CONTENTS

GROUP PROFILE
for the year ended 31 December 2016

Shareholding: 100% owned by the Government of Zimbabwe

Board of Directors
H. Nkala **(Chairman)**
G. Zvaravanhu **(Mrs) (Vice Chairman)**
J. Mushayavanhu
R. Mafoti **(Prof)**
S.M. Fallala **(Dr)**
M. N. Ndudzo **(General Manager)**

Registered Office
93 Park Lane
PO Box CY 1431
Causeway
Harare
Telephone: 263 4 706971/5 or 250405
E-mail: administrator@idc.co.zw

Auditor
KPMG Chartered Accountants (Zimbabwe)
Mutual Gardens
100 The Chase (West)
Emerald Hill
Harare

Bankers
Agricultural Development Bank of Zimbabwe
t/a Agribank
Hurudza House
14-16 Nelson Mandela Avenue
Harare

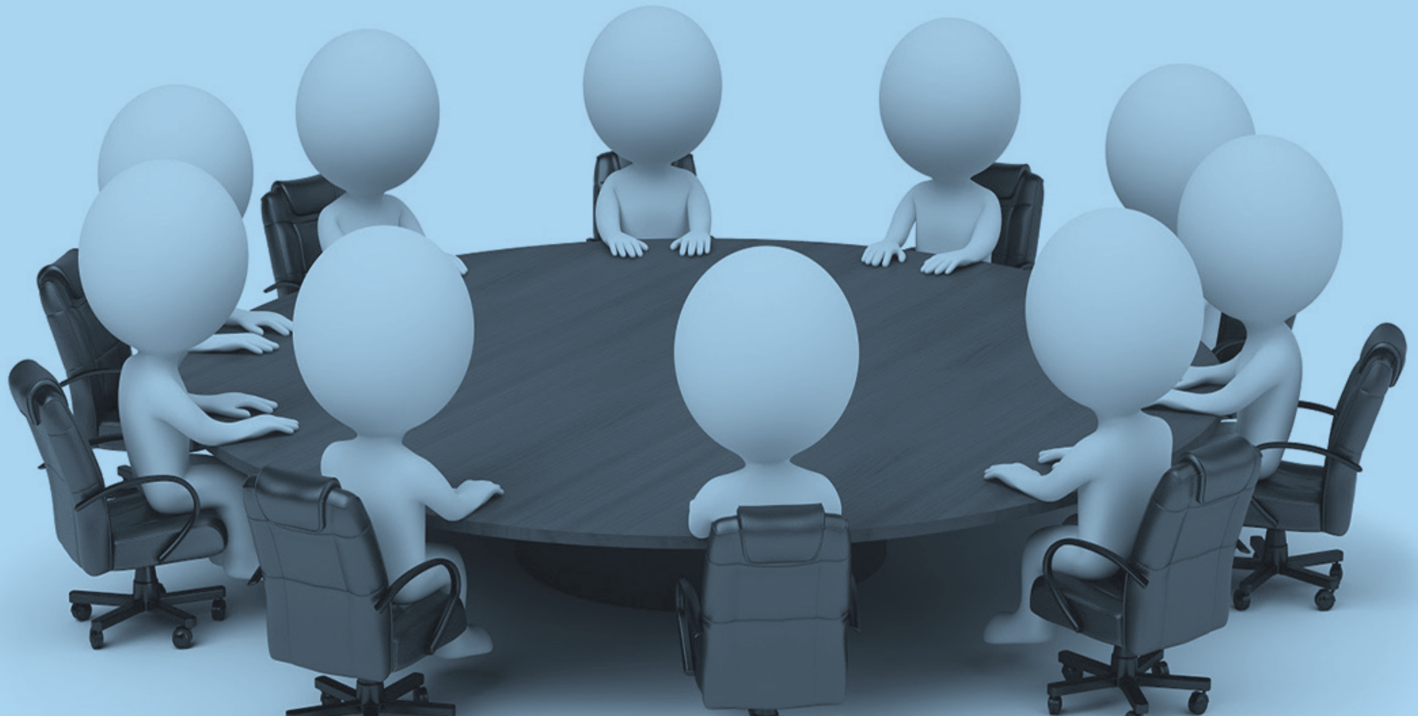
Stanbic Bank of Zimbabwe Limited
77 Park Lane, SSC Building
CNR J Nyerere/S Nunjoma
Harare

ZB Bank Limited
Cnr First Street/Speke Avenue,
Harare

Lawyers
Chitewe Law Practice
212A Sam Nunjoma Street
Avondale,
Harare

Mhishi Legal Practice
9th Floor, Old Mutual Centre
Corner J Moyo/ Third Street
Harare

Chikwengo&Taongai Law Chambers
15 Orkney Road
Eastlea, Harare
14-16 Nelson Mandela Avenue
Harare



CORPORATE AND GROUP MANAGEMENT

for the year ended 31 December 2016

Board Committees

Business Development Committee

Prof. R. Mafoti (Chairman), Mr. J. Mushayavanhu, Mr M. N. Ndudzo.

Finance & Audit Committee

Mrs G Zvaravanhu (Chairman), Dr S.M. Fallala, Mr. J. Mushayavanhu, Mr M. N. Ndudzo.

Nomination Committee

Mr H. Nkala (Chairman), Mr J. Mushayavanhu, Mrs G Zvaravanhu, Prof. R. Mafoti, Dr S.M. Fallala, Mr M. N. Ndudzo.

Remuneration & Human Resources Committee

Mr J Mushayavanhu (Chairman), Mrs. G. Zvaravanhu, Mr M. N. Ndudzo.

Risk Management Committee

Dr S.M. Fallala (Chairman), Mrs G Zvaravanhu, Prof. R. Mafoti, Mr M. N. Ndudzo.

Corporate Management

M. N. Ndudzo	General Manager
C .T. Mutingwende	Corporate Services Executive
T. Ngwebu	Senior Manager: Development Finance & Investment Analysis
F. Mupazviriho(Ms)	Manager: Business Intelligence & Market Research
N. Musungwa	Finance Manager
C. Mutiti	Internal Audit Manager
G. Tapfuma	Projects Manager: Agro Processing
R. Shoko (Mrs)	Projects Manager: Chemicals, Knowledge & Green Industries
B. Mushohwe	Projects Manager: Minerals Beneficiation
D. Sibanda	Public Relations and Administration Manager
L. Koni	Corporate Secretary and Compliances Manager

*** F. Mupazviriho (Ms) was appointed General Manager of Sunway City on 1 September 2016**
*** R. Shoko (Mrs) seconded to Almin Metal Industries Limited as Acting General Manager on 8 December 2015**
*** B Mushohwe (Mr) seconded to Motira (Private) Limited as Acting Managing Director on 1 January 2017**

Subsidiary Companies

R. Shoko (Mrs)	Acting General Manager, Almin Metal Industries Limited
M. S. Kachere	Group Chief Executive Officer, Chemplex Corporation Limited
G. Zivanai	General Manager, Ginhole Investments (Private) Limited t/a Last Hope Estate
B .N. Kumalo	Group Chief Executive Officer, Motec Holdings (Private) Limited
F. Mupazviriho (Ms)	Acting General Manager, Sunway City (Private) Limited
P. Sanangurai	General Manager, Allied Insurance Company (Private) Limited
B. Mushohwe	Acting Managing Director, Motira (Private) Limited

Associated and Other Companies

M. Abbasi	Chief Operating Officer, Modzone Enterprises (Private) Limited
Wang Yong	Managing Director, Sino-Zimbabwe Cement Company (Private) Limited
S. Mangani	General Manager, Surface Wilmar Investments (Private) Limited
A. R. Hassim	Group Managing Director, Stone Holdings (Private) Limited
C. Nkiwane	General Manager, Zimbabwe Grain Bag (Private) Limited
S. Madondo	Acting General Manager, Olivine Holdings (Private) Limited

CORPORATE PROFILE AND MISSION

for the year ended 31 December 2016

The Industrial Development Corporation of Zimbabwe Limited (IDCZ), (the Corporation) was incorporated through the Industrial Development Corporation Act (Chapter 14.10) in 1963 to invest in industry as a state agency. The Industrial Development Corporation of Zimbabwe Limited Act was amended in 1984 to allow the Corporation to promote investment and economic co-operation across borders. The Corporation identifies and develops industrial project opportunities into commercially viable ventures in partnership with local, regional and international investors, and technology and market access partners.

Having been in business for the last 53 years, the Corporation has built an investment portfolio supplying quality products at competitive prices, with the core being in the sectors of motor and transport, fertiliser and chemicals, cement, aluminium and base mineral processing and agro-processing . It also has investments in textiles, granite processing, packaging, insurance and real estate.

The main objectives of the Corporation are:
"with the approval of the Minister to establish and conduct industrial undertakings; to facilitate, promote, guide and assist in the financing of new industries and industrial undertakings, expansion schemes, better organisation and modernisation of existing industries; to undertake the development of management and technical expertise in the carrying out of the operations in industry and industrial undertakings, including the development of expertise in project analysis, evaluation of investment opportunities and provision of consultancy services; and to take such measures as may be necessary or expedient to enable the Corporation to exercise control over enterprises in which it has made an investment."

It is a legal requirement for the IDCZ that:

a) "The economic requirements of Zimbabwe may be met and industrial development within Zimbabwe may be planned, expedited and conducted on sound business principles"
b) "Every application or proposal it deals with is considered strictly on its economic merits, irrespective of all other considerations whatsoever"; and that "so far as may be practicable, the Corporation shall not be required to provide an unduly large proportion of the capital which is necessary for such establishment or development."

Corporate Vision

To contribute to the transformation of Zimbabwe to a value adding and beneficiating middle income economy.

Corporate Mission

To identify, develop, mobilize resources and finance industrial project opportunities into commercially viable ventures in partnerships with local, regional and international investors, and technology and market access partners.

Corporate Values

- Transparency
- Innovation
- Gender sensitivity
- Environmental protection
- Professionalism and integrity
- Fair Play
- Empowerment
- Teamwork

"The Corporation identifies and develops industrial project opportunities into commercially viable ventures"

GROUP INVESTMENT AND SHAREHOLDING, STRUCTURE AND SECTOR COMPOSITION

GROUP SUBSIDIARY & ASSOCIATED COMPANIES

- GOVERNMENT OF ZIMBABWE
  - MINISTRY OF INDUSTRY AND COMMERCE — MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT
    - IDC – HEAD OFFICE, 93 Parklane, HARARE

Motor & Transport
- Motec Holdings (Private) Limited Group 100%
  - Willovale Mazda Motor Industries (Private) Limited 91%
  - Deven Engineering (Private) Limited 100%
  - Amtec (Private) Limited 27.5%
- Motira (Private) Limited Tractors 99.86%

Cotton Value Addition
- Modzone Enterprises (Pvt) Ltd Group 17,62%
  - Afroran Spinners (Pvt) Ltd 17%
  - Irazim Textiles (Pvt) Ltd 100%
  - Travan Blankets (Pvt) Ltd 100%

Packaging
- Zimbabwe Grain Bag (Pvt) Ltd 49%

Silica Sands
- Industrial Sands (Pvt) Ltd 100%
- National Glass (Pvt) Ltd 100% (Dormant)
- Headend Enterprises (Pvt) Ltd 9.93% (Dormant)

Mineral Processing
- Ginhole Investments (Pvt) Ltd t/a Last Hope Estate 100%
- Stone Holding (Pvt) Ltd Group 49% Contracting Division - Minaco
  - Zimrock Internation (Private) Limited 100%
  - Quarrying Enterprises (Private) Limited 55%
  - Marlin Granite Mozambique Limitada 49%
  - Minaco Zimbabwe (Pvt) ltd 100%
- Sino-Zimbabwe Cement Company (Pvt) Ltd 35%
- Lupane Gas Development Company

Real Estate Development
- Sunway City (Pvt) Ltd Group 99.98%
  - Sunway Construction Company (Pvt) Ltd 100%
  - Sunway Professional Services (Pvt) Ltd 100%
  - Sunway Real Estate (Pvt) Ltd 100%

Fertilizer & Chemicals
- Chemplex Corporation Limited Group 100% Trading Division – Chemplex Marketing Animal & Public Health
  - Dorowa Minerals (Private) Limited 100%
  - Zimbabwe Phosphate Industries 100%
  - GD Haulage (Private) Limited 100%
  - Zimbabwe Fertilizer Company 50%
  - Sable Chemicals (Private) Limited 35%
  - G & W Industrial Minerals (Pvt) Ltd 100%
  - Allied Insurance Company (Pvt) Ltd 63%

Non-Ferrous Metal Fabrication and Light Engineering
- Almin Metal Industries Ltd Group 51%
  - Zimbabwe Copper Industries 100%

Food Processing
- Invesys Investments (Pvt) Ltd 100% t/a IDC Agrotech Industrial Holdings Group
  - Surface Investments (Pvt) Ltd 10%
  - Swive Technologies (Dormant)

Investment Services
- Corridor Developments (Pvt) Ltd 20%
- Eximp Investments (Pty) Ltd, Namibia 100%

LETTER TO MINISTER OF INDUSTRY AND COMMERCE

for the year ended 31 December 2016

The Honourable Dr. M. Bimha
Minister of Industry and Commerce
P.O. Box 8434
Causeway
Harare

Dear Sir

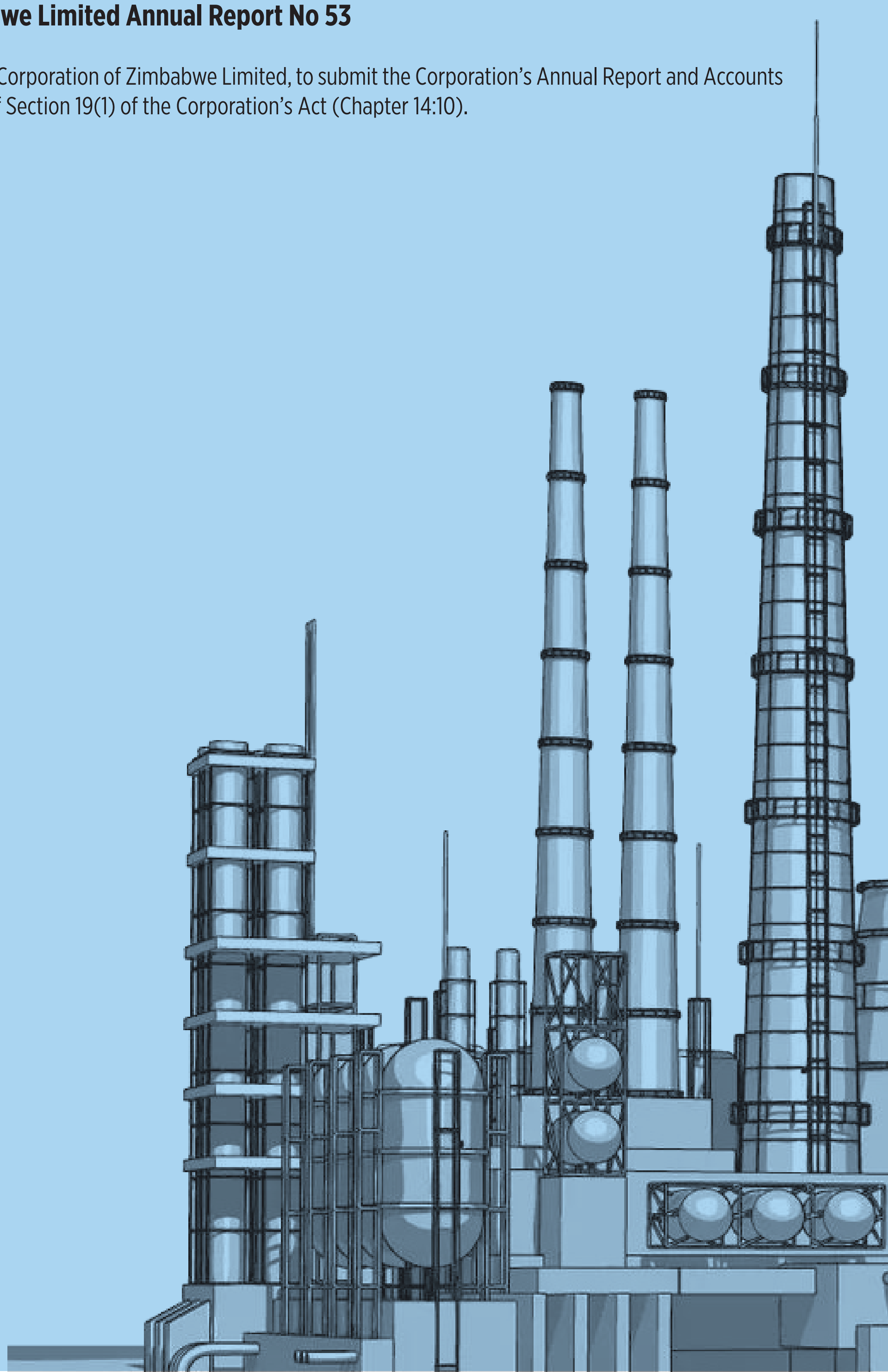
Industrial Development Corporation of Zimbabwe Limited Annual Report No 53

I have the honour, on behalf of the Industrial Development Corporation of Zimbabwe Limited, to submit the Corporation's Annual Report and Accounts for the twelve months ended 31 December 2016 in terms of Section 19(1) of the Corporation's Act (Chapter 14:10).

Yours faithfully

H. Nkala
Chairman

28 June 2017



NOTICE TO THE SHAREHOLDER

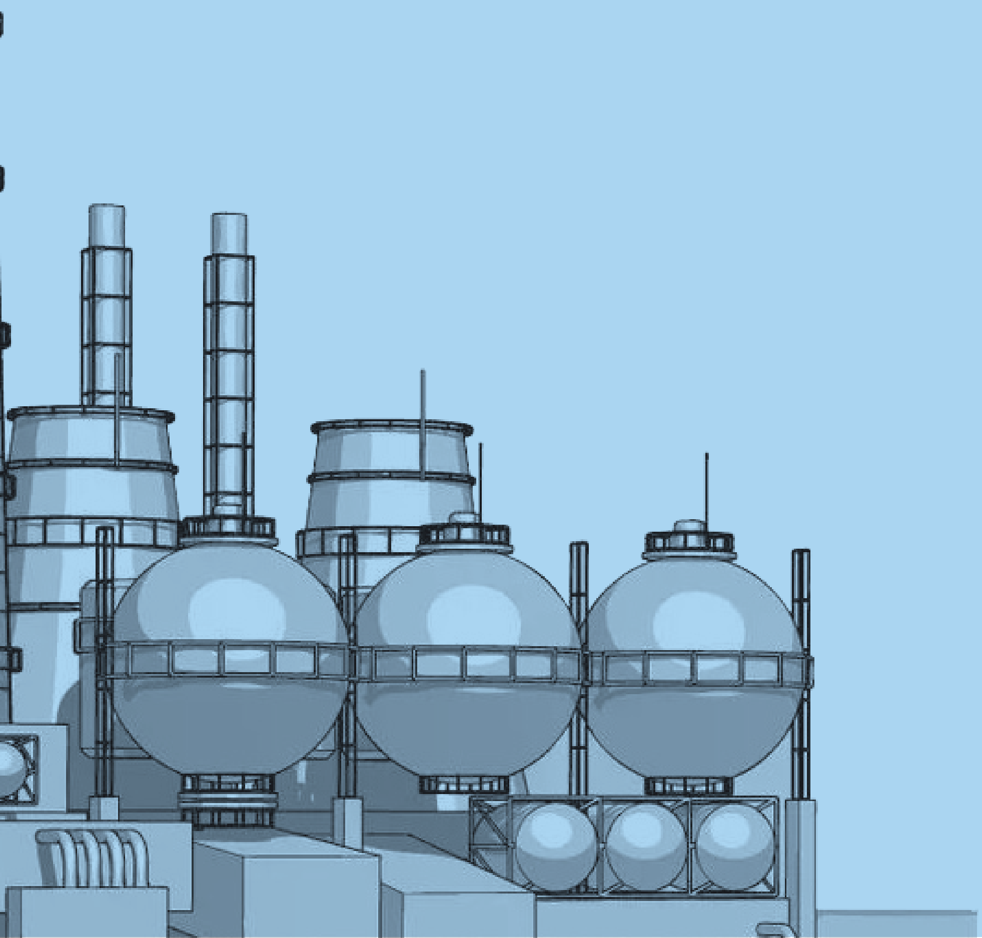
for the year ended 31 December 2016

Notice is hereby given that the 53rd Annual General Meeting of the Shareholder will be held in the IDC Board Room, 93 Park Lane, Harare on Tuesday 18 July 2017at **12:00** hours for transacting the following:

1. Tabling of Proxies, Quorum and Constitution of the meeting.
2. To approve the minutes of the previous Annual General Meeting held on 29 September 2016.
3. To receive, consider and adopt the financial statements and the reports of the directors and auditor for the financial year ended 31 December 2016.
4. To approve the remuneration of the directors for the year ended 31 December 2016.
5. To re-appoint KPMG Chartered Accountants and approve the remuneration of the auditor for the year ended 31 December 2016.
6. Appointment, Resignation and Retirement of Directors.
7. To consider the non-declaration of dividends as recommended by the Directors.
8. To transact all such other business as may be transacted at an Annual General Meeting.

