; > Accounting treatment for agency relationships, treatment of discounts, incentives and commissions; and > The potential impact of seemingly small errors is significant due to the possibility of automated replication through the large volumes of transactions. In the current period, the entity has adopted the new standard for Revenue from Contracts with Customers (IFRS 15). There is a risk that the entity had not appropriately implemented the Standard, including determination of the impact on the financial statements. Note L to the financial statements includes details on the accounting policies applied around revenue. Note 2 further provides detailed information around the different classes of revenue. As a result of the timing of revenue recognition and the volume of transactional data involved, this was considered to be a key audit matter.	In addressing this matter, we performed the following procedures: • We performed walkthroughs of the revenue processes and evaluated the design and implementation of controls in this area; • We reviewed agency contracts and the related treatments; • We tested the process of updating and application of new tariff plans and the controls in the billing process; • We analysed and verified transactional data on a monthly basis; • We engaged Internal Data Analytics specialists to independently re-compute the revenue using data analytical methods; • We performed sensitivity analysis in relation to the key assumptions in order to assess the potential for management bias; • We made use of internal IT specialists to test key controls over the loan administration systems and the manner in which data is extracted from these systems into the models used to determine revenue recognition; • We performed detailed substantive testing of journal entries processed around revenue to ensure these were appropriately authorised, complete and accurate; • We confirmed that the related interest enhancing mechanisms, such as loan arrangement fees and establishment fees, were appropriately recognised over the tenure of the facility from which they arose using the effective interest; • We reviewed management's assessment of the impact of the new standard to the various entity companies and assessed for compliance; • We inspected a sample of underlying data for completeness and accuracy; and • For a sample of contracts, we reviewed the contract terms and assessed against the 5 step approach of IFRS 15.

Independent Auditor's Report (continued)

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Governance and Director's Responsibility for Financial Reporting Statements, which we obtained prior to the date of this auditor's report and the Annual Report which is expected to be made available to us after the date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed 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. As described in the Basis for Adverse Opinion section above, the Group changed their functional currency to the ZWL effective 28 February 2019. The date of change in functional currency that complies with IFRS is 1 October 2018 but is inconsistent with S1 33/19. The Directors have chosen to comply with the legislation. Consequently the measurement of the USD transactions between 1 November 2018 and 28 February 2019 does not comply with the requirements of IAS 21, as these transactions have not been appropriately translated in accordance with the Standard. We have determined that the other information is misstated for that reason.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act (Chapter 24:03), the relevant statutory instruments (SI 33/99, SI 33/19 and SI 62/96), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Independent Auditor’s Report (continued)

The engagement partner on the audit resulting in this independent auditor’s report is Tumai Mafunga.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per. Tumai Mafunga
Partner
PAAB Practice Certificate Number: 0442

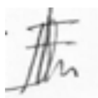
30 June 2019

Consolidated statement of profit or loss and other comprehensive income

For the four months period ended 28 February 2019

	Notes	2019 ZWL '000
Revenue	**2**	**173,037**
Cost of goods sold and services rendered		(72,580)
Impairment on financial assets charge: Expected credit loss allowances		(1,778)
Gross profit		**98,679**
Other expenses	**6**	(25,698)
General administrative and office expenses		(41,669)
Marketing and sales expenses		(12,213)
Profit before interest and tax		**19,099**
Depreciation, amortisation and impairment		(5,632)
Profit before net finance costs		**13,467**
Finance income	**4**	366
Finance costs	**5**	(2,298)
Profit before tax		**11,535**
Income tax expense	**7**	(2,243)
Profit for the period		**9,292**
Other comprehensive income for the period, net of tax		70
Total comprehensive income for the period		**9,362**
Profit for the period attributable to:		
Equity holders of Cassava Smartech Zimbabwe Limited		8,857
Non-controlling interest		505
		9,362
Total comprehensive income attributable to:		
Equity holders of Cassava Smartech Zimbabwe Limited		8,857
Non-controlling interest		505
		9,362
Basic earnings per share (ZWL)	**8**	**0.004**
Diluted earnings per share (ZWL)	**8**	**0.004**

T. Mpofu
CHAIRPERSON OF THE BOARD



E. Chibi
GROUP CHIEF EXECUTIVE OFFICER

E. Chisango
GROUP FINANCE DIRECTOR

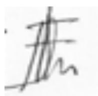
21 June 2019

Consolidated statement of financial position

As at 28 February 2019

	Notes	2019 ZWL '000
ASSETS		
Intangible assets	9	44,774
Property and equipment	10	95,252
Deferred tax assets	11	4,109
Investment properties	12	19,094
Other assets	13	11,675
Amounts owed by related party companies	28	24,545
Trade and other receivables	18	111,803
Loans and advances	19	50,074
Treasury bills and Government bonds	15	468,738
Financial assets at fair value through profit and loss	16	40,732
Mobile money trust bank balances –restricted balances	20	441,700
Cash and cash equivalents	20	208,092
Total assets		**1,520,588**
EQUITY AND LIABILTIES		
Capital and reserves		
Share capital and share premium	21	2,591
Retained earnings		7,687
Other reserves	23	183,486
Equity attributable to owners of Cassava Smartech Zimbabwe Limited		193,764
Non-controlling interest		1,910
Total equity		**195,674**
Liabilities		
Borrowings	24	65,478
Amounts owed to related party companies	28	218,038
Trade and other payables	25	103,749
Mobile money trust liabilities	26	441,700
Deposits due to banks and customers	27	495,949
Total liabilities		**1,324,914**
Total equity and liabilities		**1,520,588**

T. Mpofu
CHAIRPERSON OF THE BOARD



E. Chibi
GROUP CHIEF EXECUTIVE OFFICER

E. Chisango
GROUP FINANCE DIRECTOR

21 June 2019

Consolidated statement of changes in equity

For the four months period ended 28 February 2019

	Attributed to the equity holders of Cassava Smartech Zimbabwe Limited					
	Share capital and share premium ZWL'000	Retained earnings ZWL'000	Other reserves (Note 23) ZWL'000	Total ZWL'000	Non-controlling interest ZWL'000	Total ZWL'000
Balance at 1 November 2018	**-**	**-**	**185,007**	**185,007**	**1,405**	**186,412**
Profit for the period	-	8,787	-	8,787	505	**9,292**
Other comprehensive income	-	-	70	70	-	**70**
Total comprehensive income	**-**	**8,787**	**70**	**8,857**	**505**	**9,362**
Issue of shares	1,000	-	-	1,000	-	**1,000**
Reclassification	1,591	-	(1,591)	-	-	**-**
Dividends paid	-	(1,100)	-	(1,100)	-	**(1,100)**
Balance at 28 February 2019	**2,591**	**7,687**	**183,486**	**193,764**	**1,910**	**195,674**

"Other reserves" comprise net assets that were acquired from EWZL at the date of the demerger and a revaluation reserve arising from the revaluation of land and buildings. An analysis of other reserves is reflected in note 23.

Consolidated statement of cash flows

For the four months period ended 28 February 2019

	Notes	2019 ZWL '000
Operating activities		
Cash generated from operations	**20**	274,541
Income tax paid	**20**	(41,424)
Net cash flows from operating activities		**233,117**
Investing activities		
Acquisition of intangible assets	**9**	(8,233)
Acquisition of financial assets at fair value through profit or loss		(19,715)
Net acquisition of held-to-maturity investments		(60,739)
Increase in loans and advances		(6,059)
Purchase of property and equipment: - to expand operating capacity	**10**	(15,109)
Proceeds on disposal of property and equipment.		36
Net cash used in investing activities		**(109,819)**
Financing activities		
Finance costs		(5,004)
Dividends paid		(1,100)
Proceeds from borrowings		1,751
Proceeds from issue of shares		1,000
Net cash flows from financing activities		**(3,353)**
Net increase in cash and cash equivalents		**119,945**
Cash and cash equivalents at the beginning of the financial period		529,847
Cash and cash equivalents at the end of the period	**20.4**	**649,792**
Comprising		
Cash and bank balances- restricted		441,700
Cash and bank balances- unrestricted		208,092
Total		**649,792**

Notes to the consolidated financial statements

For the four months period ended 28 February 2019

Policy note number	IFRS/ IAS	Content
A	IAS 1	Presentation of financial statements: General information and functional currency
B	IAS 1	Basis of preparation
C	IAS 8	Change in accounting policy, adoption of new and revised Standards
D	IAS 21	Effects of changes in foreign exchange rates
E	IFRS 3, 10	Business combinations and goodwill
F	IAS 38	Intangible Assets
G	IAS 16	Property and equipment
H	IAS 40	Investment property
I	IAS 36	Impairment of non-financial assets
J	IFRIC 4,	Leases
	IAS 17	Leases
K	IAS 2	Inventory
L	IFRS 15	Recognition of revenue
M	IFRS 15	Other income
N	IAS 12	Taxes
O	IAS 19	Employee Benefits
P	IFRS 13	Fair Value Measurement
Q	IAS 10	Dividends on ordinary shares
R	IFRS 9	Financial Instruments: Recognition and Measurement
	IFRS 9	Financial Instruments
S	IAS 7	Cash and cash equivalents
T	IFRS 9	Financial Instruments: Recognition and Measurement/ Treasury Shares
U	IAS 37	Provisions
V	IFRS 7	Fiduciary assets
W	IFRS 8	Operating Segments
X	IFRS 2	Share-based Payments
Y	IAS 1	Significant assumptions and key sources of estimation uncertainty

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

A GENERAL INFORMATION

A.1 The Company

Cassava Smartech Zimbabwe Limited ("CSZL" or "the Company") and its subsidiaries were demerged from Econet Wireless Zimbabwe Limited ("EWZL"), effective 1 November 2018. The transaction was a common control business combination and outside the scope of IFRS 3 - Business Combinations. The Group accounted for the transaction by recognising the assets, liabilities and reserves that were previously recorded in the individual entities that were transferred to CSZL with corresponding adjustments recognised in equity. The Group's statutory consolidated financial statements comprise results of the CSZL operations for the four months from 1 November 2018. Results from the period 1 March 2018 to 31 October 2018 have been reported under EWZL.

CSZL and its subsidiaries are incorporated in Zimbabwe at 1906 Borrowdale Road, Harare. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually the "Group companies"). The Group's Subsidiaries and main activities are as follows:

- EcoCash (Private) Limited (mobile money transfer and payments services);
- Steward Bank Limited (digital commercial bank);
- Econet Life (Private) Limited (mobile based funeral and life assurance company)
- Econet Insurance (Private) Limited (short-term insurance company);
- Econet Services (Private) Limited (On Demand Services, e-commerce, farming technology and digital education services);
- Steward Health (Private) Limited (medical aid service provider); and
- CSZL, the company.

A.2 Currency of Account

These consolidated financial statements are presented in RTGS dollars (ZWL) being the functional and presentation currency of the primary economic environment in which the Group operates. All amounts have been rounded to the nearest thousand, unless indicated otherwise.

B BASIS OF PREPARATION

B.1 Statement of Compliance

While the Directors desire to comply in full with IFRSs, only partial compliance has been achieved due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument has created inconsistencies with International Accounting Standard (IAS) 21 (The effects of changes in foreign exchange rates) as well as with the principles embedded in the IASB Conceptual Framework for Financial Reporting (see also guidance issued by the Public Accountants and Auditors Board on 21 March 2019). This has resulted in the accounting treatment adopted in the consolidated financial statements being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRSs.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

B BASIS OF PREPARATION (CONTINUED)

B.2 Functional Currency and Presentation Currency

In February 2019, the Reserve Bank of Zimbabwe announced a monetary policy statement whose highlights among other issues were:

- Denomination of RTGS balances, bond notes and coins collectively as RTGS dollars (ZWL). ZWL became part of the multi-currency system.
- ZWL to be used by all entities (including the Government) and individuals in Zimbabwe for purposes of pricing of goods and services, recording debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate would be determined on a willing buyer willing seller basis.

The monetary policy announcement was followed by the publication of Statutory Instrument 33 (S.I. 33) of 2019 on 22 February 2019. The statutory instrument gave legal effect to the introduction of the ZWL as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be ZWL at a rate of 1 to 1 to the US dollar and would become opening ZWL values from the effective date.

As a result of these currency changes announced by the monetary authorities, the Directors assessed as required by IAS 21 (paragraph 8) and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB), whether use of the United States dollar as the functional and reporting currency remained appropriate. Based on the assessment, the Directors concluded that the Group's transactional and functional currency became the ZWL with effect from 22 February 2019.

These financial statements are therefore presented in ZWL being the currency of the primary economic environment in which the Group operates.

All transactions in currencies other than the ZWL dollar post the date of the change in functional currency were translated in accordance with IAS 21 at the applicable official interbank rate. The Group translated the statement of financial position at 22 February 2019 at a rate of US$1 to ZWL 1 with the exception of cash and cash equivalents, foreign payables and receivables in accordance to S.I. 33.

B.3 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 28 February 2019. Control is achieved when the Company 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 if, and only if, the Company 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.

The Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

B BASIS OF PREPARATION (CONTINUED)

B.3 Basis of Consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into 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 loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

C.1 Amendments to IFRSs that are mandatorily effective for the current period

In the current period, the Group applied the following standards and amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

- *IFRS 9 Financial Instruments*
- *IFRS 15 Revenue from Contracts with Customers*
- *Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2*
- *Annual Improvements 2014-2016 cycle*
- *Transfers to Investment Property – Amendments to IAS 40*

Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

C.2 New and revised IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 28 February 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). The Group will make use of both exemptions.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, which will lead to a higher charge being recorded in the income statement compared to IAS 17. Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

C ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

C.2 New and revised IFRSs in issue but not yet effective (continued)

The new requirement to recognise a right-of-use asset and a related lease liability is not 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. The Group will apply the standard from FY2020. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the period prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Amendments to IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. These amendments are applicable for annual reporting periods beginning after 1 January 2019 with the amendments being applied to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The clarification is in line with how the Group currently recognises the income tax consequences of dividends and, therefore, expects no impact on its financial statements when this amendment becomes effective.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from March 2019. The Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted

- Amendments to References to Conceptual Framework in IFRS Standards

Effective for annual periods beginning on or after 1 January 2021

- IFRS 17, Insurance Contracts

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

D FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The Group's consolidated financial statements are presented in ZWL, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in currencies other than Group entity's functional currency (foreign currencies) are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on re-translation of non-monetary items is treated in line with the recognition of the gain or loss on change in fair value of the item i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss

E 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 interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured and recognised at cost as determined on acquisition, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

E BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

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. Goodwill is subsequently tested for impairment at least on an annual basis and any resulting impairment is recognised immediately in the statement of comprehensive income.

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

E.1 COMMON CONTROL TRANSACTIONS

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 statement of comprehensive income reflects the results of the Group from the effective date of such a transaction.

F INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period 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 the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

F INTANGIBLE ASSETS (CONTINUED)

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

F.1 Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- The intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate probable future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during development; and
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Subsequent to initial recognition of the development expenditure as an asset, the asset is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. The intangible is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

F.2 License and Software

Software comprises software held by Ecocash (Private) Limited, Steward Bank Limited and EcoSure (Private) Limited.

The software and licenses are amortised as follows:

- Software held by Ecocash (Private) Limited is amortised over 5 periods;
- Software held by Steward Bank Limited is amortised over 4 periods; and
- Software held by EcoSure (Private) Limited is amortised over 5 periods.

G PROPERTY AND EQUIPMENT

Property and equipment (including equipment under operating leases where the Group is the lessor) is recognised at cost excluding the costs of day–to–day servicing. Property and equipment is subsequently measured at revalued amount, less accumulated depreciation and accumulated impairment in value recognised after the date of the revaluation. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

G PROPERTY AND EQUIPMENT (CONTINUED)

Any revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	4 periods
Office equipment	5 periods
Motor vehicles	5 periods
Furniture and fittings	10 periods
Buildings	40 periods
Leasehold improvements	Shorter of lease period or useful life of asset

The useful lives of property and equipment, residual values and depreciation methods are reviewed on an annual basis.

Derecognition

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Non-interest income' in the statement of comprehensive income in the period the asset is derecognised.

H INVESTMENT PROPERTY

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. Transfers are made to / (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

I IMPAIRMENT OF NON-FINANCIAL ASSETS

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Note Y, Disclosures for significant assumptions;
- Note 10, Property, plant and equipment; and
- Note 9, Intangible assets.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five periods. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth period.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

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

Goodwill is tested for impairment annually at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

J LEASES

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group does not have any finance leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Group as a lessee

Assets held under finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income unless they are directly attributable to a qualifying asset in which case they are capitalised in accordance with the Group’s policy on borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Group as a lessor

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

K INVENTORIES

Items of inventory include the following assets (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or (c) to be consumed in the production process or the rendering of services.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

K INVENTORIES (CONTINUED)

Measurement

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the first-in first out principle and is determined using the Average cost method. The Group first calculates all the costs of the whole area of land inventory (purchase price and development costs) including roads in order to ascertain the total costs of bringing the whole area of land inventory to its resalable condition. When the total costs is obtained it is then divided by the total size of the land inventory (stands) in square meters. This will result in obtaining the cost of the land inventory per square meter. When the individual stands are now sold the cost of each stand is the result of multiplying the size of the individual stand by the cost per square meter.

Impairment

Write downs to net realisable value and inventory losses are expensed in the period in which they occur. Obsolete and slow moving inventories are identified and written down to their estimated economic or realisable value.

L REVENUE RECOGNITION

The Group recognises revenue primarily from the rendering of financial technology services using digital platforms. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue consists commisions, fees, interest income, premiums and excludes value added tax, where applicable. Intra-Group revenue which arises in the normal course of business is excluded from Group revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

L1.1 Mobile money transaction fees

Mobile money transaction allows customers to transfer and pay for goods and services using a mobile phone. Revenue is largely earned from transfers, cash out and payment to merchants based on a graduated tariff structure.

L1.2 Interest income and expenses

For all financial instruments measured at amortised cost, financial instruments designated at fair value through other comprehensive income (FVOCI) and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest (EIR) method. EIR is the rate that exactly discounts estimated future cash payments receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if estimates of payments or receipts are revised. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest expense' for financial liabilities. However, for a reclassified financial asset for which the Group subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

L REVENUE RECOGNITION (CONTINUED)

L1.2 Interest income and expenses (continued)

Once the recorded value of a financial asset or a group of similar financial assets has been written down due to an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

L1.3 Banking fee and commission income

Banking fee and commission income is earned from a diverse range of services offered to customers. Fee income can be divided into the following two categories:

- Fee income earned from services that are provided over a certain period of time; and
- Fees earned for the provision of services over a period of time are accrued over that period.

These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

Fee income from providing transactions services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

L1.4 Medical Aid Income

Contribution Income

Contribution income is recognised in the accounting period in which contributions are received and membership is granted.

Fees

Fees are recognised as revenue in the accounting period in which the services were rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

L1.5 Insurance Income

Premium Income

Gross premiums comprise the premiums on contracts entered into during the period. Premiums written include adjustments to premiums written in prior periods. Premium income arising from funeral cover is recognised when paid.

Premiums written comprise the premiums on insurance contracts entered into during the year irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission to intermediaries and exclude levies and taxes based on premiums.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

L REVENUE RECOGNITION (CONTINUED)

L1.5 Insurance Income (continued)

Premiums are earned from the date of attached risk, over the indemnity period, based on the pattern of risks underwritten. Premiums income arising from funeral cover is recognised when paid.

M OTHER INCOME

M.1 Net trading income from financial instruments

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading.

M.2 Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established (provided that it is probable that the economic benefits will flow to the Group), which is generally when shareholders approve the dividend.

M.3 Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight- line basis over the lease terms and is included in other income in the statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

N TAXATION

N.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation 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 the country where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

N.2 Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

N TAXATION (CONTINUED)

N.2 Deferred Tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 credits and unused tax losses can be utilised, except:

- When the deferred 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, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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 tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Current and deferred tax for the period

Current and deferred tax are recognised as income or as an expense in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

N.3 Value Added Tax

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value Added Tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

O EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment.

The classification, recognition and measurement of employee benefits is as follows;

a) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. The Group's short term employee benefits comprise remuneration in the form of salaries, wages, bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset 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.

b) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-employment benefits comprise retirement benefits that are provided for Group employees through an independently administered defined contribution fund and by the National Social Security Authority (NSSA), which is also a defined contribution fund from the Group's perspective. Payments to the defined contribution fund and to the NSSA scheme are recognised as an expense when they fall due, which is when the employee renders the service. The Group has no liability for Post-employment Retirement Benefit Funds once the current contributions have been paid at the time the employees render service.

During the period the Group contributed to the Econet Wireless Group defined contribution fund and to the NSSA scheme.

c) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date (or contractual date) or an employee's decision to accept voluntary redundancy in exchange for those benefits. The Group recognises termination benefits as a liability and an expense at the earlier of when the offer of termination cannot be withdrawn or when the related restructuring costs are recognised under IAS 37 Provisions, Contingent Liabilities and Contingents Assets.

Termination benefits are measured according to the terms of the termination contract. Where termination benefits are due more than 12 months after the reporting period, the present value of the benefits shall be determined. The discount rate used to calculate the present value shall be determined by reference to market yields on high quality corporate bonds at the end of the reporting period.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

P FAIR VALUE MEASUREMENT

The Group measures financial instruments such as listed equity securities at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Notes Y, 10 and 16, Disclosures for valuation methods, significant estimates and assumptions;
- Note 17, Quantitative disclosures of fair value measurement hierarchy; and
- Note 12, Investment properties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

- Level 2: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

- Level 3: Those that include one or more unobservable input that is significant to the measurement as whole.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

P FAIR VALUE MEASUREMENT (CONTINUED)

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

The Board of Directors through management determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as assets held for sale, where applicable.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the Board of Directors. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Q CASH DIVIDEND AND NON-CASH DISTRIBUTION TO EQUITY HOLDERS OF THE PARENT

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Zimbabwe, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of comprehensive income.

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when a Group entity becomes party to the contractual provisions of the instrument.

R.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date on which the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to customers when funds are transferred to the Group.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes R.4. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

R.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

R.4 Measurement categories of financial assets and liabilities

From 1 November 2018, the Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost, as explained in Note R.5
- FVTPL, as set out Note R5.4

The Group classifies and measures its derivative and trading portfolio at FVPL, as explained in Notes R5.4. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note R5.4 Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in Note R5.4

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised in Note P.

R.5 Due from banks, Loans and advances to customers, Financial investments at amortised cost

The Group only measures Due from banks, Loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.5.1 Business Model Assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

R.5.2 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

R.5.3 Financial asset or liabilities held for trading

The Group classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.5.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

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

Or

- The liabilities (and assets) contain one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate.

Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

R.5.5 Financial guarantees, letters of credit and undrawn loan commitments

The Group issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and an ECL provision as set out in Note 19.

The premium received is recognised in the income statement in Net fees and commission income on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. These contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 30.5.17.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.6 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

R.7 Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- 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, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where 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 derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

R.8 Impairment of financial assets

The Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case,the allowance is based on the 12 months' expected credit loss as outlined in Note R.8.1. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 30.5.15.

The 12 month expected credit loss is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both lifetime expected credit losses and 12 month expected credit losses are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.8 Impairment of financial assets (continued)

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 month expected credit losses. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: Loans considered credit-impaired. The Group records an allowance for the lifetime expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

R.8.1 Calculation of Expected Credit Losses (ECLs)

The Group calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective interest rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 18.

- EAD - The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 30.5.6.

- LGD - The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 30.5.7.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs, EADs and LGDs'. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.8 Impairment of financial assets (continued)

R.8.1 Calculation of Expected Credit Losses (continued)

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12 month expected credit loss is calculated as the portion of lifetime expected credit loss that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 month expected credit loss allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime expected credit losses. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

The mechanics of the ECL method are summarised below:

- Stage 1: The 12 month expected credit loss is calculated as the portion of lifetime expected credit loss that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 month expected credit loss allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime expected credit losses. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- Loan commitments and letters of credit: When estimating lifetime expected credit losses for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within Provisions.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.8 Impairment of financial assets (continued)

R.8.1 Calculation of Expected Credit Losses (continued)

- Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.
- Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within Provisions.

R.8.2 Credit Cards and Other Revolving Facilities

The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities with one day's notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects its expectations of customer behaviour, the likelihood of default and its future risk mitigation procedures, which could include reducing or cancelling the facilities.

The interest rate used to discount the ECLs for credit cards is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities. This estimation takes into account that many facilities are repaid in full each month and are consequently not charged interest.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

R.8.3 Forward Looking Information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP Growth
- Inflation, average consumer prices
- General Government Total Expenditure
- Total Government Investment

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.8 Impairment of financial assets (continued)

R.8.4 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. Details of the impact of the Group's various credit enhancements are disclosed in Note 30.5.14.

To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by independent real estate valuers.

R.8.5 Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

In its normal course of business, the Group engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

R.8.6 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

R.9 Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings. For more information refer Note 24.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

R FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT (CONTINUED)

R.9 Loans and borrowings (continued)

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

R.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

S CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short- term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

T TREASURY SHARES

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

U PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

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

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

V FIDUCIARY ASSETS

To the extent that the Group provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients, the assets held in a fiduciary capacity are reported in the financial statements, as restricted balances.

W OPERATING SEGMENT REPORTING

The Group identifies segments as components of the Group that engage in business activities from which revenues are earned and expenses incurred (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The chief operating decision-maker has been identified as the Group Chief Executive Officer.

Measurement of segment information

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment information has been reconciled to the consolidated annual financial statements to take account of inter-segment transactions and transactions and balances that are not allocated to reporting segments.

