Contents

Corporate Information

Registered Office

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

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

Incorporation and Activities

The company is incorporated in Zimbabwe, and domiciled is an investment holding company of reinsurance services and property management and development companies.

Independent Auditor

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

Transfer Secretaries

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

Principal Bankers

NMB Bank Limited
Angwa City Branch
Harare, Zimbabwe

Principal Legal Advisors

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

Directors and Management

Main Board

B N Kumalo (Chairman),
C von Seidel
I Mvere
A E Adamjee
H W B Rudland
J Maguranyanga
E Zvandasara
B Ndebele
S Kudenga (Group Chief Executive Officer)
T Nyika (Chief Finance Officer)

Board Committees

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

Finance and Investments Committee
H W B Rudland (Chairman)
C von Seidel
A E Adamjee
B Ndebele

Human Resources and Nomination Committee
B N Kumalo (Chairman)
I Mvere
J Maguranyanga
H W B Rudland

Executive Management

Head Office
S Kudenga -Group Chief Executive Officer
L Madzinga - Finance Executive
S Mhlanga - Company Secretary
P Mundangepfupfu - Group Corporate Affairs Executive

Corporate Governance

Introduction

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

Directorate

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

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

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

Attendance of Directors at Board and Committee meetings during the year ended 31 December 2016

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

T Nyika was seconded to CFI Holdings Limited during the year as Acting Chief Executive Officer.

Corporate Governance *(continued)*

Board Committees

Board Accountability and Delegated Functions

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

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

Audit and Risk Management Committee

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

Finance and Investments Committee

The Company has a Finance and Investments Committee chaired by a non-executive director and is responsible for the formulation of investment policies and reviewing investment strategies affecting the assets and liabilities to ensure optimum return on resources. The Finance and Investments Committee also deals with the Group and Company resource requirements and major acquisitions and disposals.

Human Resources and Nominations Committee

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

Analyst Briefing

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

Financial reporting and disclosure, Internal control and role of the auditors

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

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

Financial Reporting and Disclosures

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

Risk Management, Compliance and Internal Control

The Board recognizes its overall responsibility to maintain risk management and internal control systems to safeguard shareholders' investments, company assets and for reviewing the

Corporate Governance *(continued)*

effectiveness of the systems. Such systems are designed to manage the risk of failure to achieve business objectives and to give reasonable assurance against material misstatement or loss. Through the Audit and Risk Management Committee, the Board reviews processes and procedures to ensure the effectiveness of the Group's system of internal controls which are monitored by the Internal Audit Department.

In 2016, the Board reviewed procedures and the key risks faced by the Company and the effectiveness of the risk management and internal control systems. The Board delegates the responsibility to the Audit and Risk Management Committee for more regular reviews of both key risks and internal controls and for monitoring the activities of the internal audit function. The Committee has kept these areas under regular reviews during 2016.

Internal audit

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

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

Independent auditing

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

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

Annual General Meeting

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

Worker participation

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

Corporate Social Responsibility

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

BN Kumalo
Chairman
Date: 15 March 2017

S Kudenga
Group Chief Executive Officer
Date: 15 March 2017

Report of the Directors

The Directors present to members the Annual Report together with the audited financial statements of the Group for year ended 31 December 2016

Share capital

The authorised share capital of the Group at 31 December 2016 comprise 2 000 000 000 ordinary shares of a nominal value of US$0.01 per share. During the year the issued share capital increased from 1 530 676 272 to 1 533 338 937 ordinary shares of a nominal value of US$0.01 per share. The movement in the issued share capital is shown in the statement of changes in equity.

Reserves

Details of movements on reserves are shown in the statement of changes in equity on page 34

Group operating results

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

Dividends

The Directors do not recommend a dividend for 2016 (2015: US$Nil).

Directorate

There were no changes to the directorate during the year.

Directors' shareholding

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

Independent auditors

Shareholders will be requested to approve the remuneration of the auditors for the financial year ended 31 December 2016 at the Annual General Meeting and authorise Directors to appoint independent auditors for the ensuing year. PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have expressed their willingness to be re-appointed.

Annual General Meeting

The 19th Annual General Meeting of members of the Company will be held on 28th June 2017 in the NicozDiamond Auditorium, 7th Floor Insurance Centre, 30 Samora Machel Avenue, Harare at 10:00 hours.

Director's responsibility for financial reporting

A detailed report setting out the Directors' responsibility for financial reporting forms part of this report.

Going concern

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

The Board of Directors assume responsibility for the Group's consolidated financial statements which were approved by the Board on 15 March 2017.

BN Kumalo
Chairman
Date: 15 March 2017

S Kudenga
Group Chief Executive Officer
Date: 15 March 2017

Directors' Responsibility Statement

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

The Directors acknowledge that they are ultimately responsible for the system of financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored through the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring of risk across the Group.

While operating risk cannot be fully eliminated, the Group endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

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

The independent auditor is engaged to express an independent opinion on the financial statements. The independent auditor is responsible for independently auditing and reporting on the Group's financial statements. The financial statements and related notes have been examined by the independent auditor and their report is presented on pages 23 to 30.

The financial statements and the related notes set out on pages 32 to 104, which have been prepared on the going concern basis, were approved by the Board and were signed on its behalf by:

B N Kumalo
Chairman
Date: 15 March 2017

S Kudenga
Group Chief Executive Officer
Date: 15 March 2017

Chairman's Statement

Financial Highlights	Total Income	Total Claims and expenses (excluding non-recurring expenses and impairments)	Non-recurring expenses and impairments	Loss for the year	Basic earnings per share (cents)	Net asset value per share (cents)
2016	US$28.1 million	US$26.4 million	US$4.3 million	(US$2.2 million)	-0,08	2.58
2015 Restated	US$32.5 million	US$28.1 million	US$19.4 million	(US$23.1million)	-1.42	2.61
% Change	-14%	6%	78%	90%	94%	-1%

Introduction

I am pleased to present the results for the year ended 31 December 2016.

Operating Environment

Economic activity in Zimbabwe remained subdued in 2016 accross most key economic sectors with a resultant marginal 0.6% growth in GDP. The economy continued to be negatively affected by headwinds from the global economy, drought, deflation, cash shortages, low levels of foreign direct investment, infrastructure bottlenecks and decline in disposable incomes.

Growth in Sub-Saharan Africa slowed down to 1.5% in 2016 mainly due to reduced output in the region's two largest economies, South Africa and Nigeria which achieved sluggish GDP growth rates of 0.4% and -1.7% respectively. Regional currencies also weakened substantially against the United States of America dollar ("US$") and this drove inflation up in those markets.

Restatement of Prior Year Financial Statements

The consolidated financial statements for 2015 were restated to take into account the loss of control of NicozDiamond Insurance Company Limited ("NDI") following a reassessment of whether the Group controlled NDI.The reassessment concluded that the Group had significant control, therefore the investment in NicozDiamond Insurance Limited has been equity accounted for. Additional prior period adjustments were effected to correct errors of judgement and treatment of impairment of associates and deferred tax on investments acquired prior to 2009.

B. N. Kumalo - *Chairman*

Chairman's Statement *(continued)*

Group Performance

Total income for 2016 at US$28.1 million was 14% down on 2015 largely as a result of the 18% decline in gross premium written. Net premium earned which contributed 78% to total income declined by 8% from the restated US$23.8 million in 2015 to US$21.8 million in 2016 mainly due to an obtaining soft domestic insurance market and weak local currencies in our major regional markets of Mozambique and Malawi. At US$3.1 million rental income contributed 11% of total income and was 10% below prior year. The negative growth was attributed to the weak domestic economy which manifested in high void levels and downward pressure on rental rates.

The Group recorded a loss of US$2.2 million which showed a 90% recovery from the previous year's loss of US$23.1 million. The improvement was mainly due to increased business retention, favourable claims experience, the positive impact of the cost cutting measures being implemented and reduction in share of losses from associates. The tight liquidity situation resulted in challenges in premium and rental collections with downstream negative effects on the growth of investment income.

Part of the restructuring of the business operations involved adopting fixed term contracts for executive staff and adopting the total cost to employer remuneration system in 2016. The accrual of financial obligations for past service resulted in a once off increase in employment costs. In the absence of these once off expenses and impairments, the Group has made significant progress in turning around the performance of the business following recapitalization and restructuring with the attendant improvements in business confidence and credit ratings. The Group is now positioned to register sustainable profits in all its key operations.

At US$102.8 million, total assets declined by 7% when compared to the comparative period in 2015. Net assets declined by 1% from US$40 million in 2015 to US$39.5 million in 2016.

Cash and cash equivalents at US$11.1 million remained strong in 2016 after settlement of legacy creditors.

Sector Performance

Domestic & Regional Reinsurance Operations

Domestic

The flagship domestic reinsurance business, Baobab Reinsurance, achieved a significant improvement in performance. Operating losses narrowed to US$0.7 million in 2016, compared to an operating loss of US$4. 8 million in 2015 mainly due to the improvements in underwriting standards which placed emphasis on writing quality business and the reduction in operating and administrative expenses following restructuring and adoption of lean cost structures.

Gross premium written increased by 6% from US$8.8 million in 2015 to US$9.3 million in 2016. The market share for the domestic reinsurance operations increased from 8.5% in 2015 to 9.3% in 2016. This upward trajectory continued in the 2016-2017 renewal period where overall treaty participation in the domestic market increased from 11% to 15%.

Regional

Profit for the year for the regional reinsurance business cluster was US$0.4 million, a decline of 69% from the US$1.3 million achieved over the same period in 2015. All the operations were profitable except for Emeritus Reinsurance South Africa and Zambian Reinsurance Company which had high operating expenses.

Gross premium written by the business cluster declined by 31% from US$22.3 million in 2015 to US$17 million in 2016. This was mainly due to the deliberate avoidance of underwriting loss making classes of business, and the depreciation of regional currencies against the US$. The regional operations contributed 55% of the total gross premium written by the Group's reinsurance businesses compared to 64% in 2015.

Life and Health

Gross premium written in 2016 at US$4.2 million, was 18% below that recorded in 2015 mainly due to the existence of a soft life assurance domestic market. Operating profit in 2016 was US$1.1 million compared to US$1.2 million in 2015 thus registering a decline of 8%.

Chairman's Statement *(continued)*

Property

Total revenue at US$4 million in 2016 increased by 5% compared to the US$3.8 million recorded in 2015 mainly due to the increased contribution of project income. Operating profit increased by 71% from US$0.7 million in 2015 to US$1.2 million in 2016.

Associates

Key associates and investments in the Group include NicozDiamond Insurance Company Limited, Fidelity Life Assurance Company Limited and CFI Holdings Limited. Contributions from associates remained low weighed down by losses in CFI Holdings Limited which is, however, now in recovery mode following implementation of wide-ranging restructuring initiatives which included debt restructuring and unlocking of value from the land bank.

Though impaired to zero in the financial statements, the market value of the investment in CFI Holdings Limited stood at US$2.3 million as at 31st December 2016, which is a sign of improved confidence in the entity and potential turnaround going forward.

Key Group Developments and Milestones

Group Restructuring

The Group has concluded wide-ranging restructuring which has positioned it to be a focused and diversified investment holding company with anchor investments in insurance, property and agro-industrial sectors in the short to medium term. New investments are to be funded mainly by the insurance float. The restructuring has entailed among other things:-

- Lowering fixed employment costs by adopting lean structures, fixed term contracts, a total cost to employer remuneration system and incurring once-off non-recurring retrenchment costs.
- Taking steps to exit investments with no strategic fit to the new vision..
- Consolidating the Group's investments in key business segments i.e. insurance, property and agro-business.

Restrictive Measures

On 12 January 2017, the Group was removed from the list of Specially Designated Foreign Nationals maintained by the Office of Foreign Assets Control ("OFAC"), a division of the United States of America Treasury Department. This major milestone will now enable the Group to implement its strategy of mobilizing international capital to strengthen the Group's domestic and regional operations and allow it to trade freely with its counterparts using international payment platforms.

Emeritus International Reinsurance Company

During the year under review the Group received the outstanding Exchange Control approvals for the establishment of Emeritus International Reinsurance Company in Botswana which is an offshore structure registered under the Botswana International Financial Services Centre ("IFSC"). Emeritus International is to house all the Group's regional operations. This development facilitates the operationalization of the structure thus paving way for raising the critical funding for the Group's reinsurance operations from the Botswana base.

Emeritus Reinsurance Company South Africa Limited

The Group took a deliberate decision to consolidate the South African and Botswana based businesses for better and efficient utilization of capital. In an exit strategy approved by the South African Financial Services Board, the South African subsidiary will be closed by end of August 2017 with its business being transferred to Botswana.

CFI Holdings Limited

The Debt Restructuring and Compromise Settlement Agreement concluded by CFI Holdings Limited with third parties resulted in the reduction of the associate's debt from $19.1 million to $5.1 million which strengthened the CFI Group's statement of financial position and significantly lowered finance costs. Distressed operations were placed under Judicial Management to provide the necessary respite for the restructuring and recapitalization of the operations.

It is worth noting that the losses from the operations are narrowing and some of the operations have a registered a turnaround in profitability. The good 2016/2017 agricultural season is expected to further enhance the performance of the associate's agro-based units.

Post year end, the Group's investment vehicle into CFI Holdings Limited, Stalap Investments (Private) Limited entered into a transaction which led to it attaining a significant shareholding in

Chairman's Statement *(continued)*

CFI details of which will be disclosed in the next reporting period. The transaction when finalised is expected to facilitate and give further momentum to the restructuring and recapitalization of CFI Holdings Limited as well as unlocking value for the shareholders.

Dividend

Due to the overall loss incurred during the year the Board has not recommended the declaration of a dividend.

Future Prospects

The removal of sanctions has unlocked the opportunity to mobilize financial resources and position the Group for sustained growth and expansion. It has also provided the necessary impetus required for creating an expansive and diversified Group with a strong foothold in the regional markets. Measures to preserve capital, drive performance and achieve sustainable growth and profitability will continue to be implemented. The Group has now been appropriately realigned and restructured to have lean and focused operating structures. I am confident that the Group has positioned itself to deliver value and pay dividends to shareholders in the near future.

Appreciation

I would like to thank our various stakeholders for their continued support, the ZHL Board and the Boards of all Group Companies for their guidance and wise counsel, management and staff throughout the Group for their continued dedication and commitment in sustaining the various Group operations.

B N Kumalo
Chairman

Date: 15 March 2017

Group C.E.O's Review of Operations

BUSINESS BACKGROUND

Zimre Holdings Limited is a diversified investment holding Company with operations and investments in Zimbabwe and the African Region. It operates in the following key business Segments:-

- Reinsurance
- Property
- Life Reassurance

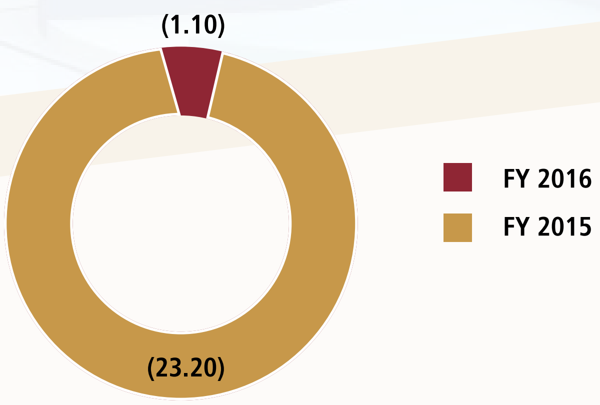
PERFORMANCE BACKGROUND

The following were the key challenges and environmental factors affecting the performance in the period under review and shaping the current strategy of Zimre Holdings Limited.

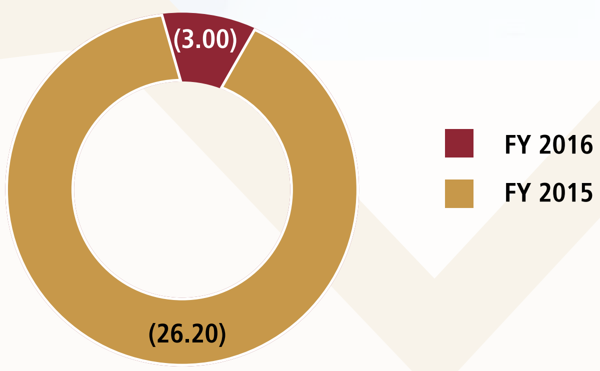
- Shortage of foreign currency to discharge foreign payment obligations;
- Weakening of currencies in regional markets against the US$;
- Soft domestic insurance market;
- Stringent regulatory requirements in domestic and regional markets with resultant high compliance costs;
- Rapid informalization of domestic economy and dwindling domestic demand due to low disposable incomes, and
- Performance of regional operations curtailed by limited capital.

GROUP PERFORMANCE

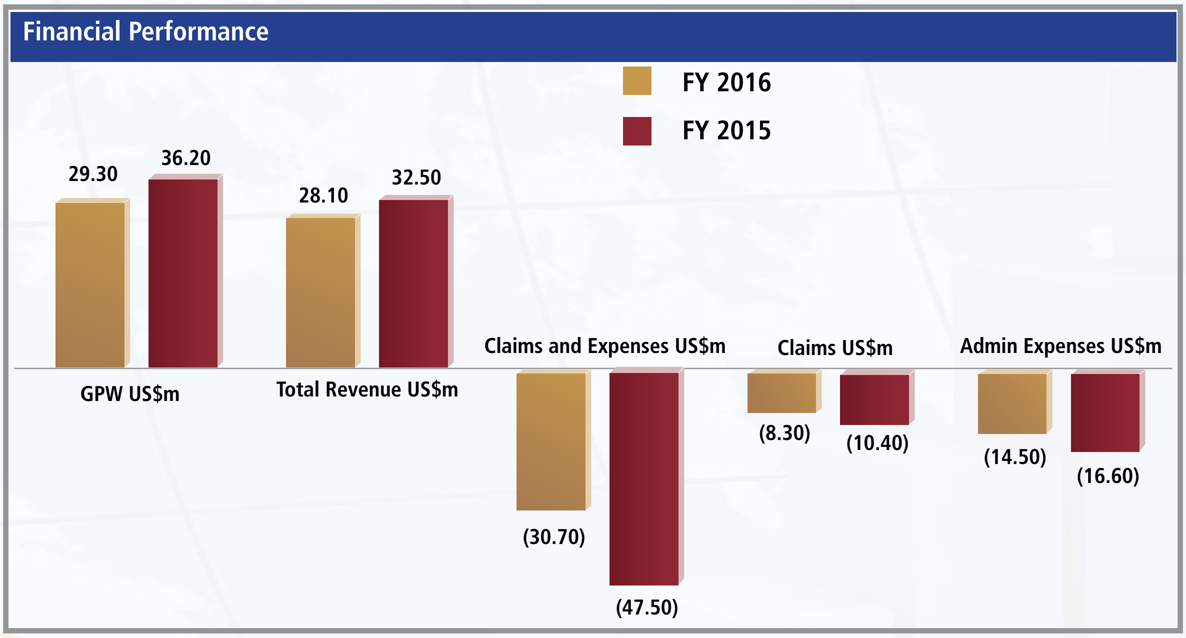
Loss for the year from continuing operations (US$m)

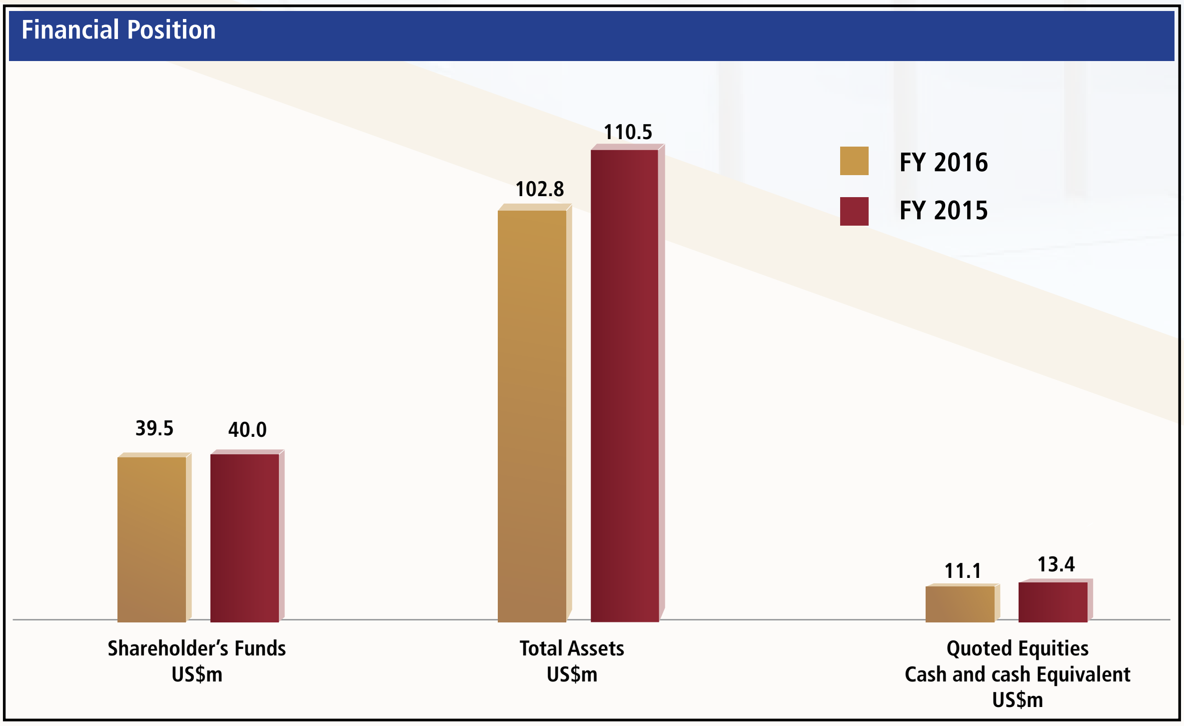


Total Comprehensive (loss)/income (US$m)



Group C.E.O's Review of Operations *(continued)*





Group C.E.O's Review of Operations *(continued)*

Key ratios and indicators	FY2016	FY2015
Basic and diluted loss per share(US cents)	(0.08)	(1.42)
Return on equity (%)	-6%	-58%
Return on assets (%)	-2%	-21%
Net assets US$	39.50	40.00
Net assets value per share (US cents)	2.58	2.61
Share price (US Cents)	1.65	1.28
Operating profit/ Shareholders equity	(0.03)	(0.58)
Current assets /Current liabilities	1.2	1.3

COUNTRY PERFORMANCE

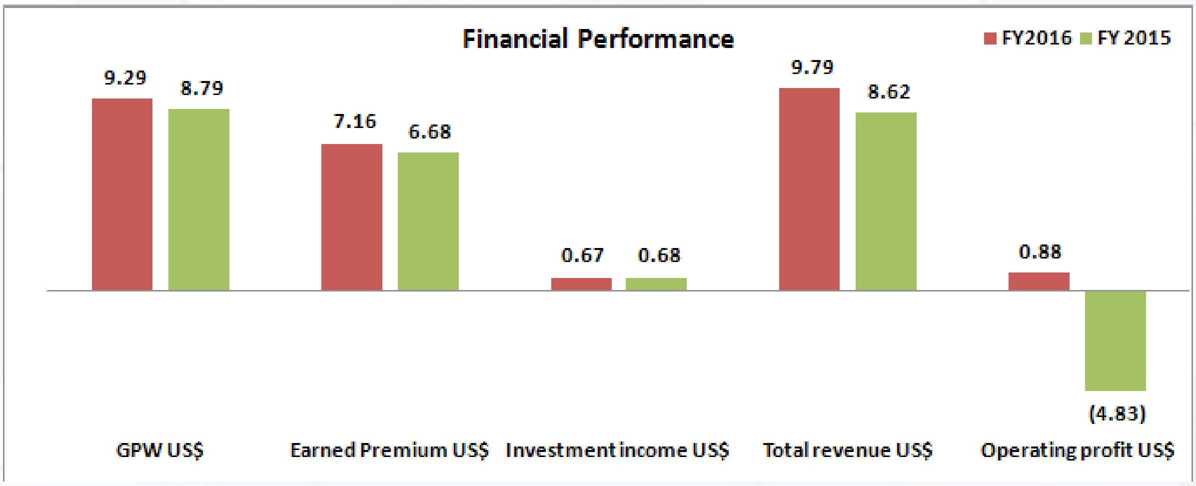
(US$)	Zim	Malawi	Zam	Moz	Bots	SA
GPW	12.3	5.4	3.0	5.6	1.9	1.1
Contribution	*42%*	*19%*	*10%*	*19%*	*6%*	*4%*
Revenue	17.0	4.4	2.5	3.9	1.5	1.1
Contribution	*56%*	*14%*	*8%*	*13%*	*5%*	*4%*
Claims and Expenses	(16.1)	(4.2)	(2.6)	(5.0)	(1.4)	(1.3)
Claims	(3.5)	(1.7)	(1.0)	(1.6)	(0.3)	(0.2)
Admin expenses	(9.3)	(1.1)	(0.8)	(2.0)	(0.7)	(0.7)
Claims ratio	*33%*	*45%*	*46%*	*53%*	*23%*	*25%*
Expense ratio	*55%*	*25%*	*31%*	*51%*	*46%*	*64%*
Operating profit	(2.3)	0.2	(0.1)	(1.1)	0.1	(0.2)

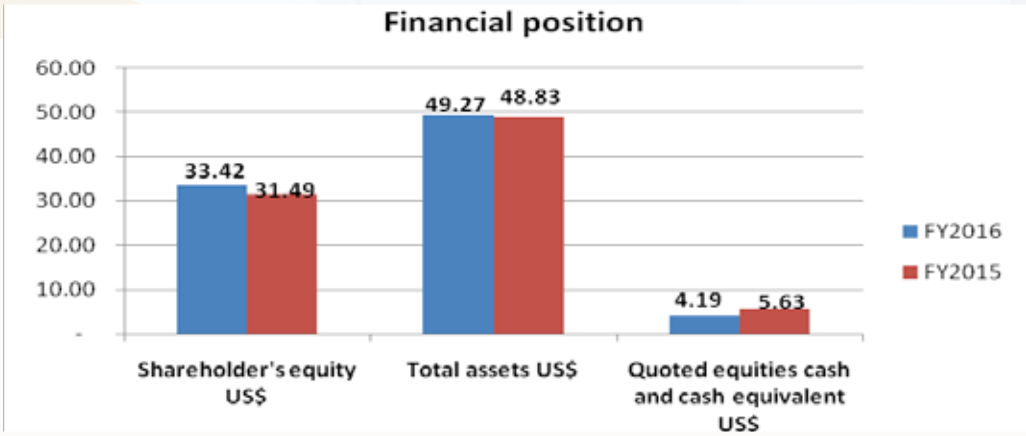
The following are the key issues arising from the Group performance review:

- Significant narrowing of losses achieved and sustainable turn around in performance is expected in 2017;
- External operations except Zambian Reinsurance Company and Emeritus Re South Africa recorded positive bottom lines;
- Positive return on equity expected in the short term as a relief of revenue growth; cost cutting and management strategies being implemented take effect.
- Removal of sanctions is expected to enable Group operating strategic and business units ("SBUs") to trade, transact and compete on even playing field with the resultant improvement in financial performance.

