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IDCZ ANNUAL REPORT

For the year ended 31 December 2017

ABOUT THIS REPORT

We are pleased to present our 54th Annual Report.

It is our principal communication to all stakeholders on our ability to create sustainable value over time.

Boundary and Scope

This annual report covers the performance of the Industrial Development Corporation of Zimbabwe Limited (IDCZ) and its subsidiaries and associates for the year ended 31 December 2017.

This report informs you about our operational and financial performance against the previously stated plans, stakeholders, governance, material issues, risks and opportunities and how these influence our strategic objectives and future plans.

Reporting Principles and Assurance

This report is compiled and presented considering the requirements of the generally accepted corporate practices prescribed by the Codes of Best Practice; Cadbury Report, King IV and Zimbabwe Corporate Governance Framework for State Enterprises and Parastatals and National Code on Corporate Governance Zimbabwe, all relevant legislation, regulations, relevant International Financial Reporting Standards (IFRS), the requirements of the Public Finance Management Act (PFMA) (Chapter 22:19), where appropriate.

The IDCZ receives external assurance from its auditor, KPMG Chartered Accountants, on the fair presentation of the Annual Financial Statements. The findings are included in the Independent Auditor's Report.

We are committed to improving on this report and would appreciate your constructive feedback. Comments can be sent to pr@idc.co.zw, or submitted to the IDCZ Offices at 93 Park Lane, Harare, Zimbabwe.

GROUP PROFILE

Shareholding: 100% owned by the Government of Zimbabwe

Board of Directors

Herbert Nkala	(Chairman)
Gloria Zvaravanhu (Mrs)	(Vice Chairman)
John Mushayavanhu	(Non Executive)
Robson Mafori (Prof)	(Non Executive)
Selma Muriel Fallala (Dr)	(Non Executive)
Michael Nyamadzawo Ndudzo	(General Manager) retired 31 July 2017
Benjamin Nkosentya Kumalo	(General Manager) joined 7 September 2017

*Jealous Paul Muchineripi (Dr) appointed as non-executive director on 12 February 2018
* Michael Shorayi Charamba appointed as non-executive director on 12 February 2018

Registered Office

93 Park Lane, P.O. Box CY1431, Causeway, Harare

Telephone: 263 0242 706971-5 or 250405
Email: 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

ZB Bank Limited
Corner First Street/ Speke Avenue, Harare

Lawyers

Chitewe Law Practice
212A Sam Nujoma Street, Avondale, Harare

Chikwengo & Taongai Law Chambers
15 Orkney Road, Eastlea, Harare

CORPORATE AND GROUP MANAGEMENT

BOARD COMMITTEES

Business Development Committee

Prof Robson Mafoti (Chairman), Mr John Mushayavanhu, Benjamin Nkosentya Kumalo.

Finance & Audit Committee

Mrs Gloria Zvaravanhu (Chairman), Dr Selma M Fallala, Mr John Mushayavanhu, Benjamin Nkosentya Kumalo.

Nomination Committee

Mr Herbert Nkala (Chairman), Mr John Mushayavanhu, Mrs Gloria Zvaravanhu, Prof Robson Mafoti, Dr Selma M. Fallala, Benjamin Nkosentya Kumalo.

Remuneration & Human Resources Committee

Mr John Mushayavanhu (Chairman), Mrs Gloria Zvaravanhu, Benjamin Nkosentya Kumalo.

Corporate Management

Michael Nyamadzawo Ndudzo	General Manager (retired 31 July 2017)
Benjamin Nkosentya Kumalo	General Manager (appointed 7 September 2017)
Collin Mutingwende	Corporate Services Executive
Tranos Ngwebu	Senior Manager: Development Finance & Investment Analysis
Ngonidzashe Musungwa	Finance Manager
Christopher Mutiti	Internal Audit Manager
Gilbert Tapfuma	Projects Manager: Agro Processing
Rindirai Shoko (Mrs)	Projects Manager: Chemicals, Knowledge & Market Research
Brian Mushohwe	Projects Manager: Minerals Beneficiation
Derek Sibanda	Public Relations and Administration Manager
Leni Koni	Corporate Secretary and Compliances Manager

*Brian Mushohwe (Mr) seconded to Motira (Private) Limited as Acting Managing Director on 1 January 2017

Subsidiary Companies

Tapuwa Alvin Mashingaidze	Group Chief Executive Officer, Chemplex Corporation Limited
Godfrey Zivanai	General Manager, Ginhole Investments (Private) Limited t/a last Hope Estate
Benjamin Nkosentya Kumalo	Group Chief Executive Officer, Motec Holdings (Private) Limited
Fungisai Mupazviriho	General Manager, Sunway City (Private) Limited
Brian Mushohwe	Acting Managing Director, Motira (Private) Limited

*Benjamin N Kumalo resigned from Motec Holdings (Private) Limited on 31 August 2017

Associated and Other Companies

Mohammed Abbasi	Chief Operating Officer, Modzone Enterprises (Private) Limited
Wang Yong	Managing Director, Sino-Zimbabwe Cement Company (Private) Limited
Sylvester Mangani	General Manager, Surface Wilmar Investments & Olivine Holdings (Private) Limited
Cavin Nkiwane	General Manager, Zimbabwe Grain Bag (Private) Limited
Rahmin Hassim	Group Managing Director, Stone Holdings (Private) Limited

CORPORATE PROFILE AND MISSION

The Industrial Development Corporation of Zimbabwe Limited was incorporated through its enabling 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 54 years, the Corporation has transformed and built an investment portfolio, with the core being in the sectors of motor and transport, fertiliser and chemicals, cement, 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 IDC 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 dealt with by it is considered strictly on its economic merits, irrespective of all other considerations whatsoever"; and that
(c) "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."

In broad and aspirational terms, the IDCZ has the following vision:
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

Group Investment and Shareholding, Structure and Sector Composition

GROUP SUBSIDIARY & ASSOCIATED COMPANIES

- **GOVERNMENT OF ZIMBABWE**
- **MINISTRY OF INDUSTRY, COMMERCE & ENTERPRISE DEVELOPMENT**
- **MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT**
- **IDC - HEAD OFFICE 93 Parklane HARARE**
  - **Fertilizer & Chemicals**
    - **Chemplex Corporation Limited Group 100% Trading Division-Chemplex Marketing -Animal & Public Health**
      - Dorowa Minerals (Pvt) Ltd 100%
      - Zimbabwe Phosphate Indistries 100%
      - GD Haulage (Pvt) Ltd 100%
      - Zimbabwe Fertilizer Company 50%
      - Sable Chemicals (Pvt) Ltd 35%
      - G&W Industrial Minerals (Pvt) Ltd 100%
      - Allied Insurance Company (Pvt) Ltd 100%
  - **Non- Ferrous Metal Fabrication and Light Engineering**
    - Zimbabwe Copper Industries 100% (Under Liquidation)
  - **Food Processing**
    - Invesys Investments (Pvt) Ltd 100% t/a IDC Agrotech Industrial Holdings Group
      - Surface Investments (Pvt) Ltd 10%
      - Swive Technologies (Dorment)
  - **Investment Services**
    - Corridor Developments (Pvt) Ltd 20%
    - Eximp Investment (Pty) Ltd, Namibia 100%
  - **Glass Manufacturing**
    - Zimglass Holding Ltd Group
      - Zimglass Industries (Pvt) Ltd 100% (Under Liquidation)
      - 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 (Pvt) Ltd 100%
      - Quarrying Enterprises (Pvt) Ltd 100%
      - Marling Granite Mozambique Limitada 100%
      - Minaco Zimbabwe (Pvt) Ltd 100%
    - Sino-Zimbabwe Cement Company (Pvt) Ltd 35%
    - Lupane Development Company
  - **Real Estate Development**
    - Sunway City (Pvt) Group Ltd 99.99%
      - Sunway Construction Company (Pvt) Ltd 100%
      - Sunway Professional Service (Pvt) Ltd 100%
      - Sunway Real Estate (Pvt) Ltd 100%
  - **Motor & Transport**
    - Motec Holdings (Private) Limited Group 100%
      - Willovale 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%
      - African Spinners (Pvt) Ltd 17%
      - Irazim Textiles (Pvt) Ltd 100%
      - Irazim Blankets (Pvt) Ltd 100%
  - **Packaging**
    - Zimbabwe Grain Bag (Pvt) Ltd 49%

***The structure will change with the unbundling of Motec Holdings refer to Note 21**

Letter to Minister of Industry, Commerce and Enterprise Development

The Honourable Dr. Michael C. Bimha
Minister of Industry, Commerce and Enterprise Development
P.O. Box 8434
Causeway
Harare

Dear Sir

Industrial Development Corporation of Zimbabwe Limited Annual Report No 54

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 2017 in terms of Section 19(1) of the Corporation's Act (Chapter 14:10).

Yours faithfully

H. Nkala
Chairman

21 June 2018

NOTICE TO THE SHAREHOLDER

Notice is hereby given that the 54th Annual General Meeting of the Shareholder will be held in the IDC Board Room, 93 Park Lane, Harare on 5 July 2018 at 1430 hours for transacting the following:

1. Proxies, quorum and constitution of the meeting.
2. To approve the minutes of the previous Annual General Meeting held on 18 July 2017.
3. To receive, consider and adopt the financial statements and the reports of the directors and auditor for the financial year ended 31 December 2017.
4. To approve the remuneration of the directors for the year ended 31 December 2017.
5. To approve the remuneration of the auditor KPMG Chartered Accountants for the year ended 31 December 2017.
6. To appoint auditor for the ensuing year.
7. Appointment, resignation and retirement of Directors.
8. To consider the non-declaration of dividends as recommended by the Directors.
9. 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

Collin T Mutingwende
Company Secretary

CHAIRMAN'S STATEMENT

1.0. Operating Environment

The Zimbabwe economy grew by 3.4% which was a considerable improvement on that of 2016 at 0.7%. The improved economic growth is attributable mainly to the strong performance of the agricultural sector driven by Government's Command Agriculture Programme. The overall business environment, however, remained subdued and was characterised by weak investor confidence, cash and foreign currency shortages, price increases and a widening trade deficit. As a consequence, the manufacturing sector capacity utilisation declined from 47.4% in 2016 to 45.1% in the year under review.

The smooth political transition following the resignation of the former President on 21 November, 2017 seems to have halted the negative domestic and foreign investor confidence and ushered renewed interest in Zimbabwe as an investment destination.

2.0. Inflation

Inflation closed the year ended 31 December, 2017 at 3.46%, up from -0.93% as at end of December, 2016.

3.0. Recapitalisation

Despite the Government having agreed, through a Cabinet Resolution passed on 14 November 2016, to follow its Rights Issue Call of US$83 million intended to address the Group's technical insolvency, it was still not possible to accommodate this in the 2017 and 2018 National Budgets due to lack of fiscal space.

4.0 Group Financial Performance

The Group's turnover for 2017 increased to US$101.4 million, up from US$74.8 million in 2016. The gross profit increased substantially to US$29.4 million in 2017, up from US$16.3 million in 2016.

The improved performance was attributable to increased production and sales of fertilizers for winter cropping and fertilizer sales to tobacco farmers during the tobacco selling season. Further, toll manufacturing of superphosphate fertilizers for competitor traders who previously were importing manufactured fertilizer, helped to boost revenue. There was also a positive knock-on effect from the removal of Office of Foreign Assets Control (OFAC) Sanctions on 4 October, 2016 which triggered unrestricted resumption of business with local, regional and international suppliers and customers. The removal of the OFAC Sanctions also enabled competitive procurement of raw materials.

5.0 Directorate

The IDCZ Act (Chapter 14:10) provides for the appointment of a minimum of 5 and a maximum of 9 Board members. During the year under review the Board was comprised of 6 members up to the end of July when the then General Manager, Mr Michael N. Ndudzo who was an executive director, proceeded on normal retirement. Mr Benjamin Nkosentya Kumalo joined the Corporation on 7 September 2017 as the new General Manager. A 5 member Board remained in place for the rest of the period up to 31 December, 2017 with Benjamin Nkosentya Kumalo as an ex-officio member. On behalf of the Board, I would like to thank Mr Michael Nyamadzawo Ndudzo for his contributions and loyalty over 26 years that he served the Corporation.

CHAIRMAN'S STATEMENT (continued)

6.0 Outlook

While the business environment is expected to remain challenging in the short to medium term, it is anticipated that the new political dispensation will result in a "New Economic Order" which will entail, among other measures, the correction of fiscal imbalances, addressing financial sector vulnerabilities; reforming public enterprises and local authorities, dealing with corruption in the economy and reengagement with the international community. This should improve the business environment and investment climate thus stimulating economic recovery.

The Corporation has embarked on restructuring its investment portfolio and refocusing on the development finance role so that it plays a much more effective role in the revival and sustainable growth of industrial capacity in the country.

The restructuring of the Corporation will entail the following measures:

- Dilution, disposal, dissolution and development of the Corporation's entire investment portfolio (the "4D Strategy")
- Recapitalisation of the Corporation and its individual Strategic Business Units (SBUs) to strengthen their balance sheets and
- Initiatives to raise additional capital for the setup of the Development Finance function.

7.0 Acknowledgements

I take the opportunity to sincerely thank my colleagues on the IDCZ Board, and the Directors of subsidiary and associate companies for their commitment and contributions during 2017, and look forward to continuation of the same as we press on with the restructuring and turnaround of the Group, and reposition ourselves for the development finance role.

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

Yours faithfully

Herbert Nkala
CHAIRMAN

21 June 2018

REPORT OF THE DIRECTORS
For the year ended 31 December 2017

The directors have pleasure in submitting their fifty fourth report, together with the audited financial statements for the twelve months ended 31 December 2017.

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 conversion of debt owed to the Ministry of Industry, Commerce and Enterprise Development (the Ministry) into 10 086 717 ordinary shares of $2 each with a value of $20 173 543. The shares were issued to the Ministry in February 2017. The issued share capital increased from 4 172 054 ordinary shares of US$2 each with a value of US$8 344 108 to 14 258 771 ordinary shares of US$2 each with a value of US$28 517 543.