X SHARE-BASED PAYMENTS

Equity settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

Y SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Note 30.1, Capital management
- Note 30, Financial risk management and policies
- Note 30, Sensitivity analysis disclosures

Estimates and assumptions

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

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Y.1 Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as inflation levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

Y SIGNIFICANT ACCOUNTING JUDGEMENTS; ESTIMATES AND ASSUMPTIONS (CONTINUED)

Y.1 Impairment losses on financial assets (continued)

It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Regulatory provision

The Reserve Bank of Zimbabwe requires the Bank to provide provisions for impairments on loans. Where the regulatory provision is higher than the IFRS 9 - Financial Instruments, the excess is recognised as an appropriation of reserves.

Y.2 Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Y.3 Provisions

Provisions for Long Service Awards

In accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, a constructive obligation exists within the Group for the payment of long service awards. This obligation is derived from the past practice of paying out awards and has thus created a constructive obligation.

IAS 19 - Employee Benefits, outlines the accounting treatment of long service awards payable to qualifying employees. The standard provides guidance on the determination of provisions such as the long service awards. The provision is determined by discounting to net present value the future cash flows for long service awards. In computing the obligation, the Group management have made the following assumptions:

- Staff service period of up to statutory retirement according to Group policy; and
- Discount rate – 10.6% based on the computed weighted average cost of capital.

Y.4 Investment property

Where the fair values of investment property cannot be derived from an active market, they are determined using a variety of valuation techniques. Determining the valuation technique to use and the inputs requires significant judgment. Refer to Note 12 for more detail on valuation of investment property.

Y.5 Taxation

Deferred tax assets are recognised for 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 judgment is required to determine the amount 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.

These losses relate to subsidiaries that have a history of losses, and may not be used to offset taxable income elsewhere in the Group. Further details on taxes are disclosed in Note 11.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

1. OPERATING SEGMENTS

The principal activities set out below are the basis on which the Group reports its primary segment information.

For management purposes, the Group is organised into business units based on their products and services and has the following reportable segments:

Mobile Money Services

Ecocash (Private) Limited provides mobile money transfer and payment services.

Digital Banking Services

Steward Bank Limited provides retail, corporate, and investment banking services in the key economic centres of Zimbabwe.

InsurTech Services

Included in this segment is Ecosure (Private) Limited which is engaged in the business of providing funeral assurance cover, group life cover and credit and medical insurance cover as well as Econet Insurance (Private) Limited which provides short-term insurance cover.

Investments and Projects

Included in this segment is Econet Services (Private) Limited which is a special purpose vehicle for nascent projects and Cassava Holdings (Private) Limited, the Group's holding company. Steward Health provides medical aid cover to corporates and individuals as well as administration services for closed medical schemes.

Reporting

Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit and is measured consistently with operating profit or loss in the consolidated financial statements.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

1. OPERATING SEGMENTS (CONTINUED)

	28 February 2019					
	Mobile Money ZWL'000	**Digital Bank ZWL'000**	**Insurtech ZWL'000**	**Other segments ZWL'000**	**Eliminations ZWL'000**	**Total ZWL'000**
Revenue & Net interest income (from external customers)	129,906	36,720	12,866	2,108	(8,563)	**173,037**
Interest income from banking operations	-	51 795	-	-	-	**51 795**
Depreciation, amortisation and impairment	(2,083)	(1,871)	(375)	(1,303)	-	**(5,632)**
Segment profit	9,708	2,001	4,456	20,703	(27,576)	**9,292**
Segment assets	755,950	940,407	79,410	303,299	(558,478)	**1,520,588**
Segment liabilities	712,828	801,885	16,526	105,021	(311,346)	**1,324,914**

2. REVENUE

The Group derives revenue from transfer of goods and services over time and at a point in time in the following major product lines;

	28 February 2019						
	Mobile Money ZWL'000	**Interest income ZWL'000**	**Bank commission income ZWL'000**	**Life & Funeral Insurance premiums ZWL'000**	**General Insurance premiums ZWL'000**	**Other ZWL'000**	**Total ZWL'000**
Segment revenue	129,906	10,099	26,621	9,041	3,825	2,108	**181,600**
Inter-segment revenue	-	-	(8,563)	-	-	-	**(8,563)**
Revenue from external customers	**129,906**	**10,099**	**18,058**	**9,041**	**3,825**	**2,108**	**173,037**
Timing of revenue recognition							
At a point in time	129,906	-	18,058	-	-	1,275	**149,239**
Over time	-	10,099	-	9,041	3,825	833	**23,798**
Total revenue	**129,906**	**10,099**	**18,058**	**9,041**	**3,825**	**2,108**	**173,037**

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after taking the following income/(expenditure) into account:

	Notes	2019 ZWL '000
Impairment of trade and other receivables	**18**	(45)
Impairment of loans and advances to customers	**19**	(3,754)
Office expenses		(19,760)
Computer expenses		(2,457)
Other expenses*		(51,746)
Net foreign exchange losses		(28,427)
Operating lease charges		(855)
Auditors remuneration		(609)
Depreciation and impairment of property, plant and equipment	**10**	(3,917)
Amortisation and impairment of intangible assets	**9**	(1,715)
Loss on disposal of property, plant and equipment		(5)
Employee benefits		(13,882)
- short-term benefits		(10,054)
- termination benefits		357
- post-employment benefits		3,471
Compensation of directors and key management:		(288)
- For services as directors	**28.3**	(86)
- For management services - short term benefits	**28.3**	(152)
- For management services - post employment benefits	**28.3**	(50)

* Included in other expenses are courier charges, bank charges, social impact costs, repairs and maintenance, telephone charges, and travelling costs.

4. FINANCE INCOME

	2019 ZWL '000
Interest earned from bank deposits	200
Interest earned from other receivables	166
	366

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

5. FINANCE COSTS

	2019 ZWL '000
Interest on loans and bank overdrafts	(408)
Interest to group entities	(1,890)
	(2,298)

The interest rate applied is based on an effective interest rate calculated using the cash flow obligations arising under the terms of the loans.

6. OTHER EXPENSES

	2019 ZWL '000
Sundry income	136
Fair value loss on investments	(823)
Fair value gains on investment property (Note 12)	3,416
Foreign currency exchange losses	(28,427)
	(25,698)

7. INCOME TAX EXPENSE

	Notes	2019 ZWL '000
Current income tax		(6,737)
Deferred income tax	11.3	8,980
Income tax expense		**(2,243)**
Tax rate reconciliation		
Profit before taxation		11,535
Reconciliation of tax charge:		
Normal tax at 25.75%		(2,970)
Net dis-allowable income and expenses		727
Income tax expense		**(2,243)**

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

8. EARNINGS PER SHARE

	2019 ZWL '000
Profit for the period attributable to ordinary shareholders	8,857
Adjustment for capital items (gross of tax):	
Profit on disposal of property, plant and equipment	5
Headline earnings attributable to ordinary shareholders	**8,862**

Basic earnings basis

The calculation is based on the profit attributable to ordinary shareholders and the weighted average number of shares in issue for the period which participated in the profit of the Group.

Fully diluted earnings basis

The calculation is based on the profit attributable to ordinary shareholders and the weighted average number of shares in issue after adjusting for conversion of share options not yet exercised and convertible instruments (as applicable). There were no instruments with a dilutive effect at the end of the financial period.

Headline earnings

Headline earnings comprise basic earnings attributable to ordinary shareholders 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.

Number of shares

	2019
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	2,590,577,241
Basic earnings per share (dollars)	**0.004**
Headline earnings per share (dollars)	**0.004**
Diluted basic earnings per share (dollars)	**0.004**
Diluted headline earnings per share (dollars)	**0.004**

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

9. INTANGIBLE ASSETS

	Goodwill ZWL '000	Operating Licence ZWL '000	Computer software and other ZWL '000	Total ZWL '000
COST				
At 1 November 2018:	**6,091**	**10,906**	**33,896**	**50,893**
Additions	-	-	8,233	8,233
At 28 February 2019:	**6,091**	**10,906**	**42,129**	**59,126**
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 November 2018	**-**	**(5)**	**(12,632)**	**(12,637)**
Amortisation	-	(727)	(988)	(1,715)
At 28 February 2019	**-**	**(732)**	**(13,620)**	**(14,352)**
CARRYING AMOUNT				
At 28 February 2019:	**6,091**	**10,174**	**28,509**	**44,774**

Intangible assets pertain to goodwill, licences and computer software held by EcoCash (Private) Limited and Steward Bank Limited. The Group uses the expected usage of the asset to determine the useful life of intangible assets. At 28 February 2019 the computer software had an average remaining useful life of 3 years. Software integral to an item of hardware equipment is classified as property and equipment (refer to note 10).

Impairment testing of goodwill

The goodwill relates to the investment in Steward Bank.

The Group performed its annual impairment test as at 28 February 2019. The Group considers the relationship between the investment in subsidiary and its net book value, among other factors, when reviewing for indicators of impairment. The pre-tax discount rate applied to cash flow projections is 10.6%. As a result of this analysis, management did not identify an impairment of goodwill.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to changes in discount rate.

Discount rate

Discount rate represent the current market assessment of the risks specific to the Group, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A rise in pre-tax discount rate to 12.6% (i.e. +2%) would not result in an impairment.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

10. PROPERTY AND EQUIPMENT

	Land and buildings ZWL'000	Switching and network equipment ZWL'000	Office equipment ZWL'000	Furniture and fittings ZWL'000	Vehicles ZWL'000	Work-in-progress ZWL'000	Total ZWL'000
At Cost/valuation							
At 1 November 2018	**3,319**	**55,606**	**35,420**	**24,086**	**4,729**	**22,983**	**146,143**
Additions	-	-	388	511	69	14,141	**15,109**
Disposals	-	-	(40)	(2)	-	-	**(42)**
Revaluation	70	-	-	-	-	-	**70**
At 28 February 2019	**3,389**	**55,606**	**35,768**	**24,595**	**4,798**	**37,124**	**161,280**
Accumulated depreciation and impairment							
At 1 November 2018	**(289)**	**(24,519)**	**(18,296)**	**(16,203)**	**(2,804)**	**-**	**(62,111)**
Charge for the period	(23)	(1,648)	(1,711)	(442)	(93)	-	**(3,917)**
At 28 February 2019	**(312)**	**(26,167)**	**(20,007)**	**(16,645)**	**(2,897)**	**-**	**(66,028)**
NET BOOK VALUE							
At 28 February 2019	**3,077**	**29,439**	**15,761**	**7,950**	**1,901**	**37,124**	**95,252**

10.1 Revaluation of owner occupied property - land and buildings

On 28 February 2019, owner occupied property was revalued by an accredited independent valuer. The professional valuer determined fair value by reference to market-based evidence, meaning the valuations performed were based on active market prices, adjusted for any differences in the nature, location or condition of the specific asset.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

11. DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group, and the movements thereon.

11.1 Deferred tax asset

	Assessed losses ZWL'000	Accelerated wear and tear ZWL'000	Fair value adjustments ZWL'000	Provisions ZWL'000	Total ZWL'000
At 1 November 2018	**-**	**-**	**-**	**251**	**251**
Credit to profit for the period	2,893	-	-	5,796	**8,689**
Reallocation-deferred tax liabilities	-	-	-	(974)	**(974)**
At 28 February 2019	**2,893**	**-**	**-**	**5,073**	**7,966**

Further, the Group has accounted for a deferred tax asset arising from losses incurred by Group subsidiaries in anticipation of the respective subsidiaries' return to profitability.

11.2 Deferred tax liability

	Assessed losses ZWL'000	Accelerated wear and tear ZWL'000	Fair value adjustments ZWL'000	Provisions ZWL'000	Total ZWL'000
At 1 November 2018	**-**	**3,481**	**668**	**-**	**4,149**
Charge to profit for the period	-	(292)	-	-	**(292)**
Charge to other comprehensive income	-	-	-	-	**-**
At 28 February 2019	**-**	**3,189**	**668**	**-**	**3,857**

The deferred tax liability arises mainly from the difference between accounting and tax treatment of depreciation.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

11. DEFERRED TAX (CONTINUED)

11.3 Net deferred tax asset/(liability)

	Assessed losses ZWL'000	Accelerated wear and tear ZWL'000	Fair value adjustments ZWL'000	Provisions ZWL'000	Total ZWL'000
At 1 November 2018	**-**	**(3,481)**	**(668)**	**251**	**(3,898)**
Credit to profit for the period	2,893	292	-	5,796	**8,981**
Reallocation-deferred tax liabilities	-	-	-	(974)	**(974)**
At 28 February 2019	**2,893**	**(3,189)**	**(668)**	**5,073**	**4,109**

12. INVESTMENT PROPERTY

	2019 ZWL '000
Opening balance at 1 November 2018	**16,079**
Reclassification to inventories	(401)
Gain on fair value of investment property	3,416
Closing balance at 28 February 2019	**19,094**

Investment property pertains to commercial and residential properties leased to third parties. The Group's investment properties were valued by an independent professional valuer at 28 February 2019 using the Gross replacement cost approach. Rental income pertaining to the investment property recognised in profit and loss for the four months amounted ZWL42, 000.