Group C.E.O's Review of Operations *(continued)*

LOCAL REINSURANCE OPERATIONS: KEY PERFORMANCE AND STRATEGIC ISSUES





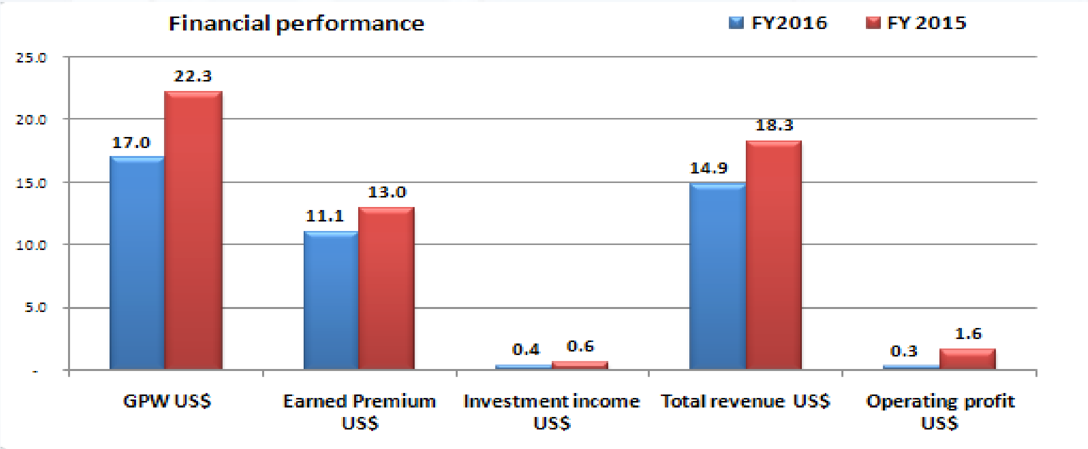
Key ratios and indicators	FY2016	FY2015
Retention ratio %	79%	80%
Combined ratio %	117%	180%
Return on equity (%)	4%	-12%
Return on assets (%)	3%	-8%
Solvency ratio %	455%	445%
Operating Profit/ Shareholders equity	3%	-15%
Current assets /Current liabilities	1.1	5.5
Prescribed assets ratio %	5%	4%

Measures to turn around the performance of the local operations that have been implemented include cost cutting and adoption of lean structures which are beginning to bear fruit. The business is to focus on external markets and profitable niches in the local markets for growth, following removal of sanctions. Balance sheet restructuring to address optimal and desired capitalization level that is in line with that of peers is also being implemented.

Group C.E.O's Review of Operations *(continued)*

Ministerial approval is awaited for the amalgamation of the short term and life units to trade under a composite license which is expected to turn around performance through shared services and costs. Plans are at an advanced stage for the establishment of a direct Underwriting Management Agency in order to improve business pipeline for the local reinsurance unit, Baobab Reinsurance (Private) Limited.

EXTERNAL REINSURANCE OPERATIONS: KEY PERFORMANCE AND STRATEGIC ISSUES



Key ratios and indicators	FY2016	FY2015
Retention ratio %	66%	62%
Combined ratio %	115%	105%
Return on equity %	9%	-48%
Return on assets %	2%	-13%
Solvency ratio %	50%	43%

Emeritus Reinsurance International Limited, which is registered with the Botswana based International Financial Services Centre ("IFSC") is the Group investment vehicle where all Group reinsurance investments starting with the external investments, are being consolidated.

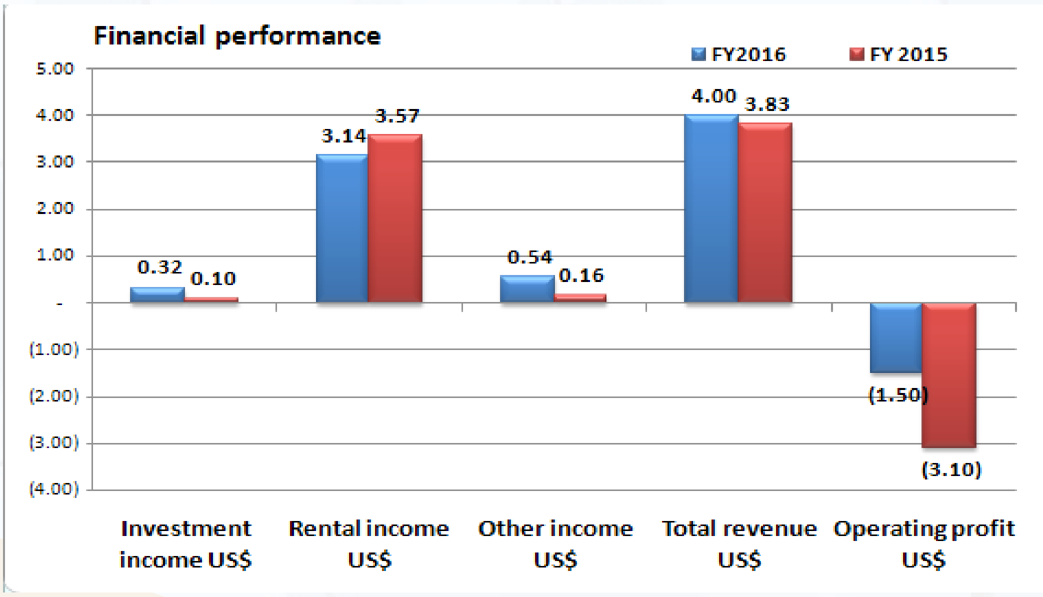
In the period under review, out of the five external reinsurance operations, which are operating with low capital bases, only First Re and Malawi Re were profitable. Winding up operations in South Africa through the transfer of business and excess capital to First Re Botswana is in progress. Competitive capital is required for all external reinsurance operations in order to enhance credit ratings. Equity ownership in Malawi Re is being opened up to third parties with an initial 10-15% shareholding being made available in order to comply with Regulatory requirements in that market.

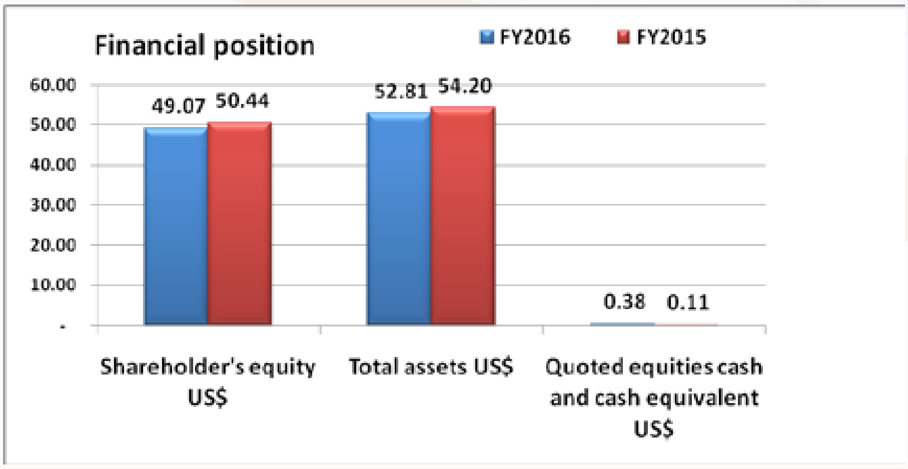
Business prospects in the regional markets are high premised on:

- Strong growth prospects of some of the economies such as Mozambique and Zambia.
- New thrust by regulators to enforce exhaustion of local capacity before resorting to external markets for cover;
- Increasing numbers of players in the direct market and growth in the middle class that drives growth in insurance business.
- Exploiting growing business opportunities in the Francophone markets

Group C.E.O's Review of Operations *(continued)*

PROPERTY: KEY PERFORMANCE AND STRATEGIC ISSUES





Key ratios and indicators	FY2016	FY2015
Operating expense/Rental income	88%	87%
EPS (cents)	(0.08)	(0.18)
Return on equity (%)	-3%	-6%
Return on assets (%)	-3%	-6%
NAV per share US$	0.03	0.03
Share price (US cents)	1.00	0.95

Group C.E.O's Review of Operations *(continued)*

ZimRe Property Investments ("ZPI") is the property development and management subsidiary of the Group.

The performance of ZPI was adversely affected by the increasing void levels. The diversification of income strategy in view of underperformance of rentals is being implemented. ZPI is considering diversifying into new property classes such as student accommodation and office parks and shopping malls.

During the year, ZPI started re-engagements with international financial institutions for long term funding following the post balance sheet removal of sanctions.

Business growth strategies being implemented include:-
- Tapping into Diaspora market for revenue growth;
- Deepening partnership arrangements and joint ventures in property development, and
- Venturing into the African region as a credible property brand for growth.

KEY ASSOCIATES

AGRO-INDUSTRIAL: KEY PERFORMANCE AND STRATEGIC ISSUES

Stalap (Private) Limited is the investment vehicle through which Group's investment in CFI are held.

Overall losses for CFI are declining with some operations registering turnaround to profitability.
Restructuring and repositioning measures being undertaken to turn around the CFI Group include:-
- Staff rationalization
- Management and board renewal
- Debt restructuring and Compromise Settlement Agreements which resulted in reduction of debt from US$19,1 million toUS$5,1 million.
- Placing distressed operations under Judicial Management to prevent foreclosure by creditors and to provide the necessary space required for restructuring of Group.

As a result entities outside Judicial Management such as Farm and City have now returned to profitability

Due to diverse shareholder groupings and interests, it is difficult to provide the company with strategic guidance that would steer it to operational viability. The Group is working on addressing this limitation.

The expected 2016/2017 good agricultural season is expected to enhance performance of CFI's agro-based business units.

DIRECT SHORT-TERM INSURANCE

ZHL associates and investments in general insurance incorporate:

- NicozDiamond Limited (29%)
- Cell Insurance (Private) Limited (11%)
- Credsure Insurance (Private) Limited (24%)
- United General Insurance Malawi (23%)
- Diamond General Insurance Zambia (6 %)

The Zimre Holdings Limited Group is exploring various measures to increase assets that constitute the insurance float. With the pending increase in minimum capitalization levels there are opportunities for mergers and takeovers in the general insurance sector.

Growth in the short term insurance sector remained constrained due to the shrinking Zimbabwe economy and soft insurance market. The performance of regional investments was curtailed by lack of competitive capital. Opportunities exist to re-engage strategic partners for business previously lost due to OFAC sanctions

LIFE AND PENSIONS

Fidelity Life Assurance Company Limited ("Fidelity") is an associate company of ZHL whose main line of business is life and pensions and property development for trading.

Company closures and retrenchments; declining disposable incomes and liquidity challenges, are affecting the uptake of life assurance products and premium collection.

Group C.E.O's Review of Operations *(continued)*

Fidelity has high gearing ratios and is exploring various ways to reduce the debt. It is venturing into residential property development as a measure to diversify income streams and for growth.

DISCONTINUED OPERATIONS AND ASSETS HELD FOR DISPOSAL

Colonnade Reinsurance Company is still under disposal. The Group has made substantial progress in the conclusion of sale with one party that has interest and capacity to buy in order to realize this investment whose current capital is below US$5 million.

BUSINESS UPDATE AND OUTLOOK

The Group is now realigned; restructured and positioned for sustained and profitable business growth following:

- Successful capital raising and increasing business confidence;
- Right sizing and cost cutting measures and adoption of lean structures, and
- Subsequent removal of sanctions.

The Emeritus International structure is going to be used as a vehicle to mobilize capital for Group expansion and strengthening the regional foothold.

Measures to drive performance, preserve capital and grow market share in key operations will continue to be implemented.

The Group is creating a diversified investment portfolio through leveraging on its balance sheet and existing investments and pursuing business opportunities in high growth sectors.

STANLEY KUDENGA
GROUP CHIEF EXECUTIVE OFFICER
Date: 15 March 2017

Declaration by Group Finance Executive

These financial statements have been prepared under the supervision of the Group Finance Executive, Lovemore Madzinga.Lovemore holds a Bachelors of Accountancy from the University of Zimbabwe.He is a Fellow of the Association of Chartered Certified Accountants (FCCA) and an Associate of the Chartered Institute of Secretaries and Administrators (ACIS).

Lovemore Madzinga
Group Finance Executive
Date: 15 March 2017

Independent Auditor's Report

Independent auditor's report

To the Shareholders of Zimre Holdings Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects the financial position of Zimre Holdings Limited (the "Company") and its subsidiaries ("the Group") as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

Zimre Holdings Limited's financial statements set out on pages 31 to 104 comprise:

- the consolidated and company statement of financial position as at 31 December 2016;
- the consolidated and company statement of comprehensive income for the year then ended;
- the consolidated and company statement of changes in equity for the year then ended;
- the consolidated and company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with other ethical requirements applicable to performing audits in Zimbabwe.

Our audit approach

Overview

Overall group materiality

US$ 293 250 which represents 1% of gross written premium

Group audit scope

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

Key audit matters

- Impairment assessment of reinsurance and rental receivables;
- Valuation of life assurance contract liabilities;
- Valuation of investment property; and
- Material prior period error in the accounting for material investment.

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P O Box 453, Harare, Zimbabwe
T: +263 (4) 338362-8, F: +263 (4) 338395, www.pwc.com

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

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

Materiality

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

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

Overall group materiality	US$ 293 250
How we determined it	1% of the Group's gross written premium for the year.
Rationale for the materiality benchmark applied	We have selected gross written premiums as our materiality benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a stable and key driver of the Group's business. We chose 1% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using written premiums to compute materiality.

How we tailored our group audit scope

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

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

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

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

- Baobab Reinsurance (Private) Limited and Baobab Reinsurance Life and Health (Private) Limited were audited by the Group engagement team and Zimre Property Investments Limited was audited by another audit firm. All of these entities are located in Zimbabwe.
- Regional operations include Malawi Reinsurance Company Limited, Zambian Reinsurance Company Limited, Mozambique Reinsurance Company Limited, Emeritus Reinsurance Company (SA) Limited, First Reinsurance Company (Proprietary) Limited and are incorporated and domiciled in Malawi, Zambia, Mozambique, South Africa and Botswana respectively. All the regional operations are audited by non-PwC audit firms.
- Zimre Holdings Limited, the Parent company, was audited by the Group engagement team.

The Group audit team audited three entities in the Group, the parent company, Baobab Reinsurance (Private) Limited and Baobab Reinsurance Life and Health (Private) Limited.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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.

Consolidated financial statements

Key audit matter	*How our audit addressed the key audit matter*
Impairment of reinsurance and rental receivables (" receivables") As at 31 December 2016, receivables were US$ 18 425 929 against which impairment allowances of US$ 6 216 803 were provided for by management. Receivables amounting to US$ 6 905 683 were past due but not impaired. The assessment of the impairment allowance for receivables was considered a matter of most significance during the current year audit, due to the significant judgement required of management to assess the recoverability of outstanding amounts. Management applied their judgment to the assessment of the recoverability of individual receivables, on a case by case basis. They considered history of payments and the financial condition of the debtor, as well as the relationship they have with the debtor. Disclosure is provided in the following notes: • Accounting policy disclosure note 2.13.2. • Note 4, financial risk management; • Note 3 , critical accounting estimates and judgements; and • Note 16 , trade and other receivables.	We obtained an understanding of management's process for determining the impairment allowance for receivables. We compared actual write-offs in the current year to management's prior year impairment allowance to assess the reasonableness of management's estimation process. As a reasonableness test we compared actual write-offs in the current year to management's prior year impairment allowance. The impairment allowance was found to be within a reasonable range of the actual write-offs. We obtained management's assessment of the impairment allowance for the current year and performed the following procedures on a sample of impaired receivables: • For amounts included in the allowance, obtained an understanding of how management calculated the amount to be impaired. • Performed an independent calculation of the impairment allowance, making specific impairment allowance for those receivables where there is objective evidence that recovery is doubtful. Such evidence included absence of significant subsequent receipts or agreed settlement plans. We tested the ageing of receivables by tracing a sample

	of receivables to supporting documents. For amounts that were considered past due but not provided for, we obtained management's supporting documentation underlying recoverability, including payment plans and/or subsequent receipts; and assessed the level of collections subsequent to year end.
Valuation of life assurance contract liabilities As at 31 December 2016 life assurance contract liabilities amounted to US$4 632 265. We considered this as an area of most significance in our audit as the value of the Group's life assurance contract liabilities and the valuation of life assurance contract liabilities involves complex calculations, significant judgements, and long and short term estimates and assumptions. Valuation assumptions include mortality, lapses, and economic and expense assumptions. Economic assumptions include investment return, expense inflation, bonus rates and discount rates. Disclosure is provided in the following notes; Note 2.18.1 - accounting policy note, Note 3.2.2 - critical accounting estimates and judgements.	We assessed the independence, experience and competence of the statutory actuary, through inquiry with the actuary and management. We inspected the actuary's curriculum vitae to assess his experience and competence. On a sample basis, we tested the underlying data used in the valuation of the life assurance contract liabilities for accuracy and completeness through tracing data to the audited balances. We made use of our actuarial expertise to evaluate the significant assumptions and estimates and the actuarial computations as well as the actuarial valuation report obtained from management for adequacy and reasonableness. We performed the following: - Tested data used as part of the valuation by agreeing a sample of that data to the audited schedules and balances. We did not note any exceptions in respect of our sample. - An assessment of the proposed valuation basis (Financial Soundness Valuation Methodology) through discussion with the statutory actuary and assessing the appropriateness given the nature of the business as well as actuarial good practice; - An assessment of the valuation methodology for compliance with Standard of Actuarial Practice 104; and, - An assessment of the valuation results by rerunning the models, on a sample basis, to consider accurate application of the selected methodology and assumptions. - We also inspected the actuarial report for 2016 prepared by the statutory actuary and compared it with the prior year signed actuarial report in order to identify any significant changes in assumptions and methodology.

Valuation of investment property We considered valuation of investment property as a matter of most significance to our audit due to significant judgement exercised to determine the appropriate valuation methods to use, assumptions used in the valuation and the materiality of investment property at US$44924 623 as at 31 December 2016. A negative fair value adjustment of US$2 372 464 was recognised, and is referred to in notes 8 and 8.2 to financial statements. Professional valuers engaged to perform the valuation used the income capitalisation method for developed commercial and industrial properties, and the comparative method for residential property. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return). Using the market comparable method, a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the Group is the price per square metre ("US$ sqm"). The key unobservable inputs that require management to exercise judgement are average rental per square metre, prime yield, and space and vacancy rates for the income capitalisation method. Disclosure is provided in the following notes; Note 2.7 - accounting policy note, Note 3.2.3 - critical accounting estimates and judgements. Note 8 - investment property.	We gained an understanding of controls over the valuation of the investment property, including management's selection of the valuer (management's expert), and the assessment and approval of the valuation results. We obtained the valuation report from management's expert as at 31 December 2016. We assessed the appropriateness of the valuation methods used by management's expert and found that the methods used are considered generally accepted valuation methodologies for investment properties. We evaluated the competence, capabilities, independence and objectivity of the management expert and obtained an understanding of their work. We inspected the company profile and curriculum vitae of the individuals performing the valuation in order to assess their experience and competence. Based on the results of our procedures, we did not note any aspects requiring further consideration. In order to consider the reasonableness of the valuation methods and assumptions used, we met with management's expert, to obtain an understanding of the assumptions used in applying the respective valuation methods. We agreed the key assumptions to supporting evidence as follows: - rental to the underlying lease agreements, on a sample basis; and - Occupancy levels to the tenancy schedule, which was prepared by management. Key unobservable inputs to the valuation included average rental per square metre, prime yield, and space and vacancy rates. We discussed and considered these assumptions with management's expert with reference to prevailing market rentals and market yields, comparing these to comparable market data. Our audit procedures also included comparing these assumptions to those used by other external property valuers for similar property types. No exceptions were noted. With the assistance of our valuation experts, we performed an independent calculation of potential annual rental income using average rentals per square metre and lettable space, and prime yield using an interpolation formula, on a sample basis. We also recomputed the market value by capitalising the potential annual income by the yield. The difference between the result of our calculation and that of management was considered to be acceptable.