Proxies: The member is entitled to appoint one or more proxies to act on their behalf and to attend, vote and speak in their place.
A proxy need not be a member of the Corporation.

By Order of the Board



CHAIRMAN'S STATEMENT

for the year ended 31 December 2016

1.0. Operating Environment

The operating environment continued to be characterised by very tight market liquidity, declining disposable incomes; subdued aggregate demand; and a dominant informal sector.

Overall economic activity for the country during the period under review was below expectation, causing the downward revision of GDP growth forecasts from 2.7% to 1.4% and 0.6% by year end 2016. There was general low domestic production across the various sectors of the economy, including agriculture, mining, manufacturing, tourism, construction and service industry. Agriculture recorded a growth decline of -3.7% in 2016.

2.0. Inflation

Deflationary conditions persisted throughout 2016, with inflation registering a -2% for the year to October 2016 per ZimStats figures, and -0.93% by December 2016.

3.0. ZIDERA/OFAC Sanctions Removal

The sanctions which had been imposed on the Corporation and its subsidiary companies since 2008, were lifted on 4 October, 2016.

4.0. Recapitalisation

The Government followed its Rights in the Rights Issue Call of USD83 million made to address the Group's technical insolvency, through a Cabinet Resolution passed on 14 November, 2016.

5.0 Group Financial Performance

The Group's revenue decreased from US$93 844 849 in 2015 to US$74 848 568 by end of 2016, due to low fertilizer and other group products sales; reduction in commodity prices worldwide; persistent liquidity constraints; inadequate Nostro account balances; very low and below break-even capacity utilisation especially for subsidiary companies as compared to Associate companies; and down-scaled operations in the Motor and Transport cluster.

The Group's 2016 gross profit contribution remained positive at US$16 265 283, a small decrease from 2015's gross profit figure of US$18 220 294, but was insufficient to cover the overhead costs and finance charges.

6.0 Outlook

There is confidence of a successful 2016/2017 summer cropping season buoyed by favourable rainfall patterns across the Southern African region. The Confederation of Zimbabwe Industries (CZI) in January-February 2017 gave optimistic economic growth forecasts that could top 4% in 2017, driven by increased agricultural, manufacturing and mining output. The Ministry of Finance and Economic Development gave a conservative forecast of 1.7% while the World Bank weighed in with a forecast of 3.8% for 2017. The 2016 Zimbabwe National Competitiveness Report by the National Economic Consultative Forum (NECF) indicated that the reforms being introduced by Government were beginning to make a positive difference.

Chairman's Statement (continued)

For the Group, the removal of the ZIDERA/OFAC Sanctions; the recapitalisation of the group through the Rights Issue of US$21 million an additional expected recapitalisation of US$62 million; the moratorium of three years on the US$21 million group statutory debts in arrears; the consummation of the joint venture between Willowvale Motor Industries (WMI) and Beijing Automobile Industry of China (BAIC) which has seen the re-opening of the WMI assembly plant, should go some way in facilitating the Group's turnaround.

7.0 Directorate

The Board of Directors during the period under review was made up of six members, whose terms of office in respect of five of the members, expire on 5 December, 2018, while the term of office of one of the Directors, which expired on 30 April, 2017 was renewed to 30 April 2020. There were three vacancies on the Board and due processes were underway to fill the vacancies.

8.0 Acknowledgements.

I thank my colleagues on the IDCZ Holdings Board, and the Directors of subsidiary and associate companies for their commitment and contributions during 2016, and look forward to their continued commitment and contributions as we implement the turnaround programmes.

I also thank the entire IDCZ Group Management and Staff for their loyalty and contributions, and last but not least, I thank all stakeholders and customers for their continued support.

Yours Faithfully

Herbert Nkala
CHAIRMAN

28 June 2017

"There is confidence of a successful 2016/2017 summer cropping season buoyed by favourable rainfall"

REPORT OF THE DIRECTORS

for the year ended 31 December 2016

The directors have pleasure in submitting their fifty third report, together with the audited financial statements for the twelve months ended 31 December 2016.

Share Capital

The authorised share capital remained at 50 000 000 ordinary shares of US$2 each with a value of US$100 000 000 as per section 13(1) of the IDC Act (Chapter 14:10).

On 14 November 2016, Cabinet approved the convertion of debt owed to the Ministry of Finance and Economic Development (the Ministry) into 10 086 717 ordinary shares of $2 each with a value of $20 173 543(2015: Nil). The shares were issued to the Ministry in February 2017.

Group income and appropriations	**2016**	**2015**
Loss from operations	(3 151 816)	(2 474 632)
Net finance charges	(7 838 002)	(6 934 844)
Share of Income: associated companies	(1 634 652)	(476 883)
Fair value gain: Investment Property	(198 822)	13 409
Impairment loss: Assets	(2 567 805)	(83 421)
Impairment of investments	2 006	101 215
Exceptional items	(461 198)	-
Gain on loss of control	21 605 249	-
Exchange gain	1 060 381	21 368
Profit/ (Loss) before taxation	6 815 341	(9 833 788)
Income tax credit	877 879	1 651 500
Loss from discontinued operations	(640 943)	(1 207 450)
Profit/ (Loss) after taxation	7 052 277	(9 389 738)
Other comprehensive income	4 593 671	(6 061 735)
Total comprehensive income for year	11 645 948	(15 451 473)
Attributable to:-		
Non-controlling Interest	(61 521)	(841 105)
Owners of the parent	11 707 469	(14 610 368)
	11 645 948	**(15 451 473)**

Directorate

The terms for Mr. H. Nkala, Prof. Mafoti, Mr. J Mushayavanhu and Dr M. Fallala were extended for 3 years from 05 December 2015 to 05 December 2018. Mrs G. Zvaravanhu was appointed Deputy Chairperson effective from 12 October 2015 and her term as director which ran up to 30 April 2017, was extended to 30 April 2020.

Dividend

The directors do not propose to declare a dividend as the Corporation recorded a loss from operations for the year ended 31 December 2016.

REPORT OF THE DIRECTORS (continued)

Auditor
At the 53rd Annual General Meeting scheduled for 18 July 2017, the directors will fix the remuneration of the auditor for the past audit, and appoint auditor for the ensuing year.

For and on behalf of the Board

C T Mutingwende
Corporate Secretary

28 June 2017

CORPORATE GOVERNANCE REPORT

for the year ended 31 December 2016

The Industrial Development Corporation of Zimbabwe Limited is a registered limited liability entity, subject to the provisions of the IDC Act (Chapter 14:10) of 1963 as amended. None of the provisions of the Companies Act (Chapter 24:03) or any other law relating to companies shall apply to the Corporation except in respect of specific provisions as may be enacted by Presidential Proclamation. For its role in catalysing industrialisation, the IDCZ is classified as a Development Finance Institution (DFI) and shall not be wound up except by or under the authority of an Act.

Board of Directors

The Board of Directors is appointed by the Minister of Industry and Commerce. The IDCZ Act determines the constitution, rights, powers and obligations of the Board. Of the nine directors led by a non-executive Chairman, six are from the private sector, two from the public sector. All directors except for the General Manager are non-executive.

The Board meets at least quarterly. The five existing Board Committees meet ahead of the normal board meetings. All Board Committees are chaired by non-executive directors. The Board has reserved certain items for its review including approval of performance results; Greenfield and expansion projects development (i.e. structuring joint ventures and appropriate financing thereof) and related material agreements; disposals of investments; budgets and long-range plans, and senior executive appointments and remuneration. The Board thus retains full control by approving targets and monitors performance on an annual basis.

The Board's assessment of the IDCZ's position is presented in its Annual Report which addresses matters of concern and interest to stakeholders, including non-financial matters, reports on both positive and negative aspects of IDCZ's activities. The Annual Report is tabled in Parliament by the Minister of Industry & Commerce and is available to the public.

The Board subscribes to the need to conduct business in line with generally accepted corporate practices prescribed by the Codes of Best Practice (Cadbury Report, King IV and Zimbabwe Corporate Governance Framework for State Enterprises & Parastatals, and Zimbabwe National Code on Corporate Governance), the Generally Accepted Accounting Principles (GAAP), all relevant legislation, regulations, relevant International Financial Reporting Standards, and in accordance with its Corporate Values.

Business Development Committee

The committee oversees the active search for and identification of Greenfield and expansion investment opportunities for implementation by the Corporation, through new or special purpose implementation vehicles, or through existing investment vehicles. All commercial projects identified for implementation must pass the hurdle of a return above the Corporation's cost of capital.

As the Corporation sheds its enterprise management role to focus on its core mandate of establishing new, and expanding existing, industries and industrial undertakings, and secures debt free funding for this purpose from divestures, new equity from Government as shareholder and appropriate long term debt, the Corporation will consider and undertake investment into third party, walk in, greenfield and expansion projects, in addition to its own identified projects.

CORPORATE GOVERNANCE REPORT (continued)

Finance & Audit Committee

The Committee deals with accounting matters, financial reporting and internal controls. It meets at least quarterly and reviews the financial statements before they are submitted to the Board. The Committee monitors proposed changes to accounting policy, reviews internal control and reporting matters, reviews Internal Audit and Independent External Auditor's reports. The Committee has access to both the external audit partner and the internal audit manager, who also attend its meetings. All significant findings during the audit are brought to the attention of the Board. The Internal Audit Department is required to cover each Corporation investment at least four times per annum.

The Corporation has the agreement with partners in associated and other companies for the Internal Audit Department to conduct audits at those investments commencing in 2001.

Nomination Committee

The committee recommends to the Board names of qualified persons, from a database built for the purpose, for appointment as non-executive directors in Corporation investments, with a view to achieving a skill, gender and geographical mix on these boards.

Remuneration & Human Resources Committee

The Committee is responsible for review of executive management remuneration in line with the Remuneration Policy approved by the Board. The Remuneration Policy was put in place in terms of sections 12 and 23 of the IDC Act (Chapter 14:10), after considering the practices of commercialised and privatised Government owned companies, IDCZ subsidiaries and other holding companies of a size and standing similar to the Corporation.

The policy is aimed at ensuring that the remuneration practices at the Corporation are competitive to enable the Corporation to attract and retain high calibre executives while protecting the interests of the shareholder.

Risk Management Committee

The Committee identifies risks faced by the Corporation and its investments and proactively seeks solutions and measures to manage the risks which are recommended to both the Corporation and its investments.

CORPORATE GOVERNANCE REPORT (continued)

Attendance Register

The record of attendance by the directors was as follows:-

	BOARD	AUDIT	RISK	REMUNERATION	NOMINATION	BUS/DEV
No. of meetings	6	5	3	3	0	3
H. Nkala	6	NM	NM	NM	0	NM
Mrs G.Zvaravanhu	3	4	1	1	0	NM
M.S.Fallala Dr.	5	4	3	NM	0	NM
R.Mafoti (Prof)	5	NM	2	*1(NM)	0	2
J.Mushayavanhu	6	5	NM	3	0	3
M.N.Ndudzo	6	5	3	2	0	3

NM: Not a member of that board committee
O: No meeting were held for nominations committee
*1(NM) : Not a member of that board committee but was specifically requested to attend one special Committee

Code of Conduct and Business Ethics Charter

The IDCZ Code of Conduct and Business Ethics Charter form an integral component of the contracts of service of employees, and provides guidance regarding the behaviour expected from employees.

H. Nkala	Mrs G Zvaravanhu	R Mafoti (Prof)
Board Chairman and Nominations Committee Chairman	Finance and Audit Committee Chairman	Business Development Committee Chairman

J Mushayavanhu	M S Fallala (Dr)
Remuneration and Human Resources Committee Chairman	Risk Management Committee Chairman

28 June 2017

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 December 2016

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Corporation are required by the Industrial Development Corporation Act to maintain adequate accounting records and to prepare financial statements that present fairly the state of affairs of the Corporation and its investments at the end of each financial year and of the profit and cash flows for the period. In preparing the accompanying financial statements, International Financial Reporting Standards have been followed. Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgments and estimates have been made.

The Directors have satisfied themselves that the Group will return to profitability and that the Corporation will be able to discharge its liabilities as they fall due. Its submitted strategic turnaround document to Government as its sole shareholder and as per request, for consideration of its recapitalization and other policy assistance needs was approved on 14 November 2016. The Corporation Board is implementing resolutions passed by Cabinet and the 4D (Dilution, Disposal, Dissolution and Development) Strategy adopted by the Board. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

The Board recognises and acknowledges its responsibility for the Group's systems of internal financial control. The Group maintains internal controls and systems that are designed to safeguard its assets, prevent and detect errors and fraud and ensure the completeness and accuracy of records. The Group's Finance and Audit Committee has met the External Auditor to discuss their reports on the results of their work, which include assessments of the relative strengths and weaknesses of key control areas.

The financial statements for the year ended 31 December 2016, which appear on pages 26 to 114, have been approved by the Board of Directors at its meeting held on 28 June 2017 and were signed on behalf of the Board, by the Chairman of the Board, and General Manager.

This annual report has been prepared under the supervision of Ngonidzashe Musungwa , Certified Public Accountant CPA(Z), ACIS, PAAB Registered Accountant number (RPAcc) **03702.**

....	....
H. Nkala	**M. N. Ndudzo**
Chairman	**General Manager**
28 June 2017	**28 June 2017**

GENERAL MANAGER'S REPORT

for the year ended 31 December 2016

1. ZIDERA sanctions

The ZIDERA/OFAC sanctions which had been imposed on the Group operations and transactions since 2008 were lifted on 4th October, 2016 and efforts to secure US$4.2 million intercepted is in progress with individual banks.

2. Recapitalisation

Cabinet passed a resolution on 14 November 2016 for a US$83 million rights issue to mitigate the Group's technical insolvency. The resuscitation of the development finance function remains a challenge as no provision was made for seed capital for start-up.

Further, Cabinet approved a moratorium of three years on the US$21 million Group statutory debts in arrears to allow for the turnaround of Group investments and enable the Corporation to spearhead reindustrialisation of the economy.

3.

3.1 Chemplex Corporation

Chemplex Corporation is expected to benefit from recapitalization to the tune of $19.1 million from the rights issue, once disbursed and a three year moratorium on its statutory debt of US$11.9 million approved by Cabinet on 14 November, 2016.

The bank debt restructuring done internally in 2015, is expected to improve the company's technical solvency but new capital is still required for retooling its plants and for working capital to operate at optimum capacities and efficiencies of scale.

3.2 ROMSIT

The amount outstanding as at 31 December 2016 was US$10 524 828.82. Efforts to recover through diplomatic means did not materialize and the International Court of Arbitration in Paris has since been engaged.

3.3 Zimglass

The liquidator has since sold the company's houses and flats for $0.4 million, part of which is expected to settle the Master of the High Court's costs in 2017.

The guaranteed consortium of banks debt to the tune of US$14.17 million is being settled by Government through various set-off options to fend off a writ of execution issued by the High Court against the Corporation.

3.4 Willowvale Motor Industries

The motor group will benefit to the tune of $14.2 million from the rights issue, once disbursed and a further US$5.4 million from the moratorium on statutory debt.

3.5 Interfin/CFX Curator Claim on Guarantee

The claim for ZAR 909 969.02 filed by Interfin Bank(under liquidation)at the High Court in respect of a guarantee the Corporation had previously issued on 22 May 2009 to Bonnezim (Pvt) Ltd is still to be heard after the Corporation filed for its defence.

GENERAL MANAGER'S REPORT (continued)

4. Performance Reports By Sector

The liquidity crunch persisted during the period, nostro balances diminished and capacity utilization remained below breakeven in the group subsidiaries although associates fared better due to better capitalisation and modern tooling.

Low commodity prices for most mineral exports and the unstable and depreciating rand inhibited the country's export potential to generate the much needed foreign currency for raw materials, spares and capital equipment.

4.1 Agro-Processing

4.1.1 Fertiliser & Chemicals

Dorowa Minerals mining equipment and part of the process plant was rehabilitated through a $5 million Reserve Bank of Zimbabwe (RBZ) mediated & guaranteed offshore line of credit from Afrieximbank. The rehabilitation of ZIMPHOS's sulphuric and phosphoric acid plants however remained outstanding on account of the slow disbursements and poor position of nostro balances.

The search for strategic investor partners continues with two prospective bidders having submitted their bids by the end of year and whose evaluation is to be finalized during the first quarter of 2017.

4.1.2 Food Processing

The sector which is made up of Surface Wilmar (Pvt) Ltd and Olivine Industries, faced shortages of locally produced raw materials of soya beans and cotton seeds, which are key inputs in the extraction of cooking oil and production of stock feed.

The companies continue to import crude soya oil funded by a supply line of credit from the majority shareholder, but is now being threatened by the nostro balance situation. An application was made to the authorities for land on which to start a proven corporate and outsourced production model of farming these seeds, to save on foreign currency and create local jobs.

4.2 Mineral Processing

4.2.1 Cement

Competition remained stiff during the year as evidenced by vicious price wars and undercutting with some cement landing cheaper in the country from South Africa supported by the fall of the rand against the USD.

The brick and tile manufacturing project awaits the transfer of land by the Ministry of Lands and Rural Resettlement to IDCZ as equity contribution in a joint venture.

It is hoped that this would be finalized in the ensuing year as approved by Cabinet on the 14 November 2016.

GENERAL MANAGER'S REPORT (continued)

4.2 Mineral Processing (continued)

4.2.2 Ceramic Products & Tourism

The Cabinet resolution of 14 November 2016 also provided for the disposal of the Detema estate and its improvements to indigenous people through a public tender.

This is expected to be concluded in the second half of 2017.

4.2.3 Dimension Stone

The existing majority shareholder agreed to exercise their pre-emptive rights on IDCZ's 49% stake. A share sale agreement was consummated and signed during the first half of 2017.

4.2.4 Glass/Silica Sand

The share certificates of ownership in Industrial Sands (Pvt) Ltd could not be located and so the subsidiary continues to be treated as before pending further searches.

4.3 Motor & Transport

The main challenge was in making payments to suppliers due to sanctions and subdued demand for new vehicles which remained below 4000 units for the year. The low demand was due to the absence of lease finance and lack of fiscal space for Government, a major buyer of new vehicles.

4.3.1 Motor Assembly

A joint venture proposal was consummated during the year between Willowvale Motor Industry (WMI) and Beijing Automobile Industry of China (BAIC).

The joint venture will now operate on contract assembly from multiple Original Equipment Manufacturers (OEMs)

4.3.2 After Sales Service, Engineering and Retail

Amtec Private (Ltd) issued additional shares to Doves Financial Holdings who became the single largest shareholder in Amtec through dilution of existing shareholder's equity. The company's performance has since improved markedly.

4.3.3 Tractors

The strategy to move to foundry for components could not be achieved as business remained low at the company on account of both low off-take and supply concerns. Motira Tractors Private (Ltd) is now sourcing product from multiple sources and has scaled down operations and focused on servicing equipment already sold whilst also refurbishing carcasses for resale.

4.4 Non-Ferrous Metal Fabrication

4.4.1 Aluminium

A proposal for the acquisition of IDCZ's 51% in Almin Metal Industries was received from Architectural Aluminium and approved during the first quarter of 2017

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2016

GENERAL MANAGER'S REPORT (continued)

4.4 Non-Ferrous Metal Fabrication (continued)

4.4.2 Copper
The liquidator is still to dispose of the assets of ZimCopper (Pvt) Ltd through public auction and use proceeds to settle the bank creditor in the first quarter of 2017. Most copper mines like Mhangura remain closed.

4.5 Textiles
Cotton production has declined dramatically in recent years due to unattractive low international commodity prices of cotton lint, hence the sector remained unattractive for investors. This has seen key players winding or scaling down operations. Afroran in Norton remained operational but at very low capacity.