Description of valuation techniques used and key inputs to valuation on investment property:

	Valuation technique	Significant observable inputs	Range (weighted average)
Office property	Cost approach (Refer below)	Comparable rentals per month, per sqm	ZWL 5 - ZWL 9
Residential stands	Cost approach (Refer below)	Comparable rate per sqm	ZWL 20 - ZWL 26

There are two methods that fall within the cost approach: the replacement cost (contractor's) method and the residual method. The replacement cost method is used to value properties that do not usually exchange on the open market (for example, public buildings) and for which direct comparable evidence does not exist. The valuations are based on two components: the depreciated cost of the building element and the value of the land. Current building costs and often the land value will be established by comparison. The residual method, used to assess the value of a development site, combines elements of the income and cost approaches. It requires calculation of the value of the completed development that will be reached by comparison with market transactions, while the assessment of development costs will also require comparison to be made with building costs, fees, finance costs and many other elements in similar projects.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

13. OTHER ASSETS

	2019 ZWL '000
Inventory and consumables	6,597
Current tax receivables	5,078
	11,675

The directors are of the opinion that the inventory amounts are recorded at values that are not in excess of their recoverable amounts. All inventories are expected to be recovered within twelve (12) months.

14. FINANCIAL INSTRUMENTS

The Group holds the following financial instruments;

	Notes	2019 ZWL '000
Financial assets		
Financial assets at amortised cost		
Trade receivables	18	47,211
Treasury bills, RBZ savings bonds and placements	15	468,738
Loans and advances	19	50,074
Amounts owing from related party companies	28	24,545
Cash and cash equivalents	20	649,792
Financial assets at fair value through profit and loss		
Listed equity securities	16	40,732
Total financial assets		**1,281,092**
Financial liabilities		
Liabilities at amortised cost		
Trade payables	25	103,749
Borrowings	24	65,478
Amounts owing to related party companies	28	218,038
Mobile money trust balances	26	441,700
Deposits due to banks and customers	27	495,949
Total financial liabilities		**1,324,914**

15. TREASURY BILLS AND GOVERNMENT BONDS

	2019 ZWL '000
Balance at 1 November 2018	416,583
Additions	42,378
Repayments on maturity	(1,950)
Interest	11,727
Balance at 28 February 2019	**468,738**

The average tenor of the Treasury Bills is 2 years, with an average rate of 5.5%. The Treasury Bills are held at amortised cost. There were no Treasury Bills that were pledged as collateral as at 28 February 2019.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

16. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

	2019 ZWL '000
Opening balance at 1 November 2018	26,502
Additions	17,773
Disposals	(2,720)
Fair value losses	(823)
Closing Balance at 28 February 2019	**40,732**

Financial assets measured at fair value through profit or loss comprise equity investments listed on Zimbabwe Stock Exchange. The fair value of the equity investments is based on the Zimbabwe Stock Exchange published share prices.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments as disclosed in the statement of financial position approximate their fair values.

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.

	Total ZWL'000	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000
At 28 February 2019				
Investment property	19,094	-	-	19,094
Investments in financial assets	40,732	40,732	-	-
	59,826	**40,732**	**-**	**19,094**

During the reporting period ended 28 February 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

18. TRADE AND OTHER RECEIVABLES

	2019 ZWL '000
Trade receivables	47,211
Prepayments	64,637
Expected credit losses	(45)
	111,803
Expected Credit Losses Recognised	
Provision for expected credit losses recognised in current period	(45)

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Before accepting any new individual customer, the Group conducts trade reference checks to establish the credit history of the applicant. The Group also conducts due diligence assessments on individuals, companies and their directors.

19. LOANS AND ADVANCES TO BANK CUSTOMERS

	2019 ZWL '000
19.1 Total loans and advances to bank customers	
Corporate Loans	704
Small-to-medium Enterprise lending	4,986
Consumer lending	48,018
	53,708
Less: Allowance for impairment losses	(3,754)
Add: Suspended interest	120
	50,074

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

19. LOANS AND ADVANCES TO BANK CUSTOMERS (CONTINUED)

	2019 ZWL '000
19.2 Maturity analysis	
Due within 1 year	
Less than one month	10,039
1 to 3 months	210
3 to 6 months	672
6 months to 1 year	2,100
Gross loans and advances due within 1 year	**13,021**
Allowance for impairment losses	(3,754)
Add: Suspended interest	120
Total due within 1 year	**9,387**
Due after 1 year	
1 to 5 years	13,979
Over 5 years	26,708
Gross loans and advances due after 1 year	**40,687**
Total gross loans	**53,708**
Total loans net of impairment losses	**50,074**

	2019 ZWL '000	Percentage
19.3 Sectorial analysis of utilisations		
Mining	3	0.0%
Manufacturing	516	1.0%
Agriculture	515	1.0%
Distribution	1,040	2.0%
Services	3,616	7.0%
Individuals	48,018	89.0%
	53,708	**100%**

There is a material concentration of loans and advances in the Individuals category constituting 89.0% of gross loans and advances.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

19. LOANS AND ADVANCES TO BANK CUSTOMERS (CONTINUED)

19.4 ECL Allowance for impairment of loans and advances

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Loans and Advances is as follows:

	Level 1 ZWL'000	Level 2 ZWL'000	Level 3 ZWL'000	Total ZWL'000
Gross carrying amounts				
Gross carrying amounts as at 1 November 2018	26,780	7,998	6,304	41,082
New loans and advances originated	23,302	338	1,839	25,479
Loans and advances derecognised or re-paid (excluding write offs)	(8,932)	(413)	(3,376)	(12,721)
Transfers to Stage 1	5,629	(4,426)	(1,203)	-
Transfers to Stage 2	(21)	405	(384)	-
Transfers to Stage 3	(401)	(15)	416	-
Loans and advances written off	-	-	(132)	(132)
At 28 February 2019	**46,357**	**3,887**	**3,464**	**53,708**
ECL Allowance				
ECL allowance as at 1 November 2018	753	488	2,820	4,061
New loans and advances originated	1,518	32	827	2,377
Loans and advances derecognised or repaid (excluding write offs)	(384)	(311)	201	(494)
Transfers to Stage 1	267	(82)	(185)	-
Transfers to Stage 2	(7)	114	(107)	-
Transfers to Stage 3	(180)	(7)	187	-
Amounts written off	-	-	(2,190)	(2,190)
At 28 February 2019	**1,967**	**234**	**1,553**	**3,754**

	Notes	2019 ZWL '000
19.5 Loans and advances relating to furniture		
Gross furniture loans		27
Allowance for credit losses		(27)
Net furniture loans		**-**
19.6 Total loans and advances		
Total loans and advances to bank customers		50,074
Loans and advances relating to furniture		-
		50,074
The amount above is broken down into current and non-current as follows:		
Non-current portion		40,687
Current		9,387
		50,074

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

20. CASH FLOW INFORMATION

		2019 ZWL '000
20.1	**Cash generated from operations**	
	Profit before tax	**13,467**
	Adjustments for :	
	Depreciation and impairment of property and equipment	3,917
	Amortisation and impairment of intangible assets	1,715
	Bad debts written off	420
	Expected Credit Loss charge	3,799
	Profit on disposal of property and equipment	(5)
	Fair value losses on financial assets	823
	Gain on fair value of investment property	(3,416)
	Increase in deferred revenue	1,045
	Increase in provisions	327
	Cash generated from operations before working capital changes	**22,092**
20.2	**Adjustments for working capital changes**	
	Increase in trade and other receivables	(37,619)
	Increase in trade and other payables	38,692
	Increase in other liabilities	22,005
	Decrease in financial instruments	63,300
	Decrease in loans and advances to customers	(9,234)
	Increase in deposits due from banks and customers	175,875
	Decrease in loans and borrowings	(570)
		252,449
	Cash generated from operations	**274,541**
20.3	**Income tax paid**	
	Balance at 1 November 2018	45,848
	Add: current taxation charge for the period (Note 7)	8,331
	Less: closing balance of liability	(12,755)
	Tax paid	**41,424**
20.4	**Cash and cash equivalents**	
	Bank balances and cash- unrestricted	208,092
	Bank balances and cash- restricted	441,700
		649,792

Restricted cash balances represent amounts held in trust for the EcoCash customers.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

21. SHARE CAPITAL

	2019 ZWL '000
Group and company	
Authorised	
4 200 000 000	
Shares consisting of:	
4 200 000 000 Ordinary shares of $0.001 each	4,200
21.1 Issued and fully paid	
2 590 577 241	
Shares consisting of:	
2 590 577 241 Ordinary shares of $0.001 each	2,591

Unissued shares are under the control of directors, subject to the Companies Act (24:03) and the Memorandum & Articles of Association.

21.2 CAPITAL AND RESERVES

Movement in share capital and share premium

	Number of shares	Share capital ZWL'000	Share premium ZWL'000	Total ZWL'000
Balance at 1 November 2018	**-**	**-**	**-**	**-**
Issue of share capital and share premium	2,590,577,241	2,591	-	2,591
Balance at 28 February 2019	**2,590,577,241**	**2,591**	**-**	**2,591**

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

22 DIRECTORS' SHAREHOLDING

At 28 February 2019, there were no outstanding share options granted to the directors. At that date, the following directors held directly and indirectly the following number of ordinary shares in the Company.

28 February 2019	Ordinary shares
T.P. Mpofu	14,548,941
M. Bennett	-
Z. Dillion	-
E. Chibi	4,358
E. Chisango	770
D. Mandivenga	-
S. Masiyiwa*	10,231
E.T. Masiyiwa	786,925
D. Mboweni	9,831,457
H. Pemhiwa	-
S. Shereni	1,694
Total	**25,184,376**

Mr. S. Masiyiwa is a beneficial shareholder of Econet Global Limited. Econet Global Limited holds directly or indirectly 2 023 912 845 shares in Cassava Smartech Zimbabwe Limited.

23 OTHER RESERVES

	Revaluation ZWL'000	Unbundling reserve ZWL'000	Total ZWL'000
Balance at 1 November 2018	**-**	**185,007**	**185,007**
Reclassification	-	(1,591)	(1,591)
Revaluation	70	-	70
Balance at 28 February 2018	**70**	**183,416**	**183,486**

The unbundling reserve arises from the acquisition of net assets of certain EWZL subsidiaries on the effective demerger date. The transaction was accounted for as a common control transaction by recognising the assets, liabilities and reserves with corresponding adjustment recognised in the unbundling reserve.

24 LOANS AND BORROWINGS

	Debentures ZWL'000	Lines of credit ZWL'000	Total ZWL'000
Balance at 1 November 2018	**61,447**	**2,820**	**64,267**
Additions	-	-	-
Repayments	-	(570)	(570)
Interest	2,407	-	2,407
Foreign exchange losses	(626)	-	(626)
Balance at 28 February 2019	**63,228**	**2,250**	**65,478**

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

24.1 LOANS AND BORROWINGS

	Debentures ZWL'000	Lines of credit ZWL'000	Total ZWL'000
Less than one month	-	-	-
1 to 6 months	-	2,250	2,250
6 months to 1 year	-	-	-
1 to 5 years	63,228	-	63,228
	63,228	**2,250**	**65,478**

The weighted average interest rate on long-term borrowings for the Group as at 28 February 2019 was 5%. The borrowing powers of the directors are as disclosed in Note 35.

Summary of borrowing covenants

Foreign Line of Credit

Lines of credit were advanced to the Bank for disbursement to entities in the agriculture value chain. The facility is priced at 8% per annum and payable over a tenor of 12 months.

Debentures

Pursuant to the demerger of Cassava Smartech Zimbabwe Limited from Econet Wireless Zimbabwe Limited on the 1st of November 2018, the Group assumed the Econet Wireless Zimbabwe Limited debenture obligations equitably, giving the Debenture Holders the same security on a joint and several, but shared basis. 1 166 906 618 unsecured redeemable debentures with an annual compounding coupon rate of 5% were issued at a subscription price of 4.665 US cents per debenture. Interest on the debentures is payable on redemption. The debentures are redeemable at the end of 6 years from the date of issue at a price of 6.252 US cents per debenture, or earlier at the discretion of the Board at a price determined by adding to the subscription price the cumulative interest calculated at a coupon rate of 5% per annum and compounded annually up to the date of redemption.

25 TRADE AND OTHER PAYABLES

	2019 ZWL '000
Local trade accounts payable	5,699
Foreign trade accounts payable	33,013
Other payables	32,062
Accruals	32,975
	103,749

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs together with credit granted on equipment purchases. The average credit period on purchases is between 7 and 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the agreed credit timeframe.

Other liabilities comprise of the accruals of certain operational expenses.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

26 MOBILE MONEY TRUST LIABILITIES

	2019 ZWL '000
Balance at 1 November 2018	489,314
Deposits	3,561,559
Withdrawals	(3,609,173)
Balance at 28 February	**441,700**

Mobile money trust balances represent amounts held in trust for the EcoCash customers.

27 DEPOSITS DUE TO BANKS AND CUSTOMERS

	2019 ZWL '000
Current accounts	491,255
Term deposits	4,694
	495,949

At 28 February 2019, approximately $190.5 million or 38% of the deposits due to customers represents balances owed to a related party entity in the telecommunications sector.