Consolidated and Company financial statements

Key audit matter	*How our audit addressed the key audit matter*
Material prior period error in the accounting for material investment During the year, the accounting treatment of the Company's investment in Nicoz Diamond Insurance Limited, a general insurer in which it owns 28.78% (2015: 28.78%) of the issued share capital, was reconsidered. The material prior period error was considered a matter of most significance to the audit due to complex judgements needed to be exercised to determine the existence of control ((a) Power over the investee; (b) Exposure, or rights, to variable returns from its involvement with the investee; (c) The ability to use its power over the investee to affect the amount of the investor's returns).This was as a result of the existence of agreements and changes in shareholding levels, events surrounding the investee changing over time and, involvement of Zimre Holdings Limited in operations of Nicoz Diamond Insurance Limited The key aspects that the determination of control was based on were judged to be incorrect. As such the investment was consolidated as a subsidiary incorrectly in prior years, instead of being equity accounted as an investment in an associate, as significant influence, and not control, exists. In addition the dollar value impact on the financial statements, total assets of US$ 30 259 104, total liabilities US$ 19 781 314, total equity of US$ 2 263 380 were deconsolidated as part of the correction. Disclosure is provided in note 5.	We obtained an understanding through discussions with management of the prior period error and the rationale for the accounting treatment adopted in prior periods through discussions with management. We mapped the accounting treatment against the requirements of the applicable IFRS. Standards applied are IFRS 3 Business combinations, IFRS 10 Consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures. In respect of the judgements relating to the existence of control applied by management, we inspected accounting records, minutes, documents and contracts for the purpose of forming our own conclusions. We obtained and inspected all the calculations and journal entries that were effected to correct the prior period error. We traced all the calculations and journal entries to the previous year's consolidation worksheets and journal entries.

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Other information

The directors are responsible for the other information. The other information comprise the information included in the Annual Report 2016, but does not include the financial statements on pages 1 to 21 and our auditor's report thereon, which we obtained prior to the date of this auditor's report. Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 scepticism throughout the audit. We also:

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

Pricewaterhousecoopers

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

23 June 2017

Harare, Zimbabwe

Financial Statements

Consolidated Statement of Financial Position
As at 31 December 2016

ASSETS	Notes	Audited Group 2016 US$	Restated* Audited Group 2015 US$	Restated* Audited Group 1 January 2015 US$
Property and equipment	7	2 564 394	3 105 897	4 794 377
Investment property	8	44 924 623	46 997 682	51 527 850
Intangible assets	9	79 173	131 157	181 730
Investment in associates	10	10 111 114	11 228 169	24 582 617
Deferred tax asset	11	1 497 670	2 287	2 562 540
Financial assets available for sale	12	6 535 700	6 639 684	4 924 002
Life reassurance contract asset	22.1	569 900	821 700	970 655
Inventory	13	2 755 060	3 201 218	3 385 210
Trade and other receivables	14	13 921 851	15 643 148	17 372 892
Current income tax receivable		-	28 561	221 328
Deferred acquisition costs	15	1 757 201	1 781 811	2 052 776
Financial assets :				
held to maturity investments	16.1	2 363 567	2 016 736	999 903
at fair value through profit or loss	16.2	1 607 254	1 846 032	1 646 889
Assets classified as held for sale	17	3 073 391	3 602 794	3 973 134
Cash and cash equivalents	18	11 077 397	13 419 045	9 343 926
Total assets		**102 838 295**	**110 465 922**	**128 539 829**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	19	15 331 003	15 306 763	7 806 763
Share premium		11 427 034	11 562 694	5 165 974
Revaluation reserve		13 759 295	13 746 144	13 923 211
Mark-to-market reserve		429 018	194 588	1 929 583
Foreign currency translation reserve		(7 903 398)	(7 364 712)	(7 080 836)
Retained profits		6 448 633	6 541 308	28 794 801
Total equity attributable to equity holders of the parent		**39 491 585**	**39 986 784**	**50 539 496**
Non-controlling interest		25 219 840	28 422 021	31 178 219
Total equity		**64 711 425**	**68 408 805**	**81 717 715**
Liabilities				
Short term insurance contract liabilities	20	11 937 005	12 622 493	18 631 423
Non-insurance provisions	21	1 043 185	885 339	987 267
Life reassurance contract liabilites	22.2	4 632 265	5 990 565	5 348 107
Borrowings	23	1 376 091	885 264	1 628 280
Trade and other payables	24	14 185 096	15 133 830	17 697 830
Deferred tax liability	11	2 090 850	4 460 978	-
Current income tax payable		161 004	-	-
Liabilities associated with assets classified as held for sale	17	2 701 373	2 078 676	2 529 206
Total liabilities		**38 126 870**	**42 057 118**	**46 822 113**
TOTAL EQUITY AND LIABILITIES		**102 838 295**	**110 465 922**	**128 539 829**

* All amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 5.
These financial statements were approved by the Board of Directors on 15 March 2017 and are signed on its behalf by:

BN Kumalo
Chairman

S Kudenga
Group Chief Executive

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

		Group	
Continuing operations	Notes	Audited Group 2016 US$	Restated* Audited Group 2015 US$
INCOME			
Gross written premium	**25.1**	**29 325 051**	**36 179 677**
Premium ceded	25.2	(7 143 453)	(11 203 690)
Net premium written		22 181 598	24 975 986
Movement in unearned premium provision	25.3	(370 358)	(1 149 354)
Net premium earned	**25**	**21 811 240**	**23 826 632**
Brokerage commission and fees	26	2 018 370	3 994 175
Total insurance income		**23 829 610**	**27 820 807**
Rental income from investment property	8.1	3 082 389	3 439 145
Fair value adjustments on investment property	8.2	(2 372 464)	(3 965 349)
Net revenue from sale of inventory property	27	878 940	576 628
Net property operating costs	28	(525 873)	(547 059)
Investment income	29	1 592 479	1 888 789
Other income	30	1 653 084	3 321 686
Total income		**28 138 163**	**32 534 647**
EXPENDITURE			
Insurance benefits and claims		**(8 277 576)**	**(10 363 913)**
Non-life insurance claims		(9 727 987)	(10 739 685)
Life reassurance benefits and claims		(2 092 404)	(1 891 447)
Movement in life reassurance contract liabilities	22	1 106 500	(791 412)
Claims ceded to reinsurers		2 436 315	3 058 631
Commission and acquisition expenses		(7 897 155)	(9 531 015)
Operating and administrative expenses	31	(14 530 225)	(16 596 813)
Impairment of investment in associate	10	-	(10 824 334)
Finance costs		(17 219)	(135 158)
Total expenditure		**(30 722 175)**	**(47 451 234)**
Loss before share of loss of associate		**(2 584 011)**	**(14 916 586)**
Share of loss of associates	10	(770 115)	(5 670 933)
Loss before income tax		(3 354 126)	(20 587 519)
Income tax credit/(expense)	11.2	2 303 534	(2 614 752)
Loss for the year from continuing operations		(1 050 592)	(23 202 271)
Discontinued operations			
(Loss)/profit after tax from discontinued operations	17	(1 152 100)	80 190
Loss for the year		(2 202 692)	(23 122 081)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gains on property and equipment revaluations		299 209	141 931
Share of other comprehensive income of associates		(187 513)	(799 574)
Income tax relating to components of other comprehensive income		(98 545)	(50 265)
		13 152	**(707 907)**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(1 012 570)	(2 765 742)
Fair value gains on available for sale financial assets		234 431	371 288
Income tax relating to components of other comprehensive income		-	(2 757)
		(778 140)	**(2 397 211)**
Other comprehensive income for the period net of tax	**35**	**(764 988)**	**(3 105 118)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(2 967 681)**	**(26 227 198)**
Loss attributable to:			
Equity holders of Zimre Holdings Limited		(1 250 516)	(21 789 170)
Non-controlling interests		(952 176)	(1 332 911)
		(2 202 692)	**(23 122 081)**
Total comprehensive loss attributable to:			
Equity holders of Zimre Holdings Limited		(1 541 620)	(24 417 719)
Non-controlling interests		(1 426 061)	(1 809 479)
		(2 967 681)	**(26 227 198)**
Total comprehensive loss attributable to owners of Zimre Holdings Limited arising from			
Continuing operations		(827 318)	(24 467 437)
Discontinued operations		(714 302)	49 718
		(1 541 620)	(24 417 719)
Loss per share from loss on continuing operations attributable to owners of Zimre Holdings Limited			
Basic and diluted loss per share (US cents):		(0.03)	(1.43)
Loss per share from loss on discontinued operations attributable to owners of Zimre Holdings Limited			
Basic and diluted loss per share (US cents):		(0.05)	0.00
Loss per share from loss attributable to owners of Zimre Holdings Limited			
Basic and diluted loss per share (US cents):		(0.08)	(1.42)
Number of shares for basic and diluted EPS		**1 533 338 937**	**1 530 676 272**

* All amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 5.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Notes	Share capital US$	Share premium US$	Non distributable reserve US$	Revaluation reserve US$	Mark-to -market reserve US$	Foreign currency translation reserve US$	(Accumulated losses)/ Retained profits US$	Attributable to equity holders of parent US$	Non-controlling interest US$	Total equity US$
Balance as at 1 January 2015, as previously reported		**7 806 763**	**5 165 974**	**25 797 818**	**13 923 211**	**1 929 583**	**(7 080 836)**	**(1 530 460)**	**46 012 054**	**43 531 571**	**89 543 625**
Reclassification**		-	-	(25 797 818)	-	-	-	25 797 818	-	-	-
Prior period adjustments	5	-	-	-	-	-	-	4 527 443	4 527 443	(12 353 352)	(7 825 909)
Balance as at 1 January 2015 as restated*		7 806 763	5 165 974	-	13 923 211	1 929 583	(7 080 836)	28 794 801	50 539 496	31 178 219	81 717 715
Total comprehensive income for the year		**-**	**-**	**-**	**91 666**	**(431 045)**	**(2 289 176)**	**(21 789 170)**	**(24 417 721)**	**(1,809,477)**	**(26,227,198)**
Loss for the year as restated		-	-	-	-			(21 789 170)	(21 789 170)	(1 332 911)	(23 122 081)
Other comprehensive income for the year net of tax		-	-	-	91 666	(431 045)	(2 289 176)	-	(2 628 556)	(476 566)	(3 105 118)
Transactions with owners in their capacity as owners :		**7 500 000**		**6 396 720**	**(268 733)**	**(1 303 950)**	**2 005 300**	**(464 328)**	**13 865 009**	**(946 722)**	**12 918 287**
Dividend declared and paid		-	-	-	-	-		(106 946)		(106 946)	
Issue of share capital		7 500 000	7 500 000	-	-	-	-	-	15 000 000	-	15 000 000
Rights issue costs		-	(1 103 280)	-	-	-	-	-	(1 103 280)	-	(1 103 280)
Transfers and equity adjustments		-	-	-	-	1 303 950)	-	1 295 663	(8 287)	-	(8 287)
Disposal of subsidiary		-	-	-	(268 733)	-	2 005 300	(1 759 991)	(23 424)	(839 776)	(863 200)
Restated 31 December 2015		**15 306 763**	**11 562 694**	**-**	**13 746 144**	**194 588**	**(7 364 712)**	**6 541 308**	**39 986 784**	**28 422 021**	**68 408 805**
Balance as at 1 January 2016		**15 306 763**	**11 562 694**	**-**	**13 746 144**	**194 588**	**(7 364 712)**	**6 541 308**	**39 986 784**	**28 422 021**	**68 408 805**
Total comprehensive income for the year		**-**	**-**	**-**	**13 151**	**234 431**	**(538 685)**	**(1 250 516)**	**(1 541 619)**	**(1 426 061)**	**(2 967 681)**
Loss for the year		-	-	-	-	-	-	(1 250 516)	(1 250 516)	(952 176)	(2 202 692)
Other comprehensive income for the year net of tax		-	-	-	13 151	234 431	(538 685)	-	(291 103)	(473 885)	(764 988)
Transactions with owners in their capacity as owners :		24 240	(135 661)	-	-	-	-	1 157 841	1 046 420	(1 776 119)	(729 699)
Dividend declared and paid		-	-	-	-	-	-	-	-	(107 934)	(107 934)
Issue of share options		24 240	-	-	-	-	-	(24 240)	-	-	-
Share issue costs		-	(135 661)	-	-	-	-	-	(135 661)	-	(135 661)
Equity transaction with other shareholders		-	-	-	-	-	-	1 182 081	1 182 081	(1,668,185)	(486 104)
Balance at 31 December 2016		**15 331 003**	**11 427 034**	**-**	**13 759 295**	**429 018**	**(7 903 398)**	**6 448 633**	**39 491 585**	**25 219 840**	**64 711 425**

* All amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 5.

** Reclassification was as a result of management decision to move a reserve created on adoption of the multi currency system to retained earnings in line with the requirements of IAS 1 revised

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Notes	Group Audited Group 2016 US$	Restated* Audited Group 2015 US$
Loss before income tax		**(3 354 126)**	**(20 587 519)**
Adjustments for non-cash items:			
Depreciation	7	333 815	464 666
Amortisation of intangible assets	9	51 984	50 573
Fair value gains on quoted equities	30	(103 832)	(441 096)
Fair value adjustments on investment properties	8	2 372 464	3 965 349
Loss/(gain) on disposal of investments	30	22 585	(3 551)
Profit on disposal of property and equipment	30	(57 765)	(14 324)
Unrealised exchange (gains)/losses	30	(60 955)	(376 300)
(Gains)/losses on disposal of subsidiary		-	307 692
Bargain on purchase of associates		-	(2 355 031)
Movement in life reassurance contract liabilities	22	(1 106 500)	791 412
Movement in reinsurance contract liabilities		(685 488)	(6 008 930)
Movement in non-insurance provisions		(157 846)	101 928
Movement in retrocession provisions		(1 261 990)	3 591 808
Impairment of investment in associates	10	-	10 824 334
Share of losses of associate	10	770 115	5 670 933
Movement in deferred acquisition costs		24 610	270 965
Other non-cash movements			
Total non cash items		**141 197**	**16 840 427**
Adjustments for separately disclosed items:			
Finance costs		17 219	135 158
Dividend received		(253 473)	(321 274)
Interest received		(1 339 005)	(1 567 514)
		(1 575 260)	**(1 753 631)**
Operating cash flows before working capital changes		**(4 788 188)**	**(5 500 722)**
Working capital changes			
(Increase)/decrease in trade and other receivables		2 001 659	2 071 465
Decrease in trade and other payables		(787 702)	(2 564 027)
Decrease in inventory		446 158	183 992
Working capital changes		**1 660 114**	**(308 570)**
Cash flows from operations		**(3 128 074)**	**(5 809 292)**
Finance costs on borrowings		(17 219)	(135 158)
Interest received		1 339 005	1 567 514
Income tax paid		40 623	(5 403)
Net cash flows from operating activities		**(1 765 665)**	**(4 382 339)**
Investing activities			
Dividends received		253 473	321 274
Purchase of property and equipment	7	(396 773)	(223 901)
Additions to investment property	8	(311 082)	(170 458)
Proceeds from disposals of property and equipment		220 079	32 006
Disposal of investments		334 194	-
Purchase of investments		-	(2 119 274)
Disposal of a subsidiary, net of cash disposed of	33.5.2 (b)	-	(23 335)
Purchase of further investment in associates		-	(580 616)
Cash utilised in investing activities		**99 891**	**(2 764 303)**
Financing activities			
Loan received		490 827	-
Loan repayment		-	(743 016)
Dividends paid		(107 934)	(106 946)
Proceeds from exercise of share options		24 240	-
Proceeds from issue of share capital		-	15 000 000
Purchase of further investment in subsidiaries	33.1.1	(486 104)	-
Payments to costs of issuing share capital		(135 661)	(1 103 280)
Cash flows from financing activities		**(214 632)**	**13 046 759**
Net (decrease)/ increase in cash and cash equivalents		(1 880 406)	5 900 116
Cash and cash equivalents at the beginning of the year		13 419 045	9 343 926
Effects of exchange rate changes on cash and cash equivalents		(461 242)	(1 824 997)
Cash and cash equivalents at the end of the year	18	**11 077 397**	**13 419 045**

* Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made, refer to Note 5.

Notes to the Group Financial Statements
For the year ended 31 December 2016

1 GENERAL INFORMATION

The principal activity of Zimre Holdings Limited (the"Company") and its subsidiaries (together "the Group") is the provision of reinsurance services and property management and development services. The Group also has an agro-industrial associate.

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

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

The financial statements for the year ended 31 December 2016 were authorised for issue by a resolution of the Board of Directors.

The consolidated historical financial statements of the Company and the Group for the year ended 31 December 2016 were authorised for issue by a resolution of the Board of Directors. .

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and presentation

2.1.1 Basis of preparation

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

2.1.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(C) Group companies

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

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

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

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

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

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of comprehensive income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale are included in other comprehensive income. Transactions in currencies other than US$ are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than US$ are translated at the functional currency spot rate of exchange ruling at the reporting date.

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

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

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

2.1.3 Changes in accounting policy and disclosures

2.1.3.1 New and amended standards and interpretations issued and are effective

Although these new standards and amendments applied for the first time in 2016, they did not have any material impact on the financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

(a) IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

(b) Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

(c) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

(d) Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and do not have any impact on the Group as it does not have any bearer plants.

(e) Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

(f) Annual Improvements 2012-2015 Cycle

These improvements include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or

Notes to the Group Financial Statements (continued)

For the year ended 31 December 2016

distribution to the owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively. The clarification did not have any impact on the Group's consolidated financial statements.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be made retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively. The amendment does not have a material impact on the Group.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively. The amendment does not have any impact on the Group.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively. The amendment does not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments do not have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

2.1.3.2 Standards issued but not yet effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for the financial instruments project: classification and measurement; impairment; and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity

(a) Classification and measurement
The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in Other Comprehensive Income (OCI) will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The Mark-to-Market reserve currently presented as accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis.

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

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

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

(c) Hedge accounting
The Group does not hold any hedging instruments hence no impact can be expected from hedge accounting.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

(a) Sale of goods
Contracts with customers in which the sale of equipment is generally expected to be the only performance obligation are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.
In preparing for IFRS 15, the Group is considering the following:

(i) Variable consideration
Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to

Notes to the Group Financial Statements (continued)

For the year ended 31 December 2016

variable consideration under IFRS 15, and will be required to be estimated at contract inception.

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

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

(ii) Warranty obligations

The Group does not provide warranties or maintenance services in its contracts with customers

(iii) Loyalty points programme (GoodPoints)

The Group does not offer any Loyalty Ponts Programme

(b) Rendering of services

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

(c) Equipment received from customers

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

(d) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016 the Group developed and started testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

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

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

IAS 7 Disclosure Initiative – Amendments to IAS 7

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

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

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in the opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

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

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). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

2.1.4 Going concern assumption

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 appropriate.

2.2 Basis of consolidation

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

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

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

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

Notes to the Group Financial Statements (continued)

For the year ended 31 December 2016

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

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

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in statement of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39, Financial instruments : recognition and measurement' either in statement of comprehensive income or as a change too the comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies 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.

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

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

(b) Loss of control

If the Group loses control over a subsidiary, it;

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

Changes in ownership interests in subsidiaries without change of control

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

(c) Separate financial statements of the Company

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

(d) Associates

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

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

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

The Group's investment in associates includes goodwill identified on acquisition.

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

Financial instruments: recognition and measurement', unless the retained interest continues to be an associate.

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

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

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

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

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

2.3 Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.4 Segment reporting

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

2.5 Property and equipment

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

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

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

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

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

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

Owner occupied properties comprises property which is owned by the Group but is significantly occupied by group companies, regardless of the leasing of the property being at market related rentals and terms. Significant occupation by a group company is considered as 25% (2015: 25%) of the space of the property occupied or above. Such owner occupied properties are classified under property and equipment and depreciated in line with the Group policies.

2.6 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 any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category that is consistent with the function of the intangible assets.

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

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

2.7 Investment property

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

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in statement of comprehensive income 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, applying a valuation model recommended by the International Valuation Standards Committee.

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

Transfers are made to or from investment property only when there is a change in use. An investment property is deemed to be owner occupied if Group companies occupy at least 25% (2015: 25%) of the lettable space. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner- occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The difference between the cost based measurement and fair value is treated as a revaluation adjustment. The revaluation reserve is realised on disposal of the property.

2.8 Inventory

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

Principally, this is residential property that the Group is developing and intends to sell before or on completion of construction. Cost includes;

- Amounts paid to contractors for construction,
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs."
- Consumables and other stocks

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

2.9 Impairment of non-financial assets

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

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, 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.

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

2.10 Fair value

The Group measures financial assets such as quoted and unquoted investments and non-financial assets such as investment property at fair value at reporting date.

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

2.11 Borrowing costs

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

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

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

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

As at 31 December 2016, the Group had a reinsurance subsidiary, Collonade Reinsurance (Private) Limited, classified as a discontinued operation. Further information on the discontinued operation is on note 17.

2.13 Financial instruments

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

2.13.1 Financial assets

Financial assets within the scope of IAS 39, Financial instruments: recognition and measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for-sale financial assets as appropriate. Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs on financial assets at fair value through profit or loss are recognised in the statement of comprehensive income. The Group determines the classification of its financial assets on initial recognition and where allowed and appropriate, re-evaluates the designation at each financial year-end.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. The Group designates a financial asset or financial liability at fair value through profit or loss where designation significantly reduces a measurement inconsistency which may arise where a financial asset and a liability are measured using different methods. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in statement of comprehensive income.

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial investments

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

Share capital and reserves

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

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

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

cash at banks and on hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are presented net of bank overdraft for the purposes of the statement of cash flows but not for the statement of financial position.

2.13.2 Impairment of financial assets

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

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

Financial assets carried at amortised cost

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

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

2.13.3 De-recognition of financial assets

A financial asset is de-recognised when the right to receive cash flows from the asset has expired or the Group has transferred its right 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, has transferred substantially all the risks and rewards of the asset to another party, or 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.

2.13.4 Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs. The Group's financial liabilities include other payables.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, at amortised cost, or as derivatives designated as hedging instruments in an effective hedge,

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

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

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method ("EIR") amortisation process.

2.13.5 De-recognition of financial liabilities

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

2.13.6 Offsetting of financial instruments

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

2.13.7 Amortised cost of financial instruments

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

2.14 Revenue recognition

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

2.14.1 Insurance premium income

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

2.14.2 Rental income

The Group has numerous leasing contracts as the lessor of investment property. The leases are operating leases, which are those leases where the Group retains a significant portion of risks and rewards of ownership. Contractual rental income is recognised on a straight-line basis over the period of the lease term.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises. Services and management charges are recognised in the accounting period in which they are incurred.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

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

Notes to the Group Financial Statements (continued)

For the year ended 31 December 2016

2.14.3 Property services income

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

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

2.14.4 Sale of inventory property and stands

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

2.14.5 Sale of property under development

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

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

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of-completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage-of-completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

- The buyer controls the work in progress, typically when the land on which the development takes place is owned by the final customer; and"
- All significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically, when buyer cannot put the incomplete property back to the Group."

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

2.14.6 Dividend income

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

2.14.7 Interest income

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

2.14.8 Fee income

Insurance contract policyholders are charged for policy administration services, surrenders and other contract fees. These fees and charges are recognised as income over the period in which the related services are performed.

2.14.9 Commission income

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

2.14.10 Realised gains and losses

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

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

2.15 Claims

2.15.1 Life and health reinsurance

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

2.15.2 Non-life reinsurance

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

Claims are accounted for as incurred and consist of claims paid, movement in the provision for outstanding claims and relate claims handling expenses. The provision for outstanding claims is based on estimates of the cost of settling all claims incurred but unpaid at the reporting date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets in the statement of financial position and are included in recoveries from reinsurers in profit or loss.

2.16 Retrocession recoveries

Retrocession claims are recognised when the related gross reinsurance claim is recognised according to the terms of the relevant contract.

2.17 Acquisition costs on reinsurance contracts

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

Commission

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

Other acquisition costs

Other acquisition costs are expenses in acquiring reinsurance business including staff costs directly associated with obtaing business.

