

CHAIRMAN'S STATEMENT

INTRODUCTION

It is my pleasure to present the consolidated financial statements of ZimRe Holdings Limited (ZHL) and its subsidiaries and associates (together "the Group") that reflect a significant improvement in performance compared to previous periods.

FINANCIAL HIGHLIGHTS

In US\$ million	Total income	Total claims and expenses	Profit for the period	Cash and cash equivalents	EPS (US Cents)
2017	15.7 ↑ 3%	13.5 ↑ 5%	2.73 ↑ 137%	7.84 ↓ (29)%	0.19 ↑ 533%
2016	15.3	14.2	0.22	11.08	0.03

BUSINESS ENVIRONMENT

The good 2016/2017 agricultural season and the moderate rebound in mineral output, together with the recovery of international mineral prices had a positive effect on economic performance. Consequently, the Government revised upwards the projected 2017 Gross Domestic Product (GDP) growth rate from the original 1.7% to 3.7%. The anticipated growth in these key sectors of the economy is expected to have positive spillover effects on the food import bill, induce moderate recovery in the manufacturing sector and improve disposable incomes. However, the business environment remains constrained and challenging due to, among other factors, foreign currency and cash shortages, emerging inflationary pressures, constrained consumer demand and persistent fiscal deficits that result in the Government crowding out the private sector on the domestic financial market. A delicate political environment has not helped in addressing continued investor scepticism.

Sub Saharan African economies showed strong signs of recovery with the IMF projecting a growth rate of 2.64% in 2017 from the 1.4% recorded in 2016 mainly due to the improving global economic outlook on the back of expected improved activity in key sectors such as agriculture and robust demand.

GROUP PERFORMANCE

Statement of Comprehensive Income

The Group posted good performance in the 6 months to June 2017, despite the challenging business environment.

The Group recorded a profit of US\$2.7 million in the first 6 months of 2017 compared to US\$0.2 million in 2016, representing a growth of 1137%. This performance was achieved despite the loss

of US\$1.7 million arising from the restatement to fair value less cost to sale of the investments in NicozDiamond and Fidelity Life which were reclassified as non-current assets held for sale as at 30 June 2017. The significant improvement in profitability reflects the positive results of the Group restructuring initiatives which started in 2016 and was mainly attributable to:-

- Focus on prudent and selective underwriting in the core reinsurance operations;
- Better management and alignment of costs to revenue in a soft insurance market. Claims were the major line that recorded a noticeable reduction of 10% from US\$3.7 million in 2016 to US\$3.4 million in 2017 reflecting improvements in risk management standards;
- Recovery and noticeable improvements in the business pipeline in key reinsurance operations following restructuring;
- Winding up of business at Emeritus South Africa to stem further erosion of capital;
- Partial write off of some reinsurance legacy liabilities following successful negotiations with leading retrocessionaires; and
- Gains from disposal of listed investments and fair value gains on listed investments.

The above were complemented by a turnaround in the net share of profit from Associates which contributed a positive US\$0.7 million compared to a loss of US\$1.2 million in 2016.

Total income at US\$15.7 million in 2017 was marginally above the US\$15.3 million recorded in 2016. The slow growth in income is reflective of the difficult operating environment, reduced demand for insurance products due to low disposable incomes and declining rental rates and revenue due to increasing voids. Rental income declined by 14% from US\$1.6 million in 2016 to US\$1.4 million in 2017.

Statement of financial position

Cash and Cash Equivalents at US\$7.8 million at the end of June 2017 declined by 30% compared to US\$11.1 million in 2016, mainly due to the investment in financial assets available for sale and financial assets at fair value through profit and loss, and investment in long dated prescribed assets in order to comply with insurance regulatory requirements. This was also driven by the need to avoid holding excessive cash in an economic environment characterized by rising inflation and other value eroding factors.

Total assets increased from US\$102.8 million as at 31 December 2016 to US\$105 million as at 30 June 2017.

Shareholders' equity attributable to equity holders of the parent increased by 7% from US\$39.5 million in 2016 to US\$42.3 million in 2017 boosted by the profit for the period. With a market capitalization of US\$21.5 million as at 30 June 2017, ZHL's price to book ratio was estimated at 54%.

