FIDELITY LIFE

Audited Condensed Financials Results

For The Year Ended 31 December 2018

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Fidelity Life Assurance of Zimbabwe Limited and its subsidiaries

Chairman's Statement

It is my pleasure to present to you the audited financial statements of Fidelity Life Assurance of Zimbabwe Limited Group for the year ended 31 December 2018.

Economic landscape

The first half of 2018 started off with passive economic trends as the market anticipated the outcome of the harmonized elections in June. These trends continued into the third quarter pending the announcement of the new government's fiscal and other economic policies and reforms. Announcement of the same at the beginning of the fourth quarter resulted in significant volatility surfacing on various economic fronts. Year-on-year inflation moved from 5.39% in September 2018 to 42.09% by December 2018. This was fueled by panic responses to the markets' interpretation of the announced separation of Nostro Foreign Currency Accounts (FCA) from Real Time Gross Settlement balances (RTGS) as well as the introduction of the intermediated money transfer tax. An informal devaluation of bond notes by the market ensued, evidenced by increased prevalence of tiered and speculative pricing across a multitude of sectors.

These developments also created complexities in financial reporting as provisions in International Financial Reporting Standards (IFRS) that determine the functional currency of an entity could not be fully satisfied. In response to these complexities, Statutory Instrument 33 was gazetted by the Zimbabwe Government on 22 February 2019, prescribing guidelines for financial reporting that would be effective up to 22 February 2019. In complying with the requirements of SI33, the Group applied these guidelines in preparing its financial statements for the year ended 31 December 2018. This however resulted in a failure to achieve fair presentation under IFRS.

Amid fears of a re-emergence of hyperinflation, preservation of policyholder and shareholder funds remained a key area of focus for the Group. As at 31 December 2018, the Group's balance sheet remained significantly skewed towards property, which has proven to store value in high inflation environments. The Group's investment in near cash securities has been maintained at low levels due to prevailing low interest rates and the devaluation that would emerge from rising inflation.

Delayed publishing of audited financial results

The complexities that arose from the developments noted in the last quarter of 2018, and the publication of SI 33 in 2019 resulted in a delay in publication of the Group's audited results due to additional time required to complete our property valuation and actuarial peer review processes.

Financial performance

The Group's drive to refocus on its core life assurance business yielded positive results as gross premium income grew by 44% from $14.2m in 2017 to $20.5 in 2018. Group revenue growth was also boosted by increase in interest income from micro-lending which grew by 20% to $3.3m. As expected, revenue from sale of stands and interest income on stands debtors decreased (by a combined 36%), an expected reflection that the Southview development project has reached its tail end. Gains on the equities portfolio also declined compared to 2017 as the ZSE market performance remained relatively flat for most of 2018, only starting to show significant gains towards the end of the year due to economic developments in the fourth quarter. As such, fair value gains on equities decreased by 30%, down to $3.2m in 2018 from $4.5m in 2017. Property values remained flat due to illiquidity in the US$ market, resulting in fair value gains on properties of $0.5m, down from $2.9m in 2017. Total expenses closed 7% lower than prior year. Savings were realized on operating and administration expenses line and on cost of sales of residential stands, which decreased 12% and 32% respectively. Legacy costs incurred in aligning internal controls decreased significantly, largely contributing to these savings. Conversely, insurance claims grew by 51% to $7.4m compared to $4.9m in 2017. An increase of 16% in acquisition costs reflects the investment made to support the 44% growth observed in premium income. Additional project development costs of $7m were also incurred on Southview development completion works. The Group restructured its debt obligations during the year to better match the projected future revenue stream. This resulted in a 53% increase in finance costs in 2018; these costs are not expected to recur at these high levels because the increase was largely due to once off facility arrangement fees.

The impact of savings in total expenses was however not felt in profit due to the tailing off of the Southview revenue, which decreased from $23m in 2017 to $15m in the current year. The Group closed the year with a profit before tax of $2.3m, against a comparative of $0.7m in 2017, reflecting a growth of 231%. This growth was however eroded by prudent tax provisions of $1.2m which resulted from our tax health assessments conducted during the year on the Group's activities, resulting in a loss for the year of $0.6m, a 52% improvement to the $1.3m loss reported in 2017.

The negative impact of the Group's legacy challenges is tailing off and the Group remains optimistic about shareholder and policyholder prospects in 2019 and ensuing years. Several costs that have impacted the Group's performance in 2018 are not expected to recur to the extent recorded in the current and prior year.