Government has started incentivizing production of the crop through direct budgetary support to cotton growers in an effort to stimulate the cotton to clothing value chain. Meanwhile Modzone subsidiaries, Irazim Textiles and Travan Blankets remained under judicial management.

4.6 Polypropylene Packaging
The majority shareholder agreed to exercise pre-emptive rights in Zimbabwe Grain Bag (Pvt) Ltd and this is expected to be finalized in the first half of 2017.

4.7 Insurance
Allied Insurance (Pvt) Ltd is currently compliant with the minimum US$1.5 million capitalisation requirement. Currently there is a search for strategic fit partners in the industry or outright disposal of our shares in 2017 to avoid the risk of non-compliance.

4.8 Real Estate
Sunway City was designated as an Information and Communication Technology (ICT) Hub Special Economic Zone following the promulgation of the Special Economic Zone Act and negotiations on the approved model for development with some foreign partners are in progress.

5. Short-Time Working and Retrenchments
In the wake of reduced capacity utilization averaging 34% during the year, managing staff related costs became a common feature in the economy including the IDCZ Group.

The Group instituted measures to review its overheads further downwards and is also exploring revenue enhancement initiatives as a basis for the much needed turnaround.

6. Capacity Building
The Corporation staff continued to benefit under Southern African Development Committee (SADC) Development and Finance Resource Centre (DFRC) capacity building workshops and other relevant ones which were run locally during the year.

7. Zimbabwe International Trade Fair (ZITF)
The IDCZ group exhibited its products and services at the year's annual event in Bulawayo.

ANNUAL FINANCIAL STATEMENTS (continued)

GENERAL MANAGER'S REPORT (continued)

8. Acknowledgements

I thank the group management and staff for their invaluable contribution during the year and urge them to soldier on in 2017 as implementation of ZIMASSET, the Ten Point Plan and the Corporation's turnaround strategy continues, following its approval by Cabinet on 14 November 2016.

M. N. Ndudzo
General Manager

28 June 2017

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INDEPENDENT AUDITOR'S REPORT

for the year ended 31 December 2016

To the member of the Industrial Development Corporation of Zimbabwe Limited

Qualified Opinion

We have audited the consolidated and separate financial statements of the Industrial Development Corporation of Zimbabwe Limited ("the Group and Corporation") set out on pages 26 to 114, which comprise the statements of financial position as at 31 December 2016, and the statements of profit and loss, the statements of other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the ***Basis for Qualified Opinion*** section of our report, these financial statements give a true and fair view of the consolidated and separate financial position of the Industrial Development Corporation of Zimbabwe Limited as at 31 December 2016, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in accordance with the Industrial Development Corporation Act (Chapter 14:10).

Basis for Qualified Opinion

The matters described in 1 and 2 below are considered material to the consolidated financial statements, and the matter described in 2 is considered material to the separate financial statements, but these matters are not considered pervasive to either the consolidated or separate financial statements.

1. It is the Group's accounting policy to carry land and buildings at revalued amounts. During the current year, the Group engaged an independent external valuer to perform a valuation of land and buildings. The revaluation of land and buildings resulted in a material revaluation gain of $4,605,097 which was recognised in other comprehensive income in the current year. In the prior year we issued a qualified opinion because we were unable to obtain audit evidence to determine whether material adjustments were required to the carrying values of land and buildings in order to reflect the land and buildings at fair value as at 31 December 2015. While this matter does not affect the Group's financial position as at 31 December 2016, we are unable to determine the portion of the current year revaluation gain that is attributable to the current year and the portion that should have been recognised in prior years.

2. Note 8.1 and 8.3 explains that Industrial Sands (Private) Limited (Industrial Sands) was classified as a wholly owned subsidiary of the Industrial Development Corporation of Zimbabwe Limited despite being disclosed as a wholly owned subsidiary of Zimglass Industries (Private) Limited (Zimglass) in prior years. Documentation in place is not clear on whether Industrial Sands is owned by the Corporation or by Zimglass. The note further explains that the directors are in the process of regularising the legal documentation. We were not provided with further evidence to show that Industrial Sands is owned by the Corporation or to otherwise support its classification as a subsidiary of the Corporation. The financial results of Industrial Sands were included in the consolidated financial statements. While the amounts involved are not considered material, this matter is considered material by nature to the users of these financial statements. Our opinion was also qualified in respect of this matter in the prior year.

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

Material Uncertainty Related to Going Concern

We draw attention to note 22 in the consolidated and separate financial statements, which indicates that as at 31 December 2016 the Group's and the Corporation's current liabilities exceeded their current assets by $37,348,923 (2015: $74 810 826) and $22,203,248 (2015: $42 935 920) respectively. As stated in Note 22, these events or conditions, along with other matters as set forth in Note 22, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Corporation to continue as going concerns. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the ***Basis for Qualified Opinion*** and ***Material Uncertainty in Relation to Going Concern*** sections of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of land and buildings and investment properties at year end (applicable to the consolidated financial statements)

Refer to the accounting policy on notes 2.3(n), 2.3(p) and disclosures in notes 2.4 (b) (ii), 6 and 7.

Key audit matter	How the matter was addressed in the audit
At year end, the group held land and buildings and investment properties with fair values amounting to \$84.3 million and \$3.7 million respectively. These assets are measured at fair value as permitted by IAS 16 Property, Plant and Equipment (for land and buildings) and IAS 40 Investment Property. The land and buildings and investment properties were revalued by an independent external valuer at year end. The valuation of land and buildings and the investment properties is subjective and therefore requires careful audit consideration. In addition, the property market remains subdued and there is no readily available market information on properties, so a significant amount of judgement has to be applied in determining the property values. The significance of the land and buildings and investment properties to the consolidated statement of financial position at year end, together with the significant valuation judgements resulted in this area being considered a key audit matter.	**As part of our audit:** • We assessed the competence, independence and objectivity of the independent external valuer through inquiries regarding interests and relationships that may have created a threat to the external valuer's objectivity and inspecting the valuer's qualifications, experience with similar valuations and reputation within the market. • We critically evaluated the methodology and assumptions incorporated by the independent external valuer into the valuation. Our evaluation included corroborating assumptions used by the independent external valuer against information obtained from other notable real estate practitioners and our general understanding of the property market and macro-economic environment. • We also compared the property values against the 'best use' principle required by IFRS 13 Fair Value Measurement and we assessed whether the fair value principles, according to the valuer's definitions, was in line with the definition per IFRS 13. • We assessed whether disclosures made by management where adequate in accordance with IAS 16, IAS 40 and IFRS 13.

KPMG

INDEPENDENT AUDITOR'S REPORT (continued)

2. Impairment of receivables – trade receivables (applicable to the consolidated financial statements) and group balances receivables (applicable to the separate financial statements)

Refer to the accounting policy on note 2.3(k) and disclosures in notes 2.4 (b) (iv) and 11, including 11(a).

Key audit matter	How the matter was addressed in the audit
As part of the Group's operations, the Group sells goods to customers on credit. The Group's trade receivables amounted to $15.1 million in the consolidated financial statements at year end. In addition, the Corporation provides management services and earns management fees, as well as dividends, from entities within the group. Group balances receivables in the separate financial statements amounted to $1.5 million at year end. The impairment of these receivables involves significant management judgement and estimation about the amounts to be recovered and the timing of repayments thereof. The provisions for impairment raised against the receivables have become an even more critical focus area in Zimbabwe, taking into account the worsening cash and currency shortages, company closures, retrenchments and general increase in credit risk due to these factors. Therefore, due to the high credit risk during the year, the significance of receivables to these financial statements and the related estimation uncertainty involved, this was considered to be a key audit matter in our audit of the consolidated and separate financial statements.	**Our audit of Group's trade receivables included:** • Testing the operating effectiveness of internal controls over the approval, recording and monitoring of trade receivables. • Analysing the key inputs into the receivables impairment policy and assessed the reasonableness of assumptions used by management by interrogating documentation evidencing the performance of credit assessments on customers in accordance with the Group's policies and applicable laws. • Assessing the validity of material long outstanding receivables by obtaining third-party confirmations of amounts owing. • Considering payments received from customers subsequent to year-end, past payment history and unusual patterns to identify potentially impaired balances. • Assessing the reasonability of management's judgement by comparing the prior year's impairment raised with current year actual losses. • Our audit of the Corporation's group balances receivables included: • Analysing management's calculation of the amounts to be impaired with reference to our knowledge of the entities within the group, including consideration of the work that we performed in respect of the impairment of subsidiaries (see below). • Inspecting payments received from group entities subsequent to year end.

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INDEPENDENT AUDITOR'S REPORT (continued)

3. Impairment of investment in subsidiaries (applicable to separate financial statements)

Refer to the accounting policy in note 2.3(k) and other disclosures in note 3.7 and note 8.1.

Key audit matter	How the matter was addressed in the audit
Investments in subsidiaries represent a substantial proportion of the Corporation's assets in the separate financial statements. The Corporation measures its investments in subsidiaries at cost. At year end, the Corporation's investments in subsidiaries amounted to $49.4 million. Due to continuing losses, decreasing revenues and the insolvency of some of the subsidiaries within the Group, the carrying amounts of these investments may be impaired. The Corporation calculates impairment by comparing the subsidiaries' carrying amounts to their net asset values. Assessment of impairment requires significant judgement with regard to determining that the subsidiaries' carrying amounts are not above their recoverable amount. Due to the poor performance of the subsidiaries, their significance to the Corporation's financial statements and the related estimation uncertainty involved, this was considered to be a key audit matter.	**As part of our audit:** • We evaluated management's assessment of the impairment of its subsidiaries by obtaining the audited financial information of subsidiaries and comparing net asset values to the carrying amounts of these investments. • We evaluated the reasonability of using net asset value as a substitute for the recoverable amount of the subsidiary by analysing the net asset value against the subsequent sale price of subsidiaries that have been disposed of by the group. • We also analysed the net asset values of subsidiaries that the group plans to dispose of in the near future against the valuations provided by independent experts and/or independent potential buyers. • We assessed the adequacy of the disclosures relating to the impairment of subsidiaries.

Other Information

The directors are responsible for the other information. The other information comprises all of the information included in the Annual Report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in accordance with the Industrial Development Corporation Act (Chapter 14:10), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

KPMG

Themba Mudidi

Partner

Registered Auditor
PAAB Practicing Certificate Number 0437

28 June 2017

For and on behalf of **KPMG Chartered Accountants (Zimbabwe), Reporting Auditor**
Mutual Gardens
100 The Chase West
Emerald Hill, Harare
Zimbabwe

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

	Note	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
ASSETS					
Non-current assets					
Property, plant and equipment	6	97 857 458	104 323 365	104 951	129 537
Investment properties	7	3 720 000	5 671 178	-	-
Intangible assets	6.1	955	4 030	-	-
Non-current portion of land held for sale	10	13 504 313	13 070 352	-	-
Investment in subsidiaries	8.1	-	-	49 408 173	54 163 887
Investment in associates	8.2	16 774 747	19 046 721	1 2 923 804	12 923 804
Non-current financial assets		285 299	-	1 019 588	1 019 588
Available for sale financial assets	8.4	1 079 978	1 082 750	865 152	937 171
Loans receivable	16	-	4 446 506	-	4 823 271
		133 222 750	**147 644 902**	**64 321 668**	**73 997 258**
Current assets					
Inventories	9	15 262 954	26 128 540	-	-
Trade and other receivables	11	21 258 594	21 115 743	40 237	64 474
Group balances receivables	11a	-	-	1 556 185	1 212 205
Loans receivable	16	7 858	1 362 283	219 697	1 530 309
Non -current assets held for sale	8.5	12 573 368	14 694 502	3 609 181	1 482 686
Cash and cash equivalents	12	11 050 965	2 262 299	6 240	73 022
		60 153 739	**65 563 367**	**5 431 540**	**4 362 696**
TOTAL ASSETS		**193 376 489**	**213 208 269**	**69 753 208**	**78 359 954**
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	13	8 344 108	8 344 108	8 344 108	8 344 108
Waiting for allotment	13	20 173 435	-	20 173 435	-
Non distributable reserve	13 (b)	99 457 687	99 457 687	109 034 771	109 034 771
Revaluation reserve	13 (b)	8 342 841	18 110 366	-	-
Mark to market reserve		(223 300)	(211 874)	(211 874)	(211 874)
Accumulated losses		(101 597 019)	(109 713 658)	(106 008 239)	(98 208 225)
Equity attributable to owners of the parent		34 497 752	15 986 629	31 332 201	18 958 780
Non - controlling interests	8.7	13 740 555	14 108 360	-	-
Total equity		**48 238 307**	**30 094 989**	**31 332 201**	**18 958 780**
Non-current liabilities					
Loans and borrowings	14.1	31 219 500	26 339 585	7 136 468	8 601 803
Deferred tax liability	5	16 416 020	16 399 502	3 649 752	3 500 755
		47 635 520	**42 739 087**	**10 786 220**	**12 102 558**

Statements of Financial Position (continued)

	Note	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Current liabilities					
Trade and other payables	15	74 498 372	50 038 596	19 631 490	18 037 322
Liabilities held for sale	8.5	2 897 759	35 601 494	-	-
Group balances payables		-	-	751 743	245 625
Loans and borrowings	14.2	18 253 336	49 037 340	7 251 511	29 011 717
Bank overdrafts	14.2	1 169 914	4 955 459	44	3 952
Current tax liability		683 281	741 304	-	-
		97 502 662	**140 374 193**	**27 634 788**	**47 298 616**
Total liabilities		**145 138 182**	**183 113 280**	**38 421 008**	**59 401 174**
TOTAL EQUITY AND LIABILITIES		**193 376 489**	**213 208 269**	**69 753 208**	**78 359 954**

H. Nkala
Chairman

28 June 2017

M.N. Ndudzo
General Manager

28 June 2017

STATEMENTS OF PROFIT OR LOSS

for the year ended 31 December 2016

	Note	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Continuing operations					
Revenue	**3.1**	**74 848 568**	**93 844 849**	**662 120**	**881 656**
Cost of sales		(58 583 285)	(75 624 555)	-	-
Gross profit		**16 265 283**	**18 220 294**	**662 120**	**881 656**
Other income	3.2	6 069 290	5 638 539	787 480	2 847 787
Selling and distribution expenses	3.3	(5 053 414)	(7 603 518)	-	-
Administrative expenses	3.3	(20 432 975)	(18 729 947)	(1 485 303)	(1 838 857)
Net finance costs	3.4	(7 838 002)	(6 934 844)	(2 120 615)	(1 485 964)
Investment property fair value (loss)/gain	7	(198 882)	13 409	-	-
Share of loss of equity-accounted investees net of tax		(1 634 652)	(476 883)	-	-
Impairment of assets		(2 567 805)	(83 421)	-	472 034
Impairment of investments	3.7	2 006	101 215	(6 089 235)	(14 594 804)
Other operating expenses	3.5	(461 198)	-	(461 198)	-
Gain on loss of control	3.6	21 605 249	-	-	-
Exchange gain		1 060 381	21 368	1 111 637	38 429
Profit/(Loss) from continuing operations		**6 815 341**	**(9 833 788)**	**(7 595 114)**	**(13 679 719)**
Income tax credit	4	877 879	1 651 500	(204 900)	125 022
Profit/(loss) after tax		**7 693 220**	**(8 182 288)**	**(7 800 014)**	**(13 554 697)**
Discontinued operations					
Loss from discontinued operations, net of tax	8.3	(640 943)	(1 207 450)	-	-
Profit/(loss) for the year		**7 052 277**	**(9 389 738)**	**(7 800 014)**	**(13 554 697)**
Attributable to:					
Equity holders' interest		7 189 315	(8 548 898)	(7 800 014)	(13 554 697)
Non - controlling interests		(137 038)	(840 840)	-	-
		7 052 277	**(9 389 738)**	**(7 800 014)**	**(13 554 697)**

STATEMENTS OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Note	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Profit/ (loss) for the year		**7 052 277**	**(9 389 738)**	**(7 800 014)**	**(13 554 697)**
Other comprehensive income		-	(5 818 193)		
			-		
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment - net of tax		4 605 097	(189 340)	-	-
Items that are or may be reclassified to profit or loss					
Available for sale financial asset -net of tax		(11 426)	(54 202)	-	(54 202)
Other comprehensive income / (loss) for the year net of tax		**4 593 671**	**(6 061 735)**	**-**	**(54 202)**
Total profit / (loss) for the year net of tax		**11 645 948**	**(15 451 473)**	**(7 800 014)**	**(13 608 899)**
Attributable to:					
Equity holders of the parent		11 707 469	(14 610 368)	(7 800 014)	(13 608 899)
Non - controlling interests		(61 521)	(841 105)	-	-
		11 645 948	**(15 451 473)**	**(7 800 014)**	**(13 608 899)**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

Group

	Attributable to the equity holders of the parent								
	Issued capital	Waiting for allotment	Non distributable reserve	Revaluation reserve	Mark to market reserve	Accumulated Accumulated	Total	Non-controlling interests	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as at 1 January 2016	**8 344 108**	**-**	**99 457 687**	**18 110 366**	**(211 874)**	**(109 713 658)**	**15 986 629**	**14 108 360**	**30 094 989**
Profit for the period	-	-	-	-	-	7 189 315	7 189 315	(137 038)	7 052 277
Other comprehensive income	-	-	-	6 231 429	(11 426)	-	6 220 003	(1 626 333)	4 593 670
Transfer to accumulated losses	-	-	-	(104 435)	-	208 870	104 435	(104 434)	1
Share issue to non-controlling interest	-	-	-	-	-	-	-	1 500 000	1 500 000
Loss of control	-	-	-	(15 894 519)	-	718 454	(15 176 065)	-	(15 176 065)
Awaiting issue of new shares	-	20 173 435	-	-	-	-	20 173 435	-	20 173 435
Balance at 31 December 2016	**8 344 108**	**20 173 435**	**99 457 687**	**8 342 841**	**(223 300)**	**(101 597 019)**	**34 497 752**	**13 740 555**	**48 238 307**

Statement of changes in equity (continued)

Group (continued)

	Attributable to the equity holders of the parent							
	Issued capital	Non distributable reserve	Revaluation reserve	Mark to market reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$
Balance as at 1 January 2015	**8 344 108**	**97 773 740**	**24 805 613**	**(157 672)**	**(100 287 208)**	**30 478 581**	**14 899 838**	**45 378 419**
Loss for the period	-	-	-	-	(8 548 898)	(8 548 898)	(840 840)	(9 389 738)
Other comprehensive income	-	-	(6 007 268)	(54 202)	-	(6 061 470)	(265)	(6 061 735)
Transfer (from)/to Revenue Reserves	-	1 683 947	(687 979)	-	(877 552)	118 416	49 627	168 043
Balance at 31 December 2015	**8 344 108**	**99 457 687**	**18 110 366**	**(211 874)**	**(109 713 658)**	**15 986 629**	**14 108 360**	**30 094 989**

Statement of changes in equity (continued)

Corporation

	Issued capital	Waiting for allotment	Non distributable reserve	Accumulated losses	Mark to market reserve	Total
	US$	US$	US$	US$	US$	US$
Balance as at 1 January 2016	**8 344 108**	-	**109 034 771**	**(98 208 225)**	**(211 874)**	**18 958 780**
Loss for the period	-	-	-	(7 800 014)	-	(7 800 014)
Awaiting issue of new shares	-	20 173 435	-	-	-	20 173 435
At 31 December 2016	**8 344 108**	**20 173 435**	**109 034 771**	**(106 008 239)**	**(211 874)**	**31 332 201**
For the year ended 31 December 2015						
Balance as at 1 January 2015	**8 344 108**	-	**109 034 771**	**(84 653 528)**	**(157 672)**	**32 567 679**
Loss for the period	-	-	-	(13 554 697)	-	(13 554 697)
Other comprehensive income	-	-	-	-	(54 202)	(54 202)
At 31 December 2015	**8 344 108**	**-**	**109 034 771**	**(98 208 225)**	**(211 874)**	**18 958 780**