OPERATIONS REVIEW

Domestic reinsurance operations

Profit for the period increased by 1875% from US\$0.2 million in 2016 to US\$4.1 million in 2017 mainly due to the adoption of improved underwriting standards, increased retention, a 69% growth in investment income, the positive spillovers from the restructuring and implementation of cost containment measures.

Gross premium written ("GPW") was at US\$6.5 million in 2017 compared to US\$7.7 million in 2016, a decline of 15% which is indicative of low economic activity in the domestic economy, softening of rates and increased retention by cedants. The recovery at Baobab Reinsurance Private Limited continued following the 2015 recapitalization and the on-going business restructuring.

Regional reinsurance operations

The Regional reinsurance operations posted an overall loss of US\$0.4 million in 2017 compared to a Profit of US\$0.5 million in the same period last year mainly due to the slowdown in the performance of the Mozambican and Malawian economies in the period under review and the non trading position of Emeritus South Africa which is winding up its operations.

GPW declined by 9% from US\$9.7 million in 2016 to US\$8.9 million in 2017 which was reflective of the harsh trading environment in those markets.

Property

Profit for the period of US\$0.6 million in 2017 was in line with that posted in the same period last year and was attributed mainly to the cost rationalisation exercise that was implemented in the period under review.

Total revenue declined by 22% from US\$1.9 million in 2016 to US\$1.5 million in 2017 mainly due to the reduction in rental rates and declining occupancy levels, reduced uptake of stands due to low disposable incomes and the noticeable overcrowding in the low income housing sector.

KEY ASSOCIATES AND INVESTMENTS

The net share of profits from associates was a positive US\$0.7 million in 2017 compared to a negative US\$1.2 million in 2016 with NicozDiamond and Fidelity Life contributing US\$0.4 million and US\$0.4 million respectively. Other associates recorded losses. The share of profits from NicozDiamond and Fidelity Life are shown under profit from discontinued operations due to the classification of the investments as non-current assets held for sale.

KEY GROUP DEVELOPMENTS AND MILESTONES

Investment portfolio restructuring

As part of the on-going Group restructuring aimed at inter alia, unlocking value out of illiquid non-core assets to create liquidity, enhancing free cash flows and retaining businesses with a clear strategic fit to the Group's objective of creating an expansive and diversified investment holding company, the Group implemented the following:-

- Disposal of the Group's 1.47% stake in Continental Reinsurance Plc domiciled in Nigeria. Reserve Bank of Zimbabwe (RBZ) Exchange Control approval was obtained to apply the proceeds from the divestment towards strengthening the capital base of Mozambique Reinsurance Company Limited ("MozRe") in view of the strategic importance of MozRe and immense growth potential of the Mozambican economy and insurance market.
- Disposal of the Group's 2.43% shareholding in Uganda Reinsurance Company Limited in view of the insignificant shareholding and potential competition expected to be encountered in the African Reinsurance market.
- Increase of Group shareholding in Credsure from 24% to 84.82% following a capital call by Credsure. Credsure has unique and expert skills in the provision of export and domestic credit and bond and guarantees, and is earmarked to drive the Group's short term insurance strategy and grow the insurance float. The Company is being restructured to make it efficient in generating business and is to introduce a unique business acquisition and underwriting model premised on the use of cutting edge technology in delivering products to identified niche markets in the domestic economy.
- To complement the above, on 16th August 2017, the Group announced through a Cautionary Statement, the disposal of certain assets held by the Group. The proceeds from the disposals are expected to be utilized to support Group portfolio restructuring and strengthen the core reinsurance operations. The Group is now

working to fulfill the conditions precedent for the execution and completion of the transactions including obtaining shareholder and regulatory approvals. The Group will continue to provide progress updates on the transaction through notices to shareholders.

Rebranding of reinsurance operations

Following the removal of sanctions on 12 January 2017, the approval by the Reserve Bank of Zimbabwe ("RBZ") of the Emeritus International Reinsurance structure and considering other positive developments in the period under review, the Board approved a two phase rebranding strategy which initially focuses on the reinsurance operations, followed by the holding company and the non-insurance Group operations. The first phase of the rebranding exercise is to commence with the mono branding of the reinsurance operations and is expected to, among other things, jumpstart the operations, allow the domestic and regional operations to benefit from size and related economics of scale and scope, position the Group to raise international capital required to strengthen the operations, drive the Group regional footprint, and allow the operations to compete effectively with the continent's largest reinsurance companies. Rebranding will also allow the reinsurance operations to innovatively grow the businesses profitably and improve credit ratings.