Fidelity Life Assurance of Zimbabwe (FLA, the Company)

Fidelity Life Assurance of Zimbabwe (the Company) is the flagship company of the Group, contributing 78% of the Group's total revenue. The Company is on a strong positive growth trajectory, having recorded a 38% growth in premium income in the year under review. At $14.8m, premium income now constitutes 35% of the Company's total income, up from 22% last year. The contributions to the Company's premium income were as follows; Pensions business $9.7m and Life Assurance business $5.1m, reflecting growth rates of 49% and 21% respectively against prior year numbers. 37% of the Company's total revenue came from sale of residential stands, whilst interest income on the stands debtors contributed 7%. The Company recorded $3.1m in fair value gains on its equity and property portfolios (contributing 7% to the Company's total revenue); largely reflective of the self-adjusting nature of these asset classes in response to rising inflation fears.

Overall, total revenues decreased 16% ($41.8m in 2018 against a 2017 comparative of $49.6m), despite the 14% savings realized in total expenses, which decreased from $48.6m in 2017 to $41.8m in the current year. The Company therefore closed the year with a loss before tax of $26k compared to profit before tax of $1m in 2017, (a decrease of 103%). %). A key contributor to this loss position were additional project development costs of $7.1m relating to completion of public works at Southview Park that were provided for during the current year.

FLA is expected to continue to anchor the Group as reflected in the growth of its core assurance business, which trend is expected to continue into 2019. Recovery from the impact of its legacy challenges is on track and any residual financial implications are not expected to be significant as clean-up efforts tail-off.

Vanguard Life Assurance Company (VLA) - Malawi

VLA recorded a 44% growth in total revenue. At US$6.6m, VLA's total revenue contributed 12% to the Group's total revenue. The growth in revenue for the Malawian subsidiary was largely driven by a 63% increase in premium income, which increased to U$$5.7m, up from US$3.5m in 2017. Despite total expenses being 34% above prior year, the subsidiary closed with a profit before tax of US$128,722 compared to a loss before tax of US$261,091 in 2017, reflecting a growth of 149%.

VLA called for a rights issue during 2018 to enable the subsidiary to meet minimum shareholders' equity requirements set by the Reserve Bank of Malawi. Following exchange control approval on 21 December 2018, the Group participated in the rights issue on 31 December 2018 at an amount of US$541,590, resulting in an increase in the Group's shareholding to 61.77%, from the previous 57.92%. Non-controlling interests injected US$229,456 in the rights issue, resulting in total rights issue proceeds of US$771,046. The subsidiary remains a key strategic asset to the Group and the capital injection will protect the subsidiary's continued operation in Malawi. Its country diversification value will come to the fore in 2019 as Zimbabwe spirals into high inflation.

Fidelity Life Financial Services (FLFS)

FLFS continues to be a significant contributor of realized profit to the Group. This micro-lender contributed 8% to the Group's total revenue, making it the third largest revenue contributor behind FLA and VLA. FLFS recorded total revenue of $4.3m, having grown 31% from the 2017 position of $3.3m. The revenue growth was driven by a 20% growth in interest income on the subsidiary's loan book. Total operating expenses of the subsidiary increased by 55%. The largest driver of this increase was our need to comply with the provisioning requirements of International Financial Reporting Standard 9 (IFRS 9). FLFS closed with a 14% growth in profit before tax, closing at $2.1m, up from $1.9m in 2017.

Langford Estates

The Group holds a land bank through its subsidiary Langford Estates which is a key strategic asset for the Group. The land carries significant embedded value. The Group awaits resolution of the outstanding legal claims lodged against the asset.

Other non-insurance subsidiaries

The actuarial consulting and asset management companies continue to post modest profits. The entities remain important to the Group's strategic thrusts. There is growth potential still to be unlocked in these entities in servicing clients outside the Group. Tapping into new markets through product innovation remains an area of focus for the two subsidiaries. The funeral services business continues to support the funeral assurance portfolio underwritten by FLA.

Operations

In the course of 2018, the Group received a number of accolades which are a testament to our repositioning efforts. In the Medical Aid field, FLIMAS received the First Runner up for the Best Medical Aid Company at the IPMZ Excellence Awards. This award is voted for by Human Capital specialists in the country. Fidelity Funeral Services received Second Runner-Up for Customer Care Excellence at the Inaugural Insurance Awards. These are based on customer experience research. Fidelity Life Assurance was recognized by ZimSelector and IPEC for the work done in Customer and Media education for life and funeral assurance products. The Group will continue to build on these successes to further reposition the brand in the market.

The Group's strategic focus of enhancing quality of client services saw it launching new information systems in its Medial Aid Society and Life Assurance segments both in Zimbabwe and Malawi.

High Performance training workshops were conducted for all FLA Group staff, to align with and enhance our focus towards a customer servicing culture.
FLA continues to explore new ways of reaching out to our customers through innovative products and services. We launched the AFYA-PAP, the first ever glucometer connected to a mobile phone in Zimbabwe. This initiative will go a long way in providing active management of health care targeted at Zimbabweans suffering from diabetes. We also launched Med-xpress, which is a door to door delivery service of chronic drugs for members with various chronic conditions.
The Group shows potential for growth and with our disciplined execution of our initiatives, we are cautiously optimistic about the future.