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2016

		Group		Corporation	
	Note	2016 US$	2015 US$	2016 US$	2015 US$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		6 174 399	(11 041 238)	(7 595 114)	(13 679 719)
-'from continuing operations		6 815 341	(9 833 788)	-	-
-'from discontinued operations		(640 943)	(1 207 450)	-	-
Adjustments for:					
-Exchange gains		(1 060 381)	(21 369)	(1 111 637)	(38 429)
-Depreciation on property, plant and equipment	6	3 979 892	5 048 749	23 236	36 630
-Impairment losses		2 567 805	(58 602)	6 550 433	12 139 243
-Amortisation of intangible assets		3 075	19 326	-	-
-Dividend received		-	-	(651 093)	(742 136)
-Net finance costs	3.4	7 838 002	6 934 844	2 120 615	1 485 964
- (Profit)/loss on disposal of plant & equipment		397 680	145 868	-	-
-Provision for credit losses: External		77 315	(4 335 184)	-	-
- Gain on Loss of control of Zimglass	3.6	(21 605 249)	-	-	-
- Share of profit/ (loss) of associates		1 634 652	476 883	-	-
-Fair value adjustment on investment property		198 882	27 398	-	-
Operating gain/ (deficit) before working capital changes		**206 071**	**(2 803 325)**	**(663 560)**	**798 447)**
Working capital adjustments					
Decrease/ (increase) in inventories		10 865 585	(4 566 032)	-	-
Decrease/ (increase) in trade and other receivables		(220 166)	664 794	3 049 084	510 515
Increase/ (decrease) in trade and other payables		24 459 776	14 148 589	1 594 168	670 901
Cash from operating activities		35 311 266	7 444 026	3 979 692	382 969
Taxation paid		(541 502)	-	(55 901)	(43 543)
Net cash flows used in operating activities		**34 769 764**	**7 444 026**	**3 923 791**	**339 426**

Statements of cash flows (continued)

	Note	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	6	(1 863 608)	(3 341 256)	(5 650)	(13 576)
Proceeds/ (Loans) from/to associates		2 347 915	(2 065 827)	-	-
(Purchases)/Sale of investments		-	-	184 600	10 000
(Increase)/increase in non-current portion of land held for sale		(433 961)	(151 964)	-	-
(Increase)/decrease in non-current assets held for sale		(12 008 306)	-	-	-
Increase/ (Decrease) in liabilities held for sale		1 511 163	-	-	-
Proceeds on disposal of property, plant and equipment		161 649	1 528 321	134	177
Proceeds from investment property		2 150 000	-	-	-
Dividend received		-	-	651 093	742 136
Increase in non-current financial assets		(285 299)	-	-	-
Additions: Available for sale financial assets		(52 187)			
Net finance costs		(7 679 330)	(6 934 844)	(2 120 615)	(1 485 964)
Net cash (outflows)/inflows from investing activities		**(16 152 044)**	**(10 965 570)**	**(1 290 438)**	**(747 227)**
Net cash inflow/(outflows) before financing		**18 617 720**	**(3 521 544)**	**2 633 353**	**(407 801)**
FINANCING ACTIVITIES					
Interest bearing borrowings:					
Proceeds		-	743 260	506 116	1 252 395
Issue of ordinary shares		-	-	20 173 435	-
New Capital: Motec Holdings		1 500 000	-	-	-
Repayments		(5 730 654)	-	(23 375 778)	(62 681)
Net cash (outflow)/inflow from financing activities		**(4 230 654)**	**743 260**	**(2 696 227)**	**1 189 714**
Net (decrease)/increase in cash and cash equivalents		14 387 066	(2 778 284)	(62 874)	781 913
Cash and cash equivalents at 1 January		(2 693 160)	85 124	69 070	(712 843)
Assets Held for Sale: Cash and Overdrafts		(1 812 855)	-	-	-
Cash and cash equivalents at end of year		**9 881 051**	**(2 693 160)**	**6 196**	**69 070**
Made up of the following					
-Bank overdrafts		(1 169914)	(4 955459)	(44)	(3 952)
-Cash at bank		11 050 965	2 262 299	6 240	73 022
Cash and cash equivalents		**9 881 051**	**(2 693 160)**	**6 196**	**69 070**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. Corporate Information

The consolidated and separate financial statements of Industrial Development Corporation of Zimbabwe Limited (IDCZ) for the year ended 31 December 2016 were authorised for issue by the Board on 28 June, 2017.

Industrial Development Corporation of Zimbabwe Limited has investments in the following sectors; motor and transport, fertilizer and chemicals, cement, aluminium, granite and base mineral processing. It also has investments in textiles, packaging and real estate.

2.1 Basis of Preparation

The consolidated and separate financial statements of IDCZ have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in accordance with the IDCZ Act (Chapter 14.10).

The consolidated and separate financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings and certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in the United States Dollar (USD), which is the corporation's functional and reporting currency.

2.2 Basis of Consolidation

The consolidated financial statements consist of the financial statements of Industrial Development Corporation of Zimbabwe Limited and its subsidiaries and associates as at 31 December 2016.

(a) Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the subsidiaries. Specifically, the Group controls the subsidiaries if and only if the Group has:

- Power over the subsidiary (i.e. existing rights that give current ability to direct the relevant activities of the subsidiary);
- Exposure, or rights to variable returns from its involvement with the subsidiary; 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 a subsidiary, the Group considers all relevant facts and circumstances in assessing whether it has power over a subsidiary, including:

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

(b) Transactions eliminated on consolidation

All intra –group balances, income and expenses, unrealized gains and losses and dividend resulting from intra-group transactions are eliminated in full.

(c) Non-controlling interests (NCI)

Non-controlling interest are measured at their proportionate share of the fair values of the assets and liabilities recognised.
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.
Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Notes to the Financial Statements (continued)

2.2 Basis of Consolidation (continued)

(d) 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, including components of other comprehensive income attributable to them.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the distribution of shares to the new owners of the subsidiary that is the owners of the former parent if the loss of control involves such a distribution.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit and loss.
- Reclassifies the parent's share of component previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

(e) Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be 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 will be recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non controlling interest in a business combination achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Notes to the Financial Statements (continued)

2.2 Basis of Consolidation (continued)

(f) Investment in associates

An associate is an entity over which the Group has significant influence, as evidenced by the Group holding directly or indirectly 20% or more of the voting power of the investee representation on the Board and direct involvement with the policy making processes of the investee. The Group's investment in its associates is accounted for using the equity method. Under the equity method, the investment in the associate is measured in the statement of financial position at cost plus post acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associate until the date on which significant influences ceases. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Unrealised gains resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is evidence of impairment. The financial statements of the associate are prepared for the same reporting period as the Group.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. 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 in the 'share of profit of an associate' in the statement of profit or loss.

Interests in Associates are accounted for using the equity method. They are recognised initially at cost, which includes transactions costs. Subsequent to initial recognition and upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

(g) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business of geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if operation had been discontinued from the start of the comparative year.

2.3 Summary of significant accounting policies

(a) Foreign currency translation

The Group consolidated financial statements are presented in United States Dollars, which is also the Group's functional currency.

(b) Foreign Currency Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation.

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

(c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, and value added tax. The Group assesses its

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements, except in the case of Botash products where goods are sold on their behalf for a commission. The following specific recognition criteria must also be met before revenue is recognized:

(i) Sale of goods and services

Revenue from the sale of goods shall be recognised when the following conditions have been satisfied:

(a) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits associated with the transaction will flow to the entity and;
(e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed based on surveys of work performed. When the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(iii) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments and 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. When calculating the effective interest rate an entity shall estimate cash flows considering all contractual terms of the financial instruments (for example prepayments, call and similar options) but shall not consider future credit losses. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently. Interest income is included in finance income in the statement of profit or loss.

(iv) Dividend income

Revenue is recognized when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

(v) Rental income

Revenue is recognised as income in the statement of profit or loss on a straight line basis over the lease term.

(vi) Premiums

Premiums written refer to business written during the year, and includes estimates of premiums due but not yet receivable or notified, less an allowance for cancellations.

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at statement of financial position date, generally calculated on the 24th method. Revenue is recognised on the date on which the policy is effective.

(vii) Fees and commissions

Insurance contract policy holders are charged for administration services and other contract fees. These fees are recognised as revenue over the period in which the related services are rendered. If the fees are for services provided in future periods then they are deferred and recognised over future periods.

(d) Acquisition costs

Acquisition costs, which represent commissions and other related expenses, are deferred over the period in which the related premiums are earned and are recognised in full through the profit and loss for the period they relate to.

(e) Claims

Claims represent the ultimate cost (net of salvage recoveries) of settling all claims arising from events that have occurred up to the reporting date.

Claims incurred comprise the settlement and handling costs paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims provision. Claims outstanding comprise provisions for the entity's estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not, and related internal claims handling expenses and an appropriate prudential margin.

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(e) Claims (continued)

Claims outstanding are assessed by reviewing individual claims and making allowances for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provisions for claims outstanding are not discounted.

(f) Insurance contract

Insurance contracts are those contracts when the company(the insurer) has accepted significant insurance risk from another party(the policy holder) by agreeing to compensate the policyholders if a specified uncertain future event(the insured event) adversely affects the policyholders. As a general guideline the entity determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as insurance contract it remains as insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

(g) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and releases to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

(h) Taxes

(i) Current income Tax

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

Current income tax relating to items recognised outside profit or loss is recognized outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax is recognized for all taxable temporary differences except:

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

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 assets to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(h) Taxes (continued)

(ii) Deferred tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax relating to items recognised outside profit or loss is recognized outside profit and loss in relation to the underlying transaction either in other comprehensive income or directly in equity.

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

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

(iii) Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation 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.
- Receivables and payables are stated with the amount of value added tax included.

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

(i) Pension and other post-employment benefits

Retirement benefits are provided for group employees through independently administered defined contribution funds, including the National Social Security Authority Scheme in Zimbabwe. Contributions to the defined contribution funds are charged to profit and loss as they fall due. The cost of retirement benefits applicable to the self-administered Old Mutual Pension Fund and National Social Security Authority Scheme is determined by the systematic recognition of legislated contributions.

(j) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the General Manager (being the chief operating decision maker) to make decisions about resources allocation to each segment and assess its performance, and for which discreet financial information is available.

The Group has four reportable segments: Chemicals and fertilizers, Engineering and glass, Motor and transport and Corporate and other, which offer different products and services and are managed separately. Segment results for the year ended 31 December 2016 have been presented in note 20 to the financial statements.

(k) Financial Instruments

Financial assets

(i) Initial recognition

Financial assets within the scope of IAS 39 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. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs. Directly attributable transaction costs which relate to financial assets at fair value through profit and loss are recognized in profit and loss as incurred.

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 dates i.e. the date that the Group commit to purchase or sell the asset.

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

The Group's financial assets include cash and short term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments.

(ii) **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. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised, other than impairment losses and foreign currency differences on debt instruments as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the statement of profit or loss in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for- sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

(ii) Subsequent measurement (continued)

intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised

over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Equity instruments held at cost

There are many situations in which the variability in the range of reasonable fair value measurements of investments in equity instruments that do not have a quoted price in an active market for an identical instrument is likely not to be significant. Normally it is possible to measure the fair value of a financial asset that the Corporation has acquired from an outside party. However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Corporation is precluded from measuring the instrument at fair value. These instruments are therefore measured at cost. The fair value of investments in equity instruments that do not have a quoted price in an active market for an identical instrument is reliably measurable if (a) the variability in the range of reasonable fair value measurements is not significant for that instrument or (b) the probabilities of the various estimates within the range can be reasonably assessed and used when measuring fair value.

The Corporation holds investments in unlisted associates and subsidiaries at cost.

(iii) Impairment of financial assets

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit and loss. If the fair value of an impaired available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss recognized, then the impairment loss is reversed through profit or loss, otherwise it is reversed through OCI

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

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

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

(iii) **Impairment of financial assets** (continued)

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 continue 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 assets 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 assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of profit or loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised 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 future write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Equity instruments carried at cost

If there is objective evidence that an impairment loss has been incurred on an equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present recoverable amount of the investment. The recoverable amount is determined as the value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and/or the values of standing offers from potential buyers of the entities classified as held for sale. In the absence of both of the above net assets values of the entities to which these investments relate are used and an assessment is made of whether these do not exceed the recoverable amount.

(iv) **Derecognition of financial assets**

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

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

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

(l) Financial liabilities

(i) **Initial recognition and measurement**

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

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(l) Financial liabilities (continued)

(i) Initial recognition and measurement (continued)

liabilities at initial recognition.

All 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 trade and other payables, bank overdraft, loans and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is used to amortise the interest expense over the tenure of the financial instruments and to determine losses. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss. Other classifications of financial liabilities are not applicable to the Group.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(m) Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(m) Fair value measurement (continued)

of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 19.5

(n) Property, plant and equipment

Items of property, plant and equipment with the exception of land and buildings which are revalued, are initially measured at cost. Such cost includes the cost of replacing part of the plant and equipment and borrowing cost for long term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation and simultaneously derecognises the carrying value of the replaced parts. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criterion is satisfied. All other repairs and maintenance costs are recognised in the statement of profit or loss as incurred.

After initial recognition, land and buildings, is measured at revalued amounts less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed every three years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the heading revaluation surplus. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Such a decrease is recognised in other comprehensive income (OCI).

Other Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The Group's policy is to depreciate property, plant and equipment evenly over the expected life of each asset to its residual value, with the exception that no depreciation is charged on freehold land and assets under construction and not yet in use.

The expected useful lives of the property, plant and equipment are as follows:

Freehold Buildings	40 years
Plant and equipment	15 years
Motor vehicle	5 years
Office furniture and equipment	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item is included in the statement of profit or loss in the year the asset is derecognised.
The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end. Adjustments are made prospectively as a change in accounting estimate.

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) fair value less costs to sale and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where 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 values 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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries or other available fair value indicators.

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in those expense categories consistent with the functions of the impaired assets, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income, up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date, as to whether there is any indication that previous recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(p) Investment properties

Classification of property

The Group determines whether a property is classified as investment property:

- Investment property comprises land and buildings(principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing the part of an existing investment property at the time that cost is incurred and simultaneously, the carrying amounts of the replaced parts are derecognised, if the recognition criteria are met and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation method recommended by the International Valuations Standards Committee. Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from an investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of the 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. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(q) Leases

(i) Determination whether an arrangement contains a lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

The Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to their fair value of the underlying asset, subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's borrowing rate.

(ii) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with accounting policy applicable to the asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iv) Group as a lessee

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight line basis over the lease term.

(v) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(r) 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 respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(s) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost basis. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials, spares and general consumables are valued at the purchase cost on a weighted average basis.
- Finished goods and work in progress are valued at the direct materials costs, labour and an appropriate portion of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(t) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less net of outstanding bank overdrafts.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(u) Provisions

(i) General

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

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(ii) Mine Rehabilitation

The Group records a provision for rehabilitation of its mines at Dorowa Minerals Limited and G&W Industrial Minerals Limited. The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development /construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognised in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognised immediately in profit or loss.

(v) Mining Assets

Upon completion of mine construction, the exploration and development assets are transferred into mining assets. Items of mining assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any cost directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalized value of a finance lease is also included within mining assets where applicable.

When a mining construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserves.

(i) Depreciation/amortisation

Accumulated mine development costs are depreciated/amortised on a unit-of-production bases over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight line method is applied.

Other plant and equipment such as mobile equipment is generally depreciated on a straight-line basis over their estimated useful lives as indicated on note 2.3 (m).

(w) Intangible assets

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

Notes to the Financial Statements (continued)

2.3 Summary of significant accounting policies (continued)

(w) Intangible assets (continued)

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 methods for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss as the expense category that is consistent with the function of the intangible asset.

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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit or loss when the asset is derecognised.

The expected useful lives of the intangible assets are as follows:

Automate License	10 years
Dimension X3D software	5 years

2.4 Significant accounting judgments, estimates and assumptions

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

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidation financial statements is included in the following notes:

- classification of joint arrangement
- leases, whether an arrangement contains a lease and classification
- consolidation, whether the Group has de facto control over an investee

(b) Estimates and assumptions

The key assumptions concerning the future and other key resources 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 discussed below:

i. Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. Residual values were reassessed during the year and adjustments for depreciation were done in current year.

ii. Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2016. For investment properties, a valuation methodology based on a discounted cash flow model was used, as there is a lack of comparable market data because of the nature of the properties. Land and buildings were valued by reference to market- based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Notes to the Financial Statements (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

ii Revaluation of property, plant and investment properties (continued)

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 2.2(o).

iii. Measurement of bulk material

Bulk raw materials and manufactured goods are measured using the tachometric and the tape methods. The tape method is used when the density of raw materials and manufactured goods is low. The acceptable rate of error for the tachometric is +/-0.5% whilst for the tape method is +/-10%.

iv. Allowance for credit losses

Allowances for credit losses are specific provisions and based on customer payment history, which is revised on monthly basis.

v. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

vi. Mine rehabilitation provision

The Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

vii. Mine rehabilitation provision

Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. If the change in estimate results in an increase in the rehabilitation liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

For closed sites, changes to estimated costs are recognised immediately in profit or loss. Also, rehabilitation obligations that arose as a result of the production phase of a mine should be expensed as incurred.

viii. Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geographical judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred tax assets, and depreciation and amortisation charges.

ix. Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

x. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its value less

Notes to the Financial Statements (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

x. Impairment of non-financial assets (continued)

costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the Cash Generating Unit(CGU) being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well the expected future cash-flows and the growth rate used for extrapolation purposes.

xi. Incurred but not reported (IBNR)

Claims incurred but not reported are claims arising out of events which have occurred by the reporting date but have not yet been reported at that date. Management estimates the provision annually, as at 31 December 2016, the IBNR provision was calculated at 5% of the net written premium.

2.5 Adoption of new and revised financial reporting standards

The following standards, amendments and interpretations are effective for the current year and are relevant to the Group.

Standard/ Interpretation	Content	Applicable for financial years beginning on/after
IFRS 11	Joint Arrangements : Accounting for Acquisitions of interests in joint operations amendment	1 January 2016
IFRS 12	Disclosure of interest in other entities : Investment entities –applying the consolidation exception	1 January 2016
IAS 27	Separate Financial Statements : Equity Method in Separate Financial Statements amendments	1 January 2016
IFRS 10	Consolidated Financial Statements : Investment Entities – applying the consolidation exception	Postponed(initially 1 January 2016)
IAS 16	Property, Plant and Equipment : Clarification of acceptable methods of depreciation and amortisation amendment	1 January 2016
IAS38	Intangible assets : Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 28	Investment in Associates and Joint Ventures : Sale or Contribution of Associates or Joint Venture	Postponed(initially 1 January 2016)
IAS 41	Agriculture : Bearer plants amendment	1 January 2016
IFRS5	Non-current assets held for sale and discontinued operations – changes in method of disposal.	1 January 2016
IAS1	Presentation of financial statement : Disclosure Initiative - Amendments	1 January 2016
IFRS14	Regulatory deferral account	1 January 2016

Notes to the Financial Statements (continued)

2.5 Adoption of new and revised financial reporting standards (continued)

The adoption of these revised standards in the current year has not led to any changes in the Group's accounting policies. These standards do not have any financial effect on the recognition or measurement of the transactions and events, nor the financial or performance of the Group. Their effects are limited to the nature and extent of disclosures to be made by the Corporation and the Group.

2.5.1 Standards, amendments and interpretations in issue but not yet effective

At the date of authorisation of the financial statements of the Group for the year ended 31 December 2016, the following Standards and Interpretations were in issue but not yet effective:

Effective for the financial year commencing 1 January 2017

- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses.
- Amendments to IAS 7 Cash flow Statements - Disclosure Initiative

Effective for the financial year commencing 1 January 2018

- IFRS15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- Amendments to IFRS 2 Classification and measurement of Share- based payment transactions
- IFRS 4 Insurance Contracts

Effective for the financial year commencing 1 January 2019

- IFRS 16 Leases

Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for unrealised Losses.

Annual periods beginning on or after 1 January 2017. Amendments issued regarding the recognition of deferred tax assets for unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments clarify certain other aspects of accounting for deferred tax assets and the existing guidance under IAS 12. The do not change the underlying principles for the recognition of deferred tax assets.

No significant impact is expected on the Group financial statements.

Amendments to IAS 7 Statement of Cash flows - Disclosure Initiative

Effective for annual periods beginning on or after 1 January 2017. In January 2016, IASB issued an amendment to IAS7 introducing and disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

No significant impact is expected on the Group financial statements.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, and IFRIC 15 Agreements for the Construction of Real Estate, IFRIC18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognise. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2016 financial statements.

The standard is effective for annual periods beginning **on or after 1 January 2018,** with early adoption permitted under IFRS.

IFRS 9Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standards which replaces earlier versions of the IFRS9 and completes the IASB's project to replace IAS 39 Financial Instruments:-Recognition and measurement.