Composite license for local reinsurance operations

On 7 June 2017, the Insurance and Pension Commission ("IPEC") approved the issuing of a composite trading license for Baobab Reinsurance (Private) Limited and Baobab Life and Health (Private) Limited. The measure is being implemented in tandem with the review of capital structures to ensure efficient utilization of capital.

CFI Mandatory Offer to Minorities

On 28 February 2017, ZHL and the National Social Security Authority ("NSSA") consolidated their shareholdings in CFI Holdings Limited through Stalop (Private) Limited ("Stalop") which took their combined shareholding in CFI to 41.03%. Consequently, Stalop breached the 35% threshold and was obliged to make a mandatory offer to buy out minorities in terms of Section 9 of the Zimbabwe Stock Exchange Listing Requirements. The mandatory offer which was approved by the Zimbabwe Stock Exchange ("ZSE"), opened on 17 July 2017 and closed on 4 August 2017. Stalop did not pick up any additional shares from the Offer due to unanticipated price increases above the offer price of 22 US cents. Stalop remains committed to engage the other major shareholders of CFI with a view to open discussions on the recapitalization of the business to facilitate the resumption of operations for businesses under judicial management, enhance CFI's overall competitiveness in the market and position CFI for growth and profitability.

DIRECTORATE

There were no changes to the Directorate since the last announcement.

DIVIDEND

In view of the need to retain and preserve cash and to consolidate the benefits of restructuring and to grow the business, the Board has resolved not to pay an interim dividend.

FUTURE PROSPECTS

Economic growth prospects are expected to remain subdued with minimum recovery underpinned by growth in the Agriculture and Mining Sectors. The Group will continue to consolidate the benefits from restructuring and realignment initiatives to ensure that profitability achieved in the first half is sustained into the foreseeable future. The Group will increase the momentum gained in implementing the Emeritus International strategy and structure in order to grow the domestic and regional reinsurance operations, and provide an opportunity to earn and grow hard currency reserves. The Group is strengthening its reinsurance business investments in Mozambique and Zambia and is positioning itself to tap into the immense growth potential in those markets that will further uplift its performance in the near future.

The continued review and implementation of revenue growth and cost containment initiatives is key in the current challenging business environment. Investments in property and other real assets are expected to continue to increase their weight in our investment portfolio. Investments in hard assets continue to be a key strategic initiative in view of rising inflation. The Group will continue to pursue opportunities in high growth sectors of the economy and service niche markets, and will leverage on Group's assets to improve return on investment.

Your Board and Management will continue to be agile and adaptable to changes in the operating environment in order to sustain the positive performance achieved in the first half and create value for shareholders.

APPRECIATION

I would like to express my sincere appreciation to Group management and staff for attaining this positive performance in the first half. I would also like to thank my colleagues on the ZHL and other Group company boards for their contribution and support.