Group Income and Appropriations	2017 US$	2016 US$
Profit/(loss) from operations	11 790 144	(3 151 816)
Net finance charges	(6 213 780)	(7 838 002)
Share of income: associated companies	(984 386)	(1 634 652)
Fair value gain: investment property	40 000	(198 822)
Impairment loss: assets	(110 781)	(2 567 805)
Impairment of investments	-	2 006
Exceptional items	-	(461 198)
Gain on loss of control	(1 460 975)	21 605 249
Exchange (losses)/gain	(701 360)	1 060 381
Profit before taxation	2 358 862	6 815 341
Income tax credit/(charge)	(4 764 866)	877 879
Loss from discontinued operations	(111 805)	(640 943)
(Loss)/profit after taxation	(2 517 809)	7 052 277
Other comprehensive income	4 361 479	4 593 671
Total comprehensive income for year	**1 843 670**	**11 645 948**
Attributable to:-		
Non-controlling Interest	(1 460 385)	(61 521)
Owners of the parent	3 310 055	11 707 469
	1 843 670	**11 645 948**

REPORT OF THE DIRECTORS (continued)

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. Terms for Dr. J. P Muchineripi and Mr. M. S Charamba who were appointed directors on 12 February 2018 will expire on 11 February 2021, while that of Mr. B. N Kumalo who was appointed Executive Director on 7 September 2017 runs up to 6 September 2020.

Dividend

The directors do not propose to declare a dividend for this year ended December 2017 as the Group continued to report negative retained earnings.

Auditors

At the 54th Annual General Meeting scheduled for 5 July 2018, the directors will fix the remuneration of the auditors for the past audit, and appoint auditors for the ensuing year.

For and on behalf of the Board

C T Mutingwende
Corporate Secretary

21 June 2018

CORPORATE GOVERNANCE REPORT

The Industrial Development Corporation of Zimbabwe Limited is a registered limited liability entity, subject to the provisions of the IDCZ Act (Chapter 14:10) of 1963 as amended.

None of the provisions of the Companies Act (Chapter 24.03), or of 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 catalyzing industrialization, 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 of Parliament.

Board of Directors

The Board of Directors is appointed by the Minister of Industry, Commerce and Enterprise Development. The IDCZ Act determines the constitution, rights, powers and obligations of the Board. Of the six directors led by a non-executive chairman, five are from the private sector and are non-executive with the General Manager being the only executive director.

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 strategic plan, key result areas and monitoring performance through key performance indicators at least quarterly.

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 and the external auditors' opinion which are adopted at the AGM before being tabled in Parliament by the Minister of Industry, Commerce and Enterprise Development are available to the public.

The Board subscribes to the need to conduct business in line with generally accepted corporate governance practices prescribed by the Code of Best Practice (Cadbury Report), National Code on Corporate Governance and the Corporate Governance Framework for State Enterprises and Parastatals, 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.

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 Auditors' 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 obtained the agreement of partners in associated companies for the Internal Audit Department to conduct audits at those investments since 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 commercialized and privatized 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 risk, which are recommended to both the Corporation and its investments.

ATTENDANCE REGISTER

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

2017	BOARD	FINANCE & AUDIT	RISK	REMUNERATION & HUMAN RESOURCES	REMUNERATION & HUMAN RESOURCES (Special)	NOMINATION	BUSINESS / DEVELOPMENT
No. Of Meetings	**4**	**4**	**4**	**4**	**6**	**0**	**4**
Mr. H. Nkala	4	NM	NM	NM	5	**0**	NM
Mrs. G. Zvaravanhu	3	4	3	3	1	**0**	NM
Dr. M.S. Fallala	4	3	4	NM	2	**0**	NM
Prof. R. Mafoti	4	NM	2	NM	NM	**0**	4
Mr. J. Mushayavanhu	4	4	NM	4	6	**0**	4
Mr. M.N. Ndudzo	2	2	2	2	4	**0**	2
Mr. B.N. Kumalo	2	2	2	2	NM	**0**	2

CORPORATE GOVERNANCE REPORT (continued)

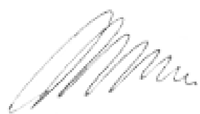
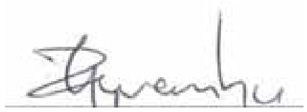
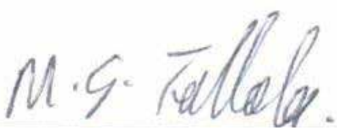
ATTENDANCE REGISTER (continued)

Key/Notes

NM – Not Member
Mr. M.N. Ndudzo retired as General Manager on 31 July 2017.
Mr. B.N. Kumalo was appointed General Manager on 07 September 2017.
The Nomination Committee did not sit as there were no appointments to be made.
The Board Transaction Committee only meets when there is a transaction to be conducted.
The Special Remuneration and Human Resources Committee meetings were to identify, interview and appoint the New General Manager.

Code of Conduct and Business Ethics Charter

The IDCZ Code of Conduct and Business Ethics Charter forms an integral component of the contracts of service of employees, and provide 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	
		

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 judgements and estimates have been made.

The Directors have satisfied themselves that the Group will remain profitable and that the Corporation will be able to discharge its liabilities as they fall due. Its submitted strategic turnaround document to Government as its shareholder and as per request, for consideration of its recapitalisation and other policy assistance needs was approved on 14 November 2016. The Corporation Board is implementing resolutions passed by Cabinet and the 4 D (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 2017, which appear on pages 29 to 129 have been approved by the Board of Directors at its meeting held on 21 June 2018 and were signed on behalf of the Board, by the Chairman of the Board, and the General Manager. These financial statements which have been prepared under the historical cost convention are in agreement with the underlying books and records, have been properly prepared in accordance with the accounting policies set out in note 2, and comply with the disclosure requirements of the Industrial Development Act (Chapter 14:10) and the relevant regulations made there under.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs). IFRSs comprise interpretations adopted by the International Accounting Standards Board (IASB), which includes standards adopted by the International Accounting Standards Board (IASB) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or by the former Standing Interpretations Committee (SIC).

The financial statements were prepared under the supervision of the Finance Manager, Ngonidzashe Musungwa, a holder of BSc (Hons) Applied Accounting and Masters of Business Administration (MBA); a member of the Association of Chartered Certified Accountants (ACCA), Institute of Certified Public Accountants Zimbabwe (CPAZ), and an Associate member of the Institute of Chartered Secretaries and Administrators in Zimbabwe (ACIS). Public Accountants and Auditors Board (PAAB) registered number 03702.

H. Nkala	B. N. Kumalo
Chairman	General Manager
21 June 2018	21 June 2018

GENERAL MANAGER'S REPORT ON OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2017

1.0 ZIDERA sanctions

Out of the $4.2 million intercepted by Office of Foreign Assets Control (OFAC) in the Group, $938 530.86 is still outstanding after the removal of the sanctions with the rest having been recovered during the year.

2.0 Recapitalisation

There was no provision for the US$83 million in the 2018 national budget presented in December 2017.

Statutory debt moratoriums implementation remained outstanding and is expected to be effected in 2018.

3.0 Litigation

3.1 Chemplex Corporation (Private) Limited

Chemplex Corporation is expected to benefit from the three year moratorium on its statutory debt of US$11.9 million approved by Cabinet on the 14 November, 2016. This had however not been implemented by the end of the year.

Bank debt restructuring during the year extended the repayment period to 2025. This greatly improve the company's technical solvency.

3.2 ROMSIT

The ROMSIT claim remains outstanding and stood at US$10 883 000 as at end of December 2017. Efforts to recover the funds through diplomatic means did not materialize during the year under review. However, the International Court of Arbitration in Paris is being engaged for recovery.

3.3 Zimglass

The liquidator continued to look for up takers of the asset as a going concern to maximize value for creditors without success.

The guaranteed consortium of banks debt of US$16.6 million which Government had promised to settle through various set-off options to fend off a writ of execution issued by the High Court against the Corporation remains outstanding, with the attendant threat on the Corporation's assets pledged as security. The assets under threat include IDCZ's shareholding in Sunway City and Surface Willmar Investments.

3.4 Willowvale Motor Industries

The $14.2 million rights issue from Government which was supposed to benefit the motor Group did not materialize during the year nor was it provided for in the 2018 annual budget. It is, however, hoped that the US$5.4 million from the moratorium on statutory debt which did not materialize in 2017 will be implemented in 2018.

3.5 Interfin/CFX Curator Claim on Guarantee

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

GENERAL MANAGER'S REPORT ON OPERATIONS (continued)

4.0 Performance Reports By Sector

Capacity utilization which remained below breakeven in the Group subsidiaries continued to threaten sustained enterprise viability during the period.

This was a result of lack of properly priced capital for retooling as the liquidity crunch persisted, coupled with diminishing nostro balances to support critical raw material imports. The country remained a high cost producer thereby inhibiting the country's export potential for the generation of the much needed foreign currency for critical raw materials, spares and capital equipment.

4.1 Agro-Processing

4.1.1 Fertiliser & Chemicals

While Dorowa Minerals plant was rehabilitated through an RBZ mediated & guaranteed offshore line of credit from Afrieximbank in 2016, the rehabilitation of Zimbabwe Phosphates Industries (ZIMPHOS's) sulphuric and phosphoric acid plants however remained outstanding.

Effort will be made to rehabilitate the ZIMPHOS plant in 2018 notwithstanding the nostro challenges.

The search for a strategic partner in the business continued during the year but was unsuccessful. It is hoped that given the renewed and heightened investor interest in Zimbabwe this objective will be achieved in 2018.

4.1.2 Food Processing

Operations were rationalized during the year between Surface Wilmar (Private) Limited and Olivine Industries (Private) Limited to achieve production efficiencies and reduce overheads.

However, shortages of locally produced soya beans and cotton seed, which are key inputs in the extraction of cooking oil and production of stock feed, continued.

Importation of crude soya oil continued during the period under review with Government, through the Reserve Bank of Zimbabwe (RBZ), playing a pivotal role in availing nostro support for such imports to ensure product availability on the local market.

4.2 Mineral Processing

4.2.1 Cement

Competition remained stiff during the year as evidenced by the emergence of more players at the tail end of the value chain and this caused a lot of price undercutting. The firming of the Rand towards the end of the year under review is expected to protect the local industry from imports from South Africa.

The transfer of Indiva Farm by the Ministry of Lands to IDCZ remained outstanding as at year end. This is necessary as the land was pledged as part of the IDCZ's equity contribution into Sino Zimbabwe Cement Company.

It is hoped that this will be implemented in 2018 and open up other new project opportunities at Sino Zimbabwe Cement Company.

GENERAL MANAGER'S REPORT ON OPERATIONS (continued)

4.2 Mineral Processing (continued)

4.2.2 Ceramic Products & Tourism

The disposal of the Detema estate and its improvements to indigenous people through a public tender did not materialize because all the bids were below the reserve price.

This is expected to be concluded in 2018.

4.2.3 Dimension Stone

The existing majority shareholder agreed to exercise their pre-emptive rights to purchase IDCZ's 49% shareholding in Stone Holdings. A share sale agreement was signed during the first half of 2017. However the purchaser failed to pay in accordance with the agreement. This delayed the process of disposal of the shares.

4.2.4 Glass/Silica Sand

The share certificates of ownership in Industrial Sands (Private) Limited could not be located and so the subsidiary continues to be accounted for as before pending further searches.

4.3 Motor & Transport

Remittances to suppliers remained a challenge during the period under review on account of diminished notro balances in the economy and to a lesser extent low domestic aggregate demand making the knocked Down (KD) business difficult to sustain.

4.3.1 Motor Assembly

A joint venture consummated in 2016 by Willowvale Motor Industry (WMI), Astol Motors and Beijing Automobile Industry of China (BAIC) faced challenges of servicing the supply credit for imported motor vehicles kits due to foreign currency shortages. As a consequence assembly operations were suspended pending resolution of the non-payment.

Efforts to contract assemble brands of other Original Equipment Manufacturers (OEMs) are being pursued with very good prospects given the approval of the Motor Industry Development Policy by Government. However, these plans may also be set back by the non availability of foreign currency to pay for kits.

4.3.2 After Sales Service, Engineering and Retail

Workshop throughput, working capital availability and profitability improved at Amtec during the period under consideration.

However, the company, like other players in the sector, faced foreign currency challenges for procurement of the motor vehicle units and parts stock pipeline.

4.3.3 Tractors

MOTIRA's business model of sourcing both tractor units and parts from multiple suppliers could not be sustained and hence a decision was taken that the business be transferred back to AMTEC in 2018 and that MOTIRA ceases operations.

GENERAL MANAGER'S REPORT ON OPERATIONS (continued)

4.4 Non-Ferrous Metal Fabrication

4.4.1 Aluminium

The IDCZ disposed its 51% in Almin Metal Industries to Architectural Aluminium during the year.

4.4.2 Copper

The disposal of the assets of Zimbabwe Copper Industries (Private) Limited through public auction by the liquidator was completed during the year although proceeds were not enough to cover the liquidation expenses and secured creditors.

4.5 Textiles

Cotton production has declined dramatically in recent years due to unattractive commodity prices of cotton lint in the country and as such the sector remained unattractive for investors. Afroran Spinners in Norton remained operational but at very low capacity.

Despite Government incentives for cotton production through direct budgetary support to cotton growers, the sector's fortunes did not improve during the period.

Modzone subsidiaries, Irazim Textiles and Travan Blankets remained under judicial management.

4.6 Polypropylene Packaging

The sale of IDCZ's 49% shares in Zimbabwe Grain Bag (Private) Limited to the majority shareholder under pre-emptive rights did not proceed. It is hoped to conclude the share sale agreement in 2018.

4.7 Insurance

The search for strategic fit partners in the industry or outright disposal of IDCZ shares in Allied Insurance to avoid the risk of non-compliance with the minimum capitalisation requirements will continue in 2018.

4.8 Real Estate

Sunway City is looking for joint venture partners to develop the Information Communication Technology (ICT) Hub which would avail factory/office space for lease to investors who would come into the Special Economic Zone designated area.

The process to find such partners will continue in 2018.

5.0 Short-Time Working and Retrenchments

With national capacity utilization still below average, the IDCZ Group continued to adopt cost containment measures (including labour costs) and to search for measures to increase its revenue streams.