Notes to the Financial Statements (continued)

2.5 Adoption of new and revised financial reporting standards (continued)

2.5.1 Standards, amendments and interpretations in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)

This standard will have a significant impact on the Group, which will include changes in the measurement basis of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss".

IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group. The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

IAS 40 Investment Property

These amendments clarify that to transfer to/from investment properties there must be a change in use. To conclude if a property has changed use there should be assessment of whether the property meets the definition which change must be supported by evidence.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. It is expected that no significant effect on the financial statements of the Group.

IFRS 4 Insurance Contracts

These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
- give all companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. There is no significant effect on the financial statements of the Group.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipts are made. The guidance aims to reduce diversity in practice.

The standard will be effective for annual periods on or after 1 January 2018. The Group will not be affected significantly by this standard.

IFRS 16 Leases

The International Accounting Standards Board (IASB) issued IFRS16 in January 2016 which requires lessees to recognize assets and liabilities for most leases on their balance sheets. Lessor accounting has not substantially changed in the new standard.

Under the new standard, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for the short-term leases(less than 12 months), and leases for which the underlying asset is of low value(such as laptops and furniture).

A lessee measure lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities(for example, leverage and performance ratios).

IFRS 16 supersedes IAS17-Leases, IFRIC 4-Determing 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. The standard will be effective for annual periods on or after 1 January 2019. The Group is still assessing the impact of the standard.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

3. Profit/(loss) before taxation is stated after accounting for the following items:

3.1 Revenue

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Revenue consists of the following principal categories				
Sale of goods and services	74 848 568	93 844 849	-	-
Management fees	-	-	662 120	881 656
	74 848 568	**93 844 849**	**662 120**	**881 656**

3.2 Other income

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Profit on disposal of items of property and equipment	91 937	41 727	134	135
Fees and commission	309 233	234 611	-	-
Cost of cancelled sales	562 930	-	-	-
Rent received	944 930	442 576	-	-
Sundry income	3 467 832	4 675 547	24 553	1 996 611
Guarantee fees	72 918	72 918	72 918	72 918
Directors fees	45 102	171 159	38 782	35 987
Scrap sales	574 408	-	-	-
Dividends	-	-	651 093	742 136
	6 069 290	**5 638 539**	**787 480**	**2 847 787**

3.3 Expenses

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Included in the selling and distribution expenses, and administrative expenses are the following significant items:				
Loss on disposal of items of property and equipment	491 684	187 595	-	-
Audit fees	259 362	272 391	33 350	33 350
Depreciation	3 979 892	5 048 749	23 236	36 630
Amortisation of intangible assets	3 075	19 326	-	-
Directors' emoluments:				
-for services as directors	227 490	266 324	53 292	60 189
-for managerial services	4 127 974	4 305 153	207 837	207 837
Employee benefits expense:				
-Salaries and wages	8 066 675	11 741 102	283 601	387 771
-National Social Security Authority	193 850	241 859	14 215	11 991
- Pension costs	522 504	468 806	43 855	29 792
- Medical aid	149 483	273 576	72 046	64 181

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
3.4 Net finance costs				
Finance costs:				
Interest on debts and borrowings	(8 058 814)	(7 272 971)	(2 120 680)	(1 486 141)
Finance income:				
Interest income on loans receivable	18 603	227	65	177
Interest on accounts receivable	202 129	337 900	-	-
	(7 838 002)	**(6 934 844)**	**(2 120 615)**	**(1 485 964)**
3.5 Other operating expenses	(461 198)	-	(461 198)	-
	(461 198)	**-**	**(461 198)**	**-**

Other operating expenses largely relate to penalties charged by Zimbabwe Revenue Authority (ZIMRA) to the Corporation for the year ended 31 December 2016.

3.6 Gain on loss of control

During the year the Group lost control of Zimglass (one of its subsidiaries) which went under final liquidation in February 2016. Over the years, Zimglass had negative equity which resulted in the realisation of a gain amounting to $21 605 249 upon loss of control. This gain is not reflective of the operating performance of the Group. This is a once- off event that is not expected to recur in future.

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
3.7 Impairment of Subsidiaries and associates				
Motira (Private) Limited	-	-	2 622 049	-
Sunway City (Private) Limited	-	-	2 271 536	-
Ginhole Investments (Private) Limited	-	-	369 893	-
Zimbabwe Grain Bag (Private) Limited	-	-	519 735	-
Chemplex Corporation Limited	-	-	306 022	14 594 804
Other	2006	101 215	-	-
Total	**2006**	**101 215**	**6 089 235**	**14 594 804**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

4. Taxation

	Group		Corporation	
	2016 US$	2015 US$	2016 US$	2015 US$
Income tax				
Current tax expenses				-
Current year	(540 913)	(21 936)	(55 901)	(43 542)
Deferred tax expense				
Origination and reversal of temporary differences	1 418 792	1 673 436	(148 999)	168 564
Income tax credit/(expense)	**877 879**	**1 651 500**	**(204 900)**	**125 022**
Amounts recognised in other comprehensive income				
Revaluation of property, plant and equipment	894 990	(9 965)	-	-
Income tax charged directly to other comprehensive income	**894 990**	**(9 965)**	**-**	**-**
Reconciliation of effective tax charge				
Profit/ (loss) before tax	6 815 341	(9 833 788)	(7 595 116)	(13 679 719)
	%	%	%	%
Profit before tax	(25.75)	(25.75)	(25.75)	(25.75)
Unutilised assessed losses	(57.94)	31.00	22.35	22.13
Interest subject to lower rates of tax	-	2.05	-	-
Tax incentive subject to lower rates	12.88	-	-	-
Permanent differences-associated companies	(6.18)	(14.00)	2.05	(0.04)
Gain on loss of control	81.63	-	-	-
Disallowable expenses	-	23.49	4.05	3.76
Other (non taxable)/non deductible items	8.24	-	-	-
Total	**12.88**	**16.79**	**2.70**	**0.10**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

5. Deferred taxation

	Group		Corporation	
	2016 US$	**2015 US$**	**2016 US$**	**2015 US$**
Net deferred tax analysed as follows				
Deferred tax liabilities	16 458 010	22 590 539	3 649 752	3 500 756
Deferred tax asset	(41 990)	(6 191 037)	-	-
	16 416 020	**16 399 502**	**3 649 752**	**3 500 756**
Deferred tax comprises of the tax effect on temporary differences arising from:				
Property, plant and equipment	11 328 836	11 933 578	23 192	25 377
Receivables	348 403	583 377	-	-
Investments	3 449 017	3 687 877	3 340 314	3 475 378
Revaluations	918 202	-	-	-
Prepayments	127 305	685 656	-	-
Provisions	(41 990)	(490 986)	-	-
Unrealised exchange loss	286 247	-	286 247	-
	16 416 020	**16 399 502**	**3 649 752**	**3 500 756**

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and deferred tax assets, and deferred tax liabilities relate to income taxes levied by the same authority.

The group did not recognise deferred tax assets in respect of the assessed tax losses because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom. The tax losses amount to $3 948 764 (2015: $6 283 428).

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6. Property, plant and equipment

Group	Land, buildings & permanent works US$	Plant & equipment US$	Motor vehicles US$	Office furniture & equipment US$	Mining assets US$	Capital work in progress US$	Total US$
Cost or valuation							
At 1 January 2015	127 164 249	40 329 592	4 478 153	1 233 389	62 377	3 585 000	176 852 760
Additions	6 133	2 260 710	461 501	91 469	308 250	213 193	3 341 256
Transfers	-	337 424	-	-	-	(337 424)	-
Revaluation	(199 305)	(7 069)	-	-	-	-	(206 374)
Reclassification to Investment property	-	-	-	-	-	-	-
Disposals	-	(97 449)	(400 812)	(47 844)	-	-	(546 105)
Discontinued operations	(7 473 474)	(11 021 438)	(74 230)	(55 519)	-	(197 703)	(18 822 364)
As 31 December 2015	**119 497 603**	**31 801 770**	**4 464 612**	**1 221 495**	**370 627**	**3 263 066**	**160 619 173**
Additions	165 000	1 053 446	281 732	108 182	-	255 248	1 863 608
Transfers	-	-	-	-	-	(77 950)	(77 950)
Revaluation	(3 176 950)	(901 112)	-	-	-	-	(4 078 062)
Disposals	(180 000)	(508 839)	(324 604)	(19 475)	-	-	(1 032 918)
Assets held for sale	(7 548 033)	(2 256 545)	(77 204)	(107 569)	-	-	(9 989 351)
At 31 December 2016	**108 757 620**	**29 188 720**	**4 344 536**	**1 202 633**	**370 627**	**3 440 364**	**147 304 500**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6. Property, plant and equipment (continued)

	Land, buildings & permanent works US$	Plant & equipment US$	Motor vehicles US$	Office furniture & equipment US$	Mining assets US$	Capital work in progress US$	Total US$
Accumulated depreciation							
At 1 January 2015	29 641 587	22 680 142	4 094 983	1 152 405	19 530	23 872	57 612 519
Charge for the year	2 025 110	2 220 762	421 775	148 588	220 578	11 936	5 048 749
Impairment loss recognised in Profit or loss	-	303 097	102 559	-	35 922	-	441 578
Transfer to held for sale	-	-	-	-	-	-	-
Disposals	-	(44 162)	(381 645)	(45 716)	-	-	(471 523)
Discontinued operations	(1 415 114)	(4 773 087)	(74 230)	(61 155)	-	(11 929)	(6 335 515)
At 31 December 2015	**30 251 583**	**20 386 752**	**4 163 442**	**1 194 122**	**276 030**	**23 879**	**56 295 808**
Charge for the year	2 063 984	1 422 737	317 356	132 724	31 155	11 936	3 979 892
Impairment loss recognised in Profit or loss	(7 765 196)	(1 248 934)	(7 213)	-	35 922	128 647	(8 856 774)
Disposals	(43 818)	(377 829)	(249 916)	(8 057)	-	-	(679 620)
Assets held for sale	-	(1 112 862)	(63 247)	(116 155)	-	-	(1 292 264)
At 31 December 2016	**24 506 553**	**19 069 864**	**4 160 422**	**1 202 632**	**343 107**	**164 462**	**49 447 042**
Net book value							
As 31 December 2016	**84 251 067**	**10 118 856**	**184 113**	**-**	**27 520**	**3 275 902**	**97 857 458**
As 31 December 2015	**89 246 019**	**11 415 018**	**301 170**	**27 373**	**94 597**	**3 239 187**	**104 323 365**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6. Property, plant and equipment (continued)

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

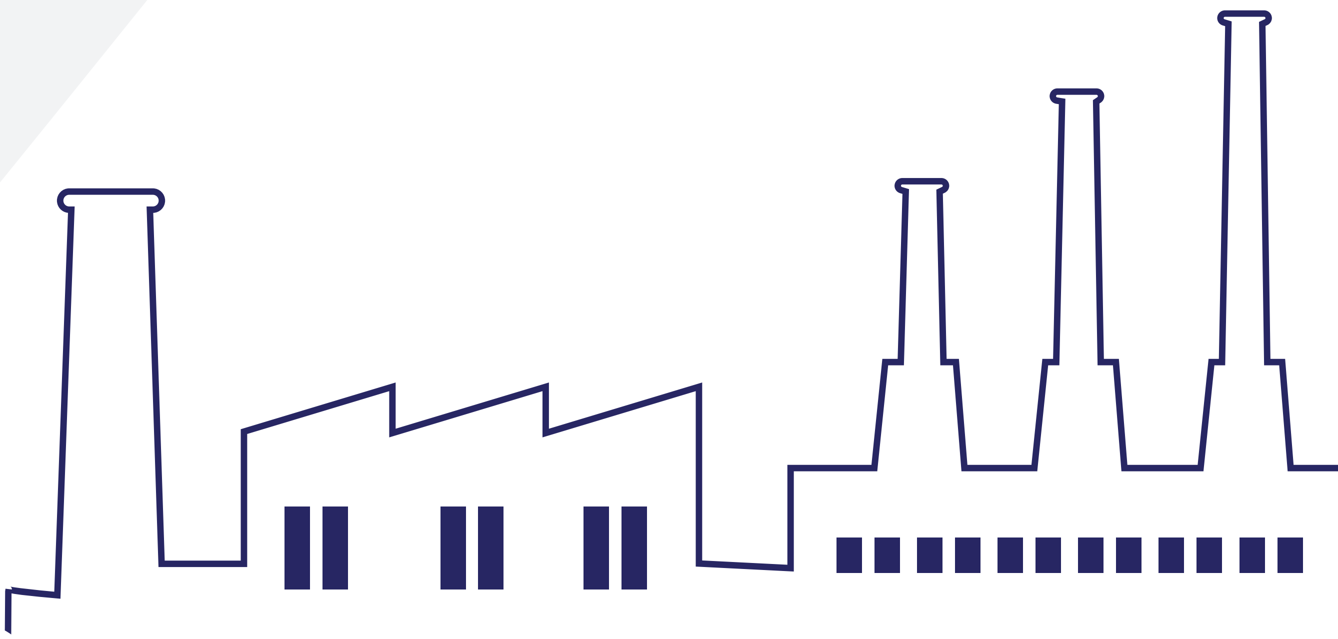
The Group's land and buildings are stated at their revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group engaged Dawn Property Consultancy and Green Plan (Pvt) Ltd, accredited independent valuers to assess the fair value of its land and buildings. The fair value of land and buildings were revalued on the basis of market replacement values. The Group determined the fair value by reference to market based evidence as at 31 December 2016.

The reconciliation of the fair value of the Group's land and buildings and information about fair value hierarchy as at 31 December 2016 is as follows:

Group	2016 US$	2015 US$
Balance at 1 January	**89 246 019**	**97 522 662**
Additions	165 000	6 133
Reclassification to Investment property	-	-
Changes in fair values	(3 176 950)	(199 306)
Disposals	(180 000)	-
Depreciation	5 745 030	(2 025 110)
Assets Held for Sale	(7 548 032)	-
Discontinued operation	-	(6 058 359)
Balance at 31 December	**84 251 067**	**89 246 020**

	Level 1 US$	Level 2 US$	Level 3 US$	Fair value as at 31 December 2016 US$
Land and buildings	**-**	**-**	**84 251 067**	**84 251 067**

There were no transfers between level 1, 2 and level 3.



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

6. Property, plant and equipment (continued)

(a) Fair value measurement of the Group's freehold land and buildings (continued)

Valuation techniques and significant unobservable inputs
The following table shows the valuation technique used in measuring the fair value of land and buildings, as well as the significant observable inputs used.

Valuation techniques	Significant unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
The Investment Method was applied on all income producing properties. Market capitalisation rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market. The Direct Comparison Method was applied on all residential properties, after Green Plan (Private) Limited and Dawn Property Consultancy (Private) Limited identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square metre of MSE.	Average rentals per square metre - US$1.50 to US$3.00 **(Residential Property)** US$20.00 to US$25.00 **(Commercial Property)** Average investment yield - 12% to 15% Estimated remaining life 1 -20yrs	The estimated fair value would increase (decrease) if: • Expected market rental growth were higher (lower) • Void period were shorter(longer) • Occupancy rate higher(lower) and • Yield rates were higher(lower) • Building quality was higher • Land values were higher • Location of the property was better

(b) Impairment loss
During the year ended 31 December 2016, due to reduction in market value for some assets, the Group tested its assets for impairment and recognised an impairment loss of US$2 567 805 (2015 : US$83 421), including impairment of goodwill. The amount has been recognised in profit or loss.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6. Property, plant and equipment (continued)

(c) Ginhole Investments (Private) Limited

The Corporation was mandated by the Ministry of Industry and Commerce to manage Last Hope Estate in 2005. Last Hope Estate is a 690 hectare property in Binga District and comprises of a bakery, tile factory, service station, game park and a hotel with a combined carrying amount of US$2 089 535 which is included in the Group property, plant and equipment carrying amount.

(d) The following items of property, plant and equipment have been pledged as security against borrowings:

US$9 073 397 is secured against mortgage bonds on Zimbabwe Phosphate Limited's land valued at US$9 800 000 and has tenure of 3 years and bears fixed interest rate of 16% per annum.

US$7 729 383 facility is secured against book debtors valued at US$9 534 310, pledge of stocks valued at US$13 530 486 and plant whose carrying amount is US$11 240 569. The tenure is up to 18 months.

US$10 000 000 RBZ loan is secured against equipment bought using the loan and is valued for US$3 003 225 (finance lease arrangement) and have a tenure of 5 years.

Land whose carrying amount is US$14 205 982 held as security by Agribank for a loan of US$10 million.

Bank overdrafts are secured against Zimbabwe Phosphate Industries land with a tenure of up 12 months.

FBC Bank Limited facility of $601 151 - bond was registered using title deeds for 477, 448 stand and remainder of stand 479 Bulawayo Township valued at US1 960 000, a Motec Holdings (Private) Limited guarantee and Stanbic Bank Limited facility of $340 000 - bond was registered using title deed for stand 13658, Bulawayo Township whose value is valued at US1 100 000.

BancABC - facility was registered using title deeds for Gweru stands 20 and 23 valued at valued at US650 000 and Motec Holdings (Private) Limited guarantee.

CBZ Bank Limited facility of $228 549 - NCGB of $956 500 and cession of stocks and book debt amounting to $56 000.
CBZ Bank Limited FBC Loans amounting to $3 979 185 have general bonds over plant and equipment.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6. Property, plant and equipment (continued)

Corporation

	Land, buildings & permanent works US$	Motor vehicles US$	Office furniture & equipment US$	Total US$
Cost or valuation				
At 1 January 2015	100 000	271 454	64 180	435 634
Additions	-	11 007	2 569	13 576
Disposals	-	(50 000)	(1 643)	(51 643)
As 31 December 2015	**100 000**	**232 461**	**65 106**	**397 567**
Additions	-	-	5 650	5 650
Impairment loss	(27 000)	-	-	(27 000)
Disposals	-	-	(892)	(892)
At 31 December 2016	**73 000**	**232 461**	**69 864**	**375 325**
Accumulated depreciation				
At 1 January 2015	15 000	211 852	33 674	260 526
Charge for the year	2 500	25 194	8 936	36 630
Disposals	-	(28 125)	(1 001)	(29 126)
At 31 December 2015	**17 500**	**208 921**	**41 609**	**268 030**
Charge for the year	2 500	11 587	9 149	23 236
Revaluation adjustment	(20 000)	-	-	(20 000)
Disposal	-	-	(892)	(892)
At 31 December 2016	**-**	**220 508**	**49 866**	**270 374**
Net book value				
As 31 December 2016	73 000	11 953	19 998	104 951
As 31 December 2015	**82 500**	**23 540**	**23 497**	**129 537**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

6.1 Intangible assets

Group	Patents and licences US$	Quantity Surveying software US$	Other US$	Total US$
Cost at 1 January 2015	114 882	11 289	30 627	156 798
Additions - internally developed	-	-	-	-
Balance at 31 December 2015	114 882	11 289	30 627	156 798
Additions	-	-	-	-
Balance at 31 December 2016	**114 882**	**11 289**	**30 627**	**156 798**
Accumulated amortisation and impairment losses				
Balance at 1 January 2015	98 248	4 979	30 215	133 442
Amortisation	16 634	2 692	-	19 326
Balance at 31 December 2015	114 882	7 671	30 215	152 768
Amortisation	-	3 075	-	3 075
Balance at 31 December 2016	**114 882**	**10 746**	**30 215**	**155 843**
Carrying amounts				
At 31 December 2016	**-**	**543**	**412**	**955**
At 31 December 2015	**-**	**3 618**	**412**	**4 030**

7. Investment properties

Group	2016 $	2015 $
Balance at 1 January	5 671 178	5 830 650
Reclassification from property, plant and equipment	-	(172 881)
Disposals	(2 150 000)	-
Fair value adjustment	198 822	13 409
Balance at 31 December	**3 720 000**	**5 671 178**

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

7. Investment properties (continued)

Rental Income generated from investment property amounted to US$944 930 (2015: US$864 977). Repairs and maintenance cost of investment property that generated investment income amounted to US$NIL (2015: NIL)

7.1 Measurement of fair value

Investment property comprises factory buildings under construction to be leased out in terms of operating lease on completion.

The fair value of the Group's investment properties as at 31 December 2016 was determined by an independent property valuer, Green Plan (Private) Limited, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section and was derived with reference to market information close to the date of the valuation.

The Group has no restrictions on the realisability of all investment properties and no contractual obligations to purchase, construct or develop the investment properties or to repairs, maintain and enhance the properties.