Dividend

Due to the need to preserve internal resources to fund the Group's growth strategy, the Board resolved not to declare a dividend.

Economic Outlook

The Ministry of Finance, in its progress update of February 2019, projects modest economic growth of 3.1% in 2019, down from 4% in 2018. This growth is expected to be carried by the manufacturing and financial services sectors. However, the Elnino effect, compounded by the effects of Cyclone Idai, could dampen these projections, through the direct effect on agricultural output and increased government expenditure in response to the natural disaster. A decrease in activity is also likely to be observed in the real estate sector as property owners hold on to their properties as a store of value.

Economic recovery hinges on the level of production in the country. The emerging inflationary pressures mean that our top priorities are on value preservation, obsession with quality client service, entrenching our governance infrastructure, training our staff and exploiting any opportunities that may arise in the markets.
Corporate governance

Mr Henry Nemaire was appointed to the board during 2018 as an independent non-executive director. He brings invaluable insights particularly in the financial governance space.

Appreciation

The unwavering support of the Group's shareholders and policyholders forms the pillar on which the Group's success is anchored. I express gratitude to management, staff and my fellow directors for their continued dedication to re-establishing the brand as a top brand. Our other stakeholders continue to extend invaluable patience and assistance and this is greatly appreciated.

F. Ruwende
Chairman
9 May 2019

Condensed consolidated statement of financial position as at 31 December 2018

	Notes	Audited 31-Dec-18 $	Audited 31-Dec-17 $
ASSETS			
Property and equipment		6,347,619	6,557,084
Investment property		19,728,710	19,117,149
Intangible assets		347,202	265,412
Inventories		24,688,741	35,628,497
Trade and other receivables	5&9	43,968,538	36,522,202
Corporate tax asset		431,876	30,511
Deferred tax assets		6,228	966
Deferred acquisition costs		159,278	177,089
Equities at fair value through profit or loss	5	15,203,896	12,738,977
Debt securities at amortised cost	5	2,321,009	830,100
Cash and deposits with banks	5	9,522,429	7,801,682
Total assets		**122,725,526**	**119,669,669**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued share capital		1,089,233	1,089,233
Share premium		671,409	671,409
Treasury shares		(10,037)	(10,037)
Retained earnings		2,332,232	3,647,721
Revaluation reserve		1,064,833	1,039,240
Foreign currency translation reserve		(1,211,349)	(1,209,617)
Total ordinary shareholders' equity		**3,936,321**	**5,227,949**
Non-controlling interests		4,991,264	4,738,189
Total equity		**8,927,585**	**9,966,138**
Liabilities			
Insurance contract liabilities, and investment contract liabilities with discretionary participation features		67,069,210	59,950,625
Investment contracts without discretionary participation features		5,624,413	5,076,181
Borrowings	8	21,658,700	24,247,160
Deferred tax liabilities		583,150	532,120
Finance lease obligations		80,845	-
Trade and other payables		17,015,655	19,398,096
Corporate tax liability		1,765,968	499,349
Total liabilities		**113,797,941**	**109,703,531**
Total equity and liabilities		**122,725,526**	**119,669,669**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of profit or loss and other comprehensive income for the year ended 31 Dec 2018

	Notes	Audited 2018 $	Audited 2017 $
Gross premiums		20,487,568	14,244,245
Premiums ceded to reinsurers		(544,978)	(494,334)
Net premiums		**19,942,590**	**13,749,911**
Fees and commission income		1,423,799	1,098,614
Investment income		750,919	943,800
Interest income from residential stands receivables		3,000,558	5,324,537
Fair value gains and losses from equities		3,172,607	4,536,392
Fair value gains and losses from investment property		499,128	2,921,783
Interest income from microlending		3,332,940	2,787,012
Other operating income		5,961,165	1,225,064
Income from sale of residential stands		15,365,149	23,359,890
Total revenue		**53,448,855**	**55,947,003**
Gross benefits and claims paid		(7,428,012)	(4,929,868)
Claims ceded to reinsurers		21,955	826,669
Net benefits and claims		**(7,406,057)**	**(4,103,199)**
Gross change in insurance and investment contract liabilities with DPF		(6,933,252)	(15,403,537)
Fee and commission expenses, and other acquisition costs		(1,005,743)	(864,179)
Operating and administration expenses		(15,323,031)	(17,324,245)
Cost of sales of residential stands		(10,797,363)	(15,882,554)
Project development costs		(7,130,190)	-
Finance costs		(2,556,923)	(1,675,697)
Total benefits, claims and other expenses		**(51,152,559)**	**(55,253,412)**
Profit before tax		**2,296,296**	**693,591**
Income tax expense		(2,910,838)	(1,984,434)
Loss for the year		**(614,542)**	**(1,290,843)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gross gains on property revaluation		253,456	12,471
Income tax related to items that will not be reclassified to profit or loss		(49)	(1,871)
Gross change in insurance liabilities through OCI		(227,814)	-
Gains on property revaluation, net of tax		**25,593**	**10,600**
Items that will or may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(2,828)	(13,978)
Other comprehensive income/(loss) for the year, net of tax		**22,765**	**(3,378)**
Total comprehensive loss for the year		**(591,777)**	**(1,294,221)**
Loss for the year attributable to:			
Owners of the parent		(600,623)	(1,007,896)
Non-controlling interests		(13,919)	(282,947)
Total loss for the year		**(614,542)**	**(1,290,843)**
Total comprehensive loss attributable to:			
Owners of the parent		(576,762)	(1,009,822)
Non-controlling interests		(15,015)	(284,399)
Total comprehensive loss for the year		**(591,777)**	**(1,294,221)**
Loss per share attributable to the ordinary equity holders of the parent			
Basic loss per share (cents)	4	(0.56)	(0.93)
Diluted loss per share (cents)	4	(0.56)	(0.93)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