6.0 Capacity Building

The Corporation staff continued to benefit under Southern African Development Community Development Finance Resource Centre (SADC DFRC) capacity building workshops and other relevant workshops and education programmes which were run locally during the year.

GENERAL MANAGER'S REPORT ON OPERATIONS (continued)

7.0 ZITF

The IDCZ Group exhibited its products and services at the year's annual event in Bulawayo and won a Gold Medal Award for the Best Zimbabwean Exhibit, (Chemicals, Pharmaceuticals, Cosmetics and Toiletries Group) and another Gold Medal Award for the Best Zimbabwean Exhibit, (Construction, Building and Hardware).

8.0 Acknowledgement

I thank the shareholder, Group management and staff for their invaluable contributions during the year and call for their continued support as the Corporation goes through a period of restructuring to enhance its role in the industrialisation of the economy. I also thank the Board for its wise counsel and leadership under a very difficult economic environment.

I would like to also acknowledge the contributions and loyal service rendered by my predecessor Mr M. N. Ndudzo, who retired during the course of the year.

B. N. Kumalo
General Manager

21 June 2018

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KPMG
Mutual Gaderns
100 The Chase (West)
Emerald Hill
P.O. Box 6 Harare, Zimbabwe
Tel: +263 242 303700, 302600
Fax: +263 242 303699

Independent Auditor's Report

To the Members of the Industrial Development Corporation of Zimbabwe Limited

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 29 to 129, which comprise the statements of financial position as at 31 December 2017, and the income statements and 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, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter 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 2017, 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 the manner required by the provisions of the Industrial Development Corporation Act (Chapter 14:10).

Basis for Qualified Opinion

Note 8.1 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 quantitatively material nor pervasive to these consolidated financial statements, this matter is considered qualitatively material to the users of these financial statements given the nature of the matter. 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.

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Independent Auditor's Report (continued)

Material Uncertainty Related to Going Concern

We draw attention to note 22 in the financial statements, which indicates that the Group and the Corporation recorded a total profit and loss for the year net of tax of $1 843 670 and $1 594 respectively during the year ended December 31 2017 and, as of that date, the Group's and the Corporation's current liabilities exceeded its current assets by $35 401 080 and $26 426 106 respectively. As stated in Note 22, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Corporation and its subsidiaries to continue as going concerns. Our opinion is not modified further in respect of this matter.

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 Related 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.

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Independent Auditor's Report (continued)

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

Refer to the summary of significant accounting policies in 2.3(n), 2.3(p) and disclosures in notes 2.4 (b) (ii-iii), 6 and 7.to the financial statements.

The key audit matter	How we addressed the matter in our audit
At year end, the group held land and buildings and investment properties with fair values amounting to $77.2 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 valuation specialist at year end, using the investment and direct comparison method. This method takes into account unobservable inputs and therefore requires significant judgement. 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.	**Our audit procedures included:** We evaluated the competence, independence and objectivity of the independent valuation specialist through inquiries regarding interests and relationships that may have created a threat to the independent valuation specialist objectivity and inspecting the independent valuation specialist's qualifications, experience with similar valuations and reputation within the market. We critically evaluated the methodology and assumptions incorporated by the independent valuation specialist into the valuations performed. Our evaluation included corroborating assumptions used by the independent valuation specialist against information obtained from other notable real estate practitioners and our general understanding of the property market and macro-economic environment. We further 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 independent valuation specialist's definitions, was in line with the definition per IFRS 13. We evaluated whether disclosures made by management where adequate in accordance with IAS 16, IAS 40 and IFRS 13.

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Independent Auditor's Report (continued)

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

Refer to the summary of significant accounting policies on note 2.3(k) and disclosures in notes 2.4 (b) (v) and 11, 11(a) including 18 to the financial statements.

The key audit matter	How we addressed the matter in our audit
As part of the Group's operations, the Group sells goods to customers on credit. The Group's trade receivables amounted to $14.3 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 $2.9 million at year end. The impairment of these receivables involves significant 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. The significance of the receivables to these financial statements and the related estimation uncertainty involved and the high credit risk during the year, 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: • We evaluated the operating effectiveness of internal controls over the approval, recording and monitoring of trade receivables. • We analysed the key inputs used in determining the receivables impairment allowance and evaluated 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. • We evaluated payments received from customers subsequent to year-end, past payment history and unusual patterns to identify potentially impaired balances. • We evaluated the reasonability of management's judgement by comparing the prior year's impairment allowance raised against current year actual write-offs recorded. **Our audit of the Corporation's group balances receivables included:** • We analysed 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). We inspected payments received from group entities subsequent to year end.

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Independent Auditor's Report (continued)

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

Refer to the summary of significant accounting policies note 2.3(o) and other disclosures in note 3.7 and note 8.1 to the financial statements.

The key audit matter	How we addressed the matter in our audit
Investment 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 \$49.5 million. Due to continuing losses, decreasing revenues and the insolvency of certain of the subsidiaries within the Group, the carrying amounts of these investments may be impaired. The Corporation calculates impairment by comparing the carrying amount to the recoverable amount. Assessment of impairment requires 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, this was considered to be a key audit matter.	Our audit procedures included: • 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 Corporation. • 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 evaluated 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 of all information included in the Annual Report. Other information does not include the financial statements and our auditors' 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 and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in a manner required by the Industrial Development Corporation Act (Chapter 14:10) of Zimbabwe, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that

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Independent Auditor's Report (continued)

Responsibilities of the Directors for the Consolidated and Separate Financial Statements (continued)

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 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 Corporation or to cease operations, or have no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and 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 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 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.

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Independent Auditor's Report (continued)

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

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

  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

KPMG Zimbabwe

Registered Accountants and Auditors
Chartered Accountants (Zimbabwe)

Per: Themba Mudidi
Partner
Registered Auditor
PAAB Practising Certificate Number 0437

21 June 2018

for and on behalf of, **KPMG Chartered Accountants (Zimbabwe), Reporting Auditors**
100 The Chase (West)
Emerald Hill, Harare
Zimbabwe

Statements of Financial Position
as at 31 December 2017

		Group	Group Restated	Corporation	Corporation
ASSETS	Note	2017 US$	2016 US$	2017 US$	2016 US$
Non-current assets					
Property, plant and equipment	6	91 532 269	97 857 458	111 339	104 951
Investment properties	7	3 760 000	3 720 000	-	-
Intangible assets	6.1	413	955	-	-
Non-current portion of land held for sale	10	13 201 910	13 504 313	-	-
Investment in subsidiaries	8.1	-	-	49 514 137	49 408 173
Investment in associates	8.2	18 024 312	16 774 747	12 923 804	12 923 804
Non-current financial assets		-	285 299	-	1 019 588
Available for sale financial assets	8.4	1 548 696	1 079 978	1 261 412	865 152
		128 067 600	133 222 750	63 810 692	64 321 668
Current assets					
Inventories	9	15 344 877	15 262 954	-	-
Trade and other receivables	11	19 884 236	21 258 594	283 673	40 237
Group balances receivables	11a	-	-	2 908 152	1 556 185
Loans receivable	16	-	7 858	88 673	219 697
Non-current assets held for sale	8.5	4 048 238	9 571 856	3 808 538	3 609 181
Cash and cash equivalents	12	14 160 513	11 050 965	34 376	6 240
		53 437 864	57 152 227	7 123 412	5 431 540
TOTAL ASSETS		**181 505 464**	**190 374 977**	**70 934 104**	**69 753 208**
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	13	28 517 543	8 344 108	28 517 543	8 344 108
Waiting for allotment	13	-	20 173 435	-	20 173 435
Non distributable reserve	13 (b) (ii)	95 118 064	96 456 175	109 034 771	109 034 771
Revaluation reserve	13 (b) (iii)	8 465 015	8 342 841	-	-
Mark to market reserve		248 787	(223 300)	248 787	(211 874)
Accumulated losses		(102 415 149)	(101 597 019)	(106 470 493)	(106 008 239)
Equity attributable to owners of the parent		29 934 260	31 496 240	31 330 608	31 332 201
Non - controlling interests	8.7	13 252 517	13 740 555	-	-
Total equity		**43 186 777**	**45 236 795**	**31 330 608**	**31 332 201**

Statements of Financial Position (continued)
as at 31 December 2017

		Group		Corporation	
			Restated		
LIABILITIES	Note	2017 US$	2016 US$	2017 US$	2016 US$
Non-current liabilities					
Loans and borrowings	14.1	32 631 560	31 219 500	2 900 323	7 136 468
Deferred tax liability	5	16 848 181	16 416 020	3 153 656	3 649 752
		49 479 741	47 635 520	6 053 979	10 786 220
Current liabilities					
Trade and other payables	15	71 200 195	74 498 372	20 200 203	19 631 490
Liabilities held for sale	8.5	550 091	2 897 759	-	-
Group balances payables		-	-	1 474 103	751 742
Loans and borrowings	14.2	14 834 335	18 253 336	11 875 211	7 251 511
Bank overdrafts	12	364 646	1 169 914	-	44
Current tax liability		1 889 679	683 281	-	-
		88 838 946	97 502 662	33 549 517	27 634 787
Total liabilities		**138 318 687**	**145 138 182**	**39 603 496**	**38 421 007**
TOTAL EQUITY AND LIABILITIES		**181 505 464**	**190 374 977**	**70 934 104**	**69 753 208**

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H. Nkala
Chairman
21 June 2018

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B.N. Kumalo
General Manager
21 June 2018

Income Statements
for the year ended 31 December 2017

		Group		Corporation	
	Note	2017 US$	2016 US$	2017 US$	2016 US$
Continuing operations					
Revenue	**3.1**	**101 444 224**	**74 848 568**	**711 774**	**662 120**
Cost of sales		(72 035 258)	(58 583 285)	-	-
Gross profit		**29 408 966**	**16 265 283**	**711 774**	**662 120**
Other income	3.2	4 012 172	6 069 290	28 872	787 480
Selling and distribution expenses		(3 473 139)	(5 053 414)	-	-
Administration expenses	3.3	(18 157 855)	(20 432 975)	(1 613 460)	(1 485 303)
Net finance costs	3.4	(6 213 780)	(7 838 002)	(1 217 935)	(2 120 615)
Investment property fair value gain	7	40 000	(198 822)	-	-
Share of loss of equity-accounted investees net of tax	8.2	(984 386)	(1 634 652)	-	-
Impairment of assets		(110 781)	(2 567 805)	-	-
Impairment of investments		-	2 006	1 031 722	(6 089 235)
Other operating expenses	3.5	-	(461 198)	-	(461 198)
Profit/(loss on disposal of investments)		-	-	884 701	-
Gain on loss of control	3.6	(1 460 975)	21 605 249	-	-
Exchange loss		(701 360)	1 060 381	(627 875)	1 111 637
Profit/(loss) from continuing operations		**2 358 862**	**6 815 341**	**(802 200)**	**(7 595 114)**
Income tax credit	4	(4 764 866)	877 879	339 946	(204 900)
(Loss)/profit after tax		**(2 406 003)**	**7 693 220**	**(462 254)**	**(7 800 014)**
Discontinued operations					
Loss from discontinued operations, net of tax	8.3	(111 805)	(640 943)	-	-
(Loss)/profit after tax		**(2 517 809)**	**7 052 277**	**(462 254)**	**(7 800 014)**
Attributable to:					
Equity holders' interest		(5 827 863)	7 189 315	**(462 254)**	(7 800 014)
Non - controlling interests		3 310 055	(137 038)	-	-
		(2 517 808)	**7 052 277**	**(462 254)**	**(7 800 014)**

Statements of other comprehensive income
for the year ended 31 December 2017

	Note	Group 2017 US$	Group 2016 US$	Corporation 2017 US$	Corporation 2016 US$
(Loss)/profit after tax		**(2 517 809)**	**7 052 277**	**(462 255)**	**(7 800 014)**
Other comprehensive income		-	-	-	-
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment - net of tax	6 (a)	3 900 818	4 605 097	-	-
Items that are or may be reclassified to profit or loss					
Available for sale financial asset - net of tax	8.4	460 661	(11 426)	460 661	-
Other comprehensive income/(loss) for the year net of tax		**4 361 479**	**4 593 671**	**460 661**	**-**
Total profit/(loss) for the year net of tax		**1 843 670**	**11 645 948**	**(1 594)**	**(7 800 014)**
Attributable to:					
Equity holders of the parent		(1 466 385)	11 707 469	(1 594)	(7 800 014)
Non - controlling interests		3 310 055	(61 521)	-	-
		1 843 670	**11 645 948**	**(1 594)**	**(7 800 014)**

Statement of changes in equity
For the year ended 31 December 2017

Group	Issued capital US$	Waiting for allotment US$	Non distributable reserve US$	Revaluation reserve US$	Mark to market reserve US$	Accumulated losses US$	Total US$	Non controlling interests US$	Total equity US$
			Restated						
Balance as at 1 January 2017	**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**
Correction of error	-	-	(3 001 512)	-	-	-	(3 001 512)	-	(3 001 512)
Balance as at 1 January 2017 – Restated	**8 344 108**	**20 173 435**	**96 456 175**	**8 342 841**	**(223 300)**	**(101 597 019)**	**31 496 240**	**13 740 555**	**45 236 795**
Loss for the period	-		-	-	-	(5 827 863)	(5 827 863)	3 310 055	(2 517 808)
Other comprehensive income	-		-	3 361 447	460 661	-	3 822 108	539 371	4 361 479
Transfer (from)/to Revenue Reserves	-		(1 980 541)	(1 545 536)	-	3 526 077	-	-	-
Loss of control	-		642 430	(1 693 737)	11 426	1 483 656	443 775	(4 137 464)	(3 693 689)
Dividends paid	-		-	-	-	-	-	(200 000)	(200 000)
Issue of new shares	20 173 435	(20 173 435)	-	-	-	-	-	-	-
Balance at 31 December 2017	**28 517 543**	**-**	**95 118 064**	**8 465 015**	**248 787**	**(102 415 149)**	**29 934 260**	**13 252 517**	**43 186 777**

Statement of changes in equity (continued)

For the year ended 31 December 2017

Group (continued)	Issued capital US$	Waiting for allotment US$	Non distributable reserve US$	Revaluation reserve US$	Mark to market reserve US$	Accumulated losses US$	Total US$	Non controlling interests US$	Total equity 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 (from)/to Revenue Reserves	-	-	-	(104 435)	-	208 870	104 435	(104 434)	-
Loss of Control	-	-	-	(15 894 519)		718 454	(15 176 065)	-	(15 176 065)
Share Issue to non-controlling interest	-	-	-	-	-	-	-	1 500 000	1 500 000
Awaiting issue for 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**

The opening balance of the non-distributable reserve has been restated refer to note 8.5 for further detail on the restatement.