B N KUMALO
CHAIRMAN

20 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited Group 30 June 2017 US\$	Unaudited Group 30 June 2016 US\$
Continuing operations		
INCOME		
Gross written premium	15 795 377	16 325 238
Premium ceded	(4 191 746)	(3 440 066)
Net premium written	11 603 631	12 885 172
Movement in unearned premium reserve	(752 885)	(1 561 081)
Net premium earned	10 850 746	11 324 091
Brokerage commission and fees	1 118 116	855 586
Total insurance income	11 968 862	12 179 677
Rental income	1 398 587	1 629 498
Net revenue from sale of inventory property	360 025	409 083
Net property operating costs	(304 061)	(316 339)
Investment income	802 658	866 161
Other income	1 516 027	509 182
Total income	15 742 098	15 277 262
EXPENDITURE		
Non-life insurance claims	(3 871 660)	(4 083 599)
Life insurance claims	(1 053 244)	(1 217 052)
Claims ceded to retrocessionaires	1 556 578	1 553 257
Insurance benefits and claims	(3 368 326)	(3 747 394)
Commission and acquisition expenses	(3 985 861)	(4 088 168)
Operating and administrative expenses	(6 118 060)	(6 361 134)
Finance costs	(3 790)	(1 899)
Total expenditure	(13 476 037)	(14 198 595)
Profit before share of loss of associate	2 266 062	1 078 667
Share of profit/(loss) of associates	(131 621)	(1 203 887)
Profit/(loss) before income tax	2 134 441	(125 220)
Income tax (expense)/credit	(189 437)	429 543
Profit for the period from continuing operations	1 945 004	304 323
Discontinued operations		
Profit/(loss) from discontinued operations	783 658	(83 674)
Profit for the period	2 728 662	220 649
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Gains on property and equipment revaluations	-	186 506
Share of other comprehensive income of associates	-	633 373
Other comprehensive income arising from discontinued operations	(155 801)	-
Income tax relating to components of other comprehensive income	-	-
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	342 774	(879 150)
Fair value gains on available for sale financial assets	192 596	162 957
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period net of tax	379 569	103 686
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3 108 231	324 335
Profit/(loss) for the year attributable to:		
Equity holders of the Zimre Holdings Limited	2 570 847	(171 892)
Non-controlling interests	157 815	392 541
	2 728 662	220 649
Total comprehensive income/(loss) attributable to:		
Equity holders of the Zimre Holdings Limited	2 858 394	404 463
Non-controlling interests	249 837	(80 128)
	3 108 231	324 335
Total comprehensive income/(loss) attributable to owners of Zimre Holdings Limited arising from		
Continuing operations	2 230 537	456 341
Discontinued operations	627 857	(51 878)
	2 858 394	404 463
Profit/(loss) per share from profit/(loss) on continuing operations attributable to owners of Zimre Holdings Limited		
Basis and diluted profit/(loss) per share (US cents):	0.15	0.03
Profit/(loss) per share from loss on discontinued operations attributable to owners of Zimre Holdings Limited		
Basis and diluted earnings/(loss) per share (US cents):	0.04	(0.00)
Profit/(loss) per share attributable to owners of Zimre Holdings Limited		
Basis and diluted earnings/(loss) per share (US cents):	0.19	0.03
Number of shares for basic and diluted earnings per share	1533 338 937	1530 676 272

The notes below are an integral part of these abridged financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes US\$	Unaudited Group 30 June 2017 US\$	Audited Group 31 December 2016
ASSETS			
Property and equipment		4 274 395	2 564 394
Investment property	4	46 394 333	44 924 623
Intangible assets		82 855	79 173
Investment in associates		702 367	10 111 114
Deferred tax asset		948 917	1 497 670
Goodwill	5	293 804	-
Financial assets available for sale		8 745 157	6 535 700
Life reinsurance contract asset		569 903	569 900
Inventory		3 064 202	2 755 060
Trade and other receivables	6	16 867 534	13 921 851
Deferred acquisition costs		2 183 100	1 757 201
Financial assets:			
Held to maturity investments		2 262 442	2 362 567
At fair value through profit or loss		2 593 837	1 607 254
Assets classified as held for sale	7	8 238 932	3 073 391
Cash and cash equivalents		7 837 394	11 077 397
Total assets		105 059 172	102 838 295
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		15 331 003	15 331 003
Share premium		11 427 034	11 427 034
Revaluation reserve		13 759 295	13 759 295
Mark-to-market reserve		621 614	429 018
Foreign currency translation reserve		(7 808 447)	(7 903 398)
Retained earnings		9 019 480	6 448 633
Total equity attributable to equity holders of the parent		42 349 979	39 491 585
Non-controlling interest		25 632 989	25 219 840
Total equity		67 982 968	64 711 425
Liabilities			
Short term insurance contract liabilities	8	13 775 437	11 937 005
Non-insurance provisions		1 360 375	1 043 186
Life assurance contract liabilities		4 632 265	4 632 265
Borrowings		1 110 975	1 376 091
Trade and other payables	9	14 167 462	14 185 096
Deferred tax liability		2 029 690	2 090 850
Current income tax payable		-	161 004
Liabilities associated with assets classified as held for sale		-	2 701 373
Total liabilities		37 076 204	38 126 870
TOTAL EQUITY AND LIABILITIES		105 059 172	102 838 295