A concentration of risk therefore exists in the event that the business of the counterparty is adversely affected by changes in economic or other conditions. However, at 28 February 2019 the Group's management was not aware of any economic or other conditions that may adversely affect the business of the counterparty.

27.1 Maturity analysis

	2019 ZWL '000
Less than 1 month	491,598
1 to 3 months	4,351
	495,949

27.2 Sectorial analysis of deposits

	2019 ZWL'000	Percentage
Financial	5,039	1%
Transport and communications	380,171	76%
Mining	480	0%
Manufacturing	6,424	1%
Agriculture	1,760	0%
Distribution	4,466	1%
Services	27,204	6%
Government and parastatals	423	0%
Individuals	61,735	13%
Other	8,247	2%
	495,949	**100%**

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

28 RELATED PARTY TRANSACTIONS

28.1 Transactions with Members of Econet Global Limited Group

	2019 ZWL'000
Sales of goods and services to fellow subsidiaries	24,545
Purchases of goods and services from fellow subsidiaries	(218,038)

28.2 Balances

Amounts owed to fellow subsidiaries	(218,038)
Amounts receivable from fellow subsidiaries	24,545
Bank balances due to fellow subsidiaries	(79,468)
Net amounts payable	**(272,961)**

28.3 Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

For management services - short term benefits	152
For management services - post employment benefits	50
For services as directors	86
	288

Terms of balances with fellow subsidiaries

Included in amounts receivable and payable to members of the Econet Global Limited Group. The balances accrue interest at a rate of 8% per annum.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the period ended 28 February 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial period through examining the financial position of the related parties and the market in which the related parties operate.

29 GROUP EMPLOYEE BENEFITS

Econet Wireless Group Pension Fund

Contributions are made to the defined contribution scheme through monthly deduction by the Group on members' salaries and remitted to the Fund.

National Social Security Authority Scheme

This is a defined contribution scheme promulgated under the National Social Security Act of 1989. The Group's obligation under the scheme are limited to specific contributions legislated from time to time.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT

30.1 Capital management

The objective of the Group's capital management is to ensure that it complies with the Reserve Bank of Zimbabwe (RBZ) and Insurance and Pensions Commissions (IPEC) requirements. In implementing the current capital requirements, the RBZ and IPEC require the Group companies to maintain a prescribed ratio of total capital to total risk weighted assets. Risk weighted assets are arrived at by applying the appropriate risk factor as determined by the RBZ to the monetary value of the various assets as they appear on the Bank's statement of financial position.

Regulatory capital for Steward Bank Limited consists of:

- Tier 1 Capital ("the core capital"), which comprises of share capital, share premium, retained earnings (including the current period profit or loss), the statutory reserve and other equity reserves.
- Tier 2 Capital ("supplementary capital"), which includes subordinated term debt, revaluation reserves and portfolio provisions.
  The core capital shall comprise not less than 50% of the capital base and portfolio provisions are limited to 1.25% of total risk weighted assets.
- Tier 3 Capital ("tertiary capital") relates to an allocation of capital to meet market and operational risks.

Steward Bank Limited Regulatory Capital	28 February 2019 ZWL'000
Share capital	4
Share premium	106,318
Retained earnings	8,342
	114,664
Less: Capital allocated for market and operational risk	(5,885)
Advances to insiders	(14,050)
Guarantees to insiders*	-
Tier 1 capital	**94,729**
Tier 2 capital	**22,959**
Other reserves	22,959
Portfolio provisions	-
Total Tier 1 and 2 capital	**117,688**
Tier 3 capital (sum of market and operational risk capital)	5,885
Total Capital Base	**123,573**
Total risk weighted assets	**177,740**
Tier 1 ratio	53%
Tier 2 ratio	13%
Tier 3 ratio	3%
Total capital adequacy ratio	**70%**
RBZ minimum requirement	12%

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.1 Capital management (continued)

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Overall, the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group and its individually regulated operations have always complied with all externally imposed capital requirements throughout the period.

The following subsidiaries have their capital regulated by the respective regulatory authorities:

Company	Regulatory authority	Minimum capital required	Computed Regulatory capital	Total equity
Steward Bank Limited	RBZ	ZWL 25 million	ZWL 123.57 million	ZWL 137.53 million
Econet Life (Pvt) Ltd	IPEC	ZWL 5 million	ZWL 16.85 million	ZWL 25.03 million
Econet Insurance (Pvt) Ltd	IPEC	ZWL 2.5 million	ZWL 31.56 million	ZWL34.93 million

30.2 Financial risk management objectives

The Group's Corporate Treasury function (embedded in the Group Finance function) provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's Audit Committee, consisting of executive and non-executive directors, meet on a regular basis to analyse, amongst other matters, currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Compliance with Group policies and exposure limits is reviewed at quarterly Board meetings.

The Group has a dedicated committee of the Board which reviews the loan exposures on a regular basis and monitors repayment plans. The Group has been able to meet its obligations in the current financial period and the Directors believe that appropriate measures have been implemented to ensure that the Group has the ongoing capacity to meet its obligations arising from these exposures.

30.3 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group invests in money market instruments which are subject to changes in interest rates on the local money markets. The Group's policy is to adopt a non-speculative approach to managing interest rate risk. Approved funding instruments include; bankers acceptances, call loans, overdrafts, foreign loans and where appropriate, long-term loans.

The Group has borrowings that are subject to both fixed interest rates and floating interest rates. Details of the Group's borrowings are described in note 24. The Board of Directors has a committee that is dedicated to reviewing the loan exposures and repayment plans for the Group's external borrowings. The Committee that reviews the loan exposures meets on a regular basis and uses various models to project the Group's risk exposures and proposes methods to deal with the risk arising in an appropriate manner. This committee also approves the term sheets for such borrowings, and ensures that the interest rate exposure of the Group is appropriately managed.

The sensitivity of the Group's statement of comprehensive income to the changes in interest rates on its material exposures is disclosed in note 30.3.1 below. The Directors, at the reporting date, were not aware of any information or events that may have a significant impact on the reported profit and loss of the Group or that would result in material changes in the structure of the Group's statement of comprehensive income.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.3 Interest rate risk management (continued)

30.3.1 Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's statement of comprehensive income.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the profit or loss for a period, based on the variable and fixed rate financial assets and financial liabilities held.

Change in interest rates %	At 28 February 2019 Sensitivity of profit or loss ZWL'000
+6	16,437
+4	10,958
+2	5,479
-2	(5,479)
-4	(10,958)
-6	(16,437)

30.3.2 Interest rate repricing and gap analysis

The table below analyses the Group's interest rate risk exposure on assets and liabilities. The financial assets and liabilities are categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 Month ZWL'000	1 month to 3 months ZWL'000	3 months to 1 period ZWL'000	1 to 5 periods ZWL'000	Non-interest bearing ZWL'000	Total ZWL'000
TOTAL POSITION						
At 28 February 2019						
Assets:						
Cash and cash equivalents	-	-	-	-	649,792	649,792
Financial assets at fair value through profit or loss	-	-	-	-	40,732	40,732
Loans and advances to customers	10,039	210	2,772	37,053	-	50,074
Debt instruments at amortised cost	4,011	202,040	74,175	188,512	-	468,738
Trade and other receivables	24,545	-	-	-	111,803	136,348
Other assets					11,675	11,675
Investment properties	-	-	-	-	19,094	19,094
Property and equipment	-	-	-	-	95,252	95,252
Intangible assets	-	-	-	-	44,774	44,774
Deferred tax assets	-	-	-	-	4,109	4,109
	38,595	**202,250**	**76,947**	**225,565**	**977,231**	**1,520,588**

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.3.2 Interest rate repricing and gap analysis (continued)

	Up to 1 Month ZWL'000	1 month to 3 months ZWL'000	3 months to 1 period ZWL'000	1 to 5 periods ZWL'000	Non-interest bearing ZWL'000	Total ZWL'000
Liabilities and equity:						
Deposits due to banks and customers	491,598	4,351	-	-	-	495,949
Mobile money trust balances					441,700	441,700
Loans and borrowings	-	-	2,250	63,228	-	65,478
Other liabilities	218,038	-	-	-	103,749	321,787
Equity	-	-	-	-	195,674	195,674
	709,636	**4,351**	**2,250**	**63,228**	**741,123**	**1,520,588**
Interest rate repricing gap	(671,041)	197,899	74,697	162,337	236,108	-
Cumulative gap	**(671,041)**	**(473,142)**	**(398,445)**	**(236,108)**	**-**	**-**

30.4 Other price risks

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk) whether those changes are caused by factors specific to the individual financial instrument or to its issuer or factors affecting all similar financial instruments traded in that market.

The Group invests in tradable securities that are quoted on the Zimbabwe Stock Exchange and maintains two portfolios for these investments, a trading portfolio and a long-term investment portfolio.

At the reporting date, the exposure to listed equity securities at fair value was ZWL 40 732 177. A decrease of 5% on the share price could have an impact of approximately ZWL 2 036 609 on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 5% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

30.5 Credit risk management

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. This risk arises principally from the Bank's loans and advances to customers and placements with Government and other banks. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of bank balances, loans and advances and trade receivables. The Group's cash equivalents are placed with high quality financial institutions. Loans and advances are presented net of the allowance for impairment losses. Credit risk with respect to debtors is limited due to the widespread customer base and ongoing credit evaluations to maintain credit worthiness of the customers.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.5 Credit risk management (continued)

The Board of Directors have delegated responsibility for the oversight of credit risk to the Bank Credit Committee. A separate Credit department, reporting to the Bank Credit Committee, is responsible for managing the Bank's credit risk including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business Credit Officers. Larger facilities require approval by the Head of Credit, the Bank Credit Committee or the Board of Directors as appropriate.
- Reviewing and assessing credit risk: The Credit department assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposures to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market and liquidity.
- Developing and maintaining the Bank's risk grading to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of ten grades reflecting various degrees of risk default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive committee, as appropriate. Risk grades are subject to regular reviews by the Risk and Capital Management Committee.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to the Credit department, which may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practise throughout the Bank in the management of credit risk.

Regular audits of business units and the Credit department processes are undertaken by Internal Audit.

30.5.1 Impairment assessments

Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.5 Credit risk management (continued)

- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding from the Bank
- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Bank
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition. The Bank's criterion for 'cure' for ECL purposes is less stringent than the 24 months requirement for forbearance which is explained in Note R8.1.

30.5.2 The Bank's internal rating and PD estimation process

The Bank's Credit Risk function operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rated from 1 to 10 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from Global Credit Ratings (GCR) Agency. These information sources are first used to determine the PDs within the Bank's Basel framework. The internal credit grades are assigned based on these Based grades. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenarios as appropriate.

30.5.3 Treasury, trading and interbank relationships

The Group's treasury, trading and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Bank's Credit Risk section analyses publicly available information such as financial information and other external data, e.g., the rating of Global Credit Ratings (GCR) Agency, and assigns the internal rating.

30.5.4 Corporate and small business lending

For corporate and investment banking loans, the borrowers are assessed by specialised credit risk employees of the Group. The credit risk assessment is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention.
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.5 Credit risk management (continued)

The complexity and granularity of the rating techniques varies based on the exposure of the Bank and the complexity and size of the customer. Some of the less complex small business loans are rated within the Group's models for retail products.

30.5.5 Consumer lending and retail mortgages

Consumer lending comprises unsecured personal loans, credit cards and overdrafts. These products along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing
- Retail mortgages: GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing.

30.5.6 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

30.5.7 Loss given default

For corporate and investment banking financial instruments, LGD values are assessed at least every three months by account managers and reviewed and approved by the Bank's specialised credit risk department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Group segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group. The Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.5 Credit risk management (continued)

30.5.8 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group applies a qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

30.5.9 Grouping of financial assets measured on a collective basis

Dependent on the factors below, the Group calculates ECLs either on a collective or an individual basis.

30.5.10 Asset classes where the Group calculates ECL on an individual basis include:

- All Stage 3 assets, regardless of the class of financial assets
- The Corporate lending portfolio
- The large and unique exposures of the Small business lending portfolio
- The treasury, trading and interbank relationships (such as Due from Banks, Cash collateral on securities borrowed and reverse repurchase agreements and debt instruments at amortised cost/ FVOCI
- Exposures that have been classified as POCI when the original loan was derecognised and a new loan was recognised as a result of a credit driven debt restructuring
- The smaller and more generic balances of the Bank's Small business lending
- Stage 1 and 2 Retail mortgages and Consumer lending
- Purchased POCI exposures managed on a collective basis

30.5.11 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

30.5.12 The main types of collateral obtained are, as follows:

- For securities lending and reverse repurchase transactions, cash or securities
- For corporate and small business lending, charges over real estate properties, inventory and trade receivables and, in special circumstances, government guarantees
- For retail lending, mortgages over residential properties

The Group also obtains guarantees from parent companies for loans to their subsidiaries. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.5 Credit risk management (continued)

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale. Disclosure of credit quality and the maximum exposure for credit risk per categories based on the Bank's internal credit rating system and period-end stage classification are further disclosed in Notes 30.5.14.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

30.5.13 Credit related commitment risks:

The Bank makes available to its customers guarantees that may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

30.5.14 Analysis of maximum exposure to credit risk and collateral or other credit enhancements held

		Fair value of collateral and credit enhancements held				
	Maximum exposure to credit risk ZWL'000	Listed securities ZWL'000	Letters of credit/ guarantees ZWL'000	Property ZWL'000	Other ZWL'000	Net exposure to credit Risk ZWL'000
At 28 February 2019:						
Financial assets:						
Cash and cash equivalents	649,792	-	-	-	-	649,792
Loans and advances to customers	53,708		-	(22,431)	-	31,277
Debt instruments at amortised cost	468,738	-	-	-	-	468,738
Other receivables	71,711	-	-	-	-	71,711
Total credit risk exposure	**1,243,949**		**-**	**(22,431)**	**-**	**1,221,518**

30.5.15 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The Bank also obtains guarantees from parent companies for loans to their subsidiaries.