The fair value measurement for investment property of $3 720 000 has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values

Balance at 1 January 2016	5 671 178
Disposals	(2 150 000)
Change in fair value	198 822
Balance at 31 December 2016	**3 720 000**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

7. Investment properties (continued)

7.1 Measurement of fair value (continued)

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant observable inputs used.

Valuation techniques	Significant unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
The Investment Method was applied on all income producing properties. Market capitalisation rates were derived from market sales evidence and were determined in consultation with other investors and property brokers in the market. The Direct Comparison Method was applied on all residential properties, after Green Plan (Private) Limited identified various properties that have been sold or which were on sale and situated in comparable areas using the Main Space Equivalent (MSE) principle. The total MSE of comparable areas was then used to determine the value per square metre of MSE.	Average rentals per square metre - US$1.50 to US$3.00 US$20.00 to US$25.00 Average investment yield - 12% to 15% Estimated remaining life 1 -20yrs	The estimated fair value would increase (decrease) if: • Expected market rental growth were higher (lower) • Void period were shorter(longer) • Occupancy rate higher(lower) and • Yield rates were higher(lower) • Building quality was higher • Land values were higher • Location of the property was better

8. Investments

8.1 Investment in subsidiaries

Corporation

The Corporation uses the cost model to account for its investment in subsidiaries. At 31 December 2016, the amount of the investment in subsidiaries and the percentages of shareholding are as follows:

		2016 US$	2015 US$
Almin Metal Industries Limited	51%	-	1 009 877
Chemplex Corporation Limited	100%	10 658 407	10 972 040
Ginhole Investments (Private Limited)	100%	-	1 991 635
Motec Holdings (Private) Limited	100%	2 401 012	2 401 012
Motira (Private) Limited	99.68%	830 967	-
Sunway City (Private) Limited	99.98%	35 517 787	37 789 323
Industrial Sands (Private) Limited	100%	-	-
		49 408 173	**54 163 887**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.1 Investment in subsidiaries (continued)

*Industrial Sands (Private) Limited
Over the years Industrial Sands (Private) Limited (Industrial Sands) was reported as a subsidiary of Zimbabwe Glass (Private) Limited (Zimglass). During the year, Zimglass was placed under final liquidation and its assets and liabilities were derecognized. However, Industrial Sands was consolidated.

The directors are of the view that Industrial Sands is a subsidiary of the Corporation and regularisation of the legal documents to support the ownership is in process.

8.2 Investments in associates

The Group has interests in a number of associate companies. The Group holds 35% to 49% shareholding in four associated companies. All the Group's associate companies are private entities.

The following table illustrates summarised financial information of the Group's investment in all the following associates.

Nature and activities of each associate

Associate	Percentage Owned	Principal place of business	Activity
Sino-Zimbabwe Cement Company (Private) Limited	35%	Zimbabwe	Cement manufacturer and distributor
Stone Holdings (Private) Limited	49%	Zimbabwe	Producer of dimension stones
Sable Chemicals Industries Limited	36%	Zimbabwe	Producer of ammonium nitrate fertilizer

Impairment of investment in associate

During the year the Group recorded an impairment charge of $3 971 (2015: US$5 818 193) on its investment in Sable Chemical Industries Limited following the decommissioning of the electrolysis plant and the subsequent impairment of the same. The impairment loss recognised represents the Group's share of the total impairment loss.

"The Group holds 35% to 49% shareholding in four associated companies"

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.2 Investments in associates (continued)

Summarised associate's statement of financial position:

Group 2016	Sino - Zimbabwe Cement Company (Private) Limited US$	Stone Holdings (Private) Limited US$	Sable Chemicals (Private) Limited US$
Current assets	13 106 837	1 918 303	23 786 488
Non-current assets	46 604 566	3 586 641	5 771 090
Current liabilities	(7 182 948)	(2 666 639)	(25 809 914)
Non-current liabilities	(11 323 408)	(8 680 487)	-
Equity	**41 205 047**	**(5 842 182)**	**3 747 664**
Additional information on associate companies			
Revenue	19 963 933	8 032 270	8 056 367
Cost of sales	(12 374 718)	(6 730 947)	(7 621 560)
Other income/ (expenses)	(203 254)	131 600	1 372 744
Administration expenses	(6 135 638)	(1 187 199)	(5 377 791)
Net finance costs	9 001	-	(1 090 920)
Profit / (Loss) before tax	(125 324)	245 724	(4 661 160)
Tax	(1 135 421)	-	(16 400)
Profit / (Loss)	**123 903**	**245 724**	**(4 677 560)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.2 Investments in associates (continued)

Group 2015	Motira (Private) Limited US$	Sino - Zimbabwe Cement Company (Private) Limited US$	Stone Holdings (Private) Limited US$	Sable Chemicals (Private) Limited US$
Current assets	758 461	12 979 958	2 333 699	36 792 524
Non-current assets	305 653	47 625 205	3 392 924	6 254 155
Current liabilities	(86 203)	(3 489 455)	(3 529 240)	(34 648 884)
Non-current liabilities	(3 453 016)	(11 415 806)	(9 160 581)	0
Equity	**(2 475 105)**	**45 699 902**	**(6 963 198)**	**8 397 795**
Additional information on associate companies				
Revenue	304 218	28 531 561	7 499 344	44 139 887
Cost of sales	(150 777)	(18 070 194)	(5 862 185)	(42 880 480)
Other income	1 988 870	(732 599)	67 657	7 854 323
Administration expenses	(469 440)	(6 644 056)	(833 971)	(12 837 637)
Net finance costs	15 637	(21 706)	-	(687 402)
Profit / (Loss) before tax	1 688 508	3 063 006	870 845	(4 411 309)
Tax	-	(1 230 739)	-	1 305 264
Profit / (Loss)	**1 688 508**	**1 832 267**	**870 845**	**(3 106 045)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.2 Investments in associates (continued)

Group 2016 **Group's share from associates**	Sino - Zimbabwe Cement Company (Private) Limited 35% US$	Stone Holdings (Private) Limite 49% US$	Sable Chemicals (Private) Limited 37.5% US$	TOTAL
Current assets	4 674 843	939 968	8 563 136	14 090 497
Non-current assets	16 311 598	1 757 454	2 077 592	20 146 644
Current liabilities	(1 717 372)	(1 306 653)	(9 291 569)	(13 112 254)
Non-current liabilities	(3 843 481)	(4 253 439)	-	(8 187 733)
Net equity	15 425 588	(2 862 670)	1 349 159	12 937 154
Carrying amount recognised	**15 425 588**	**-**	**1 349 159**	**16 774 747**

Share of associate's revenue and loss:	Sino - Zimbabwe Cement Company (Private) Limited 35% US$	Stone Holdings (Private) Limited 49% US$	Sable Chemicals (Private) Limited 36% US$	TOTAL
Revenue	6 987 377	3 935 812	3 394 480	14 317 669
Profit/ (Loss)	43 366	120 405	(1 678 018)	(1 514 247)
Profit/ (loss) of associate recognised	43 366	-	(1 678 018)	(1 634 652)
Profit/ (Loss) of associate not recognised	**-**	**120 405**	**-**	**120 405**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.2 Investments in associates (continued)

2015	Motira (Private) Limited 45% US$	Sino - Zimbabwe Cement Company (Private) Limited 35% US$	Stone Holdings (Private) Limited 49% US$	Sable Chemicals (Private) Limited 37.5% US$	TOTAL US$
Current assets	341 307	4 542 985	1 143 513	13 245 309	19 273 114
Non-current assets	137 544	16 668 822	1 662 533	2 251 496	20 720 395
Current liabilities	(38 791)	(1 221 309)	(1 729 328)	(12 473 598)	(15 463 026)
Non-current liabilities	(1 553 857)	(3 966 983)	(4 488 685)	-	(10 009 525)
Net equity	(1 113 797)	16 023 515	(3 411 967)	3 023 207	14 520 958
Carrying amount recognised	**-**	**16 023 515**	**-**	**3 023 207**	**19 046 722**

Share of associate's revenue and loss:	Motira (Private) Limited 45% US$	Sino - Zimbabwe Cement Company (Private) Limited 35% US$	Stone Holdings (Private) Limited 49% US$	Sable Chemicals (Private) Limited 37.5% US$	TOTAL US$
Revenue	136 898	9 986 046	3 674 679	15 890 359	29 687 982
Profit/ (loss) of associate	(133 119)	641 293	426 714	(1 118 176)	(183 288)
Profit/ (loss) of associate recognised	-	641 293	-	(1 118 176)	(476 883)
(Loss) of associate not recognised	**(133 119)**	**-**	**426 714**	**-**	**293 595**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.2 Investments in associates (continued)

Group	2016 US$	2015 US$
Carrying amount of interests in associates	16 774 747	19 046 722
Share of:		
Loss	(1 634 652)	(476 883)
Other comprehensive income	-	-
	(1 634 652)	**(476 883)**

Corporation	2016 US$	2015 US$
Sino - Zimbabwe Cement Company (Private) Limited	12 923 804	12 923 804
Stone Holdings (Private) Limited	-	-
Surface Investments (Private) Limited	-	-
	12 923 804	**12 923 804**

The Group holds 10% interest as at 31 December 2016 classified as available for sale financial assets under note 8.4.

8.3 Discontinued operations

During 2014, the Board of Directors gave a directive through the Zimglass Board to make an application for provisional judicial management in Zimbabwe Glass Industries (Private) Limited. The Judicial Manager then applied for provisional liquidation which was granted at the first creditors meeting on 8 October 2014. The second creditors meeting was held on 20 March 2015. The Judicial Manager then applied for a final liquidation which was approved in a creditors meeting at the Master of High Court on 10 February 2016.

In 1986, IDCZ acquired Zimglass and Industrial Sands for $4 million from Consol Limited. As an administrative issue, Industrial Sands (Private) Limited was being consolidated under Zimglass over the years. In the prior year, the Directors decoupled the two companies thereby reversing the administrative directive.

Over the years Industrial Sands (Private) Limited (Industrial Sands) was reported as a subsidiary of Zimbabwe Glass (Private) Limited (Zimglass). During the year, Zimglass was placed under final liquidation and its assets and liabilities were derecognized. However, Industrial Sands was consolidated.

The directors are of the view that Industrial Sands is a subsidiary of the Corporation and regularisation of the legal documents to support the ownership is in process.

(a) Results of discontinued operation

	2016 US$	2015 US$
Revenue	1 710 557	93 293
Expenses	(2 351 500)	(1 300 743)
Profit/ (loss) for the year from discontinued operation	(640 943)	(1 207 450)
Results from operating activities, net of tax	(640 943)	(1 207 450)
Profit/ (loss) for the year from a discontinued operation	**(640 943)**	**(1 207 450)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.3 Discontinued operations (continued)

		2016 US$	2015 US$
(b)	**Cash flows from (used in) discontinued operation**		
	Net cash used in operating activities	75 635	63 746
	Net cash from investing activities	(86 468)	(7 942)
	Net cash flow from financing activities	(64 415)	-
	Net cash flow for the year	**(75 248)**	**55 804**

		2016 US$	2015 US$
(c)	**Effects of disposal on the financial position of the Group**		
	Property, plant and equipment	8 697 089	13 418 555
	Trade and other receivables	109 866	442 909
	Inventories	367 279	167 977
	Interest bearing loans	99 999	(14 495 729)
	Trade and other payables	(211 839)	(19 192 910)
	Bank overdraft	(1 472 170)	(1 912 855)
	Net assets and liabilities	**7 590 224**	**(21 572 053)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.4 **Available for sale financial assets** (continued)

	Group		Corporation	
	2016 US$	2015 US$	2016 US$	2015 US$
Balance at 1 January	**1 082 750**	**1 091 533**	**937 171**	**991 373**
Additions	52 187	96 459	-	-
Reclassification of investment	-	(7 303)	-	-
Fair value adjustment	(54 959)	(97 939)	(72 019)	(54 202)
Balance at 31 December	**1 079 978**	**1 082 750**	**865 152**	**937 171**

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

8. Investments (continued)

8.5 Non-current assets held for sale

	Group		Corporation	
	2016 US$	2015 US$	2016 US$	2015 US$
Balance at 1 January	14 694 502	665 061	1 482 686	975 109
Additions	-	14 029 441	3 001 513	-
Disposals	(2 121 134)	-	-	-
Fair value adjustments	-	-	(875 018)	507 577
Balance at 31 December 2016	**12 573 368**	**14 694 502**	**3 609 181**	**1 482 686**
Liabilities held for sale	**2 897 759**	**35 601 494**	**-**	**-**

In line with IDCZ 4D strategy, Almin Metal Industries Limited (Almin), Ginhole Investments Limited and Zimbabwe Grain Bag (Private) Limited were earmarked for disposal. On 30 January 2017, a share sale and purchase agreement was signed allowing 51% shareholding in Almin to be taken over by private partner, the group nolonger has any interest in Almin.

The IDZ Board and management agreed to dispose off Ginhole Investments Limited through a public tender. A tender advert had been placed to search for prospective bidders.

Accordingly the two companies had been presented as a disposal group held for sale. The above assets and liabilities held for sale include disposal group held for sale at 31 December 2016. The disposal group comprised of the following assets and liabilities:

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

8. Investments (continued)

8.5 Non-current assets held for sale (continued)

	2016 US$	2015 US$
Asset held for sale		
Property, plant and equipment	8 697 089	13 418 555
Inventories	367 277	167 977
Trade and other receivables	109 866	442 909
Cash and cash equivalents	99 999	-
Associates held for sale	977 561	-
Other assets	2 321 576	-
	9 274 231	**-**
Liabilities held for sale		
Trade and other payables	1 422 081	19 192 910
Deferred Tax	1 386 597	14 495 729
Taxation	89 081	-
Bank overdraft	-	1 912 855
	2 897 759	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.5 Non-current assets held for sale (continued)

Fair value measurement

The non-current assets held for sale and available for sale financial assets have been categorised as level 3.

	Level 1 US$	Level 2 US$	Level 3 US$	Fair value as at 31 December 2016 US$
Non-current assets held for sale	-	-	12 573 368	12 573 368
Available for sale financial assets	-	-	1 079 978	1 079 978
			13 653 346	**13 653 346**

	Level 1 US$	Level 2 US$	Level 3 US$	Fair value as at 31 December 2015 US$
Non-current assets held for sale	-	-	14 694 502	14 694 502
Available for sale financial assets	-	-	1 082 750	1 082 750
			15 777 252	15 777 252

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.5 Non-current assets held for sale (continued)

Valuation techniques and significant unobservable inputs

The valuation technique used in measuring the non-current assets held for sale and available for sale financial assets, as well as the significant observable inputs used are highlighted in the table on note 8.6.
The following table shows the valuation technique used in measuring the fair value of non-current asset held for sale and available for sale financial assets, as well as the significant observable inputs used;

Valuation techniques	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Net Assets Value: The valuation model determines the fair value of investment securities (non-listed entities) with reference to the net asset value, which was determined by the directors as a proxy valuation method derived from the market approach. The market approach as prescribed by IFRS 13- Fair value measurement requires the identification of a similar or identical quoted asset with a similar risk profile. A discounted cash flow technique or earnings may have been used to value such investments by identifying a risk-adjusted discount rate and maintainable earnings (earnings-multiple approach) The market and income approach may not be appropriate for valuing non-listed entities in the Zimbabwean environment considering lack of comparative quoted equity instruments as well as absence of market data relating to historical correlation of unquoted equity instruments in similar industries and market ability discounts.	The fair value of securities are based on net asset values which use the movements in the assets and liabilitiews of investee entities. The net asset values are not observable from market data, although verified by independent and experienced auditors.	The estimated fair value would increase(decrease) due to the following : • Increase or (decrease) in fair value or historical cost adjustments of underlying assets and liabilities held by investees. • (Decrease) as a result of economic obsolescence of underlying assets. • Financial performance of the investee.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

8. Investments (continued)

8.6 Non-Controlling Interest (NCI)

(a) **The following table summarises the information relating to each of the Group's subsidiaries that have material non-controlling interest (NCI).**

31 December 2016	Almin Metal (Private) Limited	ZFC (Private) Limited in Chemplex Corporation
Principal place of business	**Zimbabwe**	**Zimbabwe**
NCI percentages	**49%**	**50%**
	US$	**US$**
Non-current assets	6 607 553	16 011 815
Current assets	521 986	21 298 944
Non-current liabilities	(1 357 833)	(3 172 315)
Current liabilities	(1 445 594)	(15 198 348)
Net assets	**4 326 112**	**18 940 096**
Carrying amount of NCI	**2 119 795**	**10 205 320**
Revenue	1 612 916	46 014 570
Profit	(441 469)	426 074
Other Comprehensive Income	-	-
Total Comprehensive (loss)/ Income	**(441 469)**	**426 074**
Profit allocated to NCI	(216 320)	143 31
Cash flows from operating activities	74 202	14 716 537
Cash flows from investing activities	(87 268)	(190 838)
Cash flows from financing activities	(63 092)	(8 874 159)
Net increase (decrease) in cash and cash equivalents	**(76 157)**	**5 651 540**

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

8. Investments (continued)

8.6 Non-Controlling Interest (NCI) (continued)

31 December 2015	Allied Insurance (Private) Limited	Motec Holdings (Private) Limited	Almin Metal (Private) Limited	ZFC (private) limited in Chemplex Corporation
Principal place of business	**Zimbabwe**	**Zimbabwe**	**Zimbabwe**	**Zimbabwe**
NCI percentages	**36%**	**25%**	**49%**	**50%**
	US$	US$	US$	US$
Non-current assets	1 514 436	25 479 359	6 496 652	13 970 228
Current assets	908 939	3 466 690	1 491 951	27 054 513
Non-current liabilities	(44 051)	(2 006 241)	(1 560 583)	(3 755 464)
Current liabilities	(809 520)	(20 747 866)	(1 503 941)	(20 825 227)
Net assets	**1 569 804**	**6 191 942**	**4 924 079**	**16 444 050**
Carrying amount of NCI	565 129	3 467 263	2 412 799	8 214 278
Revenue	1 128 596	13 460 885	2 970 100	61 382 875
Profit	(153 907)	(1 009 193)	(251 114)	342 733
OCI	-	-	-	-
Total Comprehensive Income/(loss)	**(153 907)**	**(1 009 193)**	**(251 114)**	**342 733**
Profit allocated to NCI	(153 907)	(28 959)	(123 046)	143 316
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	(204 919)	(316 858)	202 800	(2 136 302)
Cash flows from investing activities	133 749	56 989	(10 624)	(532 529)
Cash flows from financing activities	-	(2 833 486)	(43 908)	1 702 100
Net increase (decrease) in cash and cash equivalents	**(71 170)**	**(3 093 355)**	**148 268**	**(966 731)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

9. Inventories

Group	2016 US$	2015 US$
Raw materials	4 950 133	6 902 155
Finished goods	3 017 645	15 207 594
Land held for trading	-	-
Stores	5 921 573	2 901 546
Work in progress	333 067	808 000
Consumables	1 040 536	309 245
Total inventories at lower of cost and net realisable value	**15 262 954**	**26 128 540**

10. Non-current portion of land held for sale

	2016 US$	2015 US$
Balance at 1 January	13 070 352	12 918 388
Additions	433 961	151 964.00
Balance at 31 December	**13 504 313**	**13 070 352**

Measurement of fair value

The non-current assets relates to stands that are available for sale but are more likely to be sold after more than twelve months.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

11. Trade and other receivables

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Trade receivables	19 217 579	19 463 643	40 237	-
Other receivables	5 933 731	5 467 501	-	64 474
	(3 892 716)	(3 815 401)	-	-
	21 258 594	**21 115 743**	**40 237**	**64 474**
Related party receivables	-	-	1 556 185	1 212 205

Terms and conditions of the above financial assets

Trade and other receivables are non-interest bearing and are generally on 15-30 days credit terms.

For terms and conditions relating to related party receivables refer to note 18.