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital US\$	Share premium US\$	Revaluation reserve US\$	Mark-to-market reserve US\$	Foreign currency translation reserve US\$	Retained profits US\$	Total attributable to equity holders of parent US\$	Non-controlling interest US\$	Total equity US\$
Balance as at 1 January 2017, as previously reported	15 331 003	11 427 034	13 759 295	429 018	(7 903 398)	6 448 633	39 491 585	25 219 840	64 711 425
Total comprehensive income for the year	-	-	-	192 596	94 951	2 570 847	2 858 394	249,837	3,108,231
Profit for the period	-	-	-	-	-	2 570 847	2 570 847	157 815	2 728 662
Other comprehensive income for the period net of tax	-	-	-	192 596	94 951	-	287 547	92 022	379 569
Transactions with owners in their capacity as owners :	-	-	-	-	-	-	-	163 312	163 312
Dividend declared and paid	-	-	-	-	-	-	-	(260 814)	(260 814)
Acquisition and consolidation of subsidiary	-	-	-	-	-	-	-	424 126	424 126
Balance at 30 June 2017	15 331 003	11 427 034	13 759 295	621 614	(7 808 447)	9 019 480	42 349 979	25 632 989	67 982 968
Balance as at 1 January 2016	15 306 763	11 562 694	13 746 144	194 588	(7 364 712)	6 541 308	39 986 785	28 422 021	68 408 806
Total comprehensive income for the year	-	-	-	162 957	(406 481)	(171 892)	(415 416)	(80 128)	(495 544)
Profit/(loss) for the period	-	-	-	-	-	(171 892)	(171 892)	392 541	220 649
Other comprehensive income for the period net of tax	-	-	-	162 957	(406 481)	-	(243 524)	(472 669)	(716 193)
Transactions with owners in their capacity as owners :	-	-	(135 660)	-	-	-	(135 660)	(102 743)	(238 403)
Dividend declared and paid	-	-	-	-	-	-	-	(102 743)	(102 743)
Issue of share capital	-	-	-	-	-	-	-	-	-
Share issue costs	-	-	(135 660)	-	-	-	(135 660)	-	(135 660)
Balance at 30 June 2016	15 306 763	11 427 034	13 746 144	357 545	(7 771 193)	6 369 416	39 435 709	28 239 150	67 674 859

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited 30 June 2017 US\$	Unaudited 30 June 2016 US\$
Cash flows from operating activities		
Profit/(Loss) before income tax	2 134 441	(125 220)
Non-cash items	(3 083 657)	412 215
Operating cash flow before working capital changes	(949 216)	286 995
Working capital changes	(1 266 963)	(672 956)
Cash utilised in operations	(2 216 179)	(385 960)
Finance costs	(3 790)	(1 899)
Income tax paid	(333 477)	(384 169)
Net cash outflow from operating activities	(2 553 446)	(772 028)
Net cash generated/(utilised) in investing activities	(337 694)	(449 027)
Net cash flow from financing activities	(525 930)	(35 350)
(Decrease)/increase in cash and cash equivalents during the period	(3 417 070)	(1 256 405)
Cash and cash equivalent at beginning of the period	11 077 397	13 419 045
Effect of exchange rate movement	177 067	(410 105)
Cash and cash equivalent at the end of the period	7 837 394	11 752 535

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL RESULTS

1 CORPORATE INFORMATION

The principal activity of Zimre Holdings Limited (the "Company") and its subsidiaries (together "the Group") is the provision of reinsurance services, property management and development services and agro industrial. Zimre Holdings Limited is a public company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange.

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

The historical financial statements of the Group for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors' at a meeting held on 20 September 2017.

2 BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and do not include all the notes of the type normally included in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 which were prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed financial statements are presented in United States of America dollar ("US\$") which is the functional currency of the reporting entity and are prepared on the historical cost basis.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated. Taxes on income "in the interim periods are accounted using the tax rate that would be applicable to the expected total annual profit or loss."

There are no new IFRSs or International Financial Reporting Interpretations ("IFRICs") that are effective for the first time in this interim period that would be expected to have a material effect on the Group. Management continuously assess the impact of the new "standards on the financial statements."

4 INVESTMENT PROPERTY

	Unaudited Group 30 June 2017 US\$	Audited Group 31 December 2016 US\$
Opening balance	44 924 623	46 997 682
Additions	824 843	311 082
Disposals	-	(376 739)
Fairvalue loss recognised in profit or loss	-	(2 372 464)
Reclassification from owner occupied	-	562 387
Transfer from non current assets held for sale	598 400	-
Exchange rate movement on foreign operations	46 467	(197 325)
Closing balance	46 394 333	44 924 623

Investment properties, principally freehold office buildings, are held for long term rental yields and are not occupied by the Group.