Management monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement.

30.5.16 Credit quality analysis

The table below shows the credit quality of the Group's financial instruments and the maximum exposure to credit risk, based on the Group's internal credit rating system and period end stage classification.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.5 Credit risk management (continued)

30.5.17 Commitments and guarantees

To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Bank.

The table below shows the Group's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group could have to pay if the guarantee is called upon. The maximum exposure to credit risk relating to a loan commitment is the full amount of the commitment. In both cases, the maximum risk exposure is significantly greater than the amount recognised as a liability in the statement of financial position.

	28 February 2019 ZWL '000
Financial guarantees	30
Commitments to lend	6,116
	6,146

30.6 Exchange rate risk

Foreign currency risk is the risk that the Group may be affected adversely as a result of foreign currency fluctuations on the various currencies that the entity holds. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period were as follows:

(ZWL'000)	BWP	EURO	ZAR	USD	GBP
Foreign monetary assets	2,137	702,188	4,037	10,762,975	-
Foreign monetary liabilities	-	-	(10,719)	(47,792,814)	(68,577)
Net foreign asset/(liability)	**2,137**	**702,188**	**(6,682)**	**(37,029,839)**	**(68,577)**

The following table details the Group's sensitivity to a 20% depreciation of the RTGS Dollar against the United States Dollar, South African Rand, Euro, Great British Pound and Botswana Pula, respectively. The 20% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a percentage change in foreign currency rates. A positive number below indicates an increase in profit where the RTGS Dollar strengthens or weakens in a favourable manner against the net exposure.

(ZWL'000)	BWP	EURO	ZAR	USD	GBP
Profit or (loss)	227	63,893	(7,466)	(18,514,920)	(7,298)

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.7 Liquidity risk management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Bank maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank places emphasis on lines of credit that it can access to meet liquidity needs. In accordance with the Bank's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, to reflect market conditions.

The key ratios during the period were, as follows:

	At 28 February	2019 Maximum during period	Minimum during period
Loans to deposits ratio	7%	9%	7%
Net liquid assets to customer liabilities ratio	75%	82%	49%

The Bank stresses the importance of current accounts and savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of core customer current and savings accounts, together with term funding with a remaining term to maturity in excess of one period. Loans to customers that are part of reverse repurchase arrangements, and where the Bank receives securities which are deemed to be liquid, are excluded from the advances to deposits ratio.

The Bank defines liquid assets for the purposes of the liquidity ratio as cash balances, short–term interbank deposits and highly-rated debt securities available for immediate sale and for which a liquid market exists.

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

30.7 Liquidity risk management (continued)

	On demand ZWL'000	Less than 3 months ZWL'000	3 months to 1 period ZWL'000	1 to 5 periods ZWL'000	Over 5 periods ZWL'000	Total ZWL'000
At 28 February 2019:						
Financial assets:						
Cash and cash equivalents	649,792	-	-	-	-	**649,792**
Financial assets at fair value through profit or loss	43,211	-	-	-	-	**43,211**
Loans and advances to customers	10,040	210	2,772	13,979	26,707	**53,708**
Debt instruments at amortised cost	4,011	202,563	74,175	200,286	-	**481,035**
Amounts owing from Group companies	24,545	-	-	-	-	**24,545**
Trade and other receivables	47,211	-	-	-	-	**47,211**
Total undiscounted financial assets	**778,810**	**202,773**	**76,947**	**214,265**	**26,707**	**1,299,502**
Financial liabilities:						
Trade and other payables	103,749	-	-	-	-	**103,749**
Amounts owing to Group companies	218,038	-	-	-	-	**218,038**
Deposits due to banks and customers	491,598	4,351	-	-	-	**495,949**
Mobile money trust balances	441,700	-	-	-	-	**441,700**
Loans and borrowings	-	-	2,250	63,228	-	**65,478**
Total undiscounted financial liabilities	**1,255,085**	**4,351**	**2,250**	**63,228**	**-**	**1,324,914**
Net undiscounted financial assets/ (liabilities)	**(476,275)**	**198,422**	**74,697**	**151,037**	**26,707**	**(25,412)**
Cumulative gap	**(476,275)**	**(277,853)**	**(203,156)**	**(52,119)**	**(25,412)**	**(25,412)**

The disclosed financial instruments in the above table are the gross undiscounted cash flows.

The table below shows the contractual expiry by maturity of the bank's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	On demand ZWL'000	Less than 3 months ZWL'000	3 months to 1 period ZWL'000	1 to 5 periods ZWL'000	Total ZWL'000
At 28 February 2019:					
Financial guarantees	30	-	-	-	30
Commitments to lend	6,116	-	-	-	6,116
Total commitments and guarantees	**6,146**	**-**	**-**	**-**	**6,146**

The Group expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

30.8 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

31 RISK MANAGEMENT

31.1 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

31.2 Compliance Risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, law, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the institution to fines and payment of damages. Compliance risk can lead to diminished reputation, limited business opportunities, reduced expansion potential, and an inability to enforce contracts. The Internal Audit and the Risk Department ensure that the Group fully complies with all relevant laws and regulations.

Reputational risk is the current and prospective impact on earnings and capital arising from negative public opinion. This affects the institution's ability to establish new relationships or services or continue servicing existing relationships. This risk may expose the institution to litigation, financial loss, or a decline in its customer base. The Group has a Business Development department whose mandate is to manage this risk.

32. OPERATING LEASE ARRANGEMENTS

32.1 Leasing arrangements

The Group has entered into commercial leases for premises. These leases have an average life of between 1 and 5 periods with a renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

32.2 Payments recognised as an expense

	2019 ZWL'000
Minimum lease payments	854

32.3 Non-cancellable lease commitments

Within one year	1,126

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

33. GOING CONCERN

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

34. BORROWING POWERS

In terms of the Company's Articles of Association, the directors may exercise the powers of the Company to borrow up to 200% of the aggregate of:

- the issued share capital and share premium or stated capital of the Company and:
- the distributable and non-distributable reserves, including unappropriated profits of the Company reduced by any adverse amount reflected in the statement of comprehensive income, excluding:
- goodwill
- revaluation reserves arising prior to 28 February of each period
- provision for taxation, deferred tax, and any balance standing to the credit of the tax equalisation account.

The current borrowings are within the limit.

35. CAPITAL COMMITMENTS

	2019 ZWL'000
Authorised and contracted for	98,774
Authorised and not contracted for	19,019
	117,793

The capital expenditure is to be financed from internal cash generation, extended supplier credits and bank credit.

36. CONTINGENT LIABILITIES

The Group is regularly subject to an evaluation by tax authorities on its direct and indirect tax filings. The consequence of such reviews is that disagreements can arise with tax authorities over the interpretation or application of certain tax rules applicable to the Group's business. Such disagreements may not necessarily be resolved in a manner that is favourable to the Group. Additionally, the resolution of the disputes could result in an obligation to the Group.

37. EVENTS AFTER THE REPORTING DATE

Subsequent to year end, the RTGS dollar significantly depreciated against the US dollar. The consolidated financial statements were approved for issue on 21 June 2019 when the exchange rate was US$1 to RTGS$ 6.3. The depreciation of the exchange rate from US$1 to RTGS$ 2.5 at the reporting date, 28 February 2019, increases the impact of exchange losses as detailed in Note 30.6.

There have been no additional significant events after the reporting date. The Directors continue to monitor the impact of the changing economic conditions on the business.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 21 June 2019.

Notes to the consolidated financial statements (continued)

For the four months period ended 28 February 2019

39. PARTIES RELATED TO THE COMPANY

Parent

The parent company of Cassava Smartech Zimbabwe Limited is Econet Global Limited which is based in Mauritius.

Related party companies

Econet Wireless Zimbabwe Limited
Liquid Telecommunications Zimbabwe (Private) Limited
Worldstream (Pty) Ltd
Batoka Hospitality (Private) Limited
Econet Renewable Energy Systems
Econet Services International
Cumii Zimbabwe (Private) Limited
Econet Media Zimbabwe (Private) Limited
Distribution Power Africa (Private) Limited
Higher Life Foundation

Directors' responsibility for Company financial reporting

The Directors of Cassava Smartech Zimbabwe Limited ("the Company") are responsible for the maintenance of adequate accounting records, the preparation, integrity and fair presentation of the financial statements and related information. Cassava Smartech Zimbabwe Limited's independent external auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 84 to 87 of these financial statements.

These financial statements comply with the Companies Act (Chapter 24.03) and Statutory Instruments (SI 33/99, SI 62/99). Further, these financial statements have been prepared to comply with the Statutory Instrument 33 of 2019, issued on 22 February 2019 and the guidance issued by the Public Accountants and Auditors Board (PAAB). Mainly, Statutory Instrument 33 of 2019 specified, among other things, that for accounting and other purposes, all assets and liabilities that were immediately before the effective date valued in United States Dollars (other than assets and liabilities referred to in section 44C (2) of the Reserve Bank of Zimbabwe Act), shall on and after the effective date, (22 February 2019) be deemed to be values in RTGS dollars at a rate of one-to-one to the United States Dollar. This Statutory Instrument, based on the Directors interpretation, prescribes parity between the US Dollar and local currency as at 22 February 2019.

The Director's are of the view that the requirement to comply with the Statutory Instrument 33 of 2019 ("SI 33"), has created inconsistencies with International Accounting Standard (IAS) 21 (The Effects of Changes in Foreign Exchange Rates) as well as the principles embedded in the IFRS Conceptual Framework. In order to comply with local laws and regulations, particularly SI 33/19, and after taking into account the relevant guidance on the matter by the Public Accountants and Auditors Board (PAAB) issued on 21 March 2019, the Company has adopted the RTGS Dollar (ZWL) as its functional and presentation currency.

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

The Directors have reviewed the performance and financial position of the Company up to the date of signing of these financial statements. They have also reviewed the prospects of the Company based on its budgets and are satisfied that the Company is a going concern and have therefore applied the going concern assumption in the preparation of these financial statements.

Preparer of the financial statements

These Company financial statements have been prepared under the supervision of E. Chisango.

E. Chisango
GROUP FINANCE DIRECTOR
Chartered Accountant (Zimbabwe)

The Company financial statements were approved by the Board of Directors on 21 June 2019 and signed on its behalf by:

E. Chisango **GROUP FINANCE DIRECTOR**	**E. Chibi** **GROUP CHIEF EXECUTIVE OFFICER**	**T. Mpofu** **CHAIRPERSON OF THE BOARD**

P O Box 267
Harare
Zimbabwe

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

Tel: +263 (0) 8677 000261
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Independent Auditor's Report to the Shareholders of Cassava Smartech Zimbabwe Limited

REPORT ON THE AUDIT OF THE COMPANY FINANCIAL STATEMENTS

Adverse Opinion

We have audited the financial statements of Cassava Smartech Zimbabwe Limited ("the Company") which comprise the statement of financial position as at 28 February 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flow for the four month period then ended and related notes set out on pages 88 to 93.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the financial statements do not present fairly, the Company statement of financial position of Cassava Smartech Zimbabwe Limited as at 28 February 2019, and its Company financial performance and its Company cash flows for the four month period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03), and the relevant Statutory Instruments ("SI") SI33/99 and SI 62/96.

Basis for Adverse Opinion

1. Non-compliance with the requirements of IAS 21 - The Effects of Changes in Foreign Exchange Rates

The Company transacted using a combination of the United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised up until 22 February 2019, the substance of the transacting framework, from an accounting perspective, suggested that it was currency for financial accounting and reporting purposes. The Reserve Bank of Zimbabwe (RBZ) issued a monetary policy statement (MPS) in October 2018 instructing all banks to separate and create distinct bank accounts for depositors, namely, RTGS Foreign Currency Accounts (FCA) and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Due to this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21 - "The Effects of Changes in Foreign Exchange Rates." Such assessment pointed to a change in functional currency. The Company predominantly traded in RTGS dollars from 1 November 2018, the date the Company was demerged from Econet Wireless Zimbabwe Limited. The Company would have been deemed to be operating in a functional currency different from that prescribed by SI33/19 as prescribed by International Financial Reporting Standards.