FIDELITY LIFE

Audited Condensed Financials Results

For The Year Ended 31 December 2018

Fidelity Life Assurance of Zimbabwe Limited and its subsidiaries

Condensed consolidated statement of changes in equity for the year ended 31 December 2018

		Share capital $	Treasury shares $	Share premium $	Retained earnings $	Revaluation reserve $	Foreign currency translation reserve $	Attributable to shareholders of parent $	Non-controlling interest $	Total equity $
Year ended 31 December 2017 - Audited										
Balance at 31 December 2016 - as restated in the financial statements for the year ended 31 December 2017		1,089,233	(10,037)	671,409	4,655,617	1,033,198	(1,201,649)	6,237,771	5,022,588	11,260,359
Loss for the year		-	-	-	(1,007,896)	-	-	(1,007,896)	(282,947)	(1,290,843)
Other comprehensive income/(loss) for the year		-	-	-	-	6,042	(7,968)	(1,926)	(1,452)	(3,378)
Total comprehensive loss for the year		-	-	-	(1,007,896)	6,042	(7,968)	(1,009,822)	(284,399)	(1,294,221)
Dividend paid		-	-	-	-	-	-	-	-	-
Balance at 31 December 2017		1,089,233	(10,037)	671,409	3,647,721	1,039,240	(1,209,617)	5,227,949	4,738,189	9,966,138
Year ended 31 December 2018 - Audited										
Balance at 31 December 2017		1,089,233	(10,037)	671,409	3,647,721	1,039,240	(1,209,617)	5,227,949	4,738,189	9,966,138
Impact of adoption of IFRS 9, net of tax	5.1.3	-	-	-	(566,194)	-	-	(566,194)	-	(566,194)
Balance at 1 January 2018		1,089,233	(10,037)	671,409	3,081,527	1,039,240	(1,209,617)	4,661,755	4,738,189	9,399,944
Loss for the year		-	-	-	(600,623)	-	-	(600,623)	(13,919)	(614,542)
Other comprehensive income/(loss) for the year		-	-	-	-	25,593	(1,732)	23,861	(1,096)	22,765
Total comprehensive loss for the year		-	-	-	(600,623)	25,593	(1,732)	(576,762)	(15,015)	(591,777)
Rights issue procceds from non-controlling interests		-	-	-	-	-	-	-	229,456	229,456
Acquisition of non-controlling interest in subsidiary		-	-	-	(148,672)	-	-	(148,672)	38,634	(110,038)
Balance at 31 December 2018		1,089,233	(10,037)	671,409	2,332,232	1,064,833	(1,211,349)	3,936,321	4,991,264	8,927,585

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows for the year ended 31 December 2018