They are carried at fair value. There were no property revaluations undertaken for the six months ended 30 June 2017.

5 BUSINESS COMBINATIONS

On 1 March 2017, the Group acquired an additional 60% of the share capital of Credit Insurance Zimbabwe Limited, a short term insurer operating in Zimbabwe. The total consideration amounted to US\$1 million, with the previously held equity investment valued at a fair value of US\$60 197. As a result of the purchase, the Group expects to increase presence in the short term insurance business. None of the goodwill is expected to be deductible for tax purposes.

The following is a summary of the consideration paid and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

	March 2017 US\$
Fair value of the previously held equity interest	60 197
Purchase consideration for additional interest	1 000 000
Total consideration	<u>1 060 197</u>
Total identifiable assets acquired	3 012 109
Total identifiable liabilities assumed	<u>(2 108 557)</u>
Total identifiable net assets	903 552
Non controlling interest	(137 159)
Goodwill	293 804
Total consideration	1 060 197

The non-controlling interest has been recognised as a proportion of net assets acquired.

The gross written premium included in the consolidated statement of comprehensive income from 1 March 2017 to 30 June 2017 contributed by Credit Insurance Zimbabwe Limited was US\$492 177. Credit Insurance Zimbabwe Limited also contributed profit of US\$2 224 over the same period.

Had Credit Insurance Zimbabwe Limited been consolidated from 1 January 2017, the consolidated statement of comprehensive income for the six months ended 30 June 2017 would show pro-forma revenue of US\$16 202 056 and pro-forma profit of US\$ 2 537 048.

The purchase price allocation resulting in the goodwill is still being assessed and will be completed by 31 December 2017, hence goodwill is subject to change. The assessment is in line with IFRS 3 Business combinations, which provides for 12 months from the acquisition date for its completion.

6 TRADE AND OTHER RECEIVABLES

	Unaudited Group 30 June 2017 US\$	Audited Group 31 December 2016 US\$
Reinsurance receivables	12 810 341	13 365 386
Rental and stand sales receivables	3 366 952	5 060 543
Receivables from related parties	1 572 507	971 154
Prepayments and other	2 137 941	741 571
Less: allowance for credit losses	(3 020 207)	(6 216 803)
	16 867 534	13 921 851

A reconciliation of the allowance for credit losses is as follows:

	30 June 2017 US\$	31 December 2016 US\$
Opening balance	6 216 803	6 084 972
Charge for the year	281 834	2 764 005
Amounts written off	(3 478 430)	(2 632 174)
Closing balance	<u>3 020 207</u>	<u>6 216 803</u>

7 NON CURRENT ASSETS HELD FOR SALE

7.1 Classification to non-current assets held for sale

The Group has determined that investments in associates in short-term insurance and life assurance businesses incorporated in Zimbabwe be classified as non-current assets held for sale.

7.2 Declassification from non-current assets held for sale

The Group has also declassified the net assets of an investment in a subsidiary in the reinsurance business, previously held as non current assets held for sale, following protracted negotiations with a prospective buyer. The subsidiary was incorporated and is domiciled in Zimbabwe.

The movement for the period is as follows:

	31 December 2016 US\$	31 December 2016 US\$
Opening balance (net assets)	372 018	1 524 118
Movement for the year	-	(1 152 100)
Declassification from non current assets held for sale	(372 018)	-
Transfer from investment in associates	8 238 932	-
Closing balance	<u>8 238 932</u>	<u>372 018</u>

The effect of the declassification on the consolidated financial statements for the year ended 31 December 2016 is as follows:

	31 December 2016 as reported	Other impacts related to the transaction	31 December 2016 after IFRS 5 declassification
Assets			
Property and equipment	2 564 394	27 763	2 592 157
Investment property	44 924 623	598 400	45 523 023
Intangible assets	79 173	-	79 173
Investment in associates	10 111 114	-	10 111 114
Deferred tax asset	1 497 670	-	1 497 670
Financial assets available for sale	6 535 700	36 366	6 572 066
Life reinsurance contract asset	569 900	-	569 900
Inventory	2 755 060	-	2 755 060
Trade and other receivables	13 921 851	2 137 217	16 059 068
Deferred acquisition costs	1 757 201	-	1 757 201
Financial assets :			
Held to maturity investments	2 363 567	-	2 363 567
At fair value through profit or loss	1 607 254	-	1 607 254
Assets classified as held for sale	3 073 391	-	(3 073 391)
Cash and cash equivalents	11 077 397	273 645	11 351 042
Total assets	102 838 295	-	102 838 295