2.18 Reinsurance contract liabilities

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

2.18.1 Life reassurance policy holder liabilities

Life reassurance policy holder liabilities are policyholders' liabilities computed by an independent actuary in accordance with the Liability Valuation Methodology as set out in the guidelines issued by the Actuarial Society of South Africa. Under this method, the policyholders' liabilities are valued using a percentage of premiums and adjusted for claims delay factors, unexpired risks and contingency margins.

2.18.2 Non-life reinsurance contract liabilities

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

Outstanding claims

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

Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim project techniques, based on empirical data and current assumptions that include a margin for adverse variation. The liability is not discounted for the time value of money. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Notes to the Group Financial Statements (continued)
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Incurred but not reported - ("IBNR")
The provision for incurred but not reported claims ("IBNR") represents all claims incurred before the reporting date but only reported subsequent to year-end. IBNR is estimated using the industry benchmark of 10% (2015: 9%) of net premium written and actuarially tested for adequacy as at reporting.

Unearned premium reserves - ("UPR")
The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

2.19 Deferred acquisition costs

Deferred acquisition costs, comprise commission paid to brokers and agents for the acquisation on renewal of insurance business are deferred over a period in which the related premiums are earned. The deferred portion is calculated by applying the actual commission rate on the unearned premium reserve balance.

2.20 Retrocession
Contracts entered into by the Group with other reinsurers under which the Group is either compensated or compensates for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as retrocession contracts.

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

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

2.21 Current income and deferred taxes

2.21.1 Current income tax

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

Current income tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

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

2.21.2 Deferred tax

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference is when deferred tax is not recognised.

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

- When the deferred tax asset relating to deductible temporary differences

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

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

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

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

Deferred tax relating to items recognised in other comprehensive income or equity is also recognised in other comprehensive income or equity and not in statement of comprehensive income.

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

2.21.3 Value added tax ("VAT")

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

- When the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable"
- When receivables and payables are stated with the amount of VAT included The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

The policy relates to all companies that are VAT registered, with the exception of Baobab Re Life & Health (Private) Limited and Baobab Re (Private) Limited that are VAT exempt.

2.22 Employee benefits

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

2.23 Shared-based incentives: share option

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

The cost of equity – settled transactions is recognized together with a corresponding increase in equity ,on the date on which the relevant employees exercise the rights to the options by paying an amount for the options exercised. This is the date on which the employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity – settled transactions at each reporting date reflects the extent to which the employees have paid for the options.

No expense is recognized for awards that do not ultimately vest.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of the earnings per share.

2.24 Provisions

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

Notes to the Group Financial Statements (continued)

For the year ended 31 December 2016

as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in statement of comprehensive income net of any reimbursement.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

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

2.25 Retrenchment accounting policy

The Group recognises termination as a liability and expense when there is a demonstrable commitment to either terminate the employment of an employee or a group of employees before normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.
The Group will recognise such termination benefits when and only when, there is a detailed formal plan for the termination and there is no realistic possibility for withdrawal for such plans. The detailed formal plan will include the location, function and approximate number of employees whose services are to be terminated, the termination benefits for each job classification or function and the time at which the plan will be implemented

3 Significant accounting judgements, estimates and assumptions

During preparation of the Group's financial statements, management is required to make judgements, estimates and assumptions that affect reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Judgements other than estimates

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

3.1.1 Taxes

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

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

Management has rebutted the presumption that the amount of investment property measured at fair value will be recovered through sale. Management has rebutted the presumption as the objective of its business model is to consume substantially all of the economic benefits embodied in the investment property over time rather than through sale. As a result the Group will continue to apply the income tax rate of 25.75% (2015: 25.75%) for the purpose of recognising deferred tax for its investment properties with the exception of land. The Group will recover the carrying amount of land recognised as investment property through sale and in that respect, the capital gains tax rate is used to determine deferred tax.

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

3.2.1 Incurred but not reported ("IBNR")

The provision for incurred but not reported claims ("IBNR") represents all claims incurred before the reporting date but only reported subsequent to year end. The IBNR is actuarially determined as at the reporting date.

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

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

The life policyholder funds, under un-matured policies, are computed at the reporting date by the Group's independent actuary, in accordance with prevailing legislation, guidelines issued by the Actuarial Society of South Africa ("SAP104"). Under this method, the insurance contract liabilities are valued using realistic expectations of future experience with prescribed margins for prudence. The insurance contract liabilities reflected in the statement of financial position represent the increase or decrease in actuarial liabilities, calculated using the Financial Soundness Valuation method.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation adjustments if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments if appropriate. Sensitivity analysis for life and health policyholder contract liabilities has not been disclosed as the unit is significantly small, the trends reflect unreliable wide fluctuations and there is not sufficient historical information.

Life and health sensitivity analysis

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

3.2.3 Fair value of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in statement of comprehensive income. The other approach mostly used on commercial and industrial properties is the comparative approach. This method seeks to ascribe the subject property a value similar to that achieved for comparable properties. Another method is the yield method which converts anticipated future cash flow benefits in the form of rental income into present value. This approach requires careful estimation of future benefits and the application of investor yield or return requirements. One approach to value property on this basis is to capitalise net rental income on the basis of an initial yield, generally referred to as the "All Risks Yield" approach or "Net Initial Yield" approach.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term void rate.

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

3.2.4 Useful lives and residual values of property and equipment

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

3.2.5 Allowances for credit losses

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

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

4 Group financial risk management

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

Risk Governance Framework

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

4.1 Investment risk

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

4.2 Equity price risk

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

At the reporting date, the total exposure to listed equity securities at fair value through profit or loss was US$1,607,254 (2015: US$1,846,032) and to unlisted equities classified as available-for-sale was US$6.535,700 (2015: US$6,639,684).

4.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

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

- The Group only trades with and receives service from banking institutions that meet regulatory requirements that include capital."

- Key considerations in the review of limits and security requirements include:-
  * Compliance with minimum capital requirements as set by the Reserve Bank of Zimbabwe ("RBZ"),
  * Conformance with the minimum rating as set out in the RBZ periodic CAMELS ratings,
  * Total shareholder funds,

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

- * Total assets,
- * Ratios such as loan to deposit ratios and non-performing loans ("NPLs"),
- * Overall profitability and cash generation,
- * Historical performance and outlook,
- * Ability of the bank to provide collateral security.
- The Group further considers the following information in determining the trading limits:-
  - * Other qualitative factors covered under the CAMELS rating system of the RBZ.
  - * Qualitative factors include additional opinion formed through market intelligence on the financial institution, shareholder profile, management and segment of market being served.
- In retrocession arrangements, the Group only enters into contract with reinsureres that are rated A or better by Standard and Poor."
- Retrocession arrangements are placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, the Group Reinsurance Committe performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowances for impairment."
- The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts."
- Maximum exposure to credit risk for the Group is equal to the gross amount of the financial assets as disclosed in the statement of financial position."

- For the property business, tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals in advance. The credit quality of the tenant is assessed based on an extensive credit rating criteria at the time of entering into a lease agreement. At inception of the lease tenants are classified into good, acceptable and watch list categories. Outstanding tenants' receivables are regularly monitored and all tenants that accrue arrears are classified in watch list category as rental obligations are payable in advance. An impairment analysis is performed at each reporting date on an individual basis for major tenants. The maximum exposure to credit risk at the reporting date is the carrying value of these receivables."

- held to maturity investments consist of treasury bills and other bonds such as agro bills and power generation bills, which are considered to be low risk investments as these are government guaranteed and those that have matured to date have all been honoured. These form part of prescribed assets which are bonds/securities issued by the central government, local government, quasi government organisations or any other bonds/securities that may be accorded the prescribed asset status by the Minister."

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

4.3 Credit Risk sensitivity analysis

As at 31 December 2016 the analysis of financial assets that were past due but not impaired is set out below:

	Neither past due nor impaired	Past due but not impaired		Past due net of impairment	
	30 days US$	**60 days US$**	**90 days US$**	**120 days US$**	**Total US$**
31-Dec-16					
Insurance receivables	3 002 182	3 365 418	2 899 886	2 561 004	11 828 490
Rental receivables	159 270	183 874	456 505	1 397 181	2 196 830
Other receivables		466 431			466 431
Total	**3 161 452**	**4 015 723**	**3 356 391**	**3 958 185**	**14 491 751**
31-Dec-15					
Insurance receivables	3 033 004	4 405 011	2 340 431	4 467 966	14 246 412
Rental receivables	565 120	165 379	177 962	1 338 537	2 246 998
Other receivables					
Total	**3 598 124**	**4 570 390**	**2 518 393**	**5 806 502**	**16 493 410**

There are no past due but not impaired balances.

4.4 Interest rate risk

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

4.5 Capital management policies

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

There were no changes made to the objectives, processes, or policies during the year ended 31 December 2016.

As at 31 December 2016, all the Group's affected subsidiaries were compliant with the minimum capital requirements except a held for sale subsidiary Colonnade Reinsurance Private Limited. The capitalisation of the subsidiary to regulated levels will be concluded by the potential buyer. The negotiations for the sale are in progress.

4.6 Liquidity risk

It is the Group's policy to ensure that cash resources are available at all times to meet commitments as they arise. Cash outflows arise from the payment of intimated claims and benefits falling due, purchase of investments and other operating commitments. Such outflows are adequately matched by inflows from premium income, maturing investments and investment income. The Group maintains and monitors comprehensive cash flow forecasts and budgets.

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

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

4.6 Liquidity risk

Assets and liabilities are on an undiscounted basis

Liquidity gap analysis

31 December 2016

Assets	On demand to 3 months US$	3 months to 1 year US$	> 1 year US$	Total contractual cash flows US$
Financial assets:				
Financial assets available for sale			2 632 177	2 632 177
Life reassurance contract assets			604 094	604 094
Equity securities at fair value through profit or loss		1 607 254		1 607 254
Debt securities held to maturity investments			2 517 199	2 517 199
Trade and other receivables		14 491 751		14 491 751
Cash and cash equivalents	11 077 397			11 077 397
Total assets	**11 077 397**	**16 099 005**	**5 753 470**	**32 929 872**
Liabilities				
Short-term insurance contract liabilities		12 555 587		12 555 587
Life reassurance contract liabilities			4 833 879	4 833 879
Borrowings		645 225	909 758	1 554 983
Trade and other payables (excluding statutory liabilities)	4 231 208	10 114 892		14 346 101
Total liabilities	**4 231 208**	**23 315 704**	**5 743 637**	**33 290 549**
Liquidity gap	**6 846 189**	**(7 216 699)**	**9 833**	**(360 677)**
Cumulative liquidity gap	**6 846 189**	**(370 510)**	**(360 677)**	

31 December 2015

Assets	On demand to 3 months US$	3 months to 1 year US$	> 1 year US$	Total contractual cash flows US$
Financial assets:				
Financial assets available for sale			3 906 548	3 906 548
Life reassurance contract assets			846 351	846 351
Equity securities at fair value through profit or loss		1 607 254		1 607 254
Debt securities held to maturity investments			2 137 740	2 137 740
Trade and other receivables		16 493 410		16 493 410
Cash and cash equivalents	13 419 045			13 419 045
Total assets	**13 419 045**	**18 100 664**	**6 890 640**	**38 410 349**
Liabilities				
Short-term insurance contract liabilities		12 622 493		12 622 493
Life reassurance contract liabilities			6 469 810	6 469 810
Borrowings		771 967	228 381	1 000 348
Trade and other payables (excluding statutory liabilities)	3 412 297	11 721 506		15 133 803
Total liabilities	**3 412 297**	**25 115 966**	**6 698 192**	**35 226 454**
Liquidity gap	**10 006 748**	**(7 015 302)**	**192 448**	**3 183 895**
Cumulative liquidity gap	**10 006 748**	**2 991 446**	**3 183 895**	

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

4.7 Foreign exchange risk

As a result of significant investment operations in Malawi, Zambia, South Africa,Botswana and Mozambique, the Group's statement of financial position can be affected significantly by movements in the US$ exchange rate against the functional currencies of these countries. The Group also has transactional currency exposures. Such exposure arises from normal trading activities as well as investments by an operational unit in currencies other than the unit's functional currency. Approximately 40% of the Group's total assets are denominated in currencies other than the functional currency of the holding company. Changes in the US$ relative to the currencies of the countries mentioned above has an impact on the Groups results and net assets.

4.7.1 Summary of the Group's assets and liabilities by major currencies (in US$ equivalent) showing exposures to currency translation risk

31 December 2016 ASSETS	US$	Zambian Kwacha US$	Malawian Kwacha US$	Mozambican Metical US$	South African Rand US$	Botswana Pula US$	Eliminations US$	Total US$
Property and equipment	1 293 633	584 193	618 095	38 774	3 931	25 770		2 564 394
Investment property	43 871 346		461 711	591 566				44 924 623
Intangible assets	40 336		38 591	246				79 173
Investment in subsidiaries	61 131 154		129 897				(61 261 050)	
Investment in associates	10 925 897			353 538			(1 168 321)	10 111 114
Deferred tax asset	3 178 994	68 284				11 991	(1 761 600)	1 497 670
Loan to subsidiary								
Financial assets available for sale	8 303 044	100 312	77 292	118 423			(2 063 370)	6 535 700
Inventory 2 751 000		4 060					2 755 060	
Trade and other receivables	11 452 936	1 714 321	3 573 067	3 472 728	644 595	911 743	(7 847 539)	13 921 851
Deferred acquisition costs	864 094	134 118	458 937	188 720	40 123	71 209		1 757 201
Financial assets :								
held to maturity investments	1 790 629		13 782	194 591	364 564			2 363 567
at fair value through profit or loss	3 872 178		38 169	465 142			(2 768 236)	1 607 254
Assets classified as held for sale	3 073 391							3 073 391
Cash and cash equivalents	6 571 994	569 132	1 372 255	849 005	722 671	992 341		11 077 397
Total assets	**159 120 626**	**3 170 359**	**6 785 855**	**6 272 732**	**1 775 884**	**2 013 054**	**(76 870 116)**	**102 268 394**
Liabilities								
Short term insurance contract liabilities	5 273 114	1 243 896	2 301 442	1 532 171	390 965	738 676		11 480 264
Non-insurance provisions	320 966		100 923	496 647	41 474	83 175		1 043 185
Life assurance contract liabilites	4 519 105							4 519 105
Borrowings	1 305 285	70 806						1 376 091
Trade and other payables	15 933 440	957 079	1 802 305	2 182 665	498 234	256 356	(7 283 978)	14 346 101
Deferred income tax	1 872 208		199 321	19 321			2 090 850	
Liabilities associated with assets classified as held for sale	2 701 373						2 701 373	
Total liabilities	**31 925 490**	**2 271 781**	**4 403 991**	**4 230 803**	**930 673**	**1 078 206**	**(7 283 978)**	**37 556 967**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

31 December 2015 (Restated) **ASSETS**	**US$**	**Zambian Kwacha** **US$**	**Malawian Kwacha** **US$**	**Mozambican Metical** **US$**	**South African Rand** **US$**	**Botswana Pula** **US$**	**Eliminations** **US$**	**Total**
Property and equipment	1 681 009	282 091	1 033 049	86 212	4 733	18 802		3 105 897
Investment property	46 554 209			443 473				46 997 682
Intangible assets	66 783		54 427	939	9 008			131 157
Investment in subsidiaries	66 264 272		146 566				(66 410 839)	
Investment in associates	10 260 120			92 132			875 917	11 228 169
Deferred tax asset	(56 677)	47 744				11 220		2 287
Loan to subsidiary								
Financial assets available for sale	5 897 110	136 086	143 781	462 706				6 639 684
Inventory 3 196 959		4 259					3 201 218	
Trade and other receivables	13 956 332	1 203 736	2 926 348	3 174 549	608 671	749 146	(6 125 373)	16 493 410
Deferred acquisition costs	794 813	187 256	446 625	228 948	73 630	50 538		1 781 811
Financial assets :								
held to maturity investments	937 356			689 420	389 960			2 016 736
at fair value through profit or loss	2 996 156	45 680	41 909	581 367			(1 819 080)	1 846 032
Assets classified as held for sale	3 602 794							3 602 794
Cash and cash equivalents	7 919 898	837 795	1 837 374	1 240 510	666 846	916 622		13 419 045
Total assets	**164 071 136**	**2 740 388**	**6 634 340**	**7 000 255**	**1 752 849**	**1 746 329**	**(73 479 375)**	**110 465 922**
Liabilities								
Short term insurance contract liabilities	6 360 162	1 257 915	2 312 968	1 825 763	368 742	496 943		12 622 493
Non-insurance provisions	300 319		124 830	373 455	16 913	69 822		885 339
Life assurance contract liabilites	5 990 565							5 990 565
Borrowings	850 088	35 176						885 264
Trade and other payables	16 100 540	604 925	1 657 614	2 133 692	405 332	357 073	(6 125 373)	15 133 803
Deferred income tax	4 212 269		245 873	2 837				4 460 979
Liabilities associated with assets classified as held for sale	2 078 676							2 078 676
Total liabilities	**35 892 618**	**1 898 016**	**4 341 285**	**4 335 747**	**790 988**	**923 837**	**(6 125 373)**	**42 057 119**

4.7.2 Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's holdings of monetary assets and liabilities denominated in currencies other than functional currencies of the individual entities.

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

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

4.7.2 Balances of monetary assets and liabilities denominated in foreign currency, expressed in United States Dollars

As at 31 December 2016	British Pound	US$	Euro	South African Rand	Mozambican Metical	Zambian Kwacha	Botswana Pula	Malawian Kwacha	Other
Assets									
Trade and other receivables	1 930	2 112 168	8 865	48 990	57 153	181 718	43 301	25 501	358 427
Cash and bank balances	77 008	1 324 412	54 802	167 859	-	118 733	-	159 174	-
Short-term investments	-	120 000	-	-	-	-	-	-	-
	78 938	**3 556 580**	**63 666**	**216 849**	**57 153**	**300 451**	**43 301**	**184 675**	**358 427**
Liabilities									
Trade and other payables	-	607 149	15 185	14 175	20 897	41 028	144 909	226 512	136 572
Borrowings	-	70 985	-	-	-	-	-	-	-
	-	**678 134**	**15 185**	**14 175**	**20 897**	**41 028**	**144 909**	**226 512**	**136 572**
Net foreign currency exposure	**78 938**	**2 878 446**	**48 482**	**202 674**	**36 256**	**259 423**	**(101 608)**	**(41 837)**	**221 855**

As at 31 December 2015 (Restated)	British Pound	US$	Euro	South African Rand	Mozambican Metical	Zambian Kwacha	Botswana Pula	Malawian Kwacha	Other
Assets									
Trade and other receivables	1 426	2 453 636	3 966	57 766	121 045	90 925	34 347	32 142	400 694
Cash and bank balances	26 775	1 282 491	8 301	7 174	-	104 113	-	329 489	-
Short-term investments	-	120 000	-	-	-	-	-	-	-
	28 201	**3 856 127**	**12 267**	**64 939**	**121 045**	**195 038**	**34 347**	**361 631**	**400 694**
Liabilities									
Trade and other payables	-	699 112	2 158	2 552	4 094	93 976	55 755	214 630	294 335
Borrowings	-	70 985	-	-	-	-	-	-	-
	-	**770 097**	**2 158**	**2 552**	**4 094**	**93 976**	**55 755**	**214 630**	**294 335**
Net foreign currency exposure	**28 201**	**3 086 031**	**10 109**	**62 388**	**116 950**	**101 062**	**(21 409)**	**147 001**	**106 359**

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

4.7.3 Foreign exchange risk sensitivity analysis

The Group has no significant concentration of currency risk.The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities.

31 December 2016	Change	Zambian Kwacha US$	Malawian Kwacha US$	Mozambican Metical US$	South African Rand US$	Botswana Pula US$	Total US$
Effect on profit before income tax	10%	21 865	51 408	16 994	21 906	6 756	118 930
Effect on profit before income tax	-10%	(21 865)	(51 408)	(16 994)	(21 906)	(6 756)	(118 930)
Effect on equity	10%	89 858	238 186	204 193	84 521	93 485	710 243
Effect on equity	-10%	(89 858)	(238 186)	(204 193)	(84 521)	(93 485)	(710 243)
31 December 2015 (Restated)							
Effect on profit before income tax	10%	14 522	94 515	25 874	22 122	45 294	202 327
Effect on profit before income tax	-10%	(14 522)	(94 515)	(25 874)	(22 122)	(45 294)	(202 327)
Effect on equity	10%	84 237	229 305	266 451	96 186	82 249	758 429
Effect on equity	-10%	(84 237)	(229 305)	(266 451)	(96 186)	(82 249)	(758 429)

4.7.4 Foreign exchange risk sensitivity analysis

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

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities.

4.7.5 Exchange rates used by the Group in preparing financial statements

1USD is equivalent to the rates below

	2016		2015	
	Average	**At year-end**	**Average**	**At year-end**
Malawi Kwacha	711.1627	725.5621	497.7087	643.0400
Zambian Kwacha	10.4363	9.9250	8.7682	10.9457
Mozambican Metical	62.6197	71.7401	38.4982	46.8800
Botswana Pula	10.8937	10.6720	10.1251	11.0394
South African Rand	14.6923	13.7150	12.7592	15.3979

Amounts recognised in profit or loss and other comprehensive income

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

	2016	2015
Amounts recognised in profit or loss		
Net foreign exchange gain/(loss) included in other income/other expenses	8 049	1 168 848
Net gains (losses) recognised in other comprehensive income		
Translation of foreign operations	(1 012 570)	(2 765 742)

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

4.8 Insurance risk

The Group is exposed to insurance risk arising from its insurance contracts with policyholders and other beneficiaries. The main risk that the Group faces is that the actual claims and benefits payments or the timing thereof differ from expectations. The above risk exposure is mitigated by the use of careful selection procedures and implementation of underwriting procedures, use of actuarial models which calculate premiums and monitor claims patterns, as well as the use of reinsurance arrangements. The main insurance risks arise from life and health reassurance and non-life reinsurance

4.8.1 Life and health reassurance risk"

The main risks that the Group is exposed to under Life and Health Reassurance are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Sensitivity analysis for life and health policyholder contract liabilities has not been disclosed as the unit is significantly small, the trends reflect unreliable wide fluctuations and there is not sufficient historical information. The liabilities contribute 2% (2015 : 2%) of the total liabilities.