Statement of changes in equity (continued)
For the year ended 31 December 2017

Corporation	Issued capital US$	Waiting for allotment US$	Non distributable reserve US$	Accumulated losses US$	Mark to market reserve US$	Total US$
Balance as at 1 January 2017	**8 344 108**	**20 173 435**	**109 034 771**	**(106 008 239)**	**(211 874)**	**31 332 201**
Total loss for the year	-		-	(462 254)	-	(462 254)
Other comprehensive income	-		-	-	460 661	460 661
Awaiting issue for new shares	20 173 435	(20 173 435)	-	-	-	-
At 31 December 2017	**28 517 543**	**-**	**109 034 771**	**(106 470 493)**	**248 787**	**31 335 563**
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 for 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**

Statements of cash flows

For the year ended 31 December 2017

		Group		Corporation	
		2017	2016	2017	2016
	Note	US$	US$	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) before tax		2 247 057	6 174 398	(802 200)	(7 595 114)
-'from continuing operations		2 358 862	6 815 341	-	-
-'from discontinued operations		(111 805)	(640 943)	-	-
Adjustments for:					
- Exchange gains/(losses)		701 360	(1 060 381)	627 875	(1 111 637)
- Depreciation on property, plant and equipment	6	3 770 536	3 979 892	13 104	23 236
- Impairment losses/other expenses		110 781	2 567 805	(692 068)	6 550 433
- Amortisation of intangible assets		542	3 075	-	-
- Dividend received		-	-	-	(651 093)
- Net finance costs	3.4	6 213 780	7 838 002	1 217 935	2 120 615
- (Profit)/loss on disposal of plant & equipment/other		18 825	397 680	(949 102)	-
- Provision for credit losses: external	11	(344 276)	77 315	-	-
: Intercompany balances		-	-	-	-
- Intercompany balances written off		-	-	-	-
- Gain on loss of control of subsidiaries		1 460 975	(21 605 249)	-	-
- Share of profit/(loss) of associates	8.3	984 386	1 634 652	-	-
- Fair value adjustment on financial assets at fair value					
through profit and loss		(40 000)	-	-	-
- Fair value adjustment on investment property		-	198 882	-	-
Operating gain/(deficit) before working capital changes		**15 123 966**	**206 071**	**(584 456)**	**(663 560)**
Working capital adjustments					
Decrease/(increase) in inventories		(81 924)	10 865 585	-	-
Decrease/(increase) in trade and other receivables		1 718 634	(220 166)	(1 464 378)	3 049 084
Decrease in financial assets through profit and loss		-	-	-	-
Increase/(decrease) in trade and other payables		(3 298 178)	24 459 776	(309 754)	1 594 168
Cash from operating activities		**13 462 498**	**35 311 266**	**(2 358 589)**	**3 979 692**
Taxation paid		(3 072 022)	(541 502)	(156 151)	(55 901)
Net cash flows used in operating activities		**10 390 476**	**34 769 764**	**(2 514 739)**	**3 923 791**

Statements of cash flows (continued)
For the year ended 31 December 2017

		Group		Corporation	
		2017	2016	2017	2016
	Note	US$	US$	US$	US$
INVESTING ACTIVITIES					
Purchases of property, plant and equipment	6	(2 702 805)	(1 863 608)	(31 858)	(5 650)
Proceeds or loans from/to associates		7 858	2 347 915	-	-
(Purchases)/Sale of investments		-	-	1 958 979	184 600
(Increase)/Decrease in non-current portion of land held for sale		302 403	(433 961)	-	-
(Increase)/Decrease in non-current assets held for sale		5 216 572	(12 008 306)	-	-
(Increase)/Decrease in liabilities held for sale		(2 347 668)	1 511 163	-	-
Proceeds on disposal of property, plant and equipment		765 571	161 649	-	134
Proceeds on investment property		-	2 150 000	-	-
Dividend received		-	-	-	651 093
(Increase)/Decrease in non-current financial assets		285 299	(285 299)	-	-
Additions: available for sale financial assets		(72 980)	(52 187)	-	-
Net finance costs	3.4	(6 213 780)	(7 679 330)	(494 116)	(2 120 615)
Net cash (outflows)/inflows from investing activities		**(4 759 530)**	**(16 152 044)**	**1 433 005**	**(1 290 438)**
Net cash inflows/(outflows) before financing		**5 630 946**	**18 617 720**	**(1 081 734)**	**2 633 353**
FINANCING ACTIVITIES					
Interest bearing borrowings:					
Proceeds		-	-	722 361	506 116
Issue of ordinary shares		-	-	-	20 173 435
New Capital: Motec		-	1 500 000	-	-
Repayments of loans and borrowing		(2 006 941)	(5 730 654)	387 555	(23 375 778)
Net cash (outflow)/inflow from financing activities		**(2 006 941)**	**(4 230 654)**	**1 109 916**	**(2 696 227)**
Net (decrease)/increase in cash and cash equivalents		**3 624 005**	**14 387 066**	**28 180**	**(62 874)**
Cash and cash equivalents at 1 January		9 881 051	(2 693 160)	6 196	69 070
Held for sale: cash and overdraft		290 811	(1 812 855)	-	-
Cash and cash equivalents at end of year		**13 795 867**	**9 881 051**	**34 376**	**6 196**
Made up of the following					
-Bank overdrafts		(364 646)	(1 169 914)	-	(44)
-Cash at bank		14 160 513	11 050 965	34 376	6 240
Cash and cash equivalents	**12**	**13 795 867**	**9 881 051**	**34 376**	**6 196**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

1. Corporate Information

The consolidated and separate financial statements of the Industrial Development Corporation of Zimbabwe Limited for the year ended 31 December 2017 were authorised for issue by the Board on 21 June, 2018.

Industrial Development Corporation of Zimbabwe Limited (IDCZ) has investments in the following sectors; motor and transport, fertilizer and chemicals, cement, 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 the Group 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 company'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 2017.

(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 power over the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.2 Basis of Consolidation (continued)

(a) Subsidiaries (continued)

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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income 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 interests 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.2 Basis of Consolidation (continued)

(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 acquirer 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 International Accounting Standard (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 acquirer'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 CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

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 associate 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 income statement.

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 and OCI of the associate, until the date on which significant influence ceases.

(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 presented as if operation had been discontinued from the start of the comparative year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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 income statement 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 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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(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 and 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 income statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(h) Taxes (continued)

(ii) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognized outside profit and loss in correlation 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 2017 have been presented in note 20 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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, 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.

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 income statement.
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

Financial Assets (continued)

(ii) Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)
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 income statement. 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 income statement. The losses arising from impairment are recognised in the income statement 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 income statement 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 intention to hold the financial asset accordingly.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

Financial Assets (continued)

(ii) Subsequent measurement (continued)

Available-for-sale financial investments (continued)
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 and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

Financial Assets (continued)

(iii) Impairment of financial assets (continued)

Equity-accounted investees (continued)
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 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 income statement. 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 and 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 and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(k) Financial Instruments (continued)

Financial Assets (continued)

(iii) Impairment of financial assets (continued)

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 is determined as the value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset and/or the value 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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 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 income statement 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 income statement. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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.

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 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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 less accumulated depreciation and any accumulated impairment losses. 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 income statement as incurred.

After initial recognition, property, plant and equipment, excluding motor vehicles, 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 income statement, 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).

Motor vehicles 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 plant and land and assets under construction and yet in use.
The expected useful lives of the property, plant and equipment are as follows:

Freehold buildings	40 years
Plant and equipment	10 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 income statement 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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 income statement 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 income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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.
- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

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 income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuation specialist, 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 income statement 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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 income statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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.

(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 income statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(u) Provisions (continued)

(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 (o).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

2.3 Summary of significant accounting policies (continued)

(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.

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 income statement 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 income statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.4 Significant accounting judgments, estimates and assumptions (continued)

(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:

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

(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) Determination of the functional currency

The Group operates in an economy which is experiencing a shortage of foreign currency and consequently has exchange control regulations that impact the timing of payment of foreign payables among other matters. Given the context of the environment, management has assessed in terms of IAS 21, if there has been a change in the functional currency used by the Group. The assessment included consideration of whether the various modes of settlement may represent different forms of currency. It is observed that whether cash, bond notes, electronic money transfers or point of sale the unit of measure across all these payment modes remain US Dollars. Management concluded that the US dollar is still the functional currency as presented in the prior year financial statements.

(ii) 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.

(iii) 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 income statement. 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 2017. 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.

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 6(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.4 Significant accounting judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

(iv) 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%.

(v) Allowance for credit losses

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

(vi) 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.

(vii) 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

2.4 Significant accounting judgments, estimates and assumptions (continued)

(b) Estimates and assumptions (continued)

(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 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 2017, the IBNR provision was calculated at 5% of the net written premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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
IAS 12	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IAS 7	Cash flow Statements - Disclosure Initiative	1 January 2017

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 2017, the following Standards and Interpretations were in issue but not yet effective:

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*
- IAS 40 *Investment Property*
- IFRS 4 *Insurance Contracts*
- IFRIC 22 *Foreign Currency transactions and advance consideration*

Effective for the financial year commencing 1 January 2019

- IFRS 16 Leases

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue, and* IFRIC 13 *Customer Loyalty Programmes*, 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 core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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 15 Revenue from contracts with customers (continued)
The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g sale of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

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 to 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 2018 financial statements.

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

IFRS 9 Financial 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*.

All recognised financial assets that are within the scope IAS 39 are required to be subsequently measured at amortised cost or fair value. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (not held for trading) in other comprehensive income, with only dividend income generally recognised in profit and loss.

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

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" 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 expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

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)

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 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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 16 *Leases (continued)*
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 CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

		Group		Corporation	
		2017	2016	2017	2016
		US$	US$	US$	US$
3	**Loss before taxation is stated after accounting for the following items:**				
3.1	**Revenue**				
	Revenue consists of the following principal categories				
	Sale of goods and services	101 444 224	74 848 568	-	-
	Management fees	-	-	711 774	662 120
		101 444 224	**74 848 568**	**711 774**	**662 120**
3.2	**Other income**				
	Profit on disposal of items of property and equipment	60 898	91 937	(9 249)	134
	Fees and commission	335 811	309 233	-	-
	Cost of cancelled sales	194 612	562 930	-	-
	Rent received	429 745	944 930	-	-
	Sundry income	1 092 811	3 467 832	10 269	24 553
	Guarantee fees	-	72 918	-	72 918
	Directors fees	32 973	45 102	27 853	38 782
	Scrap sales	1 624 884	574 408	-	-
	Dividends	-	-	-	651 093
	Exchange gain	48 461	-	-	-
	Export incentive	191 978	-	-	-
		4 012 172	**6 069 290**	**28 872**	**787 480**

Sundry income comprises of scrap sales, reversal of impairment, management fees and other receivables interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

		Group		Corporation	
		2017	2016	2017	2016
3.3	Administration expenses	US$	US$	US$	US$
	Included in the administration expenses are the following items:				
	Loss on disposal of items of property and equipment	79 723	491 684	-	-
	Audit fees	175 250	259 362	37 000	33 350
	Depreciation	3 770 536	3 979 892	13 104	23 236
	Amortisation of intangible assets	542	3 075	-	-
	Directors' emoluments:				
	- for services as directors	210 216	227 490	63 939	53 292
	- for managerial services	2 949 074	4 127 974	356 166	207 837
	Employee benefits expense:				
	- Salaries and wages	7 333 341	8 066 675	270 828	283 601
	- National Social Security Authority	155 919	193 850	14 742	14 215
	- Pension costs	311 066	522 504	41 158	43 855
	- Medical aid	130 224	149 483	74 809	72 046
3.4	**Net finance costs**				
	Finance costs:				
	Interest on debts and borrowings	(6 537 281)	(8 058 814)	(1 220 979)	(2 120 680)
	Finance income:				
	Interest income on loans receivable	13 467	18 683	3 044	65
	Interest on accounts receivable	310 034	202 129	-	-
		(6 213 780)	(7 838 002)	(1 217 935)	(2 120 615)
3.5	**Other operating expenses**	**-**	**(461 198)**	**-**	**(61 198)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

3.6 Gain on loss of control

During the year the Group lost control of Almin Metal Industries and Amtec (Private) Limited) whose shareholding was disposed in 2017 resulting in losses of $227 961 and $1 233 014 respectively.