		Audited 2018 $	Audited 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,296,296	693,591
Adjustments:		10,351,560	10,338,326
Fair value gains on equities at fair value		(3,172,607)	(4,536,392)
Fair value gains on investment property		(499,128)	(2,921,783)
Amortisation of intangible assets		51,892	75,554
Amortisation of deferred acquisition costs		271,789	580,211
Finance costs		2,556,923	1,675,697
Depreciation of property and equipment		1,074,442	1,050,622
Gross change in insurance and investment contract liabilities with DPF		6,933,252	15,403,537
Profit on sale of investment property		(595,441)	(45,320)
Bad debt recovery - non-cash		(2,550,000)	-
Investment income		(750,919)	(943,800)
Impairment of inventory included in project development costs		1,524,240	-
Other project development costs written-off		5,605,950	-
Profit on disposal of property and equipment		(98,833)	-
Changes in working capital		(5,512,384)	(1,406,555)
Decrease in inventories		5,333,806	6,123,618
Increase in deferred acquisition costs		(254,862)	(526,384)
Increase in trade and other receivables		(8,208,887)	(6,354,763)
Decrease in trade and other payables		(2,382,441)	(649,026)
Cash generated from operations		7,135,472	9,625,362
Income taxes paid		(1,801,223)	(1,790,501)
NET CASH GENERATED FROM OPERATING ACTIVITIES		5,334,249	7,834,861
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to and replacement of property and equipment		(728,128)	(363,273)
Additions and improvements to investment property		(72,971)	(3,639)
Additions to intangible assets		(134,232)	(11,898)
Investment income		750,919	943,800
Additions to financial assets at fair value through profit or loss		(724,358)	(862,177)
Disposals of financial assets at fair value through profit or loss		1,585,555	321,114
Proceeds from sale of investment property		1,795,441	552,981
Proceeds from sale of property and equipment		313,338	-
Additions to debt securities held at amortised cost		(1,490,909)	(48,146)
NET CASH GENERATED FROM INVESTING ACTIVITIES		1,294,655	528,762
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs	10	(2,556,923)	(1,675,697)
Loan security deposit		(377,750)	-
Repayments of finance lease obligations		(19,012)	(16,126)
Acquisition of non-controlling interest in subsidiary		(110,038)	-
Rights issue proceeds from non-controlling interest		229,456	-
Proceeds from borrowings		12,445,150	2,300,000
Repayments of borrowings		(15,033,610)	(7,375,598)
NET CASH UTILISED IN FINANCING ACTIVITIES		(5,422,727)	(6,767,421)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,206,177	1,596,202
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		7,801,682	6,358,665
Cash inflow/(outflow) on investment contracts without DPF		164,528	(180,559)
Exchange differences on translation of a foreign operation		(27,708)	27,374
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	9,144,679	7,801,682

Cash and cash equivalents excludes restricted cash (Note 10).

1 DIRECTORS' RESPONSIBILITY STATEMENT

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

2 AUDITOR'S OPINION

These financial results should be read in conjunction with the full set of financial statements for the year ended 31 December 2018, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse audit opinion has been issued thereon in respect of non-compliance with the requirements of International Financial Reporting Standards (IAS 21): "The Effects of Foreign Exchange Rates" in respect of balances and transactions denominated in RTGS$ that were not converted at an RTGS$: US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). The Directors have performed a sensitivity analysis of how different exchange rates would have impacted the consolidated statement of financial position as at 31 December 2018 and provided necessary disclosures in note 12 to the abridged audited results. The auditor's report on these financial statements is available for inspection at the Company's registered office.

3 ACCOUNTING POLICIES

3.1 Basis of preparation

These condensed consolidated financial statements for the year ended 31 December 2018 have been prepared based on statutory records maintained under the historical cost convention as modified by the revaluation of properties and listed equities, which are carried at fair value. The condensed consolidated financial statements are based on information extracted from annual financial statements prepared in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act (Chapter 24:03) and the Insurance Act (Chapter 24:07), unless otherwise stated.

The condensed consolidated financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report of Fidelity Life Assurance of Zimbabwe Limited for the year ended 31 December 2018 and any public announcements made by the Company during the period.

The accounting policies applied in preparing these condensed consolidated financial statements are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out in Note 3.3 below.

3.2 Functional Currency

The Group's functional and presentation currency as at, and for the year ended 31 December 2018 is the United States dollar ("US$" or "$"), adopted in compliance with the regulatory prescriptions of Statutory Instrument 33 of 2019.

This position is however contrary to IFRS requirements as it does not reflect the substance of the currency considerations for 2018 that would be required by International Accounting Standard 21, The Effects of Changes in Foreign Exchange Rates. IAS 21 lists a multitude of factors to be considered by each entity in determining the functional currency, such as the,

· currency in which sales prices for the entity's goods and services are denominated and settled

· the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services

· the currency that mainly influences labour, material and other costs of providing goods or services, being the currency in which the costs are denominated and settled

· the currency in which funds from financing activities are generated

· the currency in which receipts from operating activities are usually retained

Other secondary factors include the currency in which financing is obtained, and in which investments are retained.

Zimbabwe has since 2009 operated on a multi-currency system wherein the US$ has been the dominant and most prevalent currency in use. The Group has therefore been functioning and reporting in US$ since then. During 2016 , we however saw the introduction of bond notes and coins into the currency basket, which legal tender was declared, through Statutory Instruments 133 of 2016 and 122a of 2017, to be at par (1:1) with the US$. During the same period and leading into 2017 and 2018, cash shortages for both bond notes and US$ saw increased use of electronic payment platforms, including the Real Time Gross Settlement system (RTGS), mobile money and debit cards.

Between 2009 and part of 2017, business could formally draw on US$ to settle foreign liabilities with a reasonable amount of ease. Such drawings could be effected even from income generated in bonds. However, extended delays in effecting foreign payments were observed largely in the later part of 2017, with the position worsening in 2018. The monetary policy statement in 2018 which required separation of Nostro US$ funds and accounts (real US$ cash deposits or export proceeds) from other US$ accounts (bond notes and coins and local electronic money transfers) resulted in further restrictions as foreign payments could only be effected from Nostro US$ funds.