4.8.2 Non-life reinsurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims and actual payments made. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting guidelines, as well as the use of reinsurance arrangements. The Group purchases reinsurance as part of its risks transfer programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group principally issues the following types of general insurance contracts: fire, engineering, motor, guarantee, marine, miscellaneous accident, liability, aviation and agriculture. Risks usually cover twelve months duration. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Risk management is very vital starting from pre-risk acceptance where some large risks or business perceived risky is surveyed and improvement recommendations passed before cover commences. Selected running risks are also surveyed

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

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

Underwriting strategy

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

Types of contracts

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

Key assumptions

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

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

The table below sets out the concentration of non–life insurance risk profile by sum insured and type of contract:

31 December 2015

Maximum insured sum/loss. The bands are in US$

		0-250 000 Sum insured (SI)	Number of risks (NOR)	250 001-500 000 SI	NOR	500 001- 2 000 000 SI	NOR	2 000 001-4 000 000 SI	NOR	4 000 001-6 000 000 SI	NOR	6 000 001-8 000 000 SI	NOR	>8 000 001 SI	NOR
Fire	Gross	12 895 941	145	22 241 763	60	223 993 010	197	328 051 193	114	424 126 756	90	351 115 492	49	1 302 317 791	96
	Net	12 214 671	143	18 502 488	57	171 094 878	176	265 881 794	89	311 290 920	66	192 215 334	36	430 201 779	49
Engineering	Gross	7 212 540	86	9 419 617	24	79 010 772	72	90 670 583	34	54 633 432	13	21 270 096	3	161 283 401	16
	Net	7 087 611	86	8 292 774	24	63 737 950	53	69 988 761	29	34 704 091	9	13 651 527	2	54 629 094	12
Motor	Gross	29 513 613	1 121	913 282	3	-	-	-	-	-	-	-	-	-	
	Net	29 104 144	1 119	538 080	3	-	-	-	-	-	-	-	-	-	
Accident	Gross	45 689 421	656	34 661 509	94	110 345 032	118	115 931 382	24	4 899 127	1	-	-	-	
	Net	40 696 074	600	30 847 044	83	68 534 211	75	66 956 461	5	-	-	-	-	-	
Liability	Gross	13 726 046	256	10 160 693	28	12 625 573	13	2 506 889	1	-	-	-	-	-	
	Net	13 293 456	256	9 767 464	28	8 561 567	13	977 687	1	-	-	-	-	-	
Marine	Gross	5 329 986	92	4 272 962	12	11 469 508	11	16 417 496	6	5 500 000	1	6 595 389	1	-	
	Net	5 329 986	92	4 100 077	11	7 396 140	7	3 125 849	2	-	-	-	-	-	
Agriculture	Gross	6 559 317	95	2 823 247	8	4 913 064	4	5 587 016	2	-	-	-	-	-	
	Net	5 061 825	95	1 356 558	8	342 499	4	83 631	2	-	-	-	-	-	
Aviation	Gross	4 660 305	68	814 959	2	700 000	1	2 500 000	1	-	-	-	-	-	
	Net	1 964 162	24	594 459	2	-	-	-	-	-	-	-	-	-	
Total	**Gross**	**125 587 170**	**2 519**	**85 308 032**	**231**	**443 056 960**	**416**	**561 664 559**	**182**	**489 159 315**	**105**	**378 980 976**	**53**	**1 463 601 192**	**112**
	Net	**114 751 929**	**2 415**	**73 998 946**	**216**	**319 667 244**	**328**	**407 014 184**	**128**	**345 995 011**	**75**	**205 866 860**	**38**	**484 830 873**	**61**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

31 December 2015

Maximum insured sum/loss. The bands are in US$

		0-250 000		250 001-500 000		500 001- 2 000 000		2 000 001-4 000 000		4 000 001-6 000 000		6 000 001-8 000 000		>8 000 001	
		Sum insured (SI)	Number of risks (NOR)	SI	NOR	SI	NOR	SI	NOR	SI	NOR	SI	NOR	SI	NOR
Fire	Gross	12 589 037	141	18 395 950	46	202 350 414	173	370 574 550	126	333 426 310	74	287 441 695	38	1 059 233 630	76
	Net	12 120 439	140	17 087 578	43	174 219 007	150	292 304 635	102	250 973 433	60	191 267 708	30	291 166 552	38
Engineering	Gross	4 515 281	59	9 555 543	26	66 698 497	63	74 867 227	29	71 474 125	17	60 564 736	9	47 717 784	5
	Net	4 448 300	59	8 010 540	22	52 500 659	54	55 674 122	23	19 042 006	5	25 517 306	7	20 355 178	4
Motor	Gross	36 306 076	1 354	264 043	1	-	-	-	-	-	-	-	-	-	-
	Net	34 655 731	1 350	95 055	1	-	-	-	-	-	-	-	-	-	-
Accident	Gross	45 735 247	678	27 957 381	78	86 330 963	92	40 433 242	15	5 500 000	1	20 122 532	3	-	-
	Net	39 205 929	593	26 134 241	71	51 872 670	70	2 571 500	2	-	-	987 659	1	-	-
Liability	Gross	11 962 157	193	8 668 463	26	15 262 370	16	3 000 000	1	-	-	-	-	-	-
	Net	11 673 357	193	7 729 444	26	8 164 866	16	900 000	1	-	-	-	-	-	-
Marine	Gross	6 209 763	94	3 840 636	11	14 102 687	13	35 251 144	8	-	-	-	-	-	-
	Net	6 124 192	94	3 840 636	11	13 436 478	13	33 881 412	8	-	-	-	-	-	-
Agriculture	Gross	3 316 549	68	2 251 592	7	6 628 280	7	2 541 456	1	-	-	-	-	-	-
	Net	2 895 606	68	1 590,933	7	3 531 356	7	2 541 456	1	-	-	-	-	-	-
Aviation	Gross	2 830 113	51	2 589 618	7	-	-	-	-	-	-	-	-	-	-
	Net	1 278 912	25	2 165 737	7	-	-	-	-	-	-	-	-	-	-
Total	**Gross**	**123 464 223**	**2 638**	**73 523 226**	**202**	**391 373 211**	**364**	**526 667 619**	**180**	**410 400 435**	**92**	**368 128 963**	**50**	**1 106 951 415**	**81**
	Net	**112 402 467**	**2 522**	**66 654 163**	**188**	**303 725 037**	**310**	**387 873 125**	**137**	**270 015 438**	**65**	**217 772 674**	**38**	**311 521 730**	**42**

Sensitivities

The non-life insurance risks are sensitive to certain assumptions. It has not been possible to quantify the sensitivity of certain assumptions. The table below shows the qualitative sensitivity of certain risk triggers related to insurance business

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

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

Exposure relating to catastrophe events

The Group sets out the total aggregate exposure that it is prepared to accept in Zimbabwe and the region to a range of events such as natural catastrophes. The aggregate position is reviewed annually. The Group's policies for mitigating catastrophe risk exposure include the use of both proportional and excess of loss reinsurance. The Group has a retrocession program in place with various reinsurers to cushion it in the event of a catastrophe.

Claims development

The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales dependent on the nature of the insurance contract. The Group is therefore exposed to the risk that claims reserves will not be adequate to fund the historical claims ("run off risk"). To manage run off risk the Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices. The reserves created over time proved to be sufficient to fund the actual claims paid. Further the Group does not participate on any policies with unlimited liability. The Group is liable for all insured events in terms of the contract. All underlying policies have reporting conditions that restrict the timeline within which a claim should reasonably be made. Delays, however, sometimes occur between the time insurers process claims and recover from reinsurers. Reserves are maintained for this contingency.

The majority of the Group's insurance contracts are classified as short term, meaning that any claim is settled within a year after the loss date.

In terms of IFRS 4, 'Insurance contracts', an insurer need only disclose claims run off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

5. PRIOR PERIOD ERRORS

5.1 Nature of prior period errors

(i) Accounting for a material investment on consolidation.

During the year ,the Group undertook a detailed review of the accounting treatment of its investment in NicozDiamond Insurance Limited ("NDI"), a general insurer in Zimbabwe which it owns a 28.78% (2015: 28.78%) of the issued share capital. Some key aspects that the determination of control were based on were judged to be either incorrect or unenforceable. As a result, the investment was incorrectly accounted for as a subsidiary but should have been accounted for as an associate. The review concluded that the Group had significant influence and not control. The correction of the error had also an effect on the accounting for another material investment, United General Insurance domiciled in Malawi. The investment in United General insurance was accounted for as a subsidiary in 2015 based on a joint shareholding of 23% by Zimre Holdings Limited and 49% shareholding from NDI. Hence the accounting for NDI as an associate also meant that United General Insurance is also accounted for as an associate.

(ii) Accounting for impairment of associate

In 2015, an impairment allowance of US$14 654 527 on investment in associate CFI Holdings Limited was incorrectly accounted for in the statement of comprehensive income. The amount was accounted for through other comprehensive income but should have been accounted for through profit or loss. In addition, the Group's share of of loss and share of other comprehensive losses were accounted as US$2 523 318 and US$539 195 based on unaudited financial statements. However, the Group's share of loss and share of other comprehensive loss were US$6 045 868 and US$846 838 respectively.

(iii) Accounting for deferred tax arising on investment in subsidiaries

The Group had previuosly accounted for deferred tax on subsidiaries based on the local tax rules that had changed the way capital gains tax was calculated on investments prior to 2009. The correct position is judged to be that the Group will hold the investments for the foreseable future and that the subsidiaries will not be sold. Hence no deferred tax liability that arises from the investment in subsidiaries is recognised in the separate and consolidated financial statements.

(iv) Recoverability of assessable tax losses

Some subsidiaries did not derecognise assessable tax losses in 2015 that were more than 6 years, the prescribed period for using assessable tax losses. In addition, the remaining assessable tax losses were also not limited to estimated future recoverable amounts.

(v) Treatment of changes to life reassurance policyholder liabilities

A change in life reassurance policyholder liabilities of US$791 413 was incorrectly accounted for through statement of changes in equity in 2015 when the correct position is to account it through profit or loss.

(vi) Accounting for change of an investment from available for sale to associate

During 2015, the Group increased its investment in an available for sale investment Fidelity Life Assurance Limited to above 20%. As a result it was assessed to have significant influence. The change was not properly accounted for at the date significant influence was assumed.

(vii) Disclosure of life assurance actuarial liabilities

In the prior years life assurance actuarial liabilities were incorrectly disclosed on a net basis instead of accounting for the grossed amount and retroceded liabilities separately in the statement of financial position. The error has been corrected by disclosing the amounts separately.

5.2 Correction of the prior period errors

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

5.2.1 Statement of Financial Position as at 31 December 2015

	2015 as previously reported	(i) Accounting for material investment on consolidation	(ii) Accounting for impairment of associate - impairment reclassiffication	(ii) Accounting for impairment of associate - changes to final figures	(iii) Accounting for deferred tax arising on investment in subsidiaries	(iv) Recoverability of assessable tax losses	(v) Treatment of changes to life reassurance policyholder liabilities	(vi) Accounting for change of an investment from available for sale to associate	Reclassification	31 December 2015 as restated
ASSETS										
Property and equipment	4 564 098	(1 458 202)	-	-	-	-	-	-	-	3 105 897
Investment property	56 760 522	(9 762 841)	-	-	-	-	-	-	-	46 997 682
Intangible assets	131 157	-	-	-	-	-	-	-	-	131 157
Investment in associates	5 289 685	8 606 195	-	(3 830 193)	-	-	-	1 162 482	-	11 228 169
Income tax deferred tax asset	664 773	(662 487)	-	-	-	-	-	-	-	2 287
Financial assets available for sale	7 729 010	(1 089 326)	-	-	-	-	-	-	-	6 639 684
Life reassurance contract asset	821 700	-	-	-	-	-	-	-	-	821 700
Inventory	6 479 948	(3 278 730)	-	-	-	-	-	-	-	3 201 218
Trade and other receivables	26 074 944	(10 431 796)	-	-	-	-	-	-	-	15 643 148
Current income tax receivable	28 561	-	-	-	-	-	-	-	-	28 561
Deferred acquisition costs	3 056 557	(1 274 746)	-	-	-	-	-	-	-	1 781 811
Financial assets :										-
held to maturity investments	1 896 948	119 788	-	-	-	-	-	-	-	2 016 736
at fair value through profit or loss	4 385 185	(2 539 152)	-	-	-	-	-	-	-	1 846 032
Assets classified as held for sale	3 602 794	-	-	-	-	-	-	-	-	3 602 794
Cash and cash equivalents	21 906 854	(8 487 809)	-	-	-	-	-	-	-	13 419 045
Total assets	**143 392 737**	**(30 259 104)**	**-**	**(3 830 193)**	**-**	**-**	**-**	**1 162 482**	**-**	**110 465 922**
EQUITY AND LIABILITIES										
Equity attributable to equity of the parent										
Share capital	15 306 763	-	-	-	-	-	-	-	-	15 306 763
Share premium	11 562 694	-	-	-	-	-	-	-	-	11 562 694
Non distributable reserve	26 279 193	-	-	-	-	-	-	-	(26 279 193)	-
Revaluation reserve	2 540 517	(3 141 257)	14 654 527	(307 643)	-	-	-	-	-	13 746 144
Mark-to-market reserve	4 987 361	(3 950 012)	-	-	-	-	-	(842 761)	-	194 588
Foreign currency translation reserve	(10 262 302)	2 897 590	-	-	-	-	-	-	-	(7 364 712)
Retained profits	(13 475 160)	6 457 060	(14 654 527)	(3 522 550)	4 527 443	(1 075 398)		2 005 243	26 279 193	6 541 304
Total equity attributable to equity holders of the parent	**36 939 066**	**2 263 380**	**-**	**(3 830 193)**	**4 527 443**	**(1 075 398)**	**-**	**1 162 482**	**-**	**39 986 780**
Non-controlling interest	41 163 194	(12 741 173)								28 422 021
Total equity	**78 102 260**	**(10 477 793)**	**-**	**(3 830 193)**	**4 527 443**	**(1 075 398)**	**-**	**1 162 482**	**-**	**68 408 801**
Liabilities										
Short term insurance contract liabilities	27 292 388	(14 669 895)	-	-	-	-	-	-	-	12 622 493
Non-insurance provisions	885 339	-	-	-	-	-	-	-	-	885 339
Life reassurance contract liabilites	5 168 865	821 700	-	-	-	-	-	-	-	5 990 565
Borrowings	980 172	(94 908)	-	-	-	-	-	-	-	885 264
Trade and other payables	27 420 069	(12 286 266)	-	-	-	-	-	-	-	15 133 803
Income tax deferred liability	1 464 968	6 448 055	-	-	(4 527 443)	1 075 398	-	-	-	4 460 978
Liabilities associated with assets classified as held for sale	2 078 676	-	-	-	-	-	-	-	-	2 078 676
Total liabilities	**65 290 477**	**(19 781 314)**	**-**	**-**	**(4 527 443)**	**1 075 398**	**-**	**-**	**-**	**42 057 118**
TOTAL EQUITY AND LIABILITIES	**143 392 737**	**(30 259 107)**	**-**	**(3 830 193)**	**-**	**-**	**-**	**1 162 482**	**-**	**110 465 919**

5.2.2 Statement of Financial Position as at 1 January 2015

	2014 as previously stated	(i) Accounting for material investment on consolidation	(iii) Accounting for deferred tax arising on investment in subsidiaries	Reclassification	1 January 2015 as restated
ASSETS					
Property and equipment	5 721 382	(927 005)			4 794 377
Investment property	60 679 106	(9 151 256)			51 527 850
Intangible assets	194 656	(12 926)			181 730
Investment in associates	19 658 829	4 923 788			24 582 617
Deferred tax asset	697 156	1 865 384			2 562 540
Financial assets available for sale	5 937 860	(1 013 858)			4 924 002
Life reassurance contract asset	970 655				970 655
Inventory	6 338 955	(2 953 745)			3 385 210
Trade and other receivables	27 425 470	(10 052 578)			17 372 892
	221 328				221 328
Deferred acquisition costs	2 966 249	(913 473)			2 052 776
Financial assets :		-			-
held to maturity investments	2 358 254	(1 358 351)			999 903
at fair value through profit or loss	2 194 263	(547 374)			1 646 889
Assets classified as held for sale	3 973 134	-			3 973 134
Cash and cash equivalents	14 595 640	(5 251 714)			9 343 926
Total assets	**153 932 937**	**(25 393 108)**	**-**	**-**	**128 539 829**
EQUITY AND LIABILITIES					
Equity attributable to equity of the parent					
Share capital	7 806 763				7 806 763
Share premium	5 165 974				5 165 974
Non distributable reserve	25 797 818			(25 797 818)	-
Revaluation reserve	13 923 211				13 923 211
Mark-to-market reserve	1 929 583				1 929 583
Foreign currency translation reserve	(7 080 836)				(7 080 836)
Retained profits	(1 530 460)		4 527 442	25 797 818	28 794 800
Total equity attributable to equity holders of the parent	**46 012 053**	**-**	**4 527 442**	**-**	**50 539 495**
Non-controlling interest	43 531 571	(12 353 352)			31 178 219
Total equity	**89 543 624**	**(12 353 352)**	**4 527 442**	**-**	**81 717 714**
Liabilities					
Short term insurance contract liabilities	26 909 875	(8 278 452)			18 631 423
Non-insurance provisions	1 810 362	(823 095)			987 267
Life reassurance contract liabilites	4 377 453	970 654			5 348 107
Borrowings	1 777 079	(148 799)			1 628 280
Trade and other payables	23 930 643	(6 232 813)			17 697 830
Deferred tax liability	3 054 695	1 472 747	(4 527 442)		-
Liabilities associated with assets classified as held for sale	2 529 206				2 529 206
Total liabilities	**64 389 313**	**(13 039 758)**	**(4 527 442)**	**-**	**46 822 113**
Total equity and liabilities	**153 932 937**	**(25 393 110)**	**-**	**-**	**128 539 827**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

5.2.3 Statement of Comprehensive income for the year ended 31 December 2015

	2015 as previously stated	(i) Accounting for material investment on consolidation	(ii) Accounting for impairment of associate - impairment reclassiffication	(ii) Accounting for impairment of associate - changes to final figures	(iv) Recoverability of assessable tax losses	(v) Treatment of changes to life reassurance policyholder liabilities	(vi) Accounting for change of an investment from available for sale to associate	31 December 2015 as restated
Continuing operations								
INCOME								
Gross written premium	72 116 792	(35 937 115)						36 179 677
Premium ceded	(20 625 229)	9 421 539						(11 203 690)
Net premium written	51 491 563	(26 515 577)	-	-	-	-	-	24 975 986
Unearned premium reserve	(2 200 436)	1 051 082						(1 149 354)
Net premium earned	49 291 127	(25 464 495)	-	-	-	-	-	23 826 632
Brokerage commission and fees	5 893 861	(1 899 686)						3 994 175
Total Insurance income	55 184 988	(27 364 181)	-	-	-	-	-	27 820 807
Rental income from investment property	3 439 145							3 439 145
Fair value adjustments on investment property	(3 965 349)							(3 965 349)
Net revenue from sale of inventory property	576 628							576 628
Net property operating costs	(547 059)							(547 059)
Investment revenue	3 809 817	(1 921 028)						1 888 789
Other income	2 370 485	(539 737)					1 490 938	3 321 686
Total income	**60 868 655**	**(29 824 945)**	**-**	**-**	**-**	**-**	**1 490 938**	**32 534 648**
EXPENDITURE								
Insurance benefits and claims	**(23 725 514)**	**14 153 013**	**-**	**-**	**-**	**(791 412)**	**-**	**(10 363 913)**
Non-life insurance contracts	(25 772 763)	15 033 078						(10 739 685)
Life reassurance contracts	(1 891 446)							(1 891 446)
Movement in life reassurance contract liabilities						(791 412)		(791 412)
Claims ceded to reinsurers	3 938 695	(880 064)						3 058 631
Commission and acquisition expenses	(13 869 925)	4 338 910						(9 531 015)
Operating and administrative expenses	(25 970 225)	9 373 412						(16 596 813)
Impairment of investment in associate	-	-	(14 654 527)	3 830 193				(10 824 334)
Finance costs	(158 612)	23 454						(135 158)
TOTAL EXPENDITURE	**(63 724 276)**	**27 888 789**	**(14 654 527)**	**3 830 193**	**-**	**(791 412)**	**-**	**(47 451 233)**
Loss before share of loss of associate	(2 855 621)	(1 936 157)	(14 654 527)	3 830 193	-	(791 412)	1 490 938	(14 916 585)
Share of loss of associates	(2 214 716)	525 237		(3 522 550)			(458 904)	(5 670 933)
Loss before income tax	(5 070 337)	(1 410 919)	(14 654 527)	307 643	-	(791 412)	1 032 034	(20 587 518)
Income tax credit/(expense)	(179 475)	(1 359 879)			(1 075 398)			(2 614 752)
Loss for the year from continuing operations	(5 249 812)	(2 770 798)	(14 654 527)	307 643	(1 075 398)	(791 412)	1 032 034	(23 202 270)
Discontinued operations								
(Loss)/profit after tax from discontinued operations	80 190							80 190
Loss for the year	(5 169 622)	(2 770 798)	(14 654 527)	307 643	(1 075 398)	(791 412)	1 032 034	(23 122 080)
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Gains on property and equipment revaluations	141 931							141 931
Share of other comprehensive income of associates	(15 374 110)	181 416	14 654 527	(307 643)			46 236	(799 574)
Income tax relating to components of other comprehensive income	(41 996)	(8 269)						(50 265)
	(15 274 175)	**173 147**	**14 654 527**	**(307 643)**	**-**	**-**	**46 236**	**(707 908)**
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(4 143 109)	1 377 367						(2 765 742)
Fair value gains on available for sale financial assets	371 288							371 288
Income tax relating to components of other comprehensive income	(2 757)							(2 757)
	(3 774 578)	**1 377 367**	**-**	**-**	**-**	**-**	**-**	**(2 397 211)**
Other comprehensive income for the period net of tax	(19 048 753)	1 550 514	14 654 527	(307 643)	-	-	46 236	(3 105 119)
Total comprehensive income for the period	**(24 218 375)**	**(1 220 284)**	**-**	**-**	**(1 075 398)**	**(791 412)**	**1 078 270**	**(26 227 198)**
Loss attributable to:								
Equity holders of the parent	(4 581 558)	(2 025 952)	(14 654 527)	307 643	(1 075 398)	(791 412)	1 032 034	(21 789 170)
Non-controlling interests	(588 064)	(744 847)						(1 332 911)
	(5 169 622)	**(2 770 799)**	**(14 654 527)**	**307 643**	**(1 075 398)**	**(791 412)**	**1 032 034**	**(23 122 081)**
Total comprehensive loss attributable to:								
Equity holders of the parent	(22 752 059)	(877 120)	-	-	(1 075 398)	(791 412)	1 078 270	(24 417 719)
Non-controlling interests	(1 466 316)	(343 163)						(1 809 479)
	(24 218 375)	**(1 220 283)**	**-**	**-**	**(1 075 398)**	**(791 412)**	**1 078 270**	**(26 227 198)**
Basic and diluted loss per share (US cents):	(0.30)	(0.13)	(0.96)	0.02	(0.07)	(0.05)	0.07	(1.42)
Number of shares for basic and diluted EPS	1 530 676 272	1 530 676 272	1 530 676 272	1 530 676 272	1 530 676 272	1 530 676 272	1 530 676 272	1 530 676 272

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

5.2.4 Statement of Cash Flows income for the year ended 31 December 2015

	2015 as previously stated	(i) Accounting for material investment on consolidation	Other errors - refer note 5.2.3	31 December 2015 as restated
Cash Flows from operating activities				
Loss before income tax	**(5 070 337)**	**(1 410 919)**	**(14 106 262)**	**(20 587 518)**
Non cash items	6 705 869	10 134 558		16 840 427
Separately disclosable items	-	(1 753 631)		(1 753 631)
Operating cash flows before working capital changes	**1 635 532**	**6 970 008**	**(14 106 262)**	**(5 500 721)**
Working capital changes	(1 976 864)	1 668 294		(308 570)
Cash utilised in operations	**(341 332)**	**8 638 302**	**(14 106 262)**	**(5 809 291)**
Finance costs	(5 786)	(129 372)		(135 158)
Income tax paid	(501 622)	496 219		(5 403)
Interest income	-	1 567 514		1 567 514
Net cash outflow to operating activities	**(848 740)**	**10 572 663**	**(14 106 262)**	**(4 382 338)**
Net cash utilised in investing activities	**(2 680 837)**	**(83 466)**		**(2 764 303)**
Net cash flow from financing activities	**13 000 665**	**46 094**		**13 046 759**
Increase/(decrease) in cash and cash equivalents	**9 471 088**	**10 535 291**	**(14 106 262)**	**5 900 117**
Cash and cash equivalents at the beginning of the year	14 595 640	(5 251 714)		9 343 926
Effect of exchange rate movements	(2 159 873)	334 876		(1 824 997)
Cash and cash equivalents at the end of the year	**21 906 855**	**5 618 452**	**(14 106 262)**	**13 419 046**

6 SEGMENT INFORMATION

For management purposes, the group is organised into business units based on products and services as well as on geographical areas as shown below. Management evaluates segment performance based on operating profit/(loss) consistent with the consolidated financial statements. No segments have been aggregated.