Independent Auditor's Report (continued)

Basis for Adverse Opinion (continued)

1. Non-compliance with the requirements of IAS 21 - The Effects of Changes in Foreign Exchange Rates (continued)

   On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. Statutory Instrument 33 ("SI 33/19") fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

   The Directors used 28 February 2019 as the date of change in functional currency .Because the Company transacted using a combination of the United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from 1 November 2018 to 28 February 2019, the decision to change the functional currency on 28 February 2019 in line with SI 33/19 results in material misstatement to the financial performance and cash flows of the Company as transactions denominated in USD were not appropriately translated. Had the Company applied the requirements of IAS 21, many of the elements of the statement of profit or loss and other comprehensive income and statement of cash flows would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive.

Emphasis of matter- Subsequent events

Without further qualifying our opinion, we draw attention to note 37 of the consolidated financial statements which indicates significant movements in exchange rates that occurred post year-end and the consequent impact on the Company's operations.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section of our report and the Emphasis of matter – Subsequent events section, we have determined the matters described below to be the key audit matters.

We have determined that there are no key audit matters to communicate in our report.

Our opinion on the 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 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 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. As described in the Basis for Adverse Opinion section above, the Company changed their functional currency to the RTGS$ effective 28 February 2019. The date of change in functional currency that complies with IFRS is 1 October 2018 but is inconsistent with S1 33/19. The Directors have chosen to comply with the legislation. Consequently the measurement of the USD transactions between 1 November 2018 and 28 February 2019 does not comply with the requirements of IAS 21, as these transactions have not been appropriately translated in accordance with the Standard. We have determined that the other information is misstated for that reason.

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

Independent Auditor's Report (continued)

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the Company financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act (Chapter 24:03), the relevant statutory instruments (SI 33/99, SI 33/19 and SI 62/96), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor’s Report (continued)

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.

The engagement partner on the audit resulting in this independent auditor’s report is Tumai Mafunga.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per. Tumai Mafunga
Partner
PAAB Practice Certificate Number: 0442

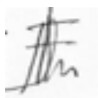
30 June 2019

Company statement of profit or loss and other comprehensive income

For the four months 28 February 2019

	Notes	2019 ZWL '000
Revenue		**24,871**
Cost of sales and external services sold		-
Gross profit		**24,871**
Other expenses		(1,216)
General administrative and other expenses		(266)
Profit before interest, taxation, depreciation, amortisation and impairment		**23,389**
Depreciation, amortisation and impairment		-
Profit before net finance costs		**23,389**
Net finance income /(costs)		(535)
Profit before taxation		**22,853**
Income tax expense		206
Profit for the period		**23,060**
Other comprehensive income/(loss) for the period, net of tax		**-**
Total comprehensive income for the period		**23,060**
Profit for the period attributable to:		
Equity holders of Cassava Smartech Zimbabwe Limited		23,060
Non-controlling interest		-
		23,060
Total comprehensive income attributable to:		
Equity holders of Cassava Smartech Zimbabwe Limited		23,060
Non-controlling interest		-
		23,060

T. Mpofu
CHAIRPERSON OF THE BOARD



E. Chibi
GROUP CHIEF EXECUTIVE OFFICER

E. Chisango
GROUP FINANCE DIRECTOR

21 June 2019

Company statement of financial position

As at 28 February 2019

	Notes	2019 ZWL '000
ASSETS		
Non-current assets		
Investment in subsidiaries	(i)	246,849
Long term related party receivable	(ii)	10,000
Total non-current assets		**256,849**
Current assets		
Other receivables		206
Short term related party receivables	(ii)	24,871
Total currents assets		**25,077**
Total assets		**281,926**
EQUITY AND LIABILITIES		
EQUITY		
Share capital and reserves		208,331
LIABILITIES		
Non-current liabilities		
Related party payables	(iii)	5,770
Debentures	(iv)	63,228
Current liabilities		
Other payables		4,597
Total current liabilities		**4,597**
Total equity and liabilities		**281,926**

T. Mpofu
CHAIRPERSON OF THE BOARD

E. Chibi
GROUP CHIEF EXECUTIVE OFFICER

E. Chisango
GROUP FINANCE DIRECTOR

21 June 2019

Company statement of changes in equity

For the four months period ended 28 February 2019

	Share capital and share premium ZWL'000	Retained earnings ZWL'000	Other reserves ZWL'000	Total ZWL'000
Balance at 1 November 2018	**-**	**-**	**185,371**	**185,371**
Profit for the period	-	23,060	-	**23,060**
Other comprehensive income	-	-	-	**-**
Total comprehensive income	**-**	**23,060**	**-**	**23,060**
	2,591	**(1,100)**	**(1,591)**	**(100)**
Issue of shares	1,000	-	-	**1,000**
Reclassification	1,591	-	(1,591)	**-**
Proposed Dividend	-	(1,100)	-	**(1,100)**
Balance at 28 February 2019	**2,591**	**21,960**	**183,781**	**208,331**

"Other Reserves" comprise the unbundling reserve which arises from the acquisition of net assets of certain subsidiaries which were owned by EWZL prior to the demerger date. The transaction was accounted for as a common control transaction outside of the scopes of IFRS 3 as disclosed on Note 23 to the consolidated financial statements.

Company statement of cash flows

For the four months 28 February 2019

	2019 ZWL '000
Operating activities	
Cash generated from operations	8,884
Income tax paid	-
Net cash flows from operating activities	**8,884**
Financing activities	
Finance costs	(535)
Increase in related party advances	(10,000)
Dividends paid	(1,100)
Proceeds from borrowings	1,751
Proceeds from issue of shares	1,000
Net cashflows from financing activities	**(8,884)**
Net increase in cash and cash equivalents	**-**
Cash and cash equivalents at the beginning of the financial period	-
Cash and cash equivalents at the end of the period	**-**

Notes to the company statement of financial position

For the four months period ended 28 February 2019

(i) INVESTMENTS AND LOANS IN SUBSIDIARIES

Cost of investments

	Percentage	2019 ZWL'000
Ecocash (Private) Limited (Mobile Money Service Provider in Zimbabwe)	100%	54,032
Steward Bank Limited (Banking operations in Zimbabwe)	100%	133,132
Econet Life (Private) Limited (Funeral assurance company in Zimbabwe)	85%	23,894
Econet Insurance (Private) Limited (Short term insurance company in Zimbabwe)	90%	35,791
Steward Health (Private) Limited (Medical aid company in Zimbabwe)	100%	-
Econet Services (Private) Limited (On demand services, e-commerce, farming technology and digital education services provider in Zimbabwe)	100%	-
Total investments in subsidiaries		**246,849**

		2019 ZWL '000
(ii)	**Related party receivables**	
	Econet Services (Private) Limited	10,000
	EcoCash (Private) Limited	21,871
	Steward Bank Limited	3,000
		34,871
(iii)	**Related party payables**	
	EcoCash (Private) Limited	(5,710)
	Steward Bank Limited	(60)
		(5,770)

Related party balances accrue interest at a rate of 8% per annum.

Notes to the company statement of financial position (continued)

For the four months period ended 28 February 2019

(iv) DEBENTURES

	2019 ZWL '000
Balance at 1 November 2018	60,821
Additions	-
Repayments	-
Interest	2,407
Foreign exchange losses	626
Balance at 28 February 2019	**63,228**
Less than one month	-
1 to 6 months	-
6 months to 1 year	-
1 to 5 years	63,228
Balance at 28 February 2019	**63,228**

The weighted average interest rate on long-term borrowings for the Company as at 28 February 2018 was 5%. The borrowing powers of the directors are as disclosed in Note 34 to the consolidated financial statements.

Shareholder analysis

For the four months period ended 28 February 2019

Rank	Account Name	Total Shares	Percentage
1	ECONET GLOBAL LIMITED	783,882,701	30.26
2	ECONET WIRELESS ZIMBABWE LIMITED	518,115,366	20.00
3	STANBIC NOMINEES (PRIVATE) LIMITED (NNR)	326,421,115	12.60
4	STANBIC NOMINEES (PRIVATE) LIMITED	177,795,479	6.86
5	OLD MUTUAL LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED	145,829,054	5.63
6	ECONET WIRELESS ZIMBABWE SPV LIMITED,	103,623,090	4.00
7	ECONET EMPLOYEES BENEFICIARY TRUST	77,717,305	3.00
8	NEW ARX TRUST (NNR)	71,455,342	2.76
9	AUSTIN ECO HOLDINGS LIMITED - NNR	41,521,077	1.60
10	STANDARD CHARTERED NOMINEES (PRIVATE) LIMITED,	28,295,462	1.09
	Total top 10	**2,274,655,991**	**88**
	Other	**315,921,250**	**12**
	Total	**2,590,577,241**	**100**

Range	Holders	% of Holders	Shares	% of Shares
0 - 100	2795	28.61	95,979	0.00
101 - 200	833	8.53	124,210	0.00
201 - 500	1384	14.16	465,223	0.02
501 - 1,000	1,346	13.78	1,012,711	0.04
1,001 - 5,000	1946	19.92	4,449,740	0.17
5,001 - 10,000	426	4.36	3,062,724	0.12
10,001 - 50,000	543	5.56	12,388,010	0.48
50,001 - 100,000	142	1.45	9,892,276	0.38
100,001 - 500,000	192	1.96	47,243,676	1.82
500,001 - 1,000,000	59	0.60	43,041,551	1.66
1,000,001 - 10,000,000	87	0.89	269,981,272	10.42
10,000,001 -	18	0.18	2,198,819,869	84.88
Total	**9,771**	**100.00**	**2,590,577,241**	**100.00**

Corporate and advisory information

Registered office

Incorporated in the Republic of Zimbabwe
Company registration number 2487/2012
Cassava Smartech Zimbabwe Limited, 1906 Borrowdale Road, Harare, Zimbabwe

Telephone: +263 242 486121/6, +263 772 023 000, Fax:+263 4 486120/486867
E-mail: investor@cassavasmartech.co.zw,
Website: www.cassavasmartech.co.zw

Group company secretary

Charmaine Daniels
Cassava Smartech, 1906 Borrowdale Road, Borrowdale, Harare, Zimbabwe

Independent auditors

Deloitte & Touche (Zimbabwe)
Registered Public Auditors
West Block, Borrowdale Office Park, Borrowdale Road, Borrowdale, P.O. Box 267, Harare, Zimbabwe

Principal bankers

Stanbic Bank Zimbabwe Limited
Stanbic Centre, 59 Samora Machel Avenue, Harare, Zimbabwe

Steward Bank Limited
2nd Floor, 101 Union Avenue Building, 101 Kwame Nkrumah Avenue, Harare, Zimbabwe

CBZ Bank Limited
Union House, 60 Kwame Nkrumah Avenue, Harare, Zimbabwe

Ecobank Zimbabwe Limited
Block A, Sam Levy's Office Park, Borrowdale, Harare, Zimbabwe

Principal legal advisors

Mtetwa and Nyambirai
Legal Practitioners
2 Meredith Drive, Eastlea, Harare, Zimbabwe

Registrars and transfer secretaries

First Transfer Secretaries (Private) Limited
1 Armagh Avenue, Eastlea, Harare, Zimbabwe

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT, the First Annual General Meeting of members will be held at the Sango Conference Centre at Cresta Lodge Harare, Corner of Samora Machel Avenue & Robert Mugabe Road, Harare, on 30 October 2019 at 10.00am, for the purpose of transacting the following business:

Ordinary Business

To consider and adopt the following resolutions:

1. Directorate

1.1 To note the retirement of Mrs. Tracy Mpofu as Chairperson of the Board of Directors of the Company and Non-Executive Director and the retirement of Messrs Strive Masiyiwa and Douglas Mboweni as Directors of the Company with effect from the end of the Annual General Meeting on 30 October 2019.

1.2 To re-elect as Directors by separate Resolution in respect of each of them in terms of section 174 of the Zimbabwe Companies Act (Chapter 24:03) - M. Bennett, Z. Dillon, E. T. Masiyiwa, D. Mandivenga, H. Pemhiwa, and S.G. Shereni, who are retiring from office in terms of section 90 of the First Schedule of the Zimbabwe Companies Act (Chapter 24:03) and, the same directors being eligible, having offered themselves for re-election.

1.3 To elect each of Messrs Dominic Musengi and Christopher Maswi by separate resolutions who, having been appointed by the Directors during the year, and being eligible, have offered themselves for election upon retiring at the forthcoming Annual General Meeting in terms of Article 89.2 of the Articles of Association.

2. Financial Statements

2.1 To consider, and if deemed fit, to adopt with or without amendments, the financial statements for the 4 months ended 28 February 2019 together with the reports of the Directors and Auditors thereon.

3. Remuneration of Directors

3.1 To consider, and if deemed fit, to approve the Directors' remuneration for the 4 months ended 28 February 2019, amounting to Z$108,729.

4. Auditors' Remuneration

4.1 To consider, and if deemed fit, to approve the Auditors' remuneration for the 4 months ended 28 February 2019 amounting to Z$608,622.