	31 December 2016 as reported	Other impacts related to the transaction	31 December 2016 after IFRS 5 declassification
Liabilities			
Short term insurance contract liabilities	11 937 005	-	11 937 005
Non-insurance provisions	1 043 186	-	1 043 186
Life assurance contract liabilities	4 632 265	-	4 632 265
Borrowings	1 376 091	-	1 376 091
Trade and other payables	14 185 096	2 470 746	16 655 842
Deferred tax liability	2 090 850	87 315	2 178 165
Current income tax payable	161 004	143 312	304 316
Liabilities associated with assets classified as held for sale	2 701 373	(2 701 373)	-
Total liabilities	38 126 870	-	38 126 870

8 SHORT TERM INSURANCE CONTRACT LIABILITIES

	Unaudited Group 30 June 2017 US\$	Audited Group 31 December 2016 US\$
Outstanding claims	4 298 719	4 361 232
Provision for incurred but not reported claims	1 808 423	1 688 739
Unearned premium provision	7 668 295	5 887 034
	<u>13 775 437</u>	<u>11 937 005</u>

9 TRADE AND OTHER PAYABLES

	30 June 2017 US\$	31 December 2016 US\$
Due to retrocessionaires	10 211 998	9 953 897
Accruals and other	3 955 464	4 231 199
	<u>14 167 462</u>	<u>14 185 096</u>

10 SEGMENT RESULTS

	Revenue		Profit before income tax	
	30 June 2017 US\$	30 June 2016 US\$	30 June 2017 US\$	30 June 2016 US\$
Reinsurance	14 460 093	15 276 782	3 223 529	1 469 550
Reassurance	1 593 393	2 164 167	472 116	(273 752)
Short term insurance	492 176	-	2 995	-
Property	1 792 289	2 057 584	645 832	679 489
Other and adjustments	(783 962)	(1 134 714)	(2 210 031)	(2 000 507)
	<u>17 553 989</u>	<u>18 363 819</u>	<u>2 134 441</u>	<u>(125 220)</u>

Geographical information

	Revenue		Profit before income tax	
	30 June 2017 US\$	30 June 2016 US\$	30 June 2017 US\$	30 June 2016 US\$
Zimbabwe	9 838 801	9 775 719	4 730 943	445 236
Malawi	2 746 700	3 038 844	9 830	408 886
Zambia	1 844 804	1 811 706	44 882	(166 143)
Mozambique	3 296 707	3 192 212	(339 739)	208 818
Botswana	1 017 619	931 870	49 692	46 719
South Africa	-	748 183	(301 475)	25 873
Adjustments	(1 190 642)	(1 134 715)	(2 059 692)	(1 094 609)
	<u>17 553 989</u>	<u>18 363 819</u>	<u>2 134 441</u>	<u>(125 220)</u>

11 KEY RELATED PARTY TRANSACTIONS

Change in degree of control in Credit Insurance Zimbabwe Limited

During the period, Zimre Holdings Limited acquired an additional interest in Credit Insurance Zimbabwe Limited, to obtain control. See note 5 for details of the transaction.

12 EVENTS AFTER THE REPORTING DATE

12.1 CFI Holdings Limited

The Group's investment vehicle into CFI Holdings Limited, Stalop Investments (Private) Limited made a mandatory offer to minority shareholders in line with the Zimbabwe Stock Exchange ("ZSE") listing rules as a result of having a shareholding of more than 35%. The mandatory offer opened on the ZSE on 17 July 2017 and closed on 4 August 2017. There were no additional CFI shares acquired during the offer period.

12.2 Emeritus Reinsurance Company South Africa

The Group took a deliberate decision to consolidate the South African and Botswana based businesses for better and efficient utilization of capital. The process entails the transfer of business and assets of the South African operations to Botswana, subject to regulatory approval, and is expected to be finalised by 31 December 2017.