In 2017, multi-tiered pricing started to emerge particularly in retail and some service industries. This saw premiums being placed on prices based on the mode of settlement, with US$ cash being the lowest quoted prices and RTGS transfers carrying the highest premium. The disparities in pricing worsened in the fourth quarter of 2018 following regulatory developments during this quarter that required separation of transactions in real foreign currencies (US$ Nostro, Rand etc) from other transactions. These changes and further developments early in 2019 included the requirement to settle duties and taxes in the transaction currency.

Significant fair value increases were also observed for equities, properties and other tangible assets during this period. Despite these changes however, the various payment platforms were officially still considered to be at par to the US$.

Given these developments, the directors gave consideration to whether there was evidence of a change in functional currency during 2018 for the Zimbabwean entities in the Group. Assessment of the primary factors highlighted in IAS 21 as disclosed below indicated a change in functional currency in 2018:

· at least 90% of the Group's revenue in Zimbabwe was received through local electronic money transfer

· the Group's access to Nostro US$ was limited given the nature of its operations as indicated above

· the cash inflows in electronic money meant that in its operating and investing activities, the Group was subject to the higher premiums evidenced in transactions executed using this mode of settlement. The Group does not engage in foreign exchange transactions outside of the formal banking platforms. The Group's costs were therefore largely settled through electronic transfers even where a supplier quoted a lower US$ Nostro price

· the separation of bank accounts between Nostro US$ accounts and other bond note related US$ accounts in October 2018 also meant that the Group's bank accounts carried purchasing power linked to settlement in bond note and local electronic transfers which carried a pricing premium and therefore eroded value against the Nostro US$

· values of assets were also indicative of a shortage of US$ cash or nostro balances in the market and therefore reflected value embedded in transactions completed through electronic money transfer platforms.

On 22 February 2019, Statutory Instrument 33 of 2019 (SI33) was published, formally adding RTGS$ as legal tender in the multi-currency basket. The directors' assessment is that SI33 confirmed and officialised conditions that were in substance already present from October 2018, including exchangeability between real US$ and bond notes. The instrument however also carried a requirement that for accounting and other purposes, except for those classes specifically identified in the instrument, all assets and liabilities denominated in US$ prior to 22 February 2019 be deemed to be RTGS$ from that date at a rate of 1:1 to the US$.

The directors have prioritised compliance with the requirements of SI33, whilst noting the resulting challenges which would hinder full compliance with IAS 21. Further disclosure on this matter is included in Note 40 to the financial statements.

3.3 Changes in accounting policies

(a) New and ammended standards adopted by the Group

The following new International Financial Reporting Standards (IFRSs) took effect from 1 January 2018 and were relevant to the Group:

- IFRS 9, Financial instruments
- IFRS 15, Revenue from contracts with customers

The Group changed its accounting policies as a result of adopting these standards. The impact of the adoption of these standards and the new accounting policies are disclosed in Note 5 below. Other new and ammended standards that are effective from 1 January 2018 do not have any material impact on the Group's accounting policies.

Statement of compliance

The condensed consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with the Zimbabwe Stock Exchange Listing Rules, unless otherwise stated.

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2018

4 EARNINGS PER SHARE

	Audited 2018 $	Audited 2017 $
Basic earnings per share		
Numerator		
Loss for the year attributable to owners of the parent, and losses used in EPS	(600,623)	(1,007,896)
Denominator		
Weighted number of ordinary shares in issue	108,923,291	108,923,291
Less: Shares purchased for the Employee Share Ownership Plan	(4,775,618)	(4,775,618)
Add shares allocated to employees under the Share Ownership Plan	3,771,875	3,771,875
Weighted average number of shares used in basic EPS	**107,919,548**	**107,919,548**
Less: Dilutive adjusting effects	-	-
Weighted average number of shares used in diluted EPS	**107,919,548**	**107,919,548**
Basic loss per share (cents)	**(0.56)**	**(0.93)**
Diluted loss per share (cents)	**(0.56)**	**(0.93)**

5 CHANGES IN ACCOUNTING POLICIES

5.1 Impact of adoption of IFRS 9, Financial Instruments

Following the Group's adoption of IFRS 9, Financial Instruments with effect from 1 January 2018, the Group changed its accounting policies relating to the classification, measurement and impairment of financial assets. In accordance with the transitional provisions in IFRS 9, the Group adopted IFRS 9 without restating comparatives. As such, the difference between the carrying amounts of financial assets as at 31 December 2017, determined under IAS 39, and the carrying amounts determined under IFRS 9 as at 1 January 2018, was adjusted against opening retained earnings at 1 January 2018. Further disclosures on the reclassifications and adjustments are given in the notes 5.1.1 and 5.1.2 below.