Reinsurance

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

Life reassurance

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

Property

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

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

6.1 Information about products and services

2016	Reinsurance US$	Life Reassurance US$	Property US$	Eliminations US$	Total US$
Gross premium	26 304 093	4 169 625		(1 148 667)	29 325 051
Premium ceded	(7 689 894)	(602 226)		1 148 667	(7 143 453)
Net premium written	18 614 199	3 567 399		-	22 181 598
Unearned premium provision	(370 358)				(370 358)
Net premium earned	**18 243 840**	**3 567 399**		**-**	**21 811 240**
Brokerage fees and commission	2 282 277	131 373		(395 280)	2 018 370
Total insurance revenue	**20 526 117**	**3 698 773**		**(395 280)**	**23 829 610**
Rental income	29 465	-	3 142 756	(89 832)	3 082 389
Investment and other revenue	2 636 872	150 796	813 961	(139 098)	3 462 531
Total income	**23 192 454**	**3 849 568**	**3 956 717**	**(624 210)**	**30 374 529**
Claims and expenses	**(25 078 671)**	**(2 704 304)**	**(2 755 938)**	**(166 043)**	**(30 704 956)**
Net benefits and claims	(7 345 162)	(932 414)		( )	(8 277 576)
Commission and acquisition expenses	(7 301 704)	(990 732)		395 280	(7 897 155)
Other operating and administrative expenses	(10 431 805)	(781 159)	(2 755 938)	(561 323)	(14 530 225)
Segment result	**(1 886 217)**	**1 145 264**	**1 200 779**	**(790 253)**	**(330 426)**

2015 (Restated)	Reinsurance US$	Life Reassurance US$	Property US$	Eliminations US$	Total US$
Gross premium	31 043 935	5 135 741	-	-	36 179 677
Premium ceded	(10 219 579)	(984 111)	-	-	(11 203 690)
Net premium written	20 824 356	4 151 630	-	-	24 975 986
Unearned premium provision	(1 149 354)	-	-	-	(1 149 354)
Net premium earned	**19 675 002**	**4 151 630**	**-**	**-**	**23 826 632**
Brokerage fees and commission	3 271 278	591 320	-	-	3 862 598
Total insurance revenue	**22 946 280**	**4 742 950**	**-**	**-**	**27 689 230**
Rental income	37 703	-	3 574 507	(173 065)	3 439 145
Investment and other revenue	2 051 603	164 870	252 248	360 863	2 829 583
Total income	**25 035 586**	**4 907 819**	**3 826 755**	**187 798**	**33 957 958**
Claims and expenses	**(28 921 572)**	**(3 652 837)**	**(3 092 902)**	**110 456**	**(35 556 854)**
Net benefits and claims	(8 354 641)	(1 217 859)	-	-	(9 572 501)
Commission and acquisition expenses	(7 978 233)	(1 552 783)	-	-	(9 531 015)
Other operating and administrative expenses	(12 588 698)	(882 195)	(3 092 902)	110 456	(16 453 339)
Segment result	**(3 885 986)**	**1 254 982**	**733 853**	**298 254**	**(1 598 896)**

Notes to the Group Financial Statements *(continued)*

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6.2 Information about geographical areas

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

2016	Zimbabwe US$	Malawi US$	Zambia US$	Mozambique US$	Botswana US$	South Africa US$	Total US$
Gross premium	12 312 072	5 440 486	3 000 404	5 629 635	1 875 521	1 066 934	29 325 051
Premium ceded	(1 396 671)	(1 434 891)	(1 035 591)	(2 367 965)	(673 892)	(234 442)	(7 143 453)
Net premium written	10 915 400	4 005 595	1 964 812	3 261 670	1 201 629	832 491	22 181 598
Unearned premium provision	(184 747)	(257 542)	206 546	(198 087)	(52 785)	116 257	(370 358)
Net premium earned	**10 730 653**	**3 748 054**	**2 171 358**	**3 063 583**	**1 148 844**	**948 749**	**21 811 240**
Brokerage fees and commission	281 149	559 491	251 206	637 837	227 318	61 369	2 018 370
Total insurance revenue	**11 011 802**	**4 307 545**	**2 422 564**	**3 701 420**	**1 376 162**	**1 010 117**	**23 829 610**
Rental revenue	3 052 924	-	-	29 465	-	-	3 082 389
Investment and other revenue	2 903 987	89 539	73 592	152 326	173 366	69 720	3 462 531
Total income	**16 968 713**	**4 397 084**	**2 496 156**	**3 883 211**	**1 549 528**	**1 079 838**	**30 374 529**
Total claims and expenses	**(16 122 564)**	**(4 169 097)**	**(2 627 407)**	**(5 032 250)**	**(1 438 184)**	**(1 315 454)**	**(30 704 956)**
Net benefits and claims	(3 504 361)	(1 673 932)	(995 834)	(1 603 552)	(264 446)	(235 450)	(8 277 576)
Commission and acquisition expenses	(3 299 952)	(1 419 495)	(863 865)	(1 449 892)	(510 379)	(353 572)	(7 897 155)
Operating and administrative expenses	(9 318 251)	(1 075 669)	(767 708)	(1 978 806)	(663 359)	(726 431)	(14 530 225)
Operating profit/(loss)	**846 149**	**227 987**	**(131 251)**	**(1 149 039)**	**111 344**	**(235 616)**	**(330 426)**

2015 (Restated)	Zimbabwe US$	Malawi US$	Zambia US$	Mozambique US$	Botswana US$	South Africa US$	Total US$
Gross premium	11 234 863	7 335 257	3 830 759	10 729 648	1 834 200	1 214 949	36 179 677
Premium ceded	(1 869 978)	(2 332 137)	(770 387)	(5 157 543)	(755 343)	(318 301)	(11 203 690)
Net premium written	9 364 885	5 003 119	3 060 372	5 572 105	1 078 856	896 649	24 975 986
Unearned premium provision	(214 418)	(306 601)	55 615	(501 920)	26 953	(208 983)	(1 149 354)
Net premium earned	**9 150 467**	**4 696 518**	**3 115 987**	**5 070 185**	**1 105 809**	**687 666**	**23 826 632**
Brokerage fees and commission	1 300 465	603 011	191 044	1 410 875	258 479	98 724	3 862 598
Total insurance revenue	**10 450 932**	**5 299 530**	**3 307 030**	**6 481 060**	**1 364 289**	**786 390**	**27 689 230**
Rental income	3 366 667	-	-	72 478	-	-	3 439 145
Investment and other revenue	1 746 324	218 877	92 120	526 197	153 549	92 516	2 829 583
Total income	**15 563 923**	**5 518 407**	**3 399 150**	**7 079 735**	**1 517 838**	**878 905**	**33 957 958**
Total claims and expenses	**(17 096 581)**	**(5 074 324)**	**(3 534 971)**	**(7 433 123)**	**(1 339 253)**	**(1 078 603)**	**(35 556 854)**
Net benefits and claims	(3 569 637)	(2 187 000)	(1 505 545)	(1 863 788)	(241 040)	(205 490)	(9 572 501)
Commission and acquisition expenses	(3 442 443)	(1 620 512)	(1 082 083)	(2 576 645)	(511 094)	(298 239)	(9 531 015)
Other operating and administrative expenses	(10 084 500)	(1 266 811)	(947 343)	(2 992 691)	(587 119)	(574 874)	(16 453 339)
Operating profit/(loss)	**(1 532 657)**	**444 083**	**(135 821)**	**(353 389)**	**178 585**	**(199 698)**	**(1 598 896)**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

7. PROPERTY AND EQUIPMENT

GROUP Cost or valuation	Freehold land and buildings US$	Motor vehicles US$	Equipment and computers US$	Furniture and fittings US$	Total US$
Year ended 31 December 2015 (Restated)					
At 1 January 2015 (Restated, see note 35)	2 799 113	3 012 439	943 875	468 170	7 223 598
Additions	25 881	132 917	37 618	27 485	223 901
Revaluation surplus	141 931	-	-	-	141 931
Disposals	-	(139 459)	(12 006)	(6 718)	(158 182)
Disposal of subsidiary	(401 657)	(540 998)	(301 318)	(98 944)	(1 342 918)
Foreign exchange movements	(471 817)	(251 402)	(63 216)	(65 581)	(852 015)
At 31 December 2015	**2 093 451**	**2 213 497**	**604 954**	**324 413**	**5 236 314**
Year ended 31 December 2016					
At 1 January 2016	2 093 451	2 213 497	604 954	324 413	5 236 314
Additions	-	312 288	62 303	22 182	396 773
Revaluation surplus	299 209	-	-	-	299 209
Reclassification to investment property*	(562 387)				(562 387)
Disposals	-	(688 070)	(39 849)	(3 672)	(731 590)
Foreign exchange movements	(142 326)	(65 474)	32 475	(13 381)	(188 705)
At 31 December 2016	**1 687 947**	**1 772 242**	**659 884**	**329 542**	**4 449 614**
Accumulated depreciation and impairment					
Year ended 31 December 2015 (Restated)					
At 1 January 2015	(361 559)	(1 252 410)	(608 346)	(206 906)	(2 429 221)
Depreciation	(36 585)	(324 818)	(73 526)	(29 737)	(464 666)
Disposals	-	125 134	11 753	3 614	140 501
Disposal of subsidiary	9 921	164 080	156 833	24 425	355 259
Foreign exchange movements	28 073	153 425	58 291	27 920	267 709
At 31 December 2015 (Restated)	**(360 149)**	**(1 134 589)**	**(454 996)**	**(180 684)**	**(2 130 418)**
At 1 January 2016	**(360 149)**	**(1 134 589)**	**(454 996)**	**(180 684)**	**(2 130 418)**
Depreciation	-	(244 439)	(64 813)	(24 563)	(333 815)
Disposals	-	529 125	37 573	2 579	569 276
Foreign exchange movements	(4 376)	37 527	(29 799)	6 385	9 737
At 31 December 2016	**(364 526)**	**(812 376)**	**(512 035)**	**(196 284)**	**(1 885 220)**
Carrying amount					
At 1 January 2015 (Restated)					
Cost	2 799 113	3 012 439	943 875	468 170	7 223 598
Accumulated depreciation	(361 559)	(1 252 410)	(608 346)	(206 906)	(2 429 221)
Carrying amount	**2 437 555**	**1 760 029**	**335 529**	**261 265**	**4 794 377**
At 31 December 2015 (Restated)					
Cost	2 093 451	2 213 497	604 954	324 413	5 236 314
Accumulated depreciation	(360 149)	(1 134 589)	(454 996)	(180 684)	(2 130 418)
Carrying amount	**1 733 301**	**1 078 908**	**149 958**	**143 729**	**3 105 897**
At 31 December 2016					
Cost	1 687 947	1 772 242	659 884	329 542	4 449 614
Accumulated depreciation	(364 526)	(812 376)	(512 035)	(196 284)	(1 885 220)
Carrying amount	**1 323 421**	**959 866**	**147 848**	**133 258**	**2 564 394**

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

Property and equipment are free from encumberances.

Notes to the Group Financial Statements (continued)

For the year ended 31 December 2016

8. INVESTMENT PROPERTY

	2016 US$	Restated 2015 US$
At 1 January	**46 997 682**	**51 527 850**
Additions	311 082	170 458
Disposals	(376 739)	
Fair value loss recognised in profit or loss	(2 372 464)	(3 965 349)
Reclassifications from owner occupied property*	562 387	
Disposal of subsidiary	-	(555 772)
Exchange rate movement on foreign operations	(197 325)	(179 505)
Carrying amount on 31 December	**44 924 623**	**46 997 682**

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

The Group's investment properties comprise mainly properties located in Zimbabwe under a subsidiary Zimre Property Investments Limited. The subsidiary is quoted on the Zimbabwe Stock Exchange (ZSE). All the properties are under level 3 on the fair value hierarchy.

Measuring investment property at fair value

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

8.1 Investment properties categories rentals and operating expenses

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

	Rentals		Operating expenses (property that generated rentals		Operating expenses (property that did not generate rentals	
	2016 US$	2015 US$	2016 US$	2015 US$	2016 US$	2015 US$
Office	1 657 402	1 778 150	(1 083 142)	(1 080 897)		
Retail	1 160 025	1 299 205	(3 155)	(3 489)		
Industrial	82 139	116 556	(59 184)	(47 571)		
Residential	182 823	245 234	-	-	(241 947)	(256 337)
Total	**3 082 389**	**3 439 145**	**(1 145 481)**	**(1 131 957)**	**(241 947)**	**(256 337)**

8.2 Fair value hierarchy

The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy. The fair value hierarchy prioritises the inputs used to measure fair value into three broad Levels (Levels 1, 2 and 3), moving from quoted prices in active markets in Level 1 to unobservable inputs in Level 3. The following table gives the fair values under each category of investment property together with gains/(loss) recognised through the Statement of Comprehensive Income.

	Fair values		Fair value gain/(loss) through profit & loss	
	2016	2015	2016	2015
Office	37 503 276	37 993 472	(490 196)	(3 680 458)
Retail	1 700 000	1 700 000	-	100 000
Industrial	1 070 000	1 160 000	(90 000)	(60 000)
Residential	4 651 347	6 144 210	(1 792 268)	(324 891)
Total	**44 924 623**	**46 997 682**	**(2 372 464)**	**(3 965 349)**

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

8.3 Valuation inputs and relationships to fair value

Unobservable input	Range of input (probability weighted average) 2016	2015	Relationship of unobservable inputs to fair value
1. Terminal yield	6% to 7%	7% to 8%	The higher the terminal yield, the lower the fair value.
2. Void rates	24% to 26%	20% to 22%	The higher the void rates, the lower the fair value
3. Average rental per square metre	US$7 to US$12	US$10 to US$15	The higher the rental per square metre, the higher the fair value
4. Risk adjusted discount rates	5% to 6%	4% to 5%	The higher the discount rate, the lower the fair value

9. INTANGIBLE ASSETS - SOFTWARE

	2016 US$	Restated 2015 US$
Cost:		
As at 1 January	**395 652**	**395 652**
Additions-externally acquired		
At 31 December	**395 652**	**395 652**
Accumulated amortisation:		
At 1 January	**(264 495)**	**(213 922)**
Charge for the year	(51 984)	(50 573)
Balance at 31 December 2016	**(316 479)**	**(264 495)**
Carrying amount at 31 December	**79 173**	**131 157**

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

As at 31 December 2016, these assets were tested for impairment, and management has determined no impairment is required in respect of these intangibles.

10. INVESTMENT IN ASSOCIATES

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

Name of associate	Published activity	Country of incorporation and principal place of business	Proportion of ownership interest held as at 31 December 2016	Proportion of ownership interest held as at 31 December 2015
1. CFI Holdings Limited*	Agro-retail	Zimbabwe	28.00%	28.00%
2. NicozDiamond Insurance Limited*	General insurance	Zimbabwe	28.78%	28.78%
3. Fidelity Life Assurance Limited*	Life Insurance	Zimbabwe	20.57%	20.57%
4. United General Insurance Limited	General insurance	Malawi	23.00%	23.00%
5. Credit Insurance of Zimbabwe	General insurance	Zimbabwe	24.00%	24.00%
6. Special Automobile Underwriters of Zimbabwe	General insurance	Zimbabwe	20.00%	20.00%

* The associates are quoted on the Zimbabwe Stock Exchange

The reporting dates of all associates is 31 December, except for the Agro-retail whose reporting date is 30 September. The financial statements taken into account for that associate are for the year ended 30 September 2016. Management has determined that there were no significant transactions to take into account for the period 1 October to 31 December 2016 in respect of the associate. The associate was impaired to a carrying amount of US$1 266 011 in 2015. Equity accounting in 2016 reduced the investment to nil.

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

10.2 Associates reconciliation

	2016 US$	Restated 2015 US$
At 1 January	**11 228 169**	**24 582 617**
Impairment	-	(10 824 334)
Share of associates	(770 115)	(5 670 933)
Share of other comprehensive income of associate	(187 513)	(799 574)
Additions	-	4 581 076
Dividends	(114 194)	(80 988)
Exchange rate movements	(45 234)	(559 695)
At 31 December	**10 111 114**	**11 228 169**

10.3 Summarised financial information of associates

31 December 2016	**CFI Holdings Limited**	**Nicoz Diamond Limited**	**Fidelity Life Assurance**	**United General Limited Insurance**	**Credisure**	**Sauz**
A. Statements of financial position						
Current assets	27 142 819	19 996 931	88 115 377	6 103 088	1 304 323	588 942
Non-current assets	68 840 092	21 207 684	24 438 522	2 523 271	1 789 128	9 077
Current liabilities	(42 364 061)	(22 012 896)	(73 048 158)	(7 109 420)	(1 935 344)	(544 872)
Non-current liabilities	(16 896 699)	(431 964)	(15 408 541)	-	-	-
Net assets	**36 722 151**	**18 759 755**	**24 097 200**	**1 516 939**	**1 158 107**	**53 147**
B. Statements of comprehensive income						
Revenue 29,331,871	27,504,581	36,554,892	5,632,235	1,361,958	666,490	
(Loss)/profit from continuing operations	(13,692,072)	959,798	2,325,666	(826,473)	(466,913)	(106,062)
Post-tax (loss)/profit from discontinued operations	(13,692,072)	(533,673)	2,325,666	(826,473)	(466,913)	(106,062)
Other comprehensive (loss)/ income	27,889	(373,618)	(1,034,705)	(15,162)	-	-
Total comprehensive (loss)/income	**(13,664,183)**	**52,507**	**1,290,961**	**(841,635)**	**(466,913)**	**(106,062)**
Dividends received from associate	**-**	**-**	**(111,589)**	**-**	**-**	**-**

31 December 2015 (Restated)	**CFI Holdings Limited**	**Nicoz Diamond Limited**	**Fidelity Life Assurance**	**United General Limited Insurance**	**Credisure**	**Sauz**
A. Statements of financial position						
Current assets	50 501 864	27 121 353	47 439 265	6 475 829	1 374 520	605 345
Non-current assets	69 891 226	14 207 202	58 360 123	2 074 692	1 953 840	12 831
Current liabilities	(50 491 997)	(22 011 500)	(54 445 164)	(5 744 658)	(73 728)	(468 259)
Non-current liabilities	(19 524 659)	(349 286)	(27 990 202)	-		
Net assets	**50 376 434**	**18 967 769**	**23 364 022**	**2 805 863**	**3 254 632**	**149 917**
B. Statements of comprehensive income						
Revenue	66 556 215	29 004 697	52 111 378	7 842 748	1 646 745	754 759
(Loss)/profit from continuing operations	(25 191 116)	1 638 610	5 152 677	527 287	(1 368 482)	24 420
Post-tax (loss)/profit from discontinued operations	(25 191 116)	(595 696)	5 152 677	527 287	(1 368 482)	24 420
Other comprehensive (loss)/ income	(3 528 492)	(1 385 817)	(2 584 312)	106 349	-	-
Total comprehensive (loss)/income	**(28 719 608)**	**(342 903)**	**2 568 365**	**633 636**	**(1 368 482)**	**24 420**
Dividends received from associate	**-**	**(93 176)**	**(72 105)**	**-**	**-**	**-**

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

11. INCOME TAX

11.1 Deferred tax

		2016 US$	Rested 2015 US$
11.1.1	**Deferred tax assets/ (liabilities)**		
	Reflected in the statement of financial position as follows:		
	Deferred tax asset	1 497 670	2 287
	Deferred tax liability	(2 090 850)	(4 460 978)
	Income tax deferred net (liability)/asset	**(593 181)**	**(4 458 691)**
11.1.2	**Reconciliation of deferred tax asset/(liability) net**		
	At 1 January	**(4 458 691)**	**2 562 540**
	Tax income/(expense) during the period recognised through profit or loss	2 452 476	(2 416 582)
	Tax income/(expense) during the period recognised in OCI	(98 545)	(53 022)
	Deferred taxes changes including disposals	1 511 579	(4 551 627)
	Exchange rate movements		
	At 31 December	**(593 181)**	**(4 458 691)**
11.1.3	**Sources of deferred tax asset/(liability)**		
	Property, plant and equipment	(313 215)	(172 997)
	Investment properties	(2 124 340)	(2 200 071)
	Other intangible assets	(2 017)	(3 339)
	Financial assets available for sale	(140 070)	(121 481)
	Trade receivables and other receivables	(1 177 833)	(4 911 339)
	Deferred acquisition costs	(452 479)	(458 816)
	Short-term investments	(192 664)	(136 527)
	Other receivables and prepayments	(37 696)	(209 763)
	Short-term provisions	1 878 215	1 933 607
	Assessed losses	1 968 921	1 822 035
		(593 181)	**(4 458 691)**
11.2	**Income tax credit/(expense)**		
	Current	(148 943)	(198 170)
	Deferred	2 452 476	(2 416 582)
		2 303 534	**(2 614 752)**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

		2016 US$	Restaed 2015 US$	Restaed 1-Jan-15 US$
11.3	**Tax rate reconciliation**			
	Accounting (loss)/ profit before tax from continuing operations	(3 354 126)		(20 587 519)
	Tax at Zimre Holdings statutory income tax rate of 25.75% (2015: 25.75%)	863 687		5 301 286
	Effect of Investment property fair value losses taxed at different rate	(492 286)		(822 810)
	Effect of gains on fair value of financial assets through profit or loss taxed at different rate	33 437		737
	Share of results of associates	(198 304)		(1 460 265)
	(Gain)/loss on disposal or purchase of subsidiaries and associates			(527 190)
	Effect of Life Reassurance entity taxed differently	172 233		199 249
	Impairment of associate	-		(2 787 266)
	Effect of limiting assessable tax losses	-		(1 075 398)
	Effects of fines and other non-deductible expenses	(120 559)		-
	Income exempt from tax - dividends	65 269		82 728
	Income exempt from tax - interest	344 794		403 635
	Non-deductible/non-taxable movements in insurance provisions	1 650 957		(1 850 417)
	Effect of higher tax rates in the subsidiaries operating outside Zimbabwe	(15 693)		(79 041)
	Income tax credit/ (expense) for the year reported in profit or loss	**2 303 534**		**(2 614 752)**

11.4 Recoverability of unused assessed tax losses

Some of the Group entities in reinsurance have incurred assessed losses since 2009. In 2015, the Group limited expired portion of the assessedtax losses using tax rules in which the entities are domiciled. The effect reduced deferred tax assets in 2015 by US$1 075 398 as disclosed in note 5 (iv).

In 2016, further losses were incurred by some of the Group reinsurance entities. The Group has embarked on restructuring iniatives that it expects will make the entities profitable from 2017 going forward. The entities can carry assessed losses for a maximum of 6 years. Assessed losses for 2016 that have not been limited amount to US$570 429 with a tax effect of US$146 886. The Group expects to recover on the losses within the stipulated 6 years.

11.5 Tax losses

	2016	2015	1-Jan-15
Unused tax losses for which no deferred tax asset has been recognised	2,221,627		404,579
Potential tax at 25.75%	572,069		104,179

The unused tax losses were incurred by the Holding company Zimre Holdings Limited that is unlikely to generate taxable income for the forseable future.