As at 31 December 2016, the ageing analysis of trade receivables is as follows:

	Total US$	Neither due nor impaired US$	15 - 30 days US$	30 - 60 days US$	60 - 90 days US$	Past due but not impaired 120 days US$
2016	**15 530 013**	11 244 618	42 702	756 819	586 994	2 639 729
2015	**16 205 360**	10 032 783	572 762	1 104 643	510 956	3 427 098

As at 31 December 2016, included in trade receivables is an allowance of US$3 892 716(2015: US$3 815 401) relating to doubtful debts. Below is the movement for doubtful debts;

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

11. Trade and other receivables (continued)

	Individually Impaired 2016 US$	Individually Impaired 2015 US$
Balance at 1 January	3 815 401	8 150 585
Charge for the year	77 315	(4 335 184)
Balance at 31 December	**3 892 716**	**3 815 401**

An analysis of the credit quality of trade and other receivables that are neither past due nor impaired is as follows:

	2016 US$	2015 US$
Four or more years trading history with the Group	9 595 846	9 595 846
Less than four years of trading history with the Group	1 648 772	436 937
Higher risk	-	-
	11 244 618	**10 032 783**

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

11 (a) Intragroup balances

The Corporation's Group balances receivable comprise of the following:

	2016 US$	2015 US$
Group companies		
Subsidiary Companies		
Almin Metal Industries (Pvt) Ltd	124 410	88 231
Chemplex Corporation Ltd	1 912 867	442 672
Last Hope	72 344	39 645
Motec Holdings (Pvt) Ltd	127 730	98 417
Olivine Industries	220 289	448 059
Sunway City Harare (Pvt) Ltd	16 253	33 787
Industrial Sands (Pvt) Ltd	31 269	16 544
	2 505 165	**1 167 358**
Associated Companies		
Sino-Zimbabwe Cement Company	34 918	19 582
Stone Holdings (Pvt) Ltd	22 283	14 123
Motira	11 877	12 429

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

11. (a) Intragroup balances (continued)

Zimbabwe Grain Bag (Pvt) Ltd	1 528	(1 287)
	70 608	44 847
Reclassification to non- current assets	(1 019 588)	-
	1 556 185	**1 212 205**

Impairment of Group receivables: Chemplex $109 242 Impairment on Group receivables resulted from discounting cash flows from amounts included in a Moratorium effective January 2018.

12. Cash and cash equivalents

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Cash at banks and on hand	11 050 965	2 262 299	6 240	73 022

The carrying amounts disclosed above reasonably approximate the fair value at reporting date.
For purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Cash at bank and on hand	11 050 965	2 262 299	6 240	73 022
Bank overdrafts (note 14.2)	(1 169 914)	(4 955 459)	(44)	(3 952)
	9 881 051	(2 693 160)	6 196	69 070
Details of banking facilities				
As at 31 December 2016, the Group had the following undrawn banking facilities:				
Agricultural Development Bank of Zimbabwe	-	-	-	-
African Banking Corporation Zimbabwe Limited	525 294	-	-	-
Reserve Bank of Zimbabwe	133 919	4 883 407	-	-
Central African Building Society	3 291 997	11 314	-	-
CBZ Bank Limited	-	3 500 000	-	-
FBC Bank Limited	88 226	-	-	-
Industrial Development Corporation of South Africa Limited	-	6 535 979	-	-
Infrastructure Development Bank of Zimbabwe Limited	-	-	-	-
Ecobank Zimbabwe Limited	-	-	-	-
Stanbic Bank Limited	2 270 617	1 401 420	-	-
Standard Chartered Bank Zimbabwe	-	-	-	-
Steward Bank (Formerly TN Bank)	294 883	100 863	-	-
ZB Bank Limited	-	-	-	-
	6 604 936	**16 432 983**	**-**	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

12. Cash and cash equivalents (continued)

Cash on hand includes bond notes, which are a debt instrument that has been disclosed under cash and cash equivalents as it meets the definition of cash and cash equivalents and is pegged at 1:1 with the US$.

Balances held at bank are also used for settlement of foreign transactions. The Central Bank through Exchange Control Operational Guide 8 (ECOGAD8) introduced prioritisation criteria which have to be followed when making foreign payments on behalf of customers. After prioritisation foreign payments are then made subject to the availability of bank balances with foreign correspondent banks, resulting in possible delay of payment of telegraphic transfers. However, no delay is expected in the settlement of local transactions through the Real Time Gross Settlement ("RTGS") system.

13. Capital and reserves

		2016	2015
(a)	**Share capital**	**US$**	**US$**
	In issue at 1 January	8 344 108	8 344 108
	Awaiting issue of new shares	20 173 435	-
	Authorised-par value $2	100 000 000	100 000 000

(i) Ordinary Shares
All ordinary shares rank equally with regards to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(ii) Issue of ordinary shares
On 14 November 2016, Cabinet approved the convertion of debt owed to the Ministry of Finance and Economic Development (the Ministry) into 10 086 717 ordinary shares of $2 each with a value of $20 173 543(2015: Nil). The shares were issued to the Ministry in February 2017.

(b) Nature and purpose of reserves

(i) Mark to market reserve
The mark to market reserve is used to record increase in the fair value of financial assets available for sale and such decreases in relation to the market price of the assets on the same asset previously recognised in equity.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

13. Capital and reserves (continued)

(ii) Non-distributable reserve

The non-distributable reserve arose from foreign currency conversion on change of functional currency from the Zimbabwean dollar to the United States dollar. It represents the residual equity in existence as at the changeover period and has been designated as a capital reserve

Non distributable reserves	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Balance at 1 January 2016	99 457 687	97 773 740	109 037 771	109 037 771
Movements during the year	-	1 683 947	-	-
Balance at 31 December 2016	**99 457 687**	**99 457 687**	**109 037 771**	**109 037 771**

(iii) Revaluation reserve

The revaluation reserve is used to record increases in the fair value of property, plant and equipment and the decreases to the extent that such decreases relates to the same asset previously recognised in equity.

Revaluation reserve	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
Balance at 1 January 2016	18 110 366	24 805 613	-	-
Transfer to Revenue Reserves	(104 435)	(687 979)	-	-
Loss of control	(15 894 519)	-	-	-
Other comprehensive income net of deferred tax	(6 220 003)	(6 007 268)	-	-
Balance at 31 December 2016	**8 331 415**	**18 110 366**	**-**	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

14. Loans and borrowings

Loans and borrowings

Bank	Security
Agricultural Development Bank of Zimbabwe:	Guaranteed by Industrial Development Corporation of Zimbabwe Limited.
Stanbic Bank Zimbabwe Limited:	Guaranteed by Industrial Development Corporation of Zimbabwe Limited.
Industrial Development Corporation of South Africa Limited:	Guaranteed by Industrial Development Corporation of Zimbabwe Limited and cross company guarantees.
Steward Bank Limited:	Secured against mortgage bonds on Zimbabwe Phosphate Limited's land.
Central African Building Society:	Secured against cession of stocks and book debt and plant.
FBC Bank Limited:	Secured against mortgage bonds on Zimbabwe Phosphate Limited's land.
CBZ Bank Limited:	Secured against mortgage bonds on Chemplex Properties.
Ministry of Industry and Commerce:	The Corporation entered into a loan agreement with Government of Zimbabwe through Ministry of Industry and Commerce after the Corporation defaulted in their payment obligations resulting in Government as guarantor taking over the obligations. The loan facility is meant to record the payment made by Government, as guarantor, to China Exim bank following the default. The interest on the facility is 5% per annum.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

14. Loans and borrowings

14.1 Loans and borrowings - Non current

	Group 2016 US$	Group 2015 US$	Corporation 2016 US$	Corporation 2015 US$
China Import Export Bank (Remnibi Yuan 102 324 925)	5 589 015	6 570 611	5 589 015	6 570 611
Sino - Zimbabwe Cement Company (Private) Limited	1 547 453	2 031 192	1 547 453	2 031 192
Steward Bank	5 445 561	-	-	-
Central African Building Society	-	-	-	-
Industrial Development Corporation of South Africa Limited	-	1 973 814	-	-
Reserve Bank of Zimbabwe	-	3 964 407		
FBC Bank Limited	5 853 369	1 784 675	-	-
Finance Lease Liability: RBZ	10 000 000	3 618 593		
	28 435 398	**19 943 292**	**7 136 468**	**8 601 803**
Other Liabilities - Non current				
Financial Liabilities - Long Term	2 784 102	6 396 293	-	-
Total non-current loans and borrowings	**31 219 500**	**26 339 585**	**7 136 468**	**8 601 803**

The China Import Export Bank loan is charged 2% interest per annum and is repayable semi-annually from 21 March 2012 to 21 July 2017 in equal instalments. The loan is secured by the Government of Zimbabwe. The bi-annual payments due on the facility were defaulted since 2016.

Sino - Zimbabwe Cement Company (Private) Limited loan is not secured, has no rate and no tenure.

The Industrial Development Corporation of South Africa Limited loan is charged six months LIBOR plus 7 % per annum. Interest shall be capitalised for the first five months and is payable on the 1st of each month in advance. The loan is a six year loan on capital expenditure and one year loan on working capital. The loan is secured by an Industrial Development Corporation of Zimbabwe Limited guarantee of $10 000 000 supported by a Note of Hand of $10 000 000 over the remaining extent of Ventersburg estate, in the name of Sunway City (Private) Limited.

The Reserve Bank of Zimbabwe (RBZ) loan is secured against equipment bought using the funds (lease agreement) and has a tenure of 5 years.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

14. Loans and borrowings (continued)

14.2 Loans and borrowings - Current

	Group 2016 US$	2015 US$	Corporation 2016 US$	2015 US$
Agricultural Development Bank of Zimbabwe	3 051 510	7 140 841	3 051 511	3 447 963
Merchant Bank of Central Africa	-	14 907	-	-
Central African Building Society (CABS)	8 204 089	5 663 733	-	-
China Import Export Bank (Remnibi Yuan 13 408 173)	4 200 000	4 200 000	4 200 000	4 200 000
CBZ Bank Limited	728 549	2 000 000	-	-
FBC Bank Limited	804 757	951 224	-	-
Industrial Development Corporation of South Africa Limited	208 003	4 031 992	-	2 067 973
Ministry of Finance and Economic Development	-	19 295 783	-	19 295 783
Reserve Bank of Zimbabwe	-	2 654 187	-	-
Stanbic Bank Zimbabwe Limited	631 310	2 685 536	-	-
Steward Bank Limited	425 118	399 137	-	-
Total current loans and borrowings	**18 253 336**	**49 037 340**	**7 251 511**	**29 011 719**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

14. Loans and borrowings (continued)

14.2 Loans and borrowings - Current (continued)

Group	Group		Corporation	
Overdrafts	**2016 US$**	**2015 US$**	**2016 US$**	**2015 US$**
Agricultural Development Bank of Zimbabwe	214	6 171	44	3 952
African Banking Corporation Zimbabwe Limited	-	155 433	-	-
CBZ Bank Limited	228 549	236 522	-	-
FBC Bank Limited	601 151	4 103 825	-	-
Stanbic Bank Zimbabwe Limited	340 000	412 080	-	-
Merchant Bank Central Africa	-	41 428	-	-
	1 169 914	**4 955 459**	**44**	**3 952**

The bank overdrafts are secured against immovable property with a tenure of up to 12 months and were utilised to finance procurement of spare parts and fuels. Interest rates vary from 5% to 18% and matured between January 2016 and December 2016.
The overdraft penalty rates vary from 22% to 40%.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

14. Loans and borrowings (continued)

14.2 Loans and borrowings - Current (continued)

14.2 (a) Breach of loan covenants

Institution	Default during the year			
	Principal	Interest	Redemption terms	Amount
	US$	US$		US$
Afraisia Bank Limited	6 570 000	6 570 000	Monthly instalments	13 140 000
FBC Bank Limited	1 345 000	567 794	Monthly instalments	1 912 794
Total	**7 915 000**	**7 137 794**		**15 052 794**

The consortium of banks were issued with a writ of execution on the 19th January 2016 against the Corporation as a guarantor and co-principal debtor of the Zimbabwe Glass Industries Limited debt of $15 052 794. The Government, through the Ministry of Finance and Economic Development is looking to settle the debt in exchange for equity in the Corporation.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

15. Trade and other payables

	Group		Corporation	
	2016 US$	2015 US$	2016 US$	2015 US$
Trade payables	21 145 171	14 616 281	1 660	-
Accruals	25 707 458	22 388 835	842 102	-
VAT Control Account	5 741 710	4 409 126	2 594 701	
Other payables	21 904 032	8 624 354	16 193 027	18 037 322
	74 498 372	**50 038 596**	**19 631 490**	**18 037 322**
Related party payables	**-**	**-**	**751 742**	**245 625**

Trade payables are non-interest bearing and are normally settled on 15 to 30 day terms. Other payables include IDCZ Limited ($ 3 546 764); Motec Holdings (Private) Limited retrenchment costs ($10 929 080) and Chemplex Corporation Limited ($19 704 464) retrenchment costs.

For terms and conditions relating to related parties, refer Note 18.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

16. Loans receivable

	Group 2016	Group 2015	Corporation 2016	Corporation 2015
	US$	US$	US$	US$
Long term loans to subsidiaries				
Sunway City (Private) Limited	-	-	-	(23 584)
Zimbabwe Glass Industries Limited	-	-	-	-
Almin Metal Industries Limited	-	-	-	54 287
Ginhole Investments (Private) Limited	-	-	-	66 670
	-	-	-	97 373
Other				
Olivine Holdings (Private) Limited	-	993 488	-	1 272 880
Modzone Enterprises Limited		-	-	-
Motira (Private) Limited	-	3 453 018	-	3 453 018
	-	4 446 506	-	4 725 898
Total long term loans receivable	**-**	**4 446 506**	**-**	**4 823 271**
Short term loans receivable from subsidiaries				
Sunway City (Private) Limited	-	310 196	19 280	310 196
Zimbabwe Glass Industries Limited	-	-	-	-
Almin Metal Industries Limited	7 858	(54 287)	111 744	103 399
Ginhole Investments (Private) Limited	-	10 340	88 673	20 680
Other				
Olivine Holdings (Private) Limited	-	1 096 034	-	1 096 034
Total short term loans receivable	**7 858**	**1 362 283**	**219 697**	**1 530 309**

Loans receivable relate to the Industrial Development Corporation of South Africa (IDC-SA) commercial loan given to subsidiaries and other entities that the Corporation has investments in. The loans are to be used for both working capital and capital expenditure. Interest rate for these loans is 7% per annum plus 6 months libor.

Total loans receivable relating to the IDCSA loan amount to US$ 7 858 and loans extended to subsidiaries were eliminated as inter-company balances.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

17. Commitments and contingencies

(a) **Commitments**

During the year 31 December 2016 the Group is committed to incur capital expenditure of US$15 757 426 (2015: $9 627 033). These commitments are expected to be settled in 2017.

(b) **Finance lease commitments**

The Group has entered into commercial lease arrangements for various items of plant and machinery under finance lease. The finance lease typically runs for a period of five years at an interest rate of 9.5%. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.There are no restrictions placed upon the Group entering into these contracts.

(i) **Future minimum lease commitments**

At 31 December, the future minimum lease payments under non-cancellable leases were as follows:

	2016 US$	2015 US$
Less than one year	162 000	2 112 624
Between one and five years	13 933 576	4 751 153
More than five years	-	602 931
	14 095 576	**7 466 708**

(ii) **Amounts recognised in profit or loss**

	2016 US$	2015 US$
Lease expense	**162 000**	**2 112 624**

(c) **Contingent liabilities**

Chemplex Corporation Limited vs Former employees

Chemplex Corporation Limited has a contingent liability arising from legal claims for unfair dismissal of various employees amounting to $NIL (2015:-$302 725). Dispute invoices and interest charges amounted to $725 091(2015: $523 926). The Group has been advised by its legal counsel that it is only possible, but not probable, that the claims will succeed. Accordingly, no provision for any liability has been made in these financial statements.

(d) **Contingent asset**

IDCZ LTD vs State of Romania and ROMSIT (International Glass Factory)

This is an ongoing international matter in which IDCZ Limited successfully sued Romanian State Company (ROMSIT) for breach of contract arising from defective workmanship and materials which resulted in the closure of the National Glass in Kadoma. IDCZ Limited was awarded judgement for the principal sum of US$4 211 570 together with interest at 8% per annum from 15 March 1999 to date of payment and arbitration costs of US$606 640. The judgement debt now amounts to an excess of US$10 524 829 with interest and costs included. It is considered that the judgement sum of US$10 524 829 will be recovered in due course although, due to the nature of international disputes this may take long.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

18. Related party disclosures

The consolidated financial statements include the financial statements of Industrial Development Corporation of Zimbabwe Limited

	Country of incorporation	equity interest 2016	equity interest 2015
Almin Metal Industries Limited	Zimbabwe	51%	51%
Chemplex Corporation Limited	Zimbabwe	100%	100%
Ginhole Investments (Private) Limited T/A Last hope Estate	Zimbabwe	100%	100%
Motec Holdings (Private) Limited	Zimbabwe	100%	75%
Motira (Private) Limited	Zimbabwe	99.68%	99.68%
Sunway City (Private) Limited	Zimbabwe	99.86%	99.86%
Industrial Sands (Private) Limited	Zimbabwe	100%	100%

The parent, Government of Zimbabwe, has a 100 % equity interest in the Corporation.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Group	Sales to related parties US$	Purchases from related parties US$	Amounts owed by related parties US$	Amounts owed to related parties US$
Associates:				
Stone Holdings (Private) Limited	-	-	22 283	-
Sino-Zimbabwe Cement Company (Private) Limited	-	-	34 919	-
Sable Chemical Industries Limited	-	-	101 070	-
	-	**-**	**158 272**	**-**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

18. Related party disclosures (continued)

Amounts owed to the Corporation by Group companies have been provided as detailed on note 18 above. Terms and conditions of these loans and advances are also documented on this note.

Corporation	Management fees receivable US$	Amounts owed by related parties US$	Amounts owed to related parties US$
Almin Metal Industries (Private) Limited	20 565	124 410	-
Chemplex Corporation Limited	504 625	1 963 582	4 931
Last Hope	-	-	-
Motec Holdings Private) Limited	13 966	150 860	66 622
Olivine Industries Limited	-	220 540	-
Sunway City Private) Limited	24 626	17 756	-
Motira Tractors (Private) Limited	5 418	11 878	3 500
Industrial Sands (Private) Limited	12 856	31 269	-
Associated companies:			
Stone Holdings (Private) Limited	-	22 283	-
Surface Investments Limited	-	-	52 200
Zimbabwe Grain Bag Limited	10 190	1 529	-
Sable Chemical (Private) Limited	-	-	82 341
Sino-Zimbabwe Cement Company (Private) Limited	69 874	34 919	-
	662 119	**2 579 025**	**209 594**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

18. Related party disclosures (continued)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are not secured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

18.1 Compensation to key management personnel

	Group		Corporation	
	2016 US$	2015 US$	2016 US$	2015 US$
Short term employee benefits	4 320 115	4 052 187	381 472	362 276
Post-employment benefits	213 643	1 465 924	53 292	60 189
Termination benefits	-	73 447	-	-
Total compensation paid to key management personnel	**4 533 758**	**5 591 558**	**434 764**	**422 465**

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.
The amounts disclosed above are the amounts recognised as expenses during the reporting period.

19. Financial risk management

19.1 Financial risk management objectives and policies

The Group's principal financial liabilities comprise long and short term-bank loans, and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as available for sale assets, trade receivables, and cash and cash equivalents which arise directly from its operations.

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims and severity of claims. 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 availability of risks is also improved by careful selection and implementation of underwriting strategy guidelines as well as the use of reinsurance arrangements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.1 Financial risk management objectives and policies (continued)

The Group purchases reinsurance as part of its mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quoted-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line.

Amount recoverable from reinsurance are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policy holders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Group's replacement of reinsurance is diversified such that it´s neither dependant on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group principally issues the following type of general insurance contracts: motor, fire, accident and engineering. 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 risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all lodged claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are 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's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group and ensures that appropriate policies and procedures that govern the Group's financial risk-taking activities are in place and that financial risks are identified, measured and managed in accordance with the Group policies and Group risk appetite.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, results of which are reported to the Audit Committee

The main risks arising from the Group's financial instruments are market risk that is foreign currency, interest rate, liquidity and credit risk. These risks are managed as follows:

19.2 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: foreign currency risk, interest rate risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments. The objective of market risk Management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group does not use financial instruments in its management of foreign currency risk.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.2.1 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument 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 revenues or expenses are denominated in a different currency, financing activities and the Group's net investment in subsidiaries. All the Group's investments use the same currency which, is the United States Dollar.