5.1.1 IFRS 9 Financial Instruments - Classification and Measurement

Financial assets accounting policy

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those measured at amortised cost, which for the Group includes trade and other receivables, debt securities such as bonds and long term fixed deposits and demand and short term deposits with banks.
- those measured at fair value through profit or loss, which for the Group includes listed equities.
- those measured at fair value through other comprehensive income. Currently, the Group does not hold assets in this category.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments between amortised cost and fair value categories only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and is also presented in investment income. Impairment losses are presented as a separate line item in the statement of profit or loss. All of the debt instruments held by the Group during the current financial year were in this category.

(b) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' contractual cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in fair value gains on equities. Interest income from these financial assets is included in interest income using the effective interest rate method. The Group did not hold financial assets in this category during the current financial year.

(c) Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within fair value gains on financial assets in the period in which it arises. The Group did not hold debt instruments in this category during the current financial year.

Subsequent measurement of equity instruments

All equity investments held by the Group are subsequently measured at fair value. Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss in fair value gains and losses on equities.

When the Group elects to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as investment income when the Group's right to receive payments is established.

Impact of IFRS 9 adoption on classification and measurement bases - as at 1 January 2018

	Previous classification under IAS 39	New classification under IFRS 9	Previous carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets			$	$
Trade and other receivables	Loans and receivables (amortised cost)	Amortised cost	36,522,202	35,759,651
Equities at fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss	12,738,977	12,738,977
Debt securities at amortised cost	Held to maturity (amortised cost)	Amortised cost	830,100	830,100
Cash and deposits with banks	Loans and receivables (amortised cost)	Amortised cost	7,801,682	7,801,682

Application of the IFRS 9 classifications to the financial assets held by the Group as at 1 January 2018 did not give rise to any changes in measurement bases. Changes in carrying amount were due to changes in impairment methodology as indicated in note 5.1.2 below.

5.1.2 Impairment - Expected Credit Loss Models

With the adoption of IFRS 9, the Group revised its impairment methodology for each class of assets held at amortised cost that bear similar credit risk characteristics. The IFRS 9 methodology requires the use of forward looking probability weighted expected credit loss models to determine the impairment allowance on the financial assets held at amortised cost. This is a change from the incurred loss model under IAS39. The impairment methodology applied for each material class of financial assets is indicated below.

(i) Trade receivables: micro-finance loans receivable

In determining impairment allowances for microfinance loans and advances, the Group applies the full expected credit loss model under IFRS 9. This model starts with establishing a 3 stage loan grading model, which grades each loan based on whether there has been a significant increase in the credit risk and/or a default event observed since the initial recognition of that loan.

Under the current model, credit risk of each loan is tracked using the ageing of the receivable. The loan is graded into stage 1, stage 2 or stage 3 based on the age of the oldest outstanding instalment. The grade into which the loan is categorised determines how the impairment loss on the loan is calculated. The stages are as defined below:

Stage 1 - Performing loans - all micro-finance loans advanced by the Group start off in this stage. In the absence of a significant deterioration in credit risk, the loans remain in Stage 1. For loans in Stage 1, ECL is estimated based on the loan's risk of default in the twelve months after the year end (12-month ECL).

Stage 2 - Non-performing loans - a micro-finance loan advances into Stage 2 if it experiences a significant increase in credit risk. For the Group, a micro-finance loan is assessed as having experienced a significant increase in credit risk when one or more instalment is overdue at the point of measuring the ECL. This is consistent with the rebuttable presumption in IFRS 9 that suggests that a debtor has experienced a significant increase in credit risk when it carries a balances that is 30 days overdue. For Stage 2 loans, the ECL represents losses expected over the remaining contractual life of the loan (lifetime expected credit loss).

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2018

Stage 3 - Loans in default - the loan reaches default when it carries an instalment older than 120days. IFRS 9 carries a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. The Group has rebutted this presumption. For the micro-finance loans, default occurs from the 121 days overdue mark as the Group's debt collection procedures indicate that it is at this point that the debtor would have failed to fulfil their obligations without reasonable doubt. For Stage 3 loans, the ECL represents losses expected over the remaining contractual life of the loan (lifetime expected credit loss).

After staging, the model then calculates the expected credit loss as a product of Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD). The methods applied by the Group to determine these inputs are described below:

PD - Probability of default is the estimation of the likelihood of a loan reaching default state over a given time horizon. The determination of PD considers all reasonable and supportable information relating to the loan book that the Group can obtain without undue cost or effort. This includes information about past performance of the loan portfolio, current conditions and forecasts of future conditions that may affect the loans. This information is a combination of information that is internal and external to the Group. PDs were calculated for the 3 stages using Markov Chains. No adjustments for economic factors were made to the calculated PDs as no plausible correlation could be established between macro-economic factors and the probability of a person defaulting under this loan portfolio.