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

		2016 US$	Restated 2015 US$	Restated 1-Jan-15 US$
12.	**AVAILABLE FOR SALE FINANCIAL ASSETS**			
	Quoted at cost	-	-	1 337 006
	Unquoted equities at fair value	3 135 541	5 102 259	2 071 729
	Unquoted equities at cost	-	-	-
	Mortgages	1 253 182	991 327	952 292
	Long-term bonds and securities	2 146 977	546 098	562 976
		6 535 700	**6 639 684**	**4 924 002**
13.	**INVENTORY**			
	Property and stands developed for sale	2 738 935	2 998 453	3 355 403
	Consumables	16 125	202 765	29 807
	Total	**2 755 060**	**3 201 218**	**3 385 210**
14.	**TRADE AND OTHER RECEIVABLES**			
	Reinsurance receivables	13 365 386	12 309 613	16 962 401
	Less: allowance for credit losses	(4 972 663)	(5 290 581)	(1 771 184)
	Net reinsurance receivables	**8 392 723**	**7 019 032**	**15 191 218**
	Non reinsurance receivables			
	Rental receivables	1 657 770	1 344 831	2 342 574
	Debtors for inventory sales	3 402 773	3 514 792	389 324
	Less: allowance for credit losses	(1 244 140)	(794 391)	(1 340 234)
	Non reinsurance receivables - net	**3 816 402**	**4 065 232**	**1 391 664**
	Total trade and other receivables-net	**12 209 125**	**11 084 264**	**16 582 882**
	Receivables from related parties	971 154	4 441 457	556 946
	Total	**13 180 279**	**15 525 721**	**17 139 828**
	Prepayments	741 571	117 428	233 064
	Total trade and other receivables	**13 921 851**	**15 643 148**	**17 372 892**

A reconciliation of the allowance for credit losses for loans and receivables is, as follows:

	2016 US$	2015 US$
At 1 January	**6 084 972**	**4 451 652**
Charge for the year	2 764 005	2 839 111
Amounts written off	(2 632 173)	(1 205 791)
At 31 December	**6 216 804**	**6 084 972**

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

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

		2016 US$	Restated 2015 US$
15.	**DEFERRED ACQUISITION COSTS**		
	At 1 January	**1 781 811**	**2 052 776**
	Expenses armotised	(24 610)	(270 965)
	At 31 December	**1 757 201**	**1 781 811**
16.	**FINANCIAL ASSETS**		
16.1	**Held to maturity investments**		
	At 1 January	**2 016 736**	**999 903**
	Purchases	346 831	1 016 833
	At 31 December	**2 363 567**	**2 016 736**

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

		2016 US$	Restated 2015 US$
16.2	**At fair value through profit or loss**		
	At 1 January	**1 846 032**	**1 646 889**
	Fair value gain/(loss)	103 832	441 096
	Disposals	(342 610)	(241 953)
	Purchases	-	-
	At 31 December	**1 607 254**	**1 846 032**

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

17. ASSETS CLASSIFIED AS HELD FOR SALE

The Group has determined that a subsidiary in reinsurance business (Colonnade Reinsurance (Private) Limited) incorporated in Zimbabwe be classified as a non-current asset held for sale.The decision is a business strategy as the Group has another significant subsidiary invoved in reinsurance business in the same market. There are several parties interested in the purchase of the subsidiary. As at 31 December 2016, the Group had made substantial progress in the conclusion of the sale with one party that has the interest and the capacity to buy. The Group expects the sale to be concluded before 30 September 2017. The reinsurance company was not compliant with the minimum regulatory capital requirements of US$1.5 million.

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

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

The summarised financial statements of Colonnade Reinsurance (Private) Limited are presented below:

17.1 Summarised statement of financial position	**2016 US$**	**2015 US$**
Assets	**3 073 391**	**3 602 794**
Property and equipment	27 763	29 641
Investment properties	598 400	711 000
Investments in equity instruments	36 366	37 047
Trade receivables	2 016 743	2 124 484
Related party receivables	65 956	166 269
Other receivables and prepayments	54 517	92 585
Cash and cash equivalents	273 645	441 768
Liabilities	**2 701 373**	**2 078 676**
Deferred tax	87 315	4 420
Trade payables	1 061 948	942 430
Related party payables	6 429	17 321
Other payables and accruals	69 649	58 147
Current tax payable	143 312	85
Short-term provisions	1 332 719	1 056 272
Net assets	**372 018**	**1 524 118**

17.2 Summarised statement of comprehensive income		
Gross premium	2 026 679	2 661 032
Premium ceded	(534 133)	(809 049)
Net premium written	**1 492 546**	**1 851 983**
Unearned premium provision	86 935	238 629
Earned premium	**1 579 481**	**2 090 612**
Brokerage commission and fees	176 511	277 819
Total insurance revenue	**1 755 991**	**2 368 431**
Rental revenue	-	3 774
Investment revenue	40 340	43 760
Total revenue	**1 796 332**	**2 415 965**
Total claims and expenses	**(2 718 635)**	**(2 302 977)**
Net benefits and claims	(692 479)	(310 978)
Commission and acquisition expenses	(558 808)	(706 802)
Operating and administrative expenses	(1 354 455)	(1 478 147)
Other income/ (losses)	(112 893)	192 950
Profit before tax	**(922 303)**	**112 987**
Income tax expense	(229 797)	(32 797)
Profit after tax	**(1 152 100)**	**80 190**
Other comprehensive income for the period net of tax	-	-
Total comprehensive income	**(1 152 100)**	**80 190**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

17.3 Summarised statement of cash flows

	2016 US$	Restated 2015 US$
Cash (used)/ generated from operating activities	(202 579)	26 930
Cash flows from investing activities	34 456	2 162
Cash flows to investing activities	-	-
Net cash (decrease)/ increase for the year	**(168 123)**	**29 092**

18. CASH AND CASH EQUIVALENTS

	2016 US$	Restated 2015 US$	Restated 1-Jan-15 US$
Cash on hand	390 779	4 187	45 472
Cash at bank	3 148 746	2 650 244	2 730 483
Term deposits maturing under 3 months	7 537 872	10 764 615	6 567 972
Cash and cash equivalents	**11 077 397**	**13 419 045**	**9 343 926**

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

19. SHARE CAPITAL

	Share capital US$	Share premium US$	Total US$
At 01 January 2015	**7 806 763**	**5 165 974**	**12 972 736**
Issue of new shares	7 500 000	7 500 000	15 000 000
Share issue costs	-	(1 103 280)	(1 103 280)
At 31 December 2015	**15 306 763**	**11 562 694**	**26 869 456**
Issue of shares under share option scheme	24 240	-	24 240
Share issue costs	-	(135 661)	(135 661)
At 31 December 2016	**15 331 003**	**11 427 034**	**26 758 035**

Authorised share capital

2 000 000 000 (2015 : 2 000 000 000) ordinary shares with a nominal value of US$0.01 each

19.1 Issued and fully paid capital

1 533 338 937 (2015 : 1 530 672 272) ordinary shares with a nominal value of US$0,01 each	15 331 003	15 306 763	7 806 763

Unissued shares

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

Notes to the Group Financial Statements (continued)
For the year ended 31 December 2016

20. SHORT-TERM INSURANCE CONTRACT LIABILITIES

	2016 US$	Restated 2015 US$	Restated 1-Jan-15 US$
Outstanding claims provision	4 361 232	5 115 439	8 386 207
Incurred but not reported claims provision	1 688 739	1 427 135	2 159 480
Unearned premium provision	5 887 035	6 079 919	8 085 735
	11 937 005	**12 622 493**	**18 631 423**

(i) Reconciliation of insurance and other provisions

31 December 2016	Outstanding claims US$	Incurred but not reported claims US$	Unearned premium US$	Total US$
Balance at 1 January 2016	5 115 438	1 427 135	6 079 919	12 622 492
Incurred during the year	(328 639)	492 372	1 649 768	1 813 503
Utilised during the year	(425 568)	(230 768)	(1 842 654)	(2 498 990)
Balance at 31 December 2016	**4 361 232**	**1 688 739**	**5 887 034**	**11 937 005**
31 December 2015 (Restated)				
Balance at 1 January 2015	5 381 873	1 031 851	6 337 129	12 750 853
Incurred during the year	622 080	(269 056)	(1 149 354)	(796 330)
Utilised during the year	(888 515)	664 340	892 144	667 969
Balance at 31 December 2015	**5 115 438**	**1 427 135**	**6 079 919**	**12 622 493**

21. NON-INSURANCE PROVISIONS

Reconciliation of the non-insurance provisions

	Leave pay	Termination	Total
At 1 January 2015 (Restated)	**484 209**	**503 058**	**987 267**
Utilised during the year	(112 065)	-	(112 065)
Additional provision	-	10 137	10 137
At 31 December 2015 (Restated)	**372 144**	**513 195**	**885 339**
Additional provision	25 693	132 153	157 846
At 31 December 2016 (Restated)	**397 837**	**645 348**	**1 043 185**

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

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

22. LIFE REASSURANCE CONTRACT ASSET AND LIABILITIES

22.1 Life reassurance contract asset

At 1 January	**821 700**	**970 655**
Movement for the year	(251 800)	(148 955)
At 31 December	**569 900**	**821 700**

22.2 Life reassurance contract liabilites

At 1 January	**5 990 565**	**5 348 107**
Movement for the year	(1 358 300)	642 458
At 31 December	**4 632 265**	**5 990 565**
Net movement for the year	**1 106 500**	**(791 413)**

Relates to policyholder funds. The movement is accounted for through statement of profit or loss

23. BORROWINGS

	2016	Restated 2015	Restated 1-Jan-15
	US$	U S $	
US$			
Short-term portion of long term loans	570 995	330 644	523 580
Long term portion	805 096	554 620	1 104 700
	1 376 091	**885 264**	**1 628 280**

The loan is from a financial institution in Zimbabwe, CABS Building Society. It accrues interest at 13% per annum over three years and is secured by a first mortgage bond of US$1,500,000 over stand 16883 Harare, which is part of Investment Properties in note 7. The loan is governed by the laws of Zimbabwe.There were no breaches on the loan terms as at the reporting date. The last date for repyamnet is 31 December 2018.

24. TRADE AND OTHER PAYABLES

	2016	Restated 2015	Restated 1-Jan-15
	US$	US$	US$
Due to retrocessionaires	9 953 897	9 655 670	11 155 687
Pensions and other employee long-term benefits	1 988 039	1 660 376	2 395 441
Other trade payables	366 257	1 952 981	1 836 654
Accruals	32 860	617 684	1 277 133
Other payables- penalties and social security payments	1 844 044	1 247 092	1 032 915
	14 185 096	**15 133 803**	**17 697 830**

25. NET PREMIUM EARNED

25.1 Gross premium written

Life reassurance contracts	4 169 625	5 135 741
Non-life reinsurance	25 155 425	31 043 936
	29 325 051	**36 179 677**

25.2. Premium ceded

Life reassurance contracts	(602 226)	(984 111)
Non-life reinsurance	(6 541 227)	(10 219 579)
	(7 143 453)	**(11 203 690)**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

		2016 US$	Restated 2015 US$
25.3	**Unearned premium provision**		
	Provision on gross premium	107 162	(1 434 604)
	Less ceded premiums	(477 520)	285 250
		(370 358)	**(1 149 354)**
	Net Premium Earned	**21 811 240**	**23 826 632**
26.	**BROKERAGE COMMISSION AND FEES**		
	Gross reinsurance commission income	1 913 382	4 114 913
	Surrender charges and other contract fee income	104 988	(120 738)
		2 018 370	**3 994 175**
27.	**NET REVENUE FROM SALE OF INVENTORY PROPERTY**		
	Sale of property and stands	2 268 201	1 654 437
	Cost of sales of property and stands	(1 389 262)	(1 077 809)
		878 940	**576 628**
28.	**NET PROPERTY OPERATING COSTS**		
	Operating costs recoveries	861 555	889 308
	Property operating costs	(1 387 428)	(1 436 367)
		(525 873)	**(547 059)**
29.	**INVESTMENT REVENUE**		
	Dividend income	253 473	321 274
	Interest income	1 339 005	1 567 514
		1 592 479	**1 888 789**
30.	**OTHER INCOME**		
	Profit/(loss) on disposal of property and equipment	57 765	14 324
	Gains/ (Losses) on disposal of financial assets through profit or loss	161 140	3 551
	Gains/ (Losses) on disposal of Investments in equity instruments	(183 725)	-
	Gains on disposal or bargain purchase of subsidiaries and associates	-	2 047 339
	Gains on disposal of investment property	(10 409)	-
	Realised exchange differences	(52 906)	792 548
	Receipts from debtor recoveries	125 601	87 906
	Recoveries from retrocession arrangements	1 451 787	(65 078)
	Fair value gains on financial assets through profit or loss	103 832	441 096
	Unrealised exchange gains/(losses)	60 955	376 300
		1 653 084	**3 321 686**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

	2016 US$	Restated 2015 US$
31. OPERATING AND ADMINISTRATION EXPENSES		
Independent auditors' remuneration for audit	(332 012)	(213 720)
Directors' fees (non-executive)	(325 127)	(317 954)
Employee benefit expenses	**(6 664 690)**	**(8 739 158)**
Directors' remuneration (executive directors)	(1 024 897)	(1 279 127)
Wages and salaries (excluding executive directors)	(2 857 533)	(4 328 760)
Retrenchment costs	(366 524)	(1 022 401)
Other staff costs	(1 281 479)	(1 175 839)
Pension costs	(556 292)	(877 630)
Social security costs	(61 726)	(55 401)
Post-employment benefits other than pensions	(516 239)	-
Depreciation	(333 815)	(464 666)
Allowance for credit losses	(2 764 005)	(2 839 111)
Amortisation of intangible assets	(51 984)	(50 573)
Impairment of non-current assets	-	-
Consultation fees	(551 505)	(440 197)
Legal fees	(18 067)	(55 779)
Fines	(468 189)	-
Rent, premises costs and utilities	(470 103)	(155 029)
Travel and representation	(295 033)	(350 063)
Marketing, advertising and promotion	(327 354)	(491 085)
Other operating expenses	(1 928 339)	(2 479 480)
	(14 530 225)	**(16 596 813)**

32. MATERIAL PARTLY OWNED SUBSIDIARIES

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

32.1 Summary of non-controlling interest amounts

Name of company	Country of incorporation	Nature of business	2016	2015
Zimre Property Investments Limited	Zimbabwe	Property	48%	48%
Mozre Reinsurance (Private) Limited	Mozambique	Reinsurance	49%	49%

Accumulated balances of material non-controlling interests

		US$	US$
Zimre Property Investments Limited	Property	25 583 539	25 545 038
Mozre Reinsurance (Private) Limited	Reinsurance	1 000 542	1 097 361
		26 584 082	**26 642 400**

Profit/ (loss) allocated to material non-controlling interests

		US$	US$
Zimre Property Investments Limited	Property	(735 724)	120 387
Mozre Reinsurance (Private) Limited	Reinsurance	168 809	186 390
		(566 915)	**306 777**

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

32.2 Summarised Statements of profit or loss

32.2.1 Summarised statement of comprehensive income for 2016:

US$

	Zimre Property Investments Zimbabwe	Mozre Reinsurance Mozambique
Gross Premium	**-**	**5 629 635**
Total revenue	**3 956 717**	**3 883 211**
Total claims and expenses	**(2 755 938)**	**(5 032 250)**
Net benefits and claims	-	(1 603 552
Commission and acquisition expenses	-	(1 449 892
Operating and administration	(2 755 938)	(1 978 806)
Operating profit	**1 200 779**	**(1 149 039)**
Other gains/(loss)	(2 699 284)	1 318 981
Profit before share of associates	**(1 498 505)**	**169 942**
Share of associates		
Profit before income tax	**(1 498 505)**	**169 942**
Income tax	94 183	174 566
Loss/profit for the year	**(1 404 322)**	**344 509**
Dividends paid	204 134	-

32.2.2 Summarised statement of comprehensive income for 2015:

US$

	Zimre Property Investments Zimbabwe	Mozre Reinsurance Mozambique
Gross Premium	**-**	**7 602 423**
Total revenue	3 826 755	5 301 895
Total claims and expenses	(3 092 902)	(5 726 118)
Net benefits and claims	-	(1 109 168)
Commission and acquisition expenses	-	(2 051 563)
Operating and administration	(3 092 902)	(2 565 386)
Operating profit	**733 853**	**(424 223)**
Other gains/(loss)	(3 830 476)	682 959
Profit before share of associates	**(3 096 622)**	**258 736**
Share of associates	-	-
Profit before tax	**(3 096 622)**	**258 736**
Income tax	89 192	191 658
Profit after tax	**(3 007 431)**	**450 394**
Dividends paid	204 134	-

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

32.3 Summarised statements of financial position

32.3.1 Summarised statement of financial position as at 31 December 2016

Non-current assets	**46 174 451**	**1 102 546**
Property and equipment	1 197 730	38 774
Investment properties	43 871 346	591 566
Other non-current assets	1 105 375	472 206
Current assets	**6 533 314**	**5 170 186**
Trade and other receivables	3 099 233	3 472 728
Inventories	2 738 935	-
Deferred acquisition costs	-	188 720
Short term investments	317 434	659 733
Cash and cash equivalents	377 712	849 005
Non-current liabilities	**2 606 497**	**19 321**
Current liabilities	**1 268 400**	**4 211 483**
Trade and other payables	646 658	2 182 665
Short-term borrowings	570 995	-
Insurance & other provisions	50 747	2 028 817
Total equity	**48 832 868**	**2 041 929**

32.3.2 Summarised statement of financial position as at 31 December 2015

	Zimre Property Investments Zimbabwe US$	**Mozre Reinsurance Mozambique US$**
Non-current assets		
Property and equipment	**48 852 002**	**1 085 461**
Investment properties	1 496 425	86 212
Other non-current assets	46 554 209	443 473
	801 369	555 776
Current assets		
Trade and other receivables	**5 344 292**	**5 914 794**
Inventories	1 869 618	3 174 549
Deferred acquisition costs	3 182 260	-
Short term investments	-	228 948
Cash and cash equivalents	180 091	1 270 787
	112 323	1 240 510
Non-current liabilities	**2 223 409**	**2 837**
Current liabilities		
Trade and other payables	1 529 674	4 332 910
Short-term borrowings	799 467	2 133 692
Insurance & other provisions	683 157	-
	47 051	2 199 218
Total equity	**50 443 211**	**2 664 508**

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

32.4 Summarised statements of cash flows

32.4.1 Summarised cash flow information for 2016:

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

32.4.2 Summarised cash flow information for 2015:

Operating	320 777	(369 421)
Investing	(111 918)	1 088 691
Financing	(322 644)	-
Net increase/(decrease) in cash and cash equivalents	**(113 785)**	**719 270**

33. RELATED PARTY DISCLOSURES

33.1 Principal subsidiary of the Group

The Holding company's direct principal subsidiary is Baobab Reinsurance (Private) Limited in which it owns 100% of the issued share capital. Baobab Reinsurance (Private) Limited is domiciled in Zimbabwe.
In turn, Baobab Reinsurance has interests in the subsidiaries listed below:

Subsidiaries of Baobab Reinsurance (Private) Limited	Country of incorporation	Activity	2016	2015
Zimre Property Investments Limited	Zimbabwe	Properties	51%	48%
Zambian Reinsurance Company	Zambia	Reinsurance	100%	100%
Malawi Reinsurance Company	Malawi	Reinsurance	100%	100%
Mozre Reinsurance Company (owned through Malawi Reinsurance)	Mozambique	Reinsurance	51%	51%
First Reinsurance Company	Botswana	Reinsurance	90%	90%
Emeritus Reinsurance Company of South Africa	South Africa	Reinsurance	100%	100%
BaobabRe Life and Health Reassurance Company	Zimbabwe	Life Reassurance	100%	100%

In 2015, Baobab Re had 48% interest in Zimre Property Investments Limited. An assessment to determine whether the Group controlled Zimre Property Investments was undertaken. The consideration that led to the determination that the Group had control are as below:

1. The Board of Zimre Property Investments Limited had 7 directors. The Chairman and 3 other directors were appointees of Zimre Holdings Limited.
2. Decisions about activities are based on a simple majority vote of the directors. Zimre Holdinhs Limited had the majority at all times.
3. After the 48% shareholding, the next shareholder with significant shareholding was at 6%. There has not been a history of other shareholders getting together to vote against Zimre Holdings Limited.
4. At shareholder General Meetings, some of the shareholders were not present. Hence any voting by a general majority always ensured a more than 50% pass by Zimre Holdings Limited.
5. The Managing Director and all other key personnel in Finance and Operations were Zimre Holdings appointees.
6. The Zimre Holdings Limited Board and Management sets the strategic direction of Zimre Holdings Limited through the Group Executive Meetings that Zimre Property management attends.

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

33.2 Entity with significant influence over the Group

Day River Corporation Limited owns 40.16% of the issued share capital of Zimre Holdings Limited (2015: 40.16%)

33.3 Associates

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

33.4 Transactions and balances with related parties

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

33.4.1 Related party transactions for the year ended 2016

Description	Company owing	Company owed	Relationship at Group level	2016 Transaction amount for the year US$	2016 Balance US$	2015 Transaction amount for the year US$	2015 Balance US$
A. Intercompany transactions							
Inter-company rentals	Baobab Reinsurance Private Limited	Zimre Property Investments Limited	Parent-subsidiary	89 832	295 753	-	-
Intercompany premiums	Nicoz Diamond Limited	Baobab Reinsurance Private Limited	Associate-parent	603 830	297 580	1 072 348	489 072
Intercompany premiums	United General Insurance Limited	Malawi Re Private Limited	Associate-parent	1 268 052	20 188	1 860 307	-
Intercompany loan*	Baobab Reinsurance Private Limited	Zimre Holdings Private Limited	Subsidiary-parent	3 165 857	1 426 737	3 248 541	1 426 737
Intercompany dividends	Baobab Reinsurance Private Limited	Zimre Property Investment Limited	Parent-subsidiary	103 341	-	98 076	-
Intercompany dividends	Fidelty Life Assurance Limited	Zimre Holdings Limited	Associate-parent	114 194	-	75 426	-
Intercompany dividends	NicozDiamond Limited	Zimre Holdings Limited	Associate-parent	-	-	80 988	-

B. Compensation of key management personnel of the Group	2016 US$	Restated 2015 US$
Short-term employee benefits	(1 024 897)	(1 279 127)
Post-employment pension and medical benefits	-	-
Termination benefits	-	-
Share-based payment transactions	-	-
Total compensation paid to key management personnel	(1 024 897)	(1 279 127)

C. Other interest of directors in the holding company

Shares	Number 2016	2015
BN Kumalo	1,031,315	1,031,315

33.5 Transactions involving changes in subsidiaries shareholding

33.5.1 Change in degree of control in Zimre Property Investments Limited 2016

During 2016, the Zimre Holdings Limited purchased a further interest in Zimre Property Investments Limited as shown below

	2016
Additional interest bought	3.28%
Interest after purchase	50.89%
Purchase price in US$	486 104
Bargain on purchase US$	1 182 081

Zimre Property Investments Limited remains a subsidiary of the Group.

The bargain on purchase was recognised directly in equity

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

33.5.2 Disposal of subsidiary in 2015 - United General Insurance Limited

(a) Summary information on the disposal

on 1 January 2015 Zimre Holdings disposed of its interest in United General Insurance Limited of Malawi to NicozDiamond Limited in Zimbabwe as below:

	2016	Restated 2015
Interest disposed of	-	49%
Interest after disposal	-	23%
Sale price of disposed interest US$	-	1 274 962
Loss on disposal US$	-	(307 692)
Fair value of remaining interest at the date of disposal US$	-	807 477

United General insurance changed to an associate after the disposal.
The loss on disposal was accounted for through profit or loss and is in other income

(b) Cash flow effect of the disposal

	2016	Restated 2015
Carrying amounts of assets and liabilities disposed of:		
Cash and cash equivalents	-	1 298 296
Trade and other receivables	-	5 694 900
Property and equipment	-	987 658
Investment property	-	555 772
Other assets	-	1 597 482
Total assets	**-**	**10 134 108**
Trade and other payables	-	1 017 988
Insurance and other provisions	-	5 886 213
Total liabilities	**-**	**6 904 201**
Net assets derecognised	**-**	**3 229 907**

The aggregate cash inflows arising from the disposal of United General Insurance are shown below:

	2016	Restated 2015
Net assets disposed of (as above)	-	3 229 907
Less non-controlling interest	-	(839 776)
	-	2 390 131
Loss on disposal	-	(307 692)
Fair value of remaining interest	-	(807 477)
Cash proceeds from disposal	-	1 274 961
Cash and cash equivalents in subsidiary disposed of	-	(1 298 296)
Net cash flow on disposal	**-**	**(23 335)**

Notes to the Group Financial Statements *(continued)*
For the year ended 31 December 2016

34. FAIR VALUE MEASUREMENT
Definitions and fair value hierarchy levels are described in note 2.10

34.1 Fair value comparison to carrying amount of the Group's financial instruments

	2016		2015 Restated	
Financial assets	**Carrying amount US$**	**Fair value US$**	**Carrying amount US$**	**Fair value US$**
Financial assets available for sale	6 535 700	6 535 700	6 639 684	6 639 684
Trade and other receivables	13 921 851	13 921 851	15 643 148	15 643 148
Held to maturity financial assets	2 363 567	2 363 567	2 016 736	2 016 736
At fair value through profit and loss financial assets	1 607 254	1 607 254	1 846 032	1 846 032
	24 428 373	**24 428 373**	**26 145 601**	**26 145 601**
Financial liabilities				
Interest bearing loans and borrowings	1 376 091	1 376 091	885 264	885 264

34.2 Fair value measurement hierarchy tables
The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities:

Fair value measurement hierachy as at 31 December 2016:	**Date of valuation**	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
Assets				
Investment property	31-Dec-16			44 924 623
Revalued property and equipment	31-Dec-16			2 564 394
Financial assets available for sale	31-Dec-16			6 535 700
Trade and other receivables	31-Dec-16		13 921 851	
Held to maturity financial assets	31-Dec-16		2 363 567	
At fair value through profit and loss financial assets	31-Dec-16	1 607 254		
Liability				
Interest bearing loans and borrowings			1 376 091	

There have been no transfers between Level 1 and Level 2 during 2016.