		Group		Corporation	
		2017	2016	2017	2016
3.7	Impairment of subsidiaries and associates	US$	US$	US$	US$
	Motira (Private) Limited	-	-	(19 745)	2 622 049
	Sunway City (Private) Limited	-	-	382 956	2 271 536
	Ginhole Investments (Private) Limited	-	-	107 113	369 893
	Zimbabwe Grain Bag (Private) Limited	-	-	(505 125)	519 735
	Chemplex Corporation Limited	-	-	(3 720 898)	306 022
	Other	-	2 006	2 723 977	-
		-	**2 006**	**(1 031 722)**	**6 089 235**

		Group		Corporation	
		2017	2016	2017	2016
4	Taxation	US$	US$	US$	US$
	Income tax				
	Current tax expenses				
	Current year	(4 790 697)	(540 913)	(156 151)	(55 901)
	Deferred tax expense				
	Origination and reversal of temporary differences				
	Income (credit)/tax reported in the income statement	**25 831**	**1 418 792**	**496 092**	**(148 999)**
		(4 764 866)	**877 879**	**339 946**	**(204 900)**
	Amounts recognised in other comprehensive income				
	Revaluation of property, plant and equipment	800 684	894 990	-	-
	Income tax charged directly to other comprehensive income	**800 684**	**894 990**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

4. Taxation (continued)

Reconciliation of effective tax charge				
Profit/(loss) before tax	2 358 862	6 815 341	(802 200)	(7 595 114)
Standard rates	%	%	%	%
Unutilised assessed losses	(25.75)	(25.75)	(25.75)	(25.75)
Interest subject to lower rates of tax	(33.30)	(57.94)	22.35	22.35
Tax incentive subject to lower rates	13.25	-	-	-
Permanent differences-associated companies	12.15	12.88	-	-
Gain on loss of control	(5.05)	(6.18)	0.05	2.05
Disallowable expenses	95.27	81.63		-
	10.50	8.24	3.75	4.05
Other (non taxable)/non deductible items	----------	----------	----------	----------
Total	**67.07**	**12.88**	**0.40**	**2.70**
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

	Group		Corporation	
	2017	2016	2017	2016
5. Deferred taxation	US$	US$	US$	US$
Net deferred tax analysed as follows:				
Deferred tax liabilities	17 009 859	16 458 010	3 315 333	3 363 505
Deferred tax asset	(161 678)	(41 990)	(161 678)	286 247
	16 848 181	**16 416 020**	**3 153 655**	**3 649 752**
Deferred tax comprises of the tax effect on temporary differences arising from:				
Property, plant and equipment	13 214 159	11 328 836	25 512	23 191
Receivables	3 394 822	348 403	3 289 822	
Investments	800 683	3 449 019	-	3 340 314
Revaluations	(4 486)	918 202	-	-
Prepayments	(143 897)	127 305	-	-
Provisions	-	(41 990)	-	-
Revaluations	(161 678)	-	(161 678)	-
Unrealised exchange loss	(251 422)	286 247	-	286 247
	16 848 181	**16 416 021**	**3 153 656**	**3 649 752**

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.

The cumulative assessed tax losses not recognised amounted to $746 585 (2016: $3 948 764).

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 2016	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)
As 31 December 2016	**108 757 620**	**29 188 720**	**4 344 536**	**1 202 633**	**370 627**	**3 440 364**	**147 304 500**
Additions	20 932	1 091 653	665 438	188 816	-	735 966	2 702 805
Revaluation	1 834 063	-	-	-	-	-	1 834 063
Disposals	(8 590 000)	(395 231)	(861 481)	(207 304)	-	-	(10 054 016)
Assets held for sale	-	(2 861)	(119 751)	(20 921)	-	-	(143 533)
At 31 December 2017	**102 022 615**	**29 882 281**	**4 028 742**	**1 163 224**	**370 627**	**4 176 330**	**141 643 819**

6 Property, plant and equipment (continued)

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$
Accumulated depreciation							
At 1 January 2016	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**	**1 202 634**	**343 107**	**164 462**	**49 447 042**
Charge for the year	2 228 246	1 137 780	245 151	117 908	27 520	13 931	3 770 536
Impairment loss recognised in Profit or loss	(1 866 515)	-	-	-	-	-	(1 866 515)
Disposals	(1 654)	(243 209)	(671 815)	(179 300)	-	-	(1 095 978)
Assets held for sale	-	(2 861)	(119 752)	(20 922)	-	-	(143 535)
At 31 December 2017	**24 866 630**	**19 961 574**	**3 614 006**	**1 120 320**	**370 627**	**178 393**	**50 111 550**
Net book value							
As 31 December 2017	**77 155 985**	**9 920 707**	**414 736**	**42 904**	**-**	**3 997 937**	**91 532 269**
As 31 December 2016	**84 251 067**	**10 118 856**	**184 113**	**-**	**27 520**	**3 275 902**	**97 857 458**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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 Green Plan (Private) Limited, an accredited independent valuation specialist 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 2017. The Directors are of the view that the property values do not materially differ from the last valuation, hence no professional valuation was performed in the current year.

Details of the Group's land and buildings and information about fair value hierarchy as at 31 December 2017 are as follows:

Group	2017 US$	2016 US$
Balance at 1 January	84 251 067	89 246 019
Additions	20 932	165 000
Reclassification to Investment property	-	-
Changes in fair values	1 834 063	(3 176 950)
Disposals	(8 590 000)	(180 000)
Depreciation	(360 077)	5 745 030
Assets held for sale	-	(7 548 032)
Balance at 31 December	**77 155 985**	**84 251 067**

	Level 1 US$	Level 2 US$	Level 3 US$	Fair value as at 31 December 2017 US$
Land and buildings	-	-	**77 155 985**	**77 155 985**

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

There was a revaluation of land and buildings from Chemplex Corporation Limited of $3 900 818 net of tax. The cost of land and builds revalued is $32 238 917.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

6 Property, plant and equipment (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 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

(b) Impairment loss

During the year ended 31 December 2017, due to reduction in market value for some assets, the Group tested its assets for impairment and recognised an impairment losses of US$110 781 (2016 : US$2 567 805). The amount has been recognised in profit or loss.

(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$1 621 742 which is now included in the Group assets held for sale.

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

US$8 640 676 is secured against mortgage bonds on Zimbabwe Phosphate Limited's land and has tenure of 3 years and bears fixed interest rate of 16% per annum.
US$12 216 013 RBZ loan is secured against equipment bought using the funds (lease arrangement) and have a tenure of 5 years.
Bank overdrafts are secured against Zimbabwe Phosphate Industries land with a tenure of up 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

6 Property, plant and equipment (continued)

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

- FBC Bank Limited facility of $4 400 000.00 was registered using title deeds for Lot 1 of Lot 6, Wollowvale in the /'District of Salisbury and Motec Holdings(Private) Limited guarantees.
- An additional Loan secured against property located at number 5 Barking Road, Willowvale, Harare.
- The CBZ overdraft facility is secured by Notarial General Covering Bonds over plant and equipment.

Corporation	Land, buildings & permanent works US$	Motor vehicles US$	Office furniture & equipment US$	Total US$
Cost or valuation				
At 1 January 2016	100 000	184 462	65 106	349 568
Additions	-	-	5 650	5 650
Impairment loss	(27 000)	-	-	(27 000)
Disposals	-	-	(892)	(892)
As 31 December 2016	**73 000**	**184 462**	**69 864**	**327 326**
Additions	-	-	31 858	31 858
Disposals	-	(119 827)	(5 450)	(125 277)
At 31 December 2017	**73 000**	**64 635**	**96 272**	**233 907**
Accumulated depreciation				
At 1 January 2016	17 500	160 922	41 609	220 031
Charge for the year	2 500	11 587	9 149	23 236
Revaluation adjustment	(20 000)	-	-	(20 000)
Disposals	-	-	(892)	(892)
At 31 December 2016	**-**	**172 509**	**49 866**	**222 375**
Charge for the year	2 281	1 044	9 780	13 104
Disposals	-	(109 118)	(3 794)	(112 913)
At 31 December 2017	**2 281**	**64 435**	**55 852**	**122 566**
Net book value				
As 31 December 2017	70 719	200	40 420	111 339
As 31 December 2016	73 000	11 953	19 998	104 951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

6 Property, plant and equipment (continued)
6.1 Intangible assets

Group	Patents and licences US$	QS software US$	Other US$	Total US$
Cost at 1 January 2016	114 882	11 289	30 627	156 798
Additions - internally developed	-	-	-	-
Balance at 31 December 2016	**114 882**	**11 289**	**30 627**	**156 798**
Balance at 31 December 2017	**114 882**	**11 289**	**30 627**	**156 798**
Accumulated amortisation and impairment losses				
Balance at 1 January 2016	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
Amortisation	-	542	-	542
Balance at 31 December 2017	114 882	11 288	30 215	156 385
Carrying amounts				
At 31 December 2017	-	1	412	413
At 31 December 2016	-	543	412	955

7 Investment properties	2017 US$	2016 US$
Group		
Balance at 1 January	3 720 000	5 671 178
Disposals	-	(2 150 000)
Fair value gain	40 000	198 822
Balance at 31 December	**3 760 000**	**3 720 000**

Rental Income generated from investment property amounted to US$427 745 (2016: US$944 930). There were no repairs and maintenance cost of investment property that generated investment income 2016 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

7 Investment properties (continued)

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 2017 was determined by an independent property valuation specialist, 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 for repairs, maintenance and enhancements.

The fair value measurement for investment property of $3 760 000 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:

	2017 US$
Balance at 1 January 2017	3 720 000
Change in fair value	40 000
Balance at 31 December 2017	3 760 000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

7 Investment properties (continued)

7.1 Measurement of fair value

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments

8.1. Investment in subsidiaries

Corporation

The Corporation uses the cost model to account for its investment in subsidiaries. At 31 December 2017, the amount of the investment in subsidiaries and the percentages of shareholding are as follows:

		2017 US$	2016 US$
Almin Metal Industries Limited	51%	-	-
Chemplex Corporation Limited	100%	14 379 305	10 658 407
Ginhole Investments (Private) Limited			
t/a Last Hope Estate	100%	-	-
Motec Holdings (Private) Limited	100%	-	2 401 012
Motira (Private) Limited	99.68%	-	830 967
Sunway City (Private) Limited	99.98%	35 134 831	35 517 787
Industrial Sands (Private) Limited	100%	-	-
		49 514 136	49 408 173

Please refer to note 3.7 which details the impairment of investments that lead to the movement in the balance of investments in subsidiaries. The investment in Motira (Private) Limited was classified as held for sale as at 31 December 2017 due to the resolution passed to liquidate the operations of the subsidiary. Further information is detailed under note 22.

*Industrial Sands (Private) Limited

In 1986, IDCZ acquired Zimbabwe Glass (Private) Limited Zimglass and Industrial Sands for $4 million from Consol Limited. Over the years as an administrative issue, Industrial Sands (Private) Limited was being consolidated and reported as a subsidiary of Zimglass. The Directors decoupled the two companies in 2016 following the liquidation of Zimglass thereby reversing the administrative directive. However, documentation in place is not clear to support whether Industrial Sands should be a subsidiary of Zimglass or the Corporation.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.2 Investment in associates

The Group has interests in a number of associate companies. The Group holds 35% to 49% shareholding in three 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 associate entities.

Associate	Per-centage owned	Principal place of business	Nature and activities of each associate
Sino-Zimbabwe Cement Company (Private) Limited	35%	Zimbabwe	Cement manufacturer and distributor
Amtec Motors (Private) Limited	27.5%	Zimbabwe	Sales of brand new vehicles and servicing of vehicles
Sable Chemicals Limited	36%	Zimbabwe	Producer of ammonium nitrate fertilizer

Impairment of investment in associate
During the year the Group recorded no impairment charge (2016: US$3 971) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.2 Investment in associates (continued)

Summarised associate's statement of financial position:

Group 2017	Sino - Zimbabwe Cement Company (Private) Limited US$	Amtec Motors (Private) Limited US$	Sable Chemicals Limited US$
Current assets	14 433 025	3 153 006	28 779 706
Non-current assets	46 295 809	8 625 776	8 486 752
Current liabilities	(5 095 205)	(6 749 564)	(33 755 426)
Non-current liabilities	(11 264 739)	(657 117)	-
Equity	44 368 890	4 372 101	3 511 032
Additional information on associate companies			
Revenue	20 347 355	9 641 721	14 827 043
Cost of sales	(12 796 522)	(6 579 594)	(13 673 785)
Other income/(expenses)	49 631	399 503	405 756
Administration expenses	(6 389 065)	(2 855 817)	(3 627 976)
Net finance costs	(53 732)	(432 776)	(1 147 220)
Profit/(loss) before tax	1 157 667	173 037	(3 216 182)
Tax	(779 316)	(284 611)	199 164
Profit	**378 351**	**(111 574)**	**(3 017 018)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.2 Investment in associates (continued)

Group 2016	Sino - Zimbabwe Cement Company (Private) Limited US$	Stone Holdings (Private) Limited US$	Sable Chemicals 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	(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	1 259 324	245 724	(4 661 160)
Tax	(1 135 421)	-	(16 400)
Profit/(loss)	**123 903**	**245 724**	**(4 677 560)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

8 Investments (continued)

8.2 Investment in associates (continued)

Group's share from associates Group 2017	Sino - Zimbabwe (Private) Limited Cement Company 35% US$	Amtec Motors (Private) Limited 27.5% US$	Sable Chemicals Limited 37.5% US$	TOTAL US$
Current assets	5 051 559	867 077	10 360 694	16 279 331
Non-current assets	16 203 533	2 372 089	3 055 231	21 630 854
Current liabilities	(1 783 322)	(1 856 130)	(12 151 953)	(15 791 405)
Non-current liabilities	(3 913 760)	(180 706)	-	(4 094 466)
Net equity	15 558 011	1 202 330	1 263 972	18 024 312
Carrying amount recognised	15 558 011	1 202 330	1 263 972	18 024 312

Share of associate's revenue and loss:	Sino - Zimbabwe (Private) Limited Cement Company 35% US$	Amtec Motors (Private) Limited 27.5% US$	Sable Chemicals Limited 36% US$	TOTAL US$
Revenue	7 121 574	2 651 473	5 483 808	15 256 855
Profit/(loss)	132 423	(30 682)	(1 086 126)	(984 385)
Profit/(loss) of associate recognised	132 423	(30 682)	(1 086 126)	(984 385)
Profit/(loss) of associate not recognised	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.2 Investment in associates (continued)

2016	Sino - Zimbabwe Cement Company (Private) Limited 35%	Stone Holdings (Private) Limited 49%	Sable Chemicals Limited 37.5%	TOTAL
	US$	US$	US$	US$
Current assets	4 674 843	939 968	8 563 136	14 177 947
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)	(12 315 594)
Non-current liabilities	(3 843 481)	(4 253 439)	-	(8 096 920)
Net equity	15 425 588	(2 862 669)	1 349 159	13 912 078
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%	Stone Holdings (Private) Limited 49%	Sable Chemicals Limited 37.5%	
	US$	US$	US$	US$
Revenue	6 987 377	3 935 812	3 394 480	14 317 669
Profit/(loss) of associate	43 366	120 405	(1 678 018)	(1 514 246)
Profit/(loss) of associate recognised	43 366	-	(1 678 018)	(1 634 651)
Profit of associate not recognised	-	**120 405**	-	**120 405**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.2 Investment in associates (continued)

Group	2017 US$	2016 US$
Opening balance	16 774 747	19 046 722
Additions	1 202 329	-
Movement in reserves – associates	47 236	(2 271 975)
Carrying amount of interests in associates	18 024 312	16 774 747
Share of:		
Profit	(984 386)	(1 634 652)
Other comprehensive income	-	-
	(984 386)	(1 634 652)
Corporation		
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 in Surface Investment (Private) Limited as at 31 December 2017 classified as available for sale financial assets.