5. Re-Appointment of Auditors

5.1 To consider, and if deemed fit, to re-appoint Messrs. Deloitte & Touche of Harare as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting.

6. Special Business

To consider and if deemed fit, to pass the following Special Resolutions with, or without amendment:

6.1 **Share redenomination**

6.1.1 That the Company, as provided for in terms of section 87(c) of the Companies Act (Chapter 24:03), redenominates the par value of authorized share capital, comprising both issued and unissued ordinary shares, from United States Dollar (US$) 0.001 to Zimbabwe Dollar (Z$) 0.001, following the promulgation of Statutory Instrument (SI) 142 of 2019 on the 24th of June 2019 which presented the Zimbabwe dollar as the sole legal tender in Zimbabwe.

Notice of Annual General Meeting (continued)

6.2 **Share buyback**

6.2.1 That the members authorize the Company in advance, to undertake in terms of section 79 of the Companies Act (Chapter 24:03), section 145 of the Zimbabwe Stock Exchange (ZSE) Listing Requirements and as duly authorized by Article 10 of its Articles of Association, the purchase of its own ordinary shares as the directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase and also provided that the maximum number of shares authorized to be acquired shall not exceed 20% (twenty percent) of the Company's issued ordinary share capital.

6.2.2 That this authority shall expire at the next Annual General Meeting and shall not extend beyond 15 months from the date of this resolution.'

6.2.3 That after considering the effect of the maximum repurchase of the shares, the Directors should be confident that:

6.2.3.1 The Company will be able to pay its debts for a period of 12 months after the date of the Annual General Meeting.

6.2.3.2 The assets of the Company will be in excess of liabilities.

6.2.3.3 The share capital and reserves of the Company are adequate for a period of 12 months after the date of the notice of the Annual General Meeting.

6.2.3.4 The Company will have adequate working capital for a period of 12 months after the date of the notice of the Annual General Meeting.

Note to the Members

In terms of the notice to shareholders and debenture holders dated 14 December 2018 it was advised that:

"As a result of the demerger, 583,453,309 debentures being 50% of 1,166,906,618 debentures in issue in EWZL will be transferred to CSZL, with the balance remaining in EWZL. The split of the debentures between EWZL and CSZL has been necessitated by the fact that debentures conversion has not taken place. The debentures in issue have a nominal value of 4.665 US Cents per debenture and a coupon rate of 5% per annum and are redeemable on 3 May 2023. Therefore, the conversion of the debentures has been postponed sine die."

The Cassava Smartech Zimbabwe Limited Directors have since executed a deed in terms of which the company has bound itself as surety and co-principal debtor with Econet Wireless Zimbabwe Limited to the Holders of Econet Wireless Zimbabwe Limited Debentures up to 50% of the value of the outstanding debentures. The suretyship is in lieu of the issuance by the company of its own debentures.

Accordingly, debenture holders will continue to hold the Econet Wireless Zimbabwe Limited (EWZL) debenture certificates issued in 2017 on the terms and conditions prescribed thereon.

By order of the Board

C.R. Daniels
Group Company Secretary

9 October 2019

Financial diary

For the four months period ended 28 February 2019

October 2019	First Annual General Meeting of Shareholders, Sango Conference Centre at Cresta Lodge, Harare
November 2019	Interim reviewed abridged consolidated financial results publication
29 February 2020	Financial year end
May 2020	Audited abridged consolidated financial results publication
July 2020	Integrated report 2020 publication
August 2020	Second Annual General Meeting of Shareholders, Parklands Business Venue, Harare

CASSAVA SMARTECH ZIMBABWE LIMITED

Cassava Smartech Zimbabwe Limited, 1906 Borrowdale Road, Harare, Zimbabwe

PROXY FORM

I/We ...., of...

being the registered holders of... Ordinary shares in Cassava Smartech Zimbabwe Limited, hereby

appoint..

....or failing him/her...

or failing him/her the Chairman of the Meeting, as my proxy to act for me/us at the 1st Annual General Meeting of the Company to be held at Sango Conference Centre at Cresta Lodge Harare, Corner of Samora Machel Avenue & Robert Mugabe Road, Harare, on 30 October 2019 at 10.00am and at any adjournment thereof, and vote for me/us on my/our behalf or to abstain from voting.

Do hereby record my votes for the resolutions to be submitted as follows:	Tick "√" or place and "X" inside the BOX. Please note that alterations made to your initial response should be signed for.		
	ABSTAIN	FOR	AGAINST
AS A SPECIAL RESOLUTION - SHARE REDENOMINATION "That the Company, as provided for in terms of section 87(c) of the Companies Act (Chapter 24:03), redenominates the par value of authorized share capital, comprising both issued and unissued ordinary shares, from United States Dollar (US$) 0.001 to Zimbabwe Dollar (Z$) 0.001, following the promulgation of Statutory Instrument (SI) 142 of 2019 on the 24th of June 2019 which presented the Zimbabwe dollar as the sole legal tender in Zimbabwe."			
AS A SPECIAL RESOLUTION - SHARE BUY BACK "That the members authorize the Company in advance, to undertake in terms of section 79 of the Companies Act (Chapter 24:03), section 145 of the Zimbabwe Stock Exchange (ZSE) Listing Requirements and as duly authorized by Article 10 of its Articles of Association, the purchase of its own ordinary shares as the directors may from time to time determine, provided that the repurchases are not made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase and also provided that the maximum number of shares authorized to be acquired shall not exceed 20% (twenty percent) of the Company's issued ordinary share capital." a) That this authority shall expire at the next Annual General Meeting and shall not extend beyond 15 months from the date of this resolution.' b) That after considering the effect of the maximum repurchase of the shares, the Directors should be confident that: c) The Company will be able to pay its debts for a period of 12 months after the date of the Annual General Meeting. - The assets of the Company will be in excess of liabilities. - The share capital and reserves of the Company are adequate for a period of 12 months after the date of the notice of the Annual General Meeting. - The Company will have adequate working capital for a period of 12 months after the date of the notice of the Annual General Meeting.			

Do hereby record my votes for the resolutions to be submitted as follows:	Tick "√" or place and "X" inside the BOX. Please note that alterations made to your initial response should be signed for.		
	ABSTAIN	FOR	AGAINST
AS AN ORDINARY RESOLUTION – DIRECTORATE 1.1 To note the retirement of Mrs. Tracy Mpofu as Chairperson of the Board of Directors of the Company and Non-Executive Director and the retirement of Messrs Strive Masiyiwa and Douglas Mboweni as Directors of the Company with effect from the end of the Annual General Meeting on 30 October 2019.			
1.2 To re-elect as Directors by separate Resolution in respect of each of them in terms of section 174 of the Zimbabwe Companies Act (Chapter 24:03) - M. Bennett, Z. Dillon, E. T. Masiyiwa, D. Mandivenga, H. Pemhiwa, and S.G. Shereni, who are retiring from office in terms of section 90 of the First Schedule of the Zimbabwe Companies Act (Chapter 24:03) and, the same directors being eligible, having offered themselves for re-election.			
1.3 To elect each of Messrs Dominic Musengi and Christopher Maswi by separate resolutions who, having been appointed by the Directors during the year, and being eligible, have offered themselves for election upon retiring at the forthcoming Annual General Meeting in terms of Article 89.2 of the Articles of Association.			
AS AN ORDINARY RESOLUTION – APPROVAL OF FINANCIAL STATEMENTS To consider, and if deemed fit, to adopt with or without amendments, the financial statements for the 4 months ended 28 February 2019 together with the reports of the Directors and Auditors thereon.			
AS AN ORDINARY RESOLUTION – REMUNERATION OF DIRECTORS To consider, and if deemed fit, to approve the Directors' remuneration for the 4 months ended 28 February 2019, amounting to Z$108,729..			
AS AN ORDINARY RESOLUTION – AUDITORS' REMUNERATION To consider, and if deemed fit, to approve the Auditors' remuneration for the 4 months ended 28 February 2019 amounting to Z$608,622.			
AS AN ORDINARY RESOLUTION – RE-APPOINTMENT OF AUDITORS To consider, and if deemed fit, to re-appoint Messrs. Deloitte & Touche of Harare as Auditors of the Company for the ensuing year until the conclusion of the next Annual General Meeting.			

Signature.. Date...

Please read the notes below:

NOTES:

1. Shareholders may insert the name of a proxy or the name of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting", but such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. The authority of the person signing a proxy or representing an institutional shareholder should be attached to the proxy form in the form of a Board resolution confirming that the proxy has been appointed to represent the shareholder at the Company's Annual General Meeting.
3. Forms of proxy must be lodged at or posted to be received at the registered office of the Company Secretary, 1906 Borrowdale Road, Harare, Zimbabwe, not less than 48 hours before the time of the meeting.
4. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof should the shareholder wish to do so.
5. The Chairman of the Annual General Meeting may accept a proxy form which is completed and /or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
6. Any alteration or correction to this form must be initialled by the signatory/signatories.

Affix Stamp
Here

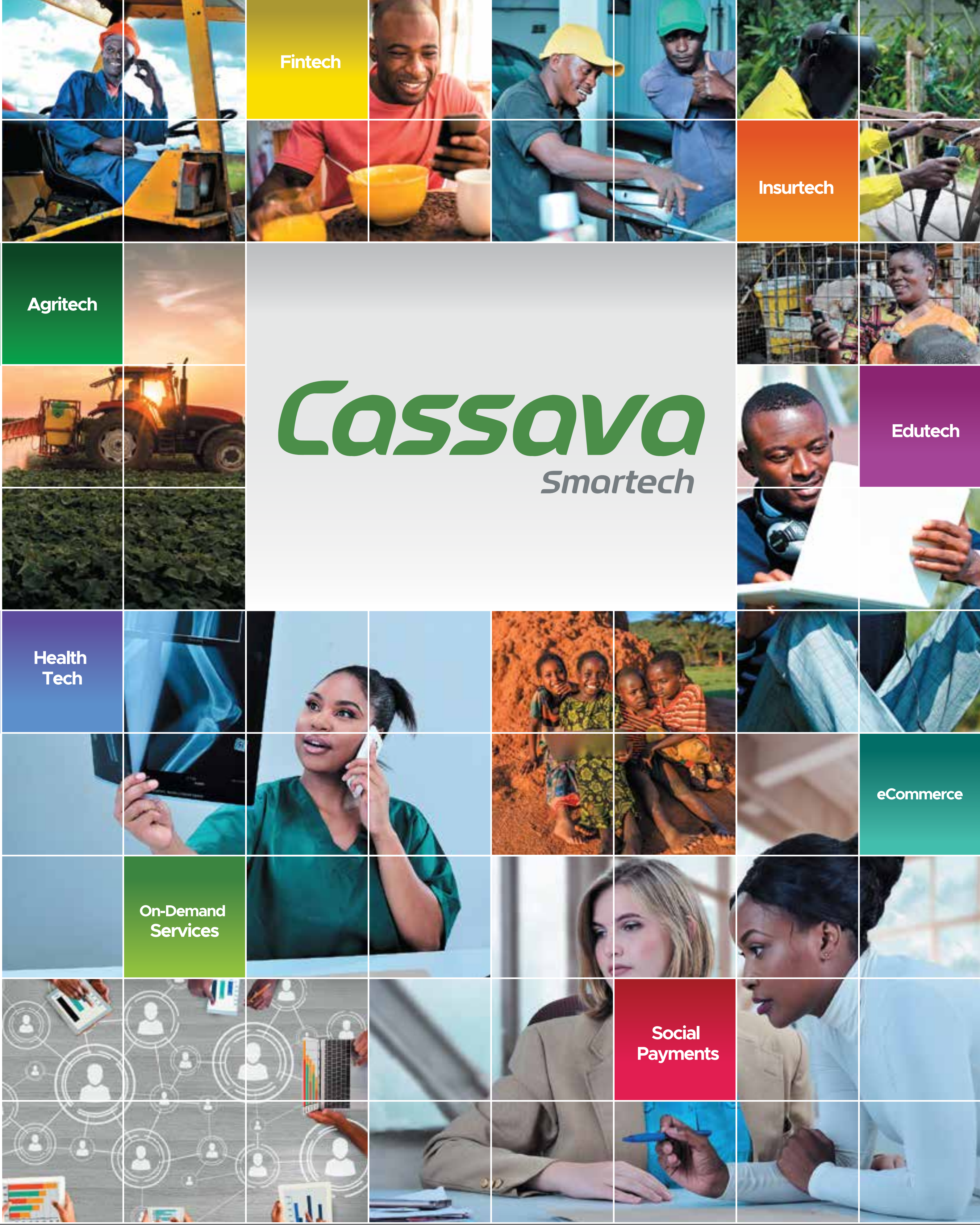
CASSAVA SMARTECH ZIMBABWE LIMITED

To be delivered by hand to:

Group Company Secretary
Cassava Smartech Zimbabwe Limited
1906 Borrowdale Road,
Harare,
Zimbabwe

To be posted to:

Registrars and transfer secretaries
First Transfer Secretaries (Private) Limited
1 Armagh Avenue,
Eastlea,
Harare,
Zimbabwe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