Fair value measurement hierachy as at 31 December 2015: (Restated)	**Date of valuation**	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
Investment property	31-Dec-15			46 997 682
Revalued property and equipment	31-Dec-15			3 105 897
Financial assets available for sale	31-Dec-15			6 639 684
Trade and other receivables	31-Dec-15		15 643 148	
Held to maturity financial assets	31-Dec-15		2 016 736	
At fair value through profit and loss financial assets	31-Dec-15	1 846 032		
Liability				
Interest bearing loans and borrowings			885 264	

There have been no transfers between Level 1 and Level 2 during 2015.

Notes to the Group Financial Statements *(continued)*

For the year ended 31 December 2016

34.3 Valuation techniques used to detremine level 2 and 3 fair values

The group obtains independent valuations for its investment properties and for its freehold land and buildings related to office buildings (classified as property and equipment) at least annually.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the valuers consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3

35 Other comprehensive income

	2016			2015 Restated		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax
Exchange differences on translating foreign operations	(1,012,570)	-	(1,012,570)	(2,765,742)	-	(2,765,742)
Gains on equity instruments	234,431	-	234,431	371,288	(2,757)	368,531
Gains on property, plant and equipment revaluations	299,209	(98,545)	200,664	141,932	(50,266)	91,666
Gains recycled to profit and loss on disposal	-	-	-	-	-	-
Share of other comprehensive income of associates	(187,513)	-	(187,513)	(799,576)	-	(799,576)
Other comprehensive income net of tax	**(666,443)**	**(98,545)**	**(764,988)**	**(3,052,098)**	**(53,023)**	**(3,105,118)**

36. EVENTS AFTER THE REPORTING DATE

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

(i) Restrictive Measures

On 12 January 2017, Zimre Holdings Limited was removed from the list of Specially Designated Foreign Nationals maintained by the Office of Foreign Assets Control (OFAC), a division of the United States of America Treasury Department. This major milestone will now enable the Group to implement its strategy of mobilizing international capital to strengthen Group operations and for regional expansion, which had been hamstrung by the restrictive measures. The Group will also be able to access cash withheld in excess of US$1m

(ii) CFI Holdings Limited

The Group's investment vehicle into CFI Holdings Limited, Stalap Investments (Private) Limited acquired further shareholding in the entity which takes its total stake to 41.03% from 28%. The Group is still considering a mandatory offer to minorities that comes about as a result of having shareholding beyond 35% in a company listed on the Zimbabwe Stock Exchange.

(iii) Emeritus Reinsurance Company South Africa Limited

The Group took a deliberate decision to consolidate the South African and Botswana based businesses for better and efficient utilization of capital. In an exit strategy approved by the South African Financial Services Board the South African Office will be closed by 31st August 2017 with its business being transferred to Botswana.

(iv) Approval of financial statements

The financials statements were approved for issue by the Board of Directors on 15 March 2017

Company Financial Statements
For the year ended 31 December 2016

Company Statement of financial position
as at 31 December 2016

Assets	Notes	2016 US$	2015 US$	1-Jan-15 US$
Non-current assets		**39 118 653**	**38 878 694**	**30 415 677**
Office equipment	2	391	391	391
Investment in subsidiaries	3	34 902 165	35 090 160	27 114 998
Investment in associates	4	3 076 100	3 637 613	3 300 288
Available for sale financial asset	5	1 139 997	150 530	-
Current assets		**2 618 780**	**4 958 525**	**241 205**
Short-term investments	6	323 359	128 858	37 302
Loan to subsidiary	7	1 426 737	1 426 737	-
Other receivables including intercompany	8	466 431	501 742	199 529
Cash and cash equivalents	9	402 253	2 901 188	4 374
TOTAL ASSETS		**41 737 433**	**43 837 219**	**30 656 882**
EQUITY AND LIABILITIES				
Equity		**37 798 801**	**41 884 200**	**26 754 465**
Share capital	10	15 331 003	15 306 763	7 806 763
Share premium		11 427 034	11 562 694	5 165 974
Non-distributable reserve		22 425 205	22 437 392	22 425 206
Mark-to-market reserve		(5 310 540)	(5 319 910)	(5 319 910)
Retained earnings		(6 073 901)	(2 102 739)	(3 323 568)
Non-current liability				
Deferred tax	11	-	6 568	1 965
Current liabilities		**3 938 632**	**1 946 451**	**3 900 452**
Short-term borrowings				463 549
Other payables and accruals including intercompany	12	3 938 632	1 946 451	3 436 903
TOTAL EQUITY AND LIABILITIES		**41 737 433**	**43 837 219**	**30 656 882**

Company Financial Statements *(continued)*
For the year ended 31 December 2016

Company Statement of comprehensive income
for the year ended 31 December 2016

	Notes	2016 US$	2015 US$
Investment revenue	13	138 876	493 877
Other (loss)/gain	14	(9 507)	1 099 617
Total income		**129 369**	**1 593 494**
Less operating and administrative expenses	15	(4 107 099)	(206 886)
Loss before tax		**(3 977 730)**	**1 386 608**
Income tax	11.2	(28 910)	(334 057)
Loss after tax		**(4 006 640)**	**1 052 551**
Other Comprehensive Income			
Gain on available for sale financial assets		**9 370**	**-**
Other comprehensive income net of tax		**9 370**	**-**
Total comprehensive loss for the period		**(3 997 270)**	**1 052 551**

Company Financial Statements *(continued)*
For the year ended 31 December 2016

Company Statement of Changes in Equity
for the year ended 31 December 2016

	Share capital US$	Share premium US$	Non distributable reserve US$	Mark-to -market reserve US$	Retained earnings US$	Total Equity US$
Balance as at 1 January 2015	**7 806 763**	**5 165 974**	**22 425 206**	**(5 319 910)**	**(3 323 568)**	**26 754 466**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1 052 551**	**1 052 551**
Loss for the year as restated	-	-	-	-	1 052 551	1 052 551
Other comprehensive income for the period net of tax	-	-	-	-	-	-
Transactions with owners in their capacity as owners :	**7 500 000**	**6 396 720**	**12 187**		**168 278**	**14 077 185**
Dividend declared and paid	-	-	-	-	-	
Issue of share capital	7 500 000	7 500 000	-	-	-	15 000 000
Rights issue costs	-	(1 103 280)	-	-	-	(1 103 280)
Equity adjustments	-	-	12 187		168 278	180 465
Disposal of subsidiary	-	-	-		-	
Restated 31 December 2015	**15 306 763**	**11 562 695**	**22 437 393**	**(5 319 910)**	**(2 102 739)**	**41 884 202**
Balance as at 1 January 2016	**15 306 763**	**11 562 695**	**22 437 393**	**(5 319 910)**	**(2 102 739)**	**41 884 202**
Total comprehensive income for the year				9 370	(4 006 640)	(3 997 270)
Loss for the period	-	-	-	-	(4 006 640)	(4 006 640)
Other comprehensive income for the period net of tax	-	-	-	9 370	-	9 370
Transactions with owners in their capacity as owners :	**24 240**	**(135 661)**	**(12 187)**	**-**	**35 478**	**(88 130)**
Dividend declared and paid	-	-	-	-	-	-
Issue of share options	24 240	-	(12 187)	-	35 478	47 531
Share issue costs	-	(135 661)	-	-	-	(135 661)
Increase in degree of control of subsidiary						
Balance at 31 December 2016	**15 331 003**	**11 427 034**	**22 425 206**	**(5 310 540)**	**(6 073 902)**	**7 798 802**

Reserves explanation

1. Non-distributable reserve - arose on conversion of Zimbabwean dollar to United States Dollar in 2009

2. Mark-to-market reserve - relates to fair valuation gain/(loss) on Available for Sale Financial Assets

Company Financial Statements *(continued)*
For the year ended 31 December 2016

Company Statement of Cash Flows

for the year ended 31 December	Notes	2016 Audited US$	2015 Audited US$
Loss before income tax		**(3 977 730)**	**1 386 608**
Adjustments for non-cash items:			
Fair value gains on quoted equities		(73 119)	-
Fair value adjustments on investment properties		-	-
Loss/(gain) on disposal of investments		82 626	(109 426)
Profit on disposal of property and equipment		-	(1 200)
Impairment of other investments		1 541 975	-
Other non-cash movements		3 424	-
Total non cash items		**1 554 906**	**(110 626)**
Adjustments for separately disclosed items:			
Dividend received		(41 192)	(90 308)
Interest received		(97 684)	(403 569)
		(138 876)	**(493 877)**
Operating cash flows before working capital changes		**(2 561 699)**	**782 105**
Working capital changes			
(Increase)/decrease in trade and other receivables		156 692	(829 814)
Decrease in trade and other payables		-	(1 490 452)
Working capital changes		**156 692**	**(2 320 266)**
Cash flows from operations		**(2 405 007)**	**(1 538 161)**
Interest received		97 684	403 569
Income tax paid		-	-
Net cash flows from operating activities		**(2 307 324)**	**(1 134 592)**
Investing activities			
Dividends received		41 192	90 308
Proceeds from disposals of property and equipment		-	1 200
Purchase of investments		(121 381)	(100 000)
Cash utilised in investing activities		**(80 189)**	**(8 492)**
Financing activities		-	
Loan repayment		-	(1 426 737)
Proceeds from exercise of share options		24 240	-
Proceeds from issue of share capital		-	15 000 000
Purchase of further investment in subsidiaries		-	(8 430 086)
Payments to costs of issuing share capital		(135 661)	(1 103 280)
Cash flows from financing activities		**(111 421)**	**4 039 897**
Net (decrease)/ increase in cash and cash equivalents		**(2 498 934)**	**2 896 813**
Cash and cash equivalents at the beginning of the year		**2 901 187**	**4 374**
Cash and cash equivalents at the end of the year	9	**402 253**	**2 901 187**

Notes to the Company Financial Statements
For the year ended 31 December 2016

1. Corporate information

The company is a holding company of investments in subsidiaries, associates and other strategic investments for the Group, with its risks consistent with those of the operating subsidiary companies. These risks are disclosed in the Consolidated financial statements.

		2016 US$	2015 US$
2.	**Office equipment**		
	Cost	391	391
	Depreciation	-	-
	Carrying amount	**391**	**391**
	The equipment is an office safe.		
3.	**Investment in subsidiaries**		
	At 1 January	**35,090,160**	**27,114,998**
	Additions	-	7,975,162
	Disposals	(187,995)	-
	At 31 December	**34,902,165**	**35,090,160**
	The principal subsidiaries are those listed on note 35 of the Consolidated Financial Statements		
4.	**Investment in associates**		
	At 1 January	**3,637,613**	**3,300,288**
	Additions	-	337,325
	Impairment	(561,513)	-
	At 31 December	**3,076,100**	**3,637,613**
5.	**Available for sale financial assets**		
	At 1 January	**150,530**	**-**
	Additions	980,097	150,530
	Fair value adjustments	9,370	-
	At 31 December	**1,139,997**	**150,530**
6.	**Short-term investments**		
6.1	**Held to maturity investments**		
	At 1 January	**100 000**	**-**
	Purchases	-	100 000
	At 31 December	**100 000**	**100 000**
6.2	**At fair value through profit or loss**		
	At 1 January	**28 858**	**37 302**
	Fair value gain/(loss)	73 119	(8 444)
	Disposals		
	Purchases	121 382	
	At 31 December	**223 359**	**28 858**
	Total	**323,359**	**128,858**

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

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

Notes to the Company Financial Statements *(continued)*
For the year ended 31 December 2016

7. Loan to subsidiary

	2016 US$	2015 US$
At 1 January	**1 426 737**	**-**
Loan advanced	-	1 426 737
At 31 December	**1 426 737**	**1 426 737**

The Loan was to Baobab Reinsurance Limited at 0% interest. It was repaid in 2017 in full.

8 Other receivables including intercompany

	2016	2015
Receivables from related parties	466,431	501,742

9 Cash and cash equivalents

	2016	2015
Term deposits maturing under 3 months	402,253	2,901,188

10 Share capital

	Share Capital US$	Share Premium US$	Total US$
At 1 January 2015	**7 806 763**	**5 165 974**	**12 972 736**
Issue of new shares	7 500 000	7 500 000	15 000 000
Share issue costs	-	(1 103 280)	(1 103 280)
At 31 December 2015	**15 306 763**	**11 562 694**	**26 869 456**
Issue of shares under share option scheme	24 240	-	24 240
Share issue costs	-	(135 661)	(135 661)
At 31 December 2016	**15 331 003**	**11 427 034**	**26 758 035**

	2016	2015
Authorised share capital		
2 000 000 000 ordinary shares with a nominal value of US$0.01 each	20 000 000	20 000 000
Issued and fully paid capital		
1 533 338 937 (2015:1 530 676 272) ordinary shares with a nominal value of US$0,01 each	15 331 003	15 306 763

Unissued shares

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

Notes to the Company Financial Statements (continued)
For the year ended 31 December 2016

		2016 US$	2015 US$
11	**Income tax**		
11.1	**Deferred tax**		
11.1.1	**Deferred tax assets/ (liabilities)**		
	Reflected in the Statement of Financial Position as follows:		
	Deferred tax asset	-	-
	Deferred tax liability	-	(6 568)
	Income tax deferred net (liability)/asset	**-**	**(6 568)**
11.1.2	**Reconciliation of deferred tax asset/(liability) net**		
	At 1 January	**(6 568)**	**(1 965)**
	Tax income/(expense) during the period recognised through profit or loss	(28 910)	(334 057)
	Tax income/(expense) during the period recognised in OCI		
	Deferred taxes changes including disposals	35 478	329 454
	Exchange rate movements		
	At 31 December	**-**	**(6 568)**
11.1.3	**Sources of deferred tax asset/(liability)**		
	Assessed losses	-	(6 568)
		-	**(6 568)**
11.2	**Income tax credit/(expense)**		
	Current	-	-
	Deferred	(28 910)	(334 057)
		(28 910)	**(334 057)**
11.3	**Tax rate reconciliation**		
	Accounting (loss)/ profit before tax	(3 977 730)	1 386 608
	Tax at Zimre Holdings statutory income tax rate of 25.75% (2015: 25.75%)	1 024 265	(357 052)
	Impairment of associate	(397 059)	-
	Effect of limiting assessable losses	(572 069)	(104 179)
	Effects of fines and other non-deductible expenses	(119 808)	-
	Income exempt from tax - dividends	10 607	23 254
	Income exempt from tax - interest	25 154	103 919
	Income tax credit/ (expense) for the year reported in profit or loss	**(28 910)**	**(334 057)**
11.4	**Tax losses**		
	Unused tax losses for which no deferred tax asset has been recognised	2,221,627	404,579
	Potential tax at 25.75%	572,069	104,179

The unused tax losses were incurred by the Holding company Zimre Holdings Limited that is unlikely to generate taxable income for the forseable future.

Notes to the Company Financial Statements *(continued)*

For the year ended 31 December 2016

		2016 US$	2015 US$
12	**Other payables and accruals including intercompany**		
	Related party payables	3,938,632	1,946,451
13	**Investment revenue**		
	Dividend income	41 192	90 308
	Interest income	97 684	403 569
		138 876	**493 877**
14	**Other Income**		
	Profit/(loss) on disposal of property and equipment	-	1 200
	Gains/ (Losses) on disposal of financial assets through profit or loss	101 099	-
	Gains/ (Losses) on disposal of Investments in equity instruments	(183 725)	109 426
	Gains on disposal or bargain purchase of subsidiaries and associates	-	997 435
	Fair value gains on financial assets through profit or loss	73 119	(8 444)
	Unrealised exchange gains/(losses)	-	-
		(9 507)	**1 099 617**
15	**Operating and administration expenses**		
	External auditors' remuneration for audit	(34 396)	(23 784)
	Directors' fees (non-executive)	(73 900)	(58 950)
	Employee benefit expenses	**(1 545 170)**	**-**
	Directors' remuneration (executive directors)	-	-
	Wages and salaries (excluding executive directors)	(505 389)	-
	Retrenchment costs	(141 297)	-
	Other staff costs	(147 951)	-
	Pension costs	(234 294)	-
	Post-employment benefits other than pensions	(516 239)	-
	Impairment of non-current assets	(1 541 975)	
	Consultation fees	(138 263)	(45 437)
	Legal fees		(4 625)
	Fines	(465 274)	-
	Rent, premises costs and utilities	(59 060)	-
	Travel and representation	(4 006)	-
	Marketing, advertising and promotion	(7 325)	-
	Other operating expenses	(237 730)	(74 090)
		(4 107 099)	**(206 886)**
16	**Events after the reporting date**		
	The financial statements were authorised for issue on 15 March 2017		

Shareholders Analysis
As at 31 December 2016

ZimRe Holdings Limited top 10 Shareholders as at 31 December 2016

Shareholder Name	Number of Shares	% of Total Issued Shares
DAY RIVER CORPORATION (PRIVATE) LIMITED	614 769 314	40.09
GOVERNMENT OF ZIMBABWE	331 728 844	21.63
NATIONAL SOCIAL SECURITY AUTHORITY	203 905 526	13.30
LALIBELA LIMITED-NNR	157 498 202	10.27
NICKDALE ENTERPRISES (PVT) LTD	68 123 292	4.44
LOCAL AUTHORITIES PENSION FUND	34 788 794	2.27
NSSA - WORKERS' COMPANSATION	22 622 184	1.48
HAYES-NNR NOEL	15 187 617	0.98
MARIOT COMPUTING AND MANAGEMENT SERVICES (PVT) LTD	11 703 653	067
VON SEIDEL-NNR RICHARD JOHN	8 535 224	0.56
TOTAL HOLDING OF TOP SHAREHOLDERS	**1 467 286 008**	**95.69**
REMAINING HOLDING	**66 052 929**	**4.31**
TOTAL ISSUED SHARES	**1 533 338 937**	**100.00**

Analysis of Shareholders for Zimre Holdings Limited as at 31 December 2016

Size of shareholding	Number of Shareholders	% No. of Shareholders	Shares Held	% of Shares Held
1-1000	2 207	72.67	450 843	0.03
1001-2000	237	7.80	362 350	0.02
2001-3000	89	2.93	221 707	0.01
3001-4000	68	2.24	240 796	0.02
4001-5000	43	1.42	198 194	0.01
5001-10000	108	3.56	773 417	0.05
10001-20000	94	3.10	1 392 476	0.09
20001-50000	64	2.11	1 972 252	0.13
50001-100000	40	1.32	2 932 298	0.19
100001-500000	46	1.51	9 504 904	0.62
500001-1000000	12	0.40	9 276 408	0.60
1000001-10000000	20	0.66	45 785 866	2.99
10000001-50000000	4	0.13	84 202 248	5.49
50000001-100000000	1	0.03	68 123 292	4.44
100000001-99999999999	4	0.13	1 307 901 886	85.30
	3 037	**100.00**	**1 533 338 937**	**100.00**

Size of shareholding	Number of Shareholders	% No. of Shareholders	Total Holding	% of Total Holding
INDIVIDUALS	2,821	92.88	31,303,573	2.04
COMPANIES	165	5.44	1251224618	81.6
FCDA RESIDENT AND NEW NON RESIDENT	10	0.33	183536724	11.97
PENSION FUNDS	17	0.56	62,295,813	4.06
NOMINEE COMPANY	21	0.69	4,662,035	0.30
INSURANCE COMPANIES	3	0.10	316,174	0.02
Totals	**3,037**	**100.00**	**1,533,338,937**	**100.00**

Notice of the Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting (AGM) of members of Zimre Holdings Limited (ZHL) will be held in the NICOZDIAMOND Auditorium, 7th Floor Insurance Centre, 30 Samora Machel Avenue, Harare on Wednesday, 28 June 2017 at 10:00 hours, to consider the following business:

ORDINARY BUSINESS

1. **Financial Statements**
   To receive, consider and adopt the audited Annual Financial Statements together with the reports of the Directors and Auditors for the year ended 31 December 2016.

2. To elect Directors of the company
   In terms of Article 75 of the Articles of Association of the Company, Messrs B N Kumalo, I Mvere and B Ndebele retire by rotation and being eligible, offer themselves for re-election.

3. To approve the remuneration of the Directors for the past financial year.

4. To approve the remuneration of the Independent Auditors, PwC Chartered Accountants Zimbabwe, for the past financial year.

5. To appoint Auditors for the current year. PwC Chartered Accountants Zimbabwe, have indicated their willingness to continue as auditors of the company.

SPECIAL BUSINESS

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

   As an Ordinary Resolution

   That the Directors be and are hereby authorised in terms of Article 28 (f) of the Company's Articles of Association and subject to Section 79 of the Companies Act (Chapter 24:03) to purchase the company's own shares subject to the following terms and conditions:

   (i) That the purchase price shall not be lower than the nominal value of the company's shares and not greater than 5% or 5% below the weighted average of the trading price for the ordinary shares traded for the five (5) business days immediately preceding the date of the repurchase of such shares of the Company.
   (ii) The maximum number of shares that may be acquired shall not exceed 10% (ten percent) of the company's issued ordinary share capital.
   (iii) That this authority shall expire on the date of the next Annual General Meeting of the Company and shall not extend beyond 15 (fifteen) months from the date of the resolution.
   (iv) That the shares repurchased may be held for treasury purposes or cancelled as may be decided by the Board of Directors from time to time.

Notice of the Annual General Meeting *(continued)*

Directors' Statement

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

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

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

Note

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

(ii) Proxy forms must be lodged at the registered office of the company not less than 48 hours before the time of holding the meeting.

By order of the Board

S Mhlanga
Company Secretary

1 June 2017

Registered Office
9th Floor, Zimre Centre
Cnr Leopold Takawira/Kwame Nkrumah Ave
HARARE
Zimbabwe

Proxy Form

I/We..

Of...

Being a member/ members of the above company, hereby appoint

Mr/Mrs/Ms...

Or failing him/her...

Of...

Or failing him/her...

Of...

As my/ our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 28 June 2017 and at any or adjournment thereof.

SIGNED this..Day of...2017

Signature of Member...

NOTES

1. A member entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person, whether a member of the Company or not, as his/her proxy to attend, vote and speak in his/her stand.
2. Proxy forms should be lodged at the registered office of the Company by no later than 48 hours before the time of the holding of the meeting.
3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initiated by the signatory/signatories.
4. Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.

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Change of address Advice

Shareholders should of necessity keep the Transfer Secretaries advised of any change in name or address:

Shareholder's name in full (Block Letters)...

New Address (Block Letters)...

....

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