8.3 Discontinued operations
In line with the 4D strategy, Motira (Private) Limited was classified as held for sale in 2017 (refer to note 8.5). The Board of Directors for Motira (Private) Limited resolved that the windup process should be completed by 30 April 2018.

(a)	Results of discontinued operation	2017 US$	2016 US$
	Revenue	299 008	1 710 557
	Expenses	(410 813)	(2 351 500)
	Profit/(loss) for the year from discontinued operation	**(111 805)**	**(640 943)**
	Results from operating activities, net of tax	**(111 805)**	**(640 943)**
	Impairment on derecognition of assets and liabilities	-	-
	Profit/(loss) for the year from a discontinued operation	**(111 805)**	**(640 943)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.3 Discontinued operations (continued)

		2017 US$	2016 US$
(b)	**Cash flows from (used in) discontinued operation**		
	Net cash used in operating activities	(103 339)	75 635
	Net cash from investing activities	-	(86 468)
	Net cash flow from financing activities	-	(64 415)
	Net cash flow for the year	**(103 339)**	**(75 248)**
(c)	**Effects of classification as held for sale on the financial position of the Group.**		
	Property, plant and equipment	2 080 333	8 697 089
	Trade and other receivables	233 700	109 866
	Inventories	246 355	367 279
	Cash and cash equivalents	290 812	99 999
	Interest bearing loans	-	(211 839)
	Trade and other payables	(397 867)	(1 472 170)
	Net assets and liabilities	2 453 333	7 590 224

8.4 Available for sale financial assets

	Group 2017 US$	Group 2016 US$	Corporation 2017 US$	Corporation 2016 US$
Balance at 1 January	**1 079 978**	**1 082 750**	**865 152**	**937 171**
Additions	72 980	52 187	-	-
Reclassification of investment	395 738	-	396 260	-
Fair value adjustment	-	(54 959)	-	(72 019)
Balance at 31 December	**1 548 696**	**1 079 978**	**1 261 412**	**865 152**

There was an appreciation in the value of $460 661 in available for sale investments.

The available for sale assets consists of IDCZ's 10% shareholding in Surface Wilmar Investments (Private) Limited ($1 229 513) and 2.25% shareholding in Allied Insurance (Private) Limited ($31 897).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.4 Available for sale financial assets (continued)

Fair value measurement

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of 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 in 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 liabilities 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

8 Investments (continued)

8.5 Non-current assets held for sale

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Balance at 1 January	9 571 856	14 694 502	3 609 181	1 482 686
Additions	-	-	1 209 233	3 001 513
Disposals	(5 523 618)	(5 122 646)	-	-
Fair value adjustments	-	-	(1 009 877)	(875 018)
Balance at 31 December	**4 048 238**	**9 571 856**	**3 808 537**	**3 609 181**
Liabilities held for sale	**550 091**	**2 897 759**	**-**	**-**

In line with IDCZ 4D strategy, Almin Metal Industries Limited and Ginhole Investments Limited were earmarked for disposal. On 30 January 2017, a share sale and purchase agreement was signed allowing 51% shareholding in the company to be taken over by private partner.

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

IDCZ Board resolved subject to Motira Board resolution, to mothball Motira's operations in 2018. This was in accordance with the IDCZ's Corporate Strategic of Plan 2014-2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.5 Non-current assets held for sale (continued)

At 31 December 2017 the disposal group composed of the following assets and liabilities

	2017 US$	2016 US$
Asset held for sale		
Property, plant and equipment	2 080 333	8 697 089
Inventories	246 355	367 277
Trade and other receivables	258 097	109 866
Cash and cash equivalents	290 812	99 999
	2 875 597	**9 274 231**
Liabilities held for sale		
Trade and other payables	450 758	1 422 081
Deferred Tax	99 333	1 386 597
Taxation	-	89 081
	550 091	**2 897 759**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.5 Non-current assets held for sale (continued)

Correction of errors

During 2017, the Group discovered that the cost of the investments classified as held for sale had been erroneously duplicated in the prior financial statements. As a consequence, the assets held for sale and the non-distributable reserve had been overstated. The errors have been corrected by restating each of the affected financial statement line items for the prior period. The following notes summarise the impact on the Group's consolidated financial statements.

Group statement of financial position

Impact of correction of error

31 December 2016	US$	US$	US$
Assets held for sale	12 573 368	3 001 512	9 571 856
Others	180 803 121	-	180 803 121
Total assets	**193 376 489**	**3 001 512**	**190 374 977**
Total liabilities	**145 138 182**	**-**	**145 138 182**
Non-distributable reserve	99 457 687	3 001 512	96 456 175
Others	64 959 935	-	64 959 935
Total equity	**34 497 752**	**-**	**31 496 240**

Group statement of profit and loss and OCI
for the year ended 31 December 2016

Impact of correction of error

	US$	US$	US$
Profit	7 052 277	-	7 052 277
Total comprehensive income	4 593 671	-	4 593 671

There is no impact on the Group's income statement, statement of comprehensive income and total operating, investing or financing cash flows for the years ended 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.6 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 2017 US$
Non-current assets held for sale	-	-	4 048 238	4 048 238
Available for sale financial assets	-	-	1 548 696	1 548 696
	-	-	5 596 934	5 596 934

	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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.6 Fair value measurement (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 below.

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

Valuation techniques	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 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 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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

8 Investments (continued)

8.6 Fair value measurement (continued)

Non Controlling Interest (NCI)

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

31 December 2017

	ZFC (Private) Limited in ChemplexCorporation Zimbabwe
Principal place of business	**50%**
NCI percentages	
	US$
Non current assets	17 601 222
Current assets	23 825 730
Non current liabilities	(3 299 330)
Current liabilities	(11 212 094)
Net assets	**26 915 529**
Carrying amount of NCI	14 268 548
Revenue	69 071 559
Profit	7 299 294
OCI	-
Total Comprehensive (loss)/Income	**7 299 294**
Profit allocated to NCI	3 723 857
Cash flows from operating activities	16 373 793
Cash flows from investing activities	(1 308 291)
Cash flows from financing activities	(10 808 730)
Net increase (decrease) in cash and cash equivalents	**4 256 772**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

8 Investments (continued)

8.6 Fair value measurement (continued)

31 December 2016

Principal place of business	Almin Metal (Private) Limited Zimbabwe	ZFC (Private) Limited in Chemplex Corporation 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
Total Comprehensive Income/(loss)	**(441 469)**	**426 074**

8.7 Non-controlling interests

Principal place of business	Almin Metal (Private) Limited Zimbabwe Zimbabwe	ZFC (Private) Limited in Chemplex Corporation Zimbabwe
NCI percentages	**49%**	**50%**
	US$	**US$**
Profit allocated to NCI	(216 320)	143 316
OCI allocated to NCI	-	-
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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

9 Inventories

Group	2017 US$	2016 US$
Raw materials	4 941 534	4 950 133
Finished goods	3 637 292	3 017 645
Land held for trading	-	-
Stores	5 744 877	5 921 573
Work in progress	333 122	333 067
Consumables	688 053	1 040 536
Total inventories at lower of cost and net realisable value	**15 344 878**	**15 262 954**

10 Non-current portion of land held for sale

Balance at 1 January	13 504 313	13 070 352
Additions	(302 403)	433 961
Balance at 31 December	**13 201 910**	**13 504 313**

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.

Valuation techniques and significant unobservable inputs
For valuation techniques and significant inputs refer to note 8.6.

11 Trade and other receivables

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Trade receivables	14 308 646	15 324 863	283 673	40 237
Other receivables	9 124 030	5 933 731	-	-
Allowance for credit losses	(3 548 440)	(3 892 716)	-	-
Total	19 884 236	21 258 594	283 673	40 237
Related party receivables	**-**	**-**	**2 908 152**	**1 556 185**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

11 Trade and other receivables (continued)

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 2017, the ageing analysis of trade receivables is as follows:

Group

	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$
2017	**14 308 646**	9 125 767	10 519	2 040 113	566 511	2 565 736
2016	**15 324 863**	11 244 618	42 702	756 819	586 994	2 693 730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

11 Trade and other receivables (continued)

As at 31 December 2017, included in trade receivables is an allowance of US$3 548 440 (2016: US$3 892 716) relating to doubtful debts. Below is the movement for doubtful debts.

	Individually Impaired 2017 US$	Individually Impaired 2016 US$
Balance at 1 January	3 892 716	3 815 401
Charge for the year	(344 276)	77 315
	-----------	-----------
Balance at 31 December	**3 548 440**	**3 892 716**
	-----------	-----------

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

	2017 US$	2016 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	(470 079)	1 648 772
Higher risk	-	-
	-----------	-----------
	9 125 767	**11 244 618**
	-----------	-----------

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) Intergroup balances

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

Group companies	2017 US$	2016 US$
Subsidiary Companies		
Almin Metal Industries	110 428	124 410
Chemplex Corporation	2 241 699	1 912 867
Last Hope t/a Ginhole Investments	78 104	72 344
Motec Holdings	361 345	127 730
Olivine Industries	6 907	220 289
Sunway City Harare	10 921	16 253
Industrial Sands	51 578	31 269
	-----------	-----------
	2 860 982	**2 505 165**
	-----------	-----------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

11 Trade and other receivables (continued)

11(a) Intergroup balances (continued)	2017 US$	2016 US$
Associate Companies		
Sino-Zimbabwe Cement Company	6 759	34 918
Stone Holdings	22 283	22 283
Motira Tractors	18 128	11 877
Zimbabwe Grain Bag	-	1 528
	47 170	**70 608**
Reclassification to non-current assets	**-**	**(1 019 588)**
	2 908 152	**1 556 185**

During the year a provision for credit losses amounting to $317 642 was provided for against intercompany receivables from Chemplex, Motec Holdings and Almin Metal Industries. Management is of the opinion that the remaining balances are recoverable as a result of significant influence and control in the related parties. The provision for credit losses is included in the balance of trade and other payables (provisions).

12 Cash and cash equivalents

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Cash at banks and on hand	14 160 513	11 050 965	34 376	6 240

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

12 Cash and cash equivalents (continued)

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Cash at bank and on hand	14 160 513	11 050 965	34 376	6 240
Bank overdrafts (note 14.2)	(364 646)	(1 169 914)	-	(44)
	13 795 867	**9 881 051**	**34 376**	**6 196**

Details of banking facilities

As at 31 December 2017, the Group had the following undrawn banking facilities:

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Agricultural Development Bank of Zimbabwe	5 825 986	-	-	-
African Banking Corporation Zimbabwe Limited	-	525 294	-	-
Reserve Bank of Zimbabwe	11 954 992	133 919	-	-
Central African Building Society	166 309	3 291 997	-	-
CBZ Bank Limited	334 966	-	-	-
FBC Bank Limited	-	88 226	-	-
Infrastructure Development Bank of Zimbabwe Limited	2 471 485	-	-	-
Stanbic Bank Limited	176 896	2 270 617	-	-
Standard Chartered Bank Zimbabwe	-	-	-	-
Steward Bank (Formerly TN Bank)	-	294 883	-	-
	20 930 634	**6 604 936**	**-**	**-**

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 Operations Guide 8(ECOGAD 8) introduced prioritisation criteria which have been followed when making foreign payments on behalf of customers. After prioritisation foreign payments are then made subject to 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. Refer to Note 2.4(b) (i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

13 Capital and reserves (continued)

13 Capital and reserves

(a) Share capital	2017 US$	2016 US$
In issue at 1 January	28 517 543	8 344 108
Awaiting issue of new shares	-	20 173 435
In issue at 31 December-fully paid	**28 517 543**	**28 517 543**
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 Corporation.

Issue of ordinary shares
As at 31 December 2017, no new shares were issued 2017: NIL, (2016: 20 173 435).

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.

(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 change over period and has been designated as a capital reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

(ii) Nature and purpose of reserves (continued)

(ii) Non-distributable reserve

Non distributable reserves

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Balance at 1 January	99 457 687	96 456 175	109 037 771	109 037 771
Movements during the year	(4 339 623)	-	-	-
Balance at 31 December	**95 118 064**	**96 456 175**	**109 037 771**	**109 037 771**

The movement in Non Distributable reserves was mainly as a result of the de-recognition of Almin Metal Industries and reclassification of Ginhole Investments and Motira Tractors. During 2017, the Group discovered that the cost of the investments classified as held for sale had been erroneously duplicated in its financial statements since 2016. As a consequence, the assets held for sale and the non-distributable reserve had been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior periods.

Refer to note 8.5 for the detail on the reclassification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

13 Capital and reserves (continued)
Nature and purpose of reserves

(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.

(iii) Revaluation reserve	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Balance at 1 January	8 342 841	18 110 366	-	-
Transfer to revenue reserves	(1 545 536)	(104 435)	-	-
Loss of control	(1 693 737)	(15 883 093)	-	-
Other comprehensive income net of deferred tax	3 361 447	6 220 003	-	-
Balance at 31 December	**8 465 015**	**8 342 841**	**-**	**-**

14 Loans and borrowings
14.1 Loans and borrowings - Non current

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
China Import Export Bank (Remnibi Yuan 102 324 925)	2 900 323	5 589 015	2 900 323	5 589 015
Sino - Zimbabwe Cement Company (Private) Limited	-	1 547 453	-	1 547 453
Steward Bank	-	5 445 561	-	-
Central African Building Society	166 309	-	-	-
Agricultural Bank of Zimbabwe / Zimbabwe Asset Management Company	5 825 986	-	-	-
Reserve Bank of Zimbabwe	-	-		
FBC Bank Limited	4 734 828	5 853 369	-	-
Finance Lease Liability: RBZ	10 862 296	10 000 000	-	-
	24 489 742	**28 435 398**	**2 900 323**	**7 136 468**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

14 Loans and borrowings (continued)

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Other Liabilities - Non current				
Financial Liabilities - Long Term	8 141 818	2 784 102	-	-
	32 631 560	**31 219 500**	**2 900 323**	**7 136 468**

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.