The Group foreign currency exposures are as follows:

		2016 Foreign amount	US$	2015 Foreign amount	US$
Japanese Yen	US$/105.046	17 792.46	169.38	-	-
Remnibi Yuan	US$/6.9429	66 906 187	9 636 634	69 932 499	11 428 746

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.2.1 Currency risk (continued)

The following table demonstrates the sensitivity to a reasonable possible change in the Pound and Remnibi Yuan exchange rates with all other variables held constant, of the company's profit before tax:

2016	Change in rate %	Effect on profit before tax US$	Effect on equity US$
Renminmbi Yuan	+2%	188 954	139 826
	- 2%	(624 593)	(462 199)
Pound	+ 5%	0	0
	- 5%	0	0
	0	0	0
2015			
Renminmbi Yuan	+2%	113 127	83 714
	- 2%	(374 674)	(277 259)
Pound	+ 5%	2 841	2 102
	- 5%	(2 841)	(2 102)

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

19. Financial risk management (continued)

19.2.2 Interest rate risk

Interest 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 risk of changes in market rates relates to short-term borrowings and overdraft rates. This exposure is partially managed through corresponding money market investments of the Group's surplus cash resources.

The Group manages its interest cost and risk by using fixed rate of debts and thus is not exposed to interest rate risk fluctuations.

The following demonstrates the sensitivity to a reasonable possible change in interest rate on profit before tax;

		2016 US$	2015 US$	2016 US$	2015 US$
Change in interest rate of:	**+10%**	(786 936)	(693 484)	(212 062)	(148 596)
	-10%	786 936	693 484	212 062	148 596

19.2.3 Liquidity risk

Liquidity risk is the risk of insufficient liquid funds being available to cover commitments.

The Group consistently monitors its risk to a shortage of funds. This requires that the Group considers the maturity of both its financial investments and financial assets e.g. accounts receivables and other financial assets. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, debentures, and bank facilities and cash resources. Furthermore, the Group is vigorously pursuing debtor collection and identifying non-performing assets for outright disposal.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.2.3 Liquidity risk (continued)

The table below summaries the maturity profile of the Group's financial liabilities as at 31 December 2016 based on contractual undiscounted payments:

Group	On demand US$	0 to 3 years US$	3 to 12 years US$	1 to 5 +5 US$	Total US$	US$
Year ended 31 December 2016						
Interest bearing loans and borrowings	11 647 917	111 782	7 786 718	30 188 580	-	49 734 997
Other Liabilities	17 834 243	-	959 359	4 820 797	1 547 453	25 161 852
Trade and other payables	50 184 510	3 782 914	-	4 516 021	-	58 483 444
	79 666 670	**3 894 696**	**8 746 077**	**39 525 398**	**1 547 453**	**133 380 293**
Year ended 31 December 2015						
Interest bearing loans and borrowings	42 018 107	55 651	21 126 231	26 116 623	103 431	89 420 043
Other Liabilities	8 995 207	-	542 983	13 851 984	2 031 192	25 421 366
Trade and other payables	55 934 772	494 870	1 579 034	8 000 898	-	66 009 574
	106 948 086	**550 521**	**23 248 248**	**47 969 505**	**2 134 623**	**180 850 983**

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

19. Financial risk management (continued)

19.2.3 Liquidity risk (continued)

Corporation

	On demand months US$	0 to 3 months US$	3 to 12 years US$	1 to 5 years US$	+5 US$	Total US$
Year ended 31 December 2016						
Interest bearing loans and borrowings	11 647	44	7 251 511	5 436 634	1 547 453	14 247 289
Other Liabilities	16 083 066	-	751 742	3 649 753	-	20 484 561
Trade and other payables	-	3 548 424	-	-	-	3 548 424
Amounts owed to Group companies	-	-	-	-	-	-
	16 094 713	**3 548 468**	**8 003 253**	**9 086 387**	**1 547 453**	**38 280 274**
Year ended 31 December 2015						
Interest bearing loans and borrowings	-	-	9 715 934	25 856 394	2 031 192	37 603 520
Other Liabilities	15 421 206	2 616 115	245 625	3 510 757	-	21 793 703
Trade and other payables	-	-	-	-	-	-
Amounts owed to Group companies	-	-	-	-	-	-
	15 421 206	**2 616 115**	**9 961 559**	**29 367 151**	**2 031 192**	**59 397 223**

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.3 Capital management

The primary objective of the company's capital management is to ensure that the company maintains a healthy capital ratio in order to support the business and maximise shareholder value. The group manages its capital structure and makes adjustments to it in light of changes in the economic environment to maintain and adjust the capital structure the Group may adjust the dividend payment to shareholders, return on capital to shareholders, or issue new shares. No changes were made to the objectives, policies or processes during the year ended 31 December 2016. The Group's capital comprise net debt and equity as detailed below:

	2016 US$	2015 US$
Interest bearing loans and borrowings	49 472 837	75 376 925
Bank overdrafts	1 169 914	4 955 460
Trade and other payables	74 498 372	50 038 596
Less cash and short term deposits	(11 050 965)	(2 262 299)
Net debt	114 090 158	128 108 682
Equity	34 497 753	15 986 629
Capital and debt	**148 587 911**	**144 095 311**
Gearing ratio	77%	89%
Target gearing ratio	60%	60%

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.4 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's cash is placed with major banks of high credit standing in Zimbabwe and within specific guidelines laid down by the Group Treasury and approved by the Board. The Group does not consider there to be significant exposure to credit risk from banks.

Short-term deposits
The Group's short-term deposits are placed with reputable and sound institutions

(a) Credit risk relating to receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and all sales to credit customers are generally covered by letters of credit.

The requirement for impairment is analysed at each reporting date on an individual basis for all the debtors. As at 31 December 2016, the Group had US$3 892 716(2015: US$3 815 401) allowance for credit losses relating to debtors The Group evaluates the concentration of risk with respect to trade receivables as low to medium, as it has a wide range of customers which include the Government and Corporate.

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial instruments is managed by the Group's treasury departments in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and maybe updated throughout the year subject to the approval of the Finance Committees. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk arising from its financial assets as at 31 December 2016 and 2015 is the carrying amounts of the financial assets as illustrated in note 19.5.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.5 Fair values of financial instruments

The estimated net fair values of all financial instruments approximate the carrying amounts shown in the financial statements. Financial assets and liabilities including loans to group companies and investments in associates which are intended to either to be settled on a net basis or to be realised and settled simultaneously are offset and the net asset or liability amounts reported in the statement of financial position.

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements:

Group	2016 Carrying amount US$	2016 Fair value US$	2015 Carrying amount US$	2015 Fair value US$
Financial assets				
Trade and other receivables	21 258 594	21 258 594	21 115 743	21 115 743
Cash and short term deposits	11 050 965	11 050 965	2 262 299	2 262 299
Loans receivable	7 858	7 858	5 808 789	5 808 789
Available for sale financial assets	-	-	-	-
Financial liabilities				
Interest bearing loans and borrowings	49 472 837	49 472 837	75 376 925	75 376 925
Trade and other payables	74 498 372	74 498 372	50 038 596	50 038 596
Overdraft	1 169 914	1 169 914	4 955 460	4 955 460

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.5 Fair values of financial instruments (continued)

Corporation

	Carrying amount US$	Fair value US$	Carrying amount US$	Fair value US$
Financial assets				
Trade and other receivables	40 237	40 237	64 474	64 474
Cash and short term deposits	6 240	6 240	73 022	73 022
Loans receivable	219 697	219 697	6 353 580	6 353 580
Amounts receivable from group companies	1 556 185	1 556 185	1 212 205	1 212 205
Financial liabilities				
Interest bearing loans and borrowings	14 387 979	14 387 979	37 613 520	37 613 520
Trade and other payables	19 631 490	19 631 490	18 037 322	18 037 322
Overdraft	44	44	3 952	3 952
Amount owed to group companies	751 742	751 742	245 625	245 625

The fair values of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between markets at the measurement date.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short- term maturities of these instruments. At 31 December 2016, the carrying amounts of these instruments were therefore equal to their fair values.

Long-term fixed rate receivables are evaluated by the group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. These parameters also apply on borrowings.

The carrying amount of loans from banks and other financial liabilities has been assumed to approximate fair value as the current economic environment in Zimbabwe, characterised by lack of liquidity, makes it difficult to determine interest rates currently available for debt on similar terms, credit risk and remaining maturities.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

19. Financial risk management (continued)

19.5 Fair values of financial instruments (continued)

Fair value hierarchy 2016	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial and non- financial assets				
Land and buildings	-	-	84 251 067	**84 251 067**
Financial assets at fair value through profit and loss	-	-	-	**-**
Available for sale financial assets	-	-	1 079 978	**1 079 978**
Investment properties	-	-	3 720 000	**3 720 000**
Assets held for sale	-	-	12 573 368	**12 573 368**
2015				
Financial and non-financial assets				
Land and buildings	-	-	93 086 097	**93 086 097**
Financial assets at fair value through profit and loss	-	-	-	-
Available for sale financial assets	-	-	1 082 750	**1 082 750**
Investment properties	-	-	5 671 178	**5 671 178**
Assets held for sale	-	-	14 694 502	**14 694 502**

The classification is explained as follows:

Level 1: Quoted prices in an active market for identical assets.
Level 2: Other techniques for which inputs other than quoted prices included in Level 1 are observable for the asset or liability, either directly or indirectly.
Level 3: Techniques for which inputs are not based on observable market data.

During the reporting period ending 31 December 2016, there were no financial assets at fair value through profit and loss.
Refer to Note 6 (a), 7.1 and 8.6 for valuation techniques.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

20. Segment information

The Group has the following four divisions, which are its reportable segments. These divisions offer different products and services, and which are managed separately because they require different technology and marketing strategies.

The following summary describe the operations of each segment.

Reportable segments	Operations
Chemicals and Fertilizers:	Fertilizer and chemical manufacturing
Engineering and Glass:	Coach building, general engineering and manufacturing glass packaging.
Motor and Transport:	Motor vehicle and truck dealership, importer and wholesaler of automotive parts and provider of motor vehicle plans
Corporate and Other:	Promote investments and economic co-operation across borders and development of residential, commercial and industrial stands.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

20. Segment information (continued)

The Group has four operating segments as follows:

	Chemicals & fertilizers		Engineering & glass		Motor & transport		Corporate & other		Adjustments and eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Revenue												
External customer	62 783 043	75 981 021	1 612 916	3 063 393	9 567 807	12 710 248	2 833 953	2 483 889	-	-	76 559 125	93 938 142
Intersegment sales	(197 407)	(221 131)	-	-	(41 187)	(79 278)	0	-	(238 594)	(300 409)	-	-
Total revenue	**62 585 636**	**75 759 890**	**1 612 916**	**3 063 393**	**9 526 620**	**12 630 970**	**2 833 953**	**2 483 889**	**(238 594)**	**(300 409)**	**76 559 125**	**93 938 142**
Results												
Depreciation	2 955 439	2 903 368	150 587	1 401 079	635 520	611 638	238 346	132 665	-	-	3 979 892	5 048 750
Impairment of assets	(410 790)	-	-	-	-	-	(156 967)	(42 614)	-	-	(567 757)	(42 614)
Share of profit of associates	(1 678 018)	(1 118 176)	-	-	-	-	43 366	641 293	-	-	(1 634 652)	(476 883)
Segment (loss)	**(6 230 802)**	**(8 393 674)**	**(225 149)**	**(1 335 518)**	**(148 008)**	**(176 867)**	**9 387 027**	**(13 237 642)**	**-**	**-**	**(2 783 068)**	**(23 143 701)**
Operating assets	**92 937 124**	**89 073 582**	**7 129 537**	**21 163 456**	**26 025 695**	**28 899 074**	**47 620 107**	**47 029 183**	**-**	**-**	**173 612 463**	**186 165 295**
Operating liabilities	**33 138 315**	**27 048 114**	**1 092 910**	**22 190 009**	**15 713 550**	**20 649 451**	**27 110 108**	**21 628 908**	**-**	**-**	**77 054 883**	**91 516 482**
Other disclosures												
Investment in an associate	**1 349 157**	**3 023 205**	**-**	**-**	**-**	**-**	**15 425 589**	**16 023 516**	**-**	**-**	**16 774 747**	**19 046 721**
Capital expenditure	**1 690 840**	**2 973 188**	**87 268**	**318 924**	**23 384**	**12 952**	**62 117**	**36 193**	**-**	**-**	**1 863 608**	**3 341 257**

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

20. Segment information (continued)

Notes to the Segment Report

1. Inter- segment revenues are eliminated on consolidation.
2. Segment assets exclude loans receivable US$ 7 859 (2015: US$5 808 789)
3. Segment liabilities do not include deferred tax US$16 416 020 (2015: US$16 399 502), current tax payable US$683 281 (2015: US$741 607) and loans US$49 472 837(2015: US$$75 376 625)

21. Events after the reporting period

With effect from 1 January 2017, Doves Financial Holdings (Private) Limited became the majority shareholder of Amtec (Private) Limited. The new shareholding structure will be as follows;

Doves Holdings (Pvt) Ltd	4 500 000 shares	50%
IDCZ Group	2 475 000 shares	27.5%
Not needed investments	671 000 shares	7.45%
Workers' Trust	1 354 000 shares	15.05%

Almin Metal Industries (Private) Limited's Share Purchase Agreement was signed on 30 January 2017 and the Extraordinary General Meeting to dissolve the Board was held on 13 March 2017. A payment of $1 958 979 purchase consideration was paid for this transaction. The group no longer has an interest in Almin.

22. Going concern

The Group made a profit after tax of $7 693 220 (2015: ($8 182 288)), however this profit was as a result of a gain on loss of control of Zimglass Industries (Private) Limited (Zimglass) (amounting to $21 605 249). The Group lost control as Zimglass was put into final liquidation in February of the current financial year and the gain was due to the fact that Zimglass had negative equity as at the date of loss of control, therefore the gain and the resultant profit is not indicative of the Group's performance from the ordinary course of business.

The Group and Corporation had accumulated losses of $101 597 019 (2015: $109 713 658) and $106 008 239 (2015: $98 208 225) respectively during the year ended December 31, 2016 and, as of that date, the Group and Corporation's current liabilities exceeded its current assets by $37 348 923 (2015: $74 810 826) and $22 203 248 (2015: $42 935 920) respectively. The reported losses for the Corporation and Group are mainly as a result of major operational challenges and reported losses by significant subsidiaries of the Corporation. The Corporation and the Group continued to incur losses after year end.

The Corporation largely depends on its subsidiaries for its source of revenue through management fees, dividends and directors fees. As a result of the non-performance of these subsidiaries, the Corporation recognized an impairment of its investments in subsidiaries of $6 089 235 (2015: $14 594 804) during the year.

At the 51st IDCZ Annual General Meeting (AGM) on 29 October 2015, the Corporation made an additional rights issue Call in the amount of $31.8 million in addition to the $51.2 million that was made at the 50th AGM, representing a portion of the technical insolvency as at 31 December 2014 and 2013 respectively. The call was done as provided under paragraph 13 of the IDCZ Act (Chapter 14:10) on Share Capital. The expectation remains a National Budget Allocation to this end when the fiscal space allows. To this end, $20.2 million was capitalised via equitisation of loans owed to the Ministry of Finance and Economic Development, leaving a balance of $62.8 million. As an alternative, the Corporation has requested for set offs against statutory debts or be given Treasury Bills (TBs).

As indicated in note 14(2) (a), the Group and the Corporation have loans that are in default. The Government through the Ministry of Finance and Economic Development is working on modalities to settle the $14.6 million owed to a local consortium of banks as part of rights issue call funding. The Ministry of Finance and Economic Development as guarantor to China Exim Bank loan to IDCZ is also expected to pay $4.2 million instalment for 2016 and $3.8 million in 2017 and the same amount per annum thereafter, until the China Exim Bank loans are expunged in 2020. As noted above, the payments by Treasury on behalf of the IDCZ Group will be capitalized as part of rights issue funding.

The IDCZ strategic turnaround document submitted to Government as its sole shareholder and as per their request, for consideration of its recapitalization and other policy assistance needs was approved by Cabinet on 14 November 2016. In addition to rights issue of $83 million, the Government also approved a 3-year moratorium of $21 million on all statutory debts. Meanwhile, implementation of the Cabinet resolutions and the Corporation Board's adopted 4D (Dilution, Disposal, Dissolution and Development) Strategy is ongoing.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

22. Going concern (continued)

Dilution

Dilution will be through issuing additional shares to local and foreign equity direct investors, as well as accessing local and foreign low cost long-term debt including floating the IDCZ bonds debt instruments.

Discussions with potential investors are underway at Chemplex Corporation Limited while a new investor to take up 50% of newly created shares in Amtec (Private) Limited has been identified and the transaction was concluded in the second quarter of 2016. The same investor has shown interest in Deven Engineering (Private) Limited and the transaction is expected to be concluded second quarter 2017.

Disposal

Disposal of medium sized IDCZ investments namely Almin Metal Industries (Private) Limited, Ginhole Investments (Private) Limited, Stone Holdings (Private) Limited and Zimbabwe Grain Bag (Private) Limited to third party and/or sitting investor are at various stages.

Disposal of Almin Metal Industries (Private) Limited was concluded on 30 January 2017. Discussions with current partners on a rights of first refusal concept in Stone Holdings (Private) Limited and Zimbabwe Grain Bag (Private) Limited are underway. A search for investors is ongoing for Ginhole Investments (Private) Limited.

Dissolution

Dissolution refers to closure of unviable operations.

On 20 June 2014, the Group applied for judicial management of Zimbabwe Glass Industries Limited which was confirmed by the High Court on 23 July 2014, with Mr Winsley Militala being appointed as the judicial manager. The company was subsequently placed on final liquidation on 10 February 2016.

Development

Development will be undertaken to investments of Motira (Private) Limited, Willowvale Motor Industries (Private) Limited, Sino-Zimbabwe Cement Company (Private) Limited and Sunway City (Private) Limited.

Sunway City (Private) Limited was identified as a Special Economic Zone (SEZ) for Technological Hub (ICT). Discussion with an identified potential investor in Sunway City (Private) Limited is underway to develop the remaining un-serviced eight hundred (800) hectares.

Willowvale Motor Industries (Private) Limited (Willowvale) resumed vehicle assembly business on 27 March 2017 to assemble cars on contract for BIQI Zimbabwe (Private) limited (BIQI). BIQI was formed by Willowvale, Beijing Automotive Industry Holdings Company Limited (BAIC) of China and Astol Motors (Zimbabwe).

In addition to the above, the following measures are being implemented by management for the Group to return to profitability:

- Recapitalisation of the Group operations-The Group received capital funding amounting to 17.5 million from the Reserve Bank of Zimbabwe (RBZ) at an affordable rate of 9.5% per annum. The funding benefited Dorowa Minerals Limited and Zimbabwe Phosphate Industries Limited (ZimPhos). The funds for Dorowa Limited have been fully utilized with production capacity expected to improve during the second quarter of the 2017 financial year. The funds for the Zimbabwe Phosphate Industries Limited are earmarked for the rebuilding of the Sulphuric and Phosphate Acid Plants. Due to delays in releasing the loan funds and foreign currency (nostro) funding allocation, the RBZ agreed to restructure the initially 3-year funds expiring 2018 to 5years expiring 2022. As at the reporting date, work was still in progress on designing of the plants.

- The Group also secured one-year 10% revolving working capital from National Social Security Authority (NSSA) in the first quarter of 2017 amounting to 20 million to enhance the fertilizer value chain production and supply.

- The IDCZ and its subsidiaries, Chemplex Corporation Limited and Zimbabwe Fertiliser Company (Private) Limited, were removed from the Office of Foreign Assets Control (OFAC) sanctions on 4 October 2016 and the risk of restriction on foreign business transactions, relationships with foreign stakeholders and seizure of funds is now off. Releasing of $4.2 million intercepted funds has commenced.

Notes to the Financial Statements (continued)

For the year ended 31 December 2016

22. Going concern (continued)

22. Going concern (continued)

Development (continued)

- Cost containment across the Group will continue to be implemented in the foreseeable future.
- The Group will continue to look for export markets for its products as the local economic growth continue to be on the negative. This will be enhanced by improved capacity utilization and improved product quality.

The Group and the Corporation financial statements are prepared on the basis of accounting policies applicable to a going concern. The basis presumes that the Group's plans will be successful and funds will be available to finance the operations of the Corporation and its subsidiaries and that the realization of their assets and settlement of their liabilities will occur in the ordinary course of the business.

However, in the event that the Corporation does not receive the needed funding from Government through budgetary allocations to enable its rights issue and/or funding from Ministry of Finance and Economic Development to pay its debts and ensure successful implementation of the strategy, and strategies put in place do not achieve the intended objective, this will give rise to a material uncertainty which may cast significant doubt on the ability of the Corporation and its subsidiaries to continue as a going concern and, therefore, they may be unable to realize their assets to discharge their liabilities in the normal course of business.

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