Sino - Zimbabwe Cement Company (Private) Limited loan is not secured, no rate and tenure.
The Reserve Bank of Zimbabwe (RBZ) loan is secured against equipment bought using the funds (lease agreement) and has a tenure of 5 years.

14.2 Loans and borrowings – current

	Group		Corporation	
	2017 US$	2016 US$	2017 US$	2016 US$
Agricultural Development Bank of Zimbabwe	2 638 351	3 051 510	2 638 351	3 051 511
Merchant Bank of Central Africa	-	-	-	-
Central African Building Society (CABS)	-	8 204 089	-	-
China Import Export Bank (Remnibi Yuan 13 408 173)	7 583 386	4 200 000	7 583 386	4 200 000
CBZ Bank Limited	228 549	728 549	-	-
FBC Bank Limited	1 089 323	804 757	-	-
Industrial Development Corporation of South Africa Limited	-	208 003	-	-
Reserve Bank of Zimbabwe	1 353 716	-	-	-
Stanbic Bank Limited	287 536	631 310	-	-
Steward Bank	-	425 118	-	-
Sino - Zimbabwe Cement Company (Private) Limited	1 653 474	-	1 653 474	-
	14 834 335	**18 253 336**	**11 875 211**	**7 251 511**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

14 Loans and borrowings (continued)

Bank	Security
Agricultural Development Bank of Zimbabwe	Guaranteed by Industrial Development Corporation of Zimbabwe Limited.
Stanbic Bank Limited	Guaranteed by Industrial Development Corporation of Zimbabwe Limited.
Industrial Development Corporationof 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, Commerce and Enterprise Development	The Corporation entered into a loan agreement with Government of Zimbabwe through Ministry of Industry, Commerce and Enterprise Development 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 Eximbank following the default. The interest on the facility is 5% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

14 Loans and borrowings (continued)

14.2 Loans and borrowings – current (continued)

Group		Group		Corporation
	2017	2016	2017	2016
	US$	US$	US$	US$
Overdrafts				
Agricultural Development Bank of Zimbabwe	-	214	-	44
CBZ Bank Limited	335 042	228 549	-	-
FBC Bank Limited	29 604	601 151	-	-
Stanbic Bank Limited	-	340 000	-	-
	364 646	**1 169 914**	**-**	**44**

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 15% and matured between January 2017 and December 2017. The overdraft penalty rates vary from 15% to 30%.

14.2 Breach of loan covenant

Institution	Default during the year			
	Principal	Interest	Redemption terms	Amount
	US$	US$		US$
Afraisia Bank Limited	13 140 000	1 578 600	Monthly instalments	14 718 600
FBC Bank Limited	1 345 000	567 794	Monthly instalments	1 912 794
	14 485 000	2 146 394		16 631 394

The consortium of banks were issued with a writ of execution on the 19th of January 2016 against the Corporation as a guarantor and co-principal debtor of the Zimbabwe Glass Industries Limited debt of $16 631 394.

The Government through the Ministry of Finance and Economic Development is working out modalities to settle the debt in exchange of equity of equivalent amount in the Corporation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

		Group		Corporation	
		2017	2016	2017	2016
15	Trade and other payables	US$	US$	US$	US$
	Group				
	Trade payables	25 204 097	21 145 171	14 459	1 660
	Accruals	20 328 929	25 707 458	801 800	842 102
	VAT control account	2 379 195	5 741 711	1 744 559	2 594 701
	Other payables	23 287 974	21 904 032	17 639 385	16 193 027
		71 200 195	74 498 372	20 200 203	19 631 490
	Related party payables	**-**	**-**	**1 474 103**	**751 742**

Group

Trade payables are non-interest bearing and are normally settle on 15 to 30-day terms. Other payables include IDCZ Limited's, Zimglass provision ($16 631 394). Motec Holding (Private) Limited retrenchment costs ($8 503 778) and Chemplex Corporation Limited ($9 641 104) retrenchment costs.

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

Corporation

Trade payables are non-interest bearing and are normally settled on 15 to 30 day terms. Other payables include mainly ($16 631 394) which accrues interest at 5% per annum.

		Group		Corporation	
		2017	2016	2017	2016
16	Loans receivable	US$	US$	US$	US$
	Short term loans receivable				
	Sunway City (Private) Limited	-	-	-	19 280
	Almin Metal Industries Limited	-	7 858	-	111 744
	Ginhole Investments (Private) Limited	-	-	88 673	88 673
		-	**7 858**	**88 673**	**219 697**

Loans receivable relate to the Industrial Development Corporation of South Africa (IDC-SA) commercial loan given to subsidiaries and other entities 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$ 88 673 and loans extended to subsidiaries were eliminated as inter-company balances.

Loans receivable also include loans advanced from Head Office to group companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

17 Commitments and contingencies

(a) Commitments

During the year 31 December 2017 the Group is committed to incur capital expenditure of US$27 058 761 (2016: $15 757 426). These commitments are expected to be settled in 2018. The capital expenditure will be funded through borrowings and internally generated resources.

(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:

	2017 US$	2016 US$
Less than one year	1 353 716	162 000
Between one and five years	10 862 296	13 933 576
More than five years	-	-
	12 216 012	**14 095 576**

(ii) Amounts recognised in profit or loss

	2017 US$	2016 US$
Lease expense	**2 216 012**	**162 000**

(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 (2016: $87 484). Dispute invoices and interest charges amounted to $725 091 (2016: $725 091). 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.

Sunway City:

Endowment fees payable

According to the permits awarded on surveyed land, the Company is required to pay 10% of the value of residential stands and 13% of the value of commercial and industrial stands (endowment fees) to City of Harare at the time of completion of servicing. A possible obligation of the endowment fees will arise on unsurveyed stands whenever they will be serviced. Management has estimated the value of endowment fees payable on unsold and unsurveryed stands as at 31 December 2017 to be $5 067 324 (2016: US$5 067 324).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

17. Commitments and contingencies (continued)

Sunway City:

2. City of Harare levies rates on all unsurveyed and undeveloped land within the boundaries of Harare. In the prior year an amount in the sum of $2 812 012 in respect of rates on all surveyed, unsurveyed and undeveloped land was disclosed as a contingent liability, because of uncertainties arising from discussions with Harare City Council regarding a proposed offset of the value of water infrastructure constructed by Sunway City, valued by Council at $2,835,885, against the overall rates obligation. As at 31 December 2015 there was a possibility that the Council would agree to the offset. On the 7th of March 2017, the Acting Town Clerk wrote to advise Sunway of Council's position that it was not agreeable to the proposal to offset the outstanding rates obligation with the value of the water infrastructure despite prior agreements made by their joint Technical Committee. In the written communication, Council invited Sunway to express its views on Council's view which it has since done. Sunway City's contention is that it may not be appropriate to cede its water infrastructure for free to Council, given that the same infrastructure will give rise to income for the Council in perpetuity through billing of water delivered through that infrastructure. Consequently an amount in the sum of $2 662 723 has been accrued in respect of the rates obligation in the financial statements.

3. Sunway City entered into a Joint Venture with Ministry of National and Social Amenities to develop Phases 3B & 4A with Ministry providing funding for the development and Sunway City's contribution in the form of land and professional services.

   The joint Venture parties have agreed to meet and finalise the outstanding issue on snags and variations paid for Sunway City.

4. **Sino Zimbabwe Cement Company**

   Tax dispute with the Zimbabwe Revenue Authority (ZIMRA)
   There is a residual uncertainity related to tax amount of the interest portion of $1 047 501.73 due to ZIMRA, pertaining to the dispute with ZIMRA and any further matters emanating from future follow up ZIMRA audits that may be undertaken. Such amounts, if any, are contingent on the outcome of the appeal. The Directors believe such amounts do not warrant recognition in the financial statements, and will be assessed on an on-going basis, with particular reference to the anticipated special court ruling on the areas of contention. The Group will be liable for 35% of the potential liability.

(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$10 882 812 with interest and costs included. It is considered that the judgement sum of US$10 882 812 will be recovered in due course although, due to the nature of international disputes this may take long.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

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
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. Transactions with the parent are disclosed in note 14.2.

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

31 December 2017

Group	Sales to related parties US$	Purchases from owed by related parties US$	Amounts owed to related parties US$	Amounts owed by related parties US$
Associates:				
Stone Holdings (Private) Limited	-	-	22 283	-
Sino-Zimbabwe Cement Company (Private) Limited	-	-	6 759	-
BEIQI Zimbabwe (Private) Limited	-	-	24 095	-
Sable Chemical Limited	-	-	-	-
	-	**-**	**53 137**	**-**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

18. Related party disclosures (continued)
31 December 2016

	Sales to related parties US$	Purchases from owed by related parties US$	Amounts owed to related parties US$	Amounts owed by related parties US$
Associates:				
Stone Holdings (Private) Limited	-	-	22 283	-
Sino-Zimbabwe Cement Company (Private) Limited	-	-	34 991	-
BEIQI Zimbabwe (Private) Limited	-	-	101 070	-
Sable Chemical Limited	-	-	-	-
	-	**-**	**158 344**	**-**

Corporation	Management fees receivable US$	Amounts owed by related parties US$
Almin Metal Industries (Private) Limited	-	110 428
Chemplex Corporation Limited	593 567	2 241 699
Last Hope	-	78 104
Motec Holdings Private) Limited	-	361 345
Olivine Industries Limited	-	6 907
Sunway City Private) Limited	34 871	10 921
Motira (Private) Limited	8 989	18 128
Industrial Sands (Private) Limited	17 364	51 578
Associated companies:		
Stone Holdings (Private) Limited	-	22 283
Sino-Zimbabwe Cement Company (Private) Limited	59 982	6 759
	714 773	**2 908152**

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 arms 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 2017, the Group has recorded provisions on 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

18. Related party disclosures (continued)

			Group		Corporation
		2017	2016	2017	2016
		US$	US$	US$	US$
18.1	**Compensation to key management personnel**				
	Short term employee benefits	2 158 078	4 320 115	356 166	381 472
	Post employment benefits	163 558	213 643	-	53 292
		-----------	-----------	-----------	-----------
	Total compensation paid to key management personnel	**2 321 636**	**4 533 758**	**356 166**	**434 764**
		-----------	-----------	-----------	-----------

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.

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 qouted-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 policyholders 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 neither dependant on a single reinsurer nor are the operations of the Group substantially dependant upon any single reinsurance contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.1 Financial risk management objectives and policies (continued)

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, to set 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.2 Market risk (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 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:

			2017		2016
		Foreign amount	US$	Foreign amount	US$
Japanese Yen	US$/105.046	-	-	17 792.46	169.38
		-------------	-------------	-------------	-------------
Reminbi Yuan	US$/6.506	14 687 580	2 257 544	66 906 187	9 636 634
		-------------	-------------	-------------	-------------

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

2017	Change in rate	Effect on profit before tax	Effect on equity
	%	US$	US$
Reminbi Yuan	+2%	(336 083)	(248 701)
	- 2%	(1 238 031)	(916 143)
Pound	+ 5%	0	0
	- 5%	0	0
2016			
Reminbi Yuan	+2%	188 954	139 826
	- 2%	(624 593)	(462 199)
Pound	+ 5%	0	0
	- 5%	0	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.2 Market risk (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 debt with fixed rates 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;

		2017 US$	2016 US$	2017 US$	2016 US$
Change in interest rate of:	-10%	621 378	786 936	121 794	212 062

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 liquid 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, bank facilities and cash resources. Furthermore, the Group is vigorously pursuing debtor collection and identifying non performing assets for outright disposal.

The table below summaries the maturity profile of the Group's financial liabilities as at 31 December 2017 based on contractual undiscounted payments:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.2.3 Liquidity risk (continued)

Group	On demand US$	0 to 3 months US$	3 to 12 months US$	1 to 5 years US$	+5 years US$	Total US$
Year ended 31 December 2017						
Interest bearing loans and borrowings	10 725 161	-	14 044 770	5 935 787	16 760 176	47 465 894
Other liabilities	826 357	-	1 297 383	680 676	-	2 804 416
Trade and other payables	59 647 327	3 270 745	-	8 141 818	140 305	71 200 195
	71 198 845	3 270 745	15 342 153	14 758 281	16 900 481	121 470 505
Year ended 31 December 2016						
Interest bearing loans and borrowings	11 385 756	111 782	7 786 718	30 188 580	-	49 472 836
Other liabilities	1 679 904	-	959 359	564 238	1 547 453	4 750 953
Trade and other payables	66 199 438	3 782 914	-	4 516 021	-	74 498 372
	79 265 098	3 894 696	8 746 077	35 268 839	1 547 453	128 722 162

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.2.3 Liquidity risk (continued)

Corporation	On demand US$	0 to 3 months US$	3 to 12 months US$	1 to 5 years US$	+5 years US$	Total US$
Year ended 31 December 2017						
Interest bearing loans and borrowings	-	-	11 963 165	2 812 369	1 653 474	14 775 534
Other liabilities	-	-	1 474 103	-	-	1 474 104
Trade and other payables	17 002 732	3 197 470	-	-	-	20 200 202
Amounts owed to Group companies	-	-	-	-	-	-
	17 002 732	**3 197 470**	**13 437 268**	**2 812 369**	**1 653 474**	**36 449 841**
Year ended 31 December 2016						
Interest bearing loans and borrowings	11 647	44	7 251 511	5 577 367	1 547 453	14 388 023
Other liabilities	16 083 066	-	751 742	-	-	16 834 808
Trade and other payables	-	3 548 424	-	-	-	3 548 424
Amounts owed to Group companies	-	-	-	-	-	-
	16 094 713	**3 548 468**	**8 003 253**	**5 577 367**	**1 547 453**	**34 771 255**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.3 Capital management

The primary objective of the Corporation's capital management is to ensure that the Corporation 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 2017. The Group's capital comprise net debt and equity as detailed below:

	2017 US$	2016 US$
Interest bearing loans and borrowings	47 465 895	49 472 837
Bank overdrafts	364 646	1 169 914
Trade and other payables	71 200 194	74 498 372
Less cash and short term deposits	(14 160 513)	(11 050 965)
Net debt	104 870 222	114 090 158
Equity	29 934 259	34 497 753
Capital and debt	134 804 481	148 587 911
Gearing ratio	78%	77%
Target gearing ratio	60%	60%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.4 Credit risk (continued)

(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 analyzed at each reporting date on an individual basis for all the debtors.

As at 31 December 2017, the Group had US$3 548 440 (2016: US$3 892 716) 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 2017 and 2016 is the carrying amounts of the financial assets as illustrated in note 19.5.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.5 Fair values of financial instruments (continued)

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	2017 Carrying amount US$	2017 Fair value US$	2016 Carrying amount US$	2016 Fair value US$
Financial assets				
Trade and other receivables	19 884 236	19 884 236	21 258 594	21 258 594
Cash and short term deposits	14 160 513	14 160 513	11 050 965	2 262 299
Loans and receivable	-	-	7 858	7 858
Available for sale financial assets	1 548 696	1 548 696	1 079 978	1 079 978
Financial liabilities				
Interest bearing loans and borrowings	47 465 895	47 465 895	49 472 837	49 472 837
Trade and other payables	71 200 194	71 200 194	74 498 372	74 498 372
Overdraft	364 646	364 646	1 169 914	1 169 914
Corporation				
Financial assets	283 673	283 673	40 237	40 237
Cash and short term deposits	34 376	34 376	6 240	6 240
Loans receivable	88 673	88 673	219 697	219 697
Amounts receivable from group companies	2 908 152	2 908 152	1 556 185	1 556 185
Financial liabilities				
Interest bearing loans and borrowings	14 775 534	14 775 534	14 387 979	14 387 979
Trade and other payables	20 200 203	20 200 203	19 631 490	19 631 490
Overdraft	-	-	44	44
Amount owed to group companies	1 474 103	1 474 103	751 742	751 742

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

19 Financial risk management (continued)

19.5 Fair values of financial instruments (continued)

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 2017, 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, 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.

Fair value hierarchy

2017	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Financial and non- financial assets				
Land and buildings	-	-	77 155 985	**77 155 987**
Available for sale financial assets	-	-	1 548 696	**1 548 696**
Investment properties	-	-	3 760 000	**3 760 000**
Assets held for sale	-	-	4 048 238	**4 048 238**
2016				
Financial and non-financial assets				
Land and buildings	-	-	84 251 067	**84 251 067**
Available for sale financial assets	-	-	1 079 978	**1 079 978**
Investment properties	-	-	3 270 000	**3 270 000**
Assets held for sale	-	-	12 573 368	**12 573 368**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

19.5 Fair values of financial instruments (continued)

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 2017, there were no financial assets at fair value through profit and loss.

Refer to Note 6 (a), 7.1 and 8.4 for valuation techniques.

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 CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

20. Segment information (continued)

The Group has four operating segments as follows:

	Chemicals & fertilizers		Engineering & glass		Motor & transport		Corporate & other		Adjustments and eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Revenue												
External customer	94 403 988	62 783 043	-	1 612 916	4 586 762	9 567 807	2 824 924	2 833 953	-	-	101 743 232	76 559 125
Intersegment sales	(72 442)	(197 407)	-	-	-	(41 187)	-	-	(72 442)	(238 594)	-	-
Total revenue	**94 331 546**	**62 585 636**	**-**	**1 612 916**	**4 586 762**	**9 526 620**	**2 824 924**	**2 833 953**	**(72 442)**	**(238 594)**	**101 743 232**	**76 559 125**
Results												
Depreciation	3 288 314	2 955 439	-	150 587	320 942	635 520	201 673	238 346	-	-	3 810 929	3 979 892
Impairment of assets	69 219	(410 790)	-	-	-	-	(180 000)	(156 967)	-	-	(110 781)	(567 757)
Share of profit of associates	(1 086 126)	(1 678 018)	-	-	(30 683)	-	132 423	43 366	-	-	(984 386)	(1 634 652)
Segment (loss)	685 420	(6 230 802)	-	(225 149)	(3 532 982)	(148 008)	(1 063 878)	9 387 027	-	-	(3 911 440)	2 783 068
Operating assets	**100 238 595**	**92 937 124**	**-**	**7 129 537**	**15 210 456**	**26 025 695**	**46 993 134**	**47 520 107**	**-**	**-**	**162 442 185**	**173 612 463**
Operating liabilities	**32 980 266**	**33 138 315**	**-**	**1 092 910**	**11 212 321**	**15 713 550**	**27 823 011**	**27 110 108**	**-**	**-**	**72 015 598**	**77 054 883**
Other disclosures												
Investment in an associate	**1 263 972**	**1 349 158**	**-**	**-**	**1 202 329**	**-**	**15 558 011**	**15 425 589**	**-**	**-**	**18 024 312**	**16 774 747**
Capital expenditure	**2 449 574**	**1 690 840**	**-**	**87 268**	**20 385**	**23 384**	**232 846**	**62 117**	**-**	**-**	**2 702 805**	**1 863 609**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

20 Segment information (continued)

1. Inter- segment revenues are eliminated on consolidation.
2. Segment assets exclude loans receivable US$ nil (2016: US$7 859).
3. Segment liabilities do not include deferred tax US$16 848 181 (2016: US$16 416 020), current tax payable US$1 889 679 (2016: US$683 281) and loans US$47 465 895 (2016: US$49 472 837).

21 Events after the reporting period

Unbundling of Motec Holdings with Willowvale Motor Industries and Deven Engineering Reporting directly to IDCZ.

With effect from 1 January 2018, Industrial Development Corporation of Zimbabwe Limited (IDCZ) is now the majority shareholder of Willowvale Motor Industries (Private) Limited (Willowvale).

Motec Holdings (Private) Limited (Motec) transferred all its shareholding (91%) in Willowvale to IDCZ. The new shareholding structure is now as follows:

Industrial Development Corporation of Zimbabwe Limited	91%
Workers Trust	9%

- Motec transferred its shareholding in its associate, Amtec (Private) Limited to Willowvale with effect from 1 January 2018. Therefore, Amtec is now as associate of Willowvale.
- Motec transferred its shareholding in one of its subsidiaries, Autologistic Services (Private) Limited (60%). Autologistic is now a dormant subsidiary of Willowvale with effect from 1 January 2018.
- Motec also transferred its shareholding in its subsidiary Motec Management Services to Willowvale with effect from 1 January 2018. Motec Management Services is now a subsidiary of Willowvale.
  As of March 2018, negotiations were now at an advanced stage between Willowvale, FBC Bank Limited and CBZ Bank Limited where the Zimbabwe Asset Management Corporation Limited (ZAMCO) will take over Willowvale's FBC and CBZ loans.
  The agreed figure is $5 612 129. The amount will be re-payable to ZAMCO over a period of 6 years from 2018 to 2023 at an interest rate ranging from 6% p.a. to 8% p.a. instead of 11% p.a. and 12% p.a. that was being requested by those financial institutions. Included in the figure is additional working capital to fund operations. ZAMCO will also allow WMI to borrow from other financial institutions for additional working capital.

22 Going concern

Group
The Group had accumulated losses of $102 415 150 (2016: $101 597 019) as at 31 December 2017 and, as of that date, the Group's current liabilities exceeded its current assets by $35 401 080 (2016: $37 348 923). The Group also noted a decline in the profit for the year ended 31 December 2017, $1 843 670 (2016: $11 645 948) mainly as a result of major operational challenges resulting in reported losses by significant subsidiaries. A loss on the loss of control of Almin Metal Industries (Private) Limited and Amtec Motors (Private) Limited amounting to $1 460 975 was incurred in 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

22 Going concern (continued)

Recapitalisation of the Group operations

- The Group received capital funding from the Reserve Bank of Zimbabwe (RBZ) at an affordable rate of 9.5% per annum, payable from 2019 to 2025. The funding benefited Dorowa Minerals Limited and Zimbabwe Phosphate Industries Limited (ZimPhos). The funds for Dorowa Limited have been fully utilized with production capacity improved during the second quarter. The funds for the Zimbabwe Phosphate Industries Limited are earmarked for the rebuilding of the Sulphuric and Phosphate Acid Plants. The RBZ agreed to restructure the Dorowa and ZimPhos loans of $5 million each from the original tenure of 3 years expiring 2018 to 8 years to expire in 2025.
- The Group's subsidiaries, Chemplex Corporation Limited and Zimbabwe Fertiliser where in the (OFAC) sanctions thus removing restriction on foreign business transactions, relationships with foreign stakeholders and the threat of seizure of funds. The release of the $4.2 million intercepted funds has commenced and to date $3, 3 million has been released.
- Cost containment across the Group will continue to be implemented in the foreseeable future. The major cost reduction areas include administration, selling and distribution and employment costs which were well managed through continuous aggressive cost management initiatives.
- 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. Resumption of exports of magnetite to Tete Mozambique is expected to increase as engagement with export customers to resume product off take has started. The projected export sales are expected to increase exponentially.
- The Government approved a 3-year moratorium of $21 million on all statutory debts whose impact will be felt from 2018 going forward. The moratorium eased the liquid challenge and allowed the completion of the refurbishment projects and turnaround of the companies As a result the technical insolvency reduced drastically by end 2017. Though implementation of the moratoriums is taking longer to be completed, it gives space for the Group to restructure itself and be able to repay the rescheduled debts when mature.

Corporation

The Corporation had accumulated losses of $106 470 493 (2016: $106 008 239) as at 31 December 2017 and, as of that date, the Corporation's current liabilities exceeded its current assets by $26 426 106 (2016: $22 203 247). The Corporation reported a loss for the year net of tax of $1 594 (2016: $7 800 014), a significant improvement largely attributable to the net impact of recognised impairment loss of $2 910 826 (2016: $6 089 235) consisting of the investment in Sunway City, Motec Holdings, Motira and Ginhole Investments and the reversal of previously recognised impairment losses $4 640 576.

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 the subsidiaries, the Corporation recognized a provision for credit loss of $317 642 as indicated in note 11(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

22 Going concern (continued)

Having noted the going concern indicators above, management has noted the need to ensure that there is a set strategy to turn around the viability of the Corporation. A strategic turnaround document was submitted to and approved by the Government as the Corporation's sole shareholder and as per their request, for consideration of its recapitalization and other policy assistance needs. The strategy document included the call of a rights issue of $84 million as provided under paragraph 13 of the IDCZ Act (Chapter 14:10) on Share Capital. To date, $20.2 million has been capitalised (refer to note 13), leaving a balance of $64.0 million, which could not be granted due to lack of fiscal space. As an alternative, assistance by Treasury will be granted upon submission of bankable projects and programmes that can be funded through market instruments such as bonds.

The Ministry as guarantor to the China Exim bank loan to the Corporation is expected to pay $8.0 million outstanding instalments for 2016 and 2017 and $2.5 million thereafter, until the China Exim bank loans are expunged in 2020. As above, the payments by Treasury on behalf of the Corporation will be capitalized as part of the rights issue funding.

Meanwhile, the implementation of the Cabinet resolutions and the Corporation Board's adopted 4D (Dilution, Disposal, Dissolution and Development) Strategy is ongoing to see the Corporation remaining operational as noted below:

1 Dilution
Dilution will be through the issuance of additional shares to local and/or foreign equity direct investors. In addition, the Corporation plans to access local and foreign low cost long-term debt including floating IDCZ bonds/debt instruments.

Discussions with potential investors are underway at Chemplex Corporation Limited and Deven Engineering (Private) Limited. Both transactions are expected to be completed in the third quarter of 2018.

2 Disposal
Disposal of medium sized investments namely Ginhole Investments (Private) Limited, Stone Holdings (Private) Limited and Zimbabwe Grain Bag (Private) Limited to third party and/or sitting investors are in progress.

Disposal of Almin Metal Industries (Private) Limited was concluded on 30 January 2017. Disposal of Stone Holdings (Private) Limited to current partners on a right of first refusal is at an advanced stage. Discussions with potential investors are also underway at Zimbabwe Grain Bag (Private) Limited. A search for investors is ongoing for Ginhole Investments (Private) Limited.

3 Dissolution
Dissolution refers to closure of unviable operations. Motira (Private) Limited's (Motira) financial statements were prepared with a view of winding down the business operations effective 30 April 2018 as resolved by the board of directors on 13 December 2017. Post year end, Motira had initiated the process of transferring its fixed assets to shareholders and inventory has been written down to estimated net realisable values. Provision has been made for future costs estimated to be incurred for purpose of closure of the business operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the Year Ended 31 December 2017

Going concern (continued)

Dissolution (continued)
The Corporation's board passed a resolution to reconstruct Motec Holdings (Private) Limited Group. As a result of the resolution, Motec Holdings (Private) Limited is no longer a going concern entity as the reconstruction will lead to the entity being made dormant or liquidated with effect from April 2018.

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

Willowvale Motor Industries (Private) Limited resumed vehicle assembly business on 27 March 2017 to assembly operations on contract for BEIQI Zimbabwe (Private) Limited a company formed by itself, Beijing Automotive Industry Holdings Company Limited (BAIC) of China and Astol Motors (Zimbabwe). The business model is being affected with nostro challenges as the Joint Venture company (BEQI) is failing to remit sale proceeds to the supplier of kits as well as not able to procure more kits. Willowvale Motor Industries (Private) Limited is searching for more contract assembly business to improve capacity utilisation.

During the year, Sino-Zimbabwe Cement Company (Private) Limited was restructured into six companies with the objective of having a one stop shop specialising in building and related services.

Sunway City (Private) Limited was designated a Special Economic Zone (SEZ) for development of a 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.

The Corporation is working closely with the Reserve Bank of Zimbabwe and Government to transform itself into a fully-fledged Development Finance Institution. The administrative systems are already in place. Over and above seeking of a credit line from its regional partners to fund this role, the Corporation is also working with its bankers for possibility of issuing a bond for the same purpose. The shareholder is championing the mobilization of resources to implement the industrialization strategy and recapitalization of local companies.

In addition to the above 4D strategy, the Corporation, as of date had received management fees and dividends of $203 194 and $437 957 respectively. These will contribute towards the operations of the Corporation.

Conclusion

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 business.

However, in the event that the Corporation does not receive the needed assistance from Government through guarantees to issue bonds and/or funding from Ministry of Finance to pay its debts and ensure successful implementation of the 4D strategy, and strategies put in place do not achieve the intended objective, this will give rise to a material uncertainty which may cast 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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