LGD - Loss given default is the financial loss that the Group could suffer when a borrower defaults on their loan. The Group used run-off triangles to model the progression of loans in default state from the year they were disbursed. The run-off triangles were tabulated starting with loans disbursed in 2012, tracking the ultimate loss on defaulted loans through to 2017. A weighted average LGD ratio was calculated for the entire portfolio, adjusted for macro-economic factors and discounted at the original effective interest rate applicable to the micro-finance loans.

A small percentage of the micro-finance loan book is secured. LGD for the secured loans was estimated separately for each loan, rather than at portfolio level. For secured loans, the LGD is defined as the expected ultimate loss on the loan expressed as a proportion of the outstanding loan balance at the point of default. The ultimate loss is the difference between outstanding loan balance at default and the amount recovered from sale of the security held. The fair value of the assets held as security is determined through management estimates. Where the estimated fair value of the asset equals or exceeds the outstanding loan amount, LGD is estimated as zero.

The calculated LGDs were adjusted for inflation based on the correlation that was established between LGD and inflation indices.

EAD - Exposure at default is an estimation of the expected financial exposure to the Group at the point a loan reaches default state. EAD has been calculated as the amortised cost of each loan at the end of the minimum number of months that would be required for the loan to reach default state from its current state, assuming no collections are made on the loan.

ECL is then calculated as a probability weighted average of a range of possible loss outcomes, with the key variables being PD and LGD.

The ECL calculated on the loans in the 3 stages is as follows:

As at 31 December 2018	Stage 1 12-monthECL $	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Micro-finance loans receivable				
Performing	6,624,269	-	-	6,624,269
Overdue	-	937,884	-	937,884
Default	-	-	784,477	784,477
Gross carrying amount	**6,624,269**	**937,884**	**784,477**	**8,346,630**
Expected credit loss on micro-finance receivables	(467,661)	(146,080)	(743,466)	(1,357,207)
Net carrying amount	**6,156,608**	**791,804**	**41,011**	**6,989,423**

(ii) Trade receivables: residential stand sales

The stand sales debtors represent trade debtors with a significant financing component. The IFRS 9 practical expedient for trade debtors requires that for such debtors, a policy choice be taken to either apply the simplified approach under the practical expedient, or the full three-stage approach under the general model. The Group elected to apply the simplified approach on its stands sales debtors. Under this approach, lifetime expected credit losses are recognised from initial recognition of the receivables, on a portfolio basis. The residential stand debtors are secured by the respective residential stands sold, significantly reducing the risk of outright loss. Credit loss is however expected from delayed payment of instalments by these debtors.

The expected loss rate is a significant estimate and has been calculated as a probability weighted average of a range of possible loss outcomes estimated based on historic, current and forward looking internal and macro-economic information that is readily available without undue cost or effort. Each scenario was adjusted to factor in time value of money at the original effective interest rate of the debtors, and inflation based on its correlation with the performance of the debtors' book.

There was no material change in the impairment allowances on these debtors on transition from IAS 39 to IFRS 9 at 1 January 2018. However, due to significant increases in inflation rates at the end of the year, there was a significant reduction in the expected loss rate due to the inverse relationship established between inflation and expected losses on the stand sales debtors' book.

The residential stand sales debtors are analysed below:

As at 31 December 2018	Stage 2 Lifetime ECL $	Stage 3 Lifetime ECL $	Total $
Residential stand sales debtors			
Performing	30,766,840	-	30,766,840
Overdue	572,276	-	572,276
Default	-	1,440,264	**1,440,264**
Gross carrying amount	**31,339,116**	**1,440,264**	**32,779,380**
Expected credit loss on residential stand sales debtors	(683,807)	(406,233)	(1,147,079)
Net carrying amount	**30,655,309**	**1,034,031**	**31,632,301**

Further disclosures on the debtors impairment allowance is included in Note 9.

(iii) Cash and short term deposits

The general expected credit loss model under the IFRS 9 also applies to the Group's cash and short term deposits. Credit risk associated with counterparties on short term and demand deposits is assessed based on credit ratings determined by the Global Credit Rating Company, which ratings are external to the Group. Were these ratings are not available, counterparty credit risk is assessed through internal mechanisms designed to assess the strength of the counterparty's capacity to meet their contractual cash obligations in the near term.

As the deposits are for periods less than 3 months, no significant increases in credit risk were noted as at 1 January 2018 and over the course of the year. As such, the cash and short term deposits were classified within Stage 1, prompting a 12 month expected credit loss assessment per IFRS 9. The probability of default on these instruments was assessed as insignificant due to their short tenure, resulting in an immaterial ECL which has not been recognised.

(iv) Debt securities at amortised cost

These are investments in prescribed assets with a long tenure, issued by both government and private entities. The assets pay fixed interest coupons at half yearly or quarterly intervals. The principal amount is settled on maturity of the investment. There has been no indication of a lack of capacity by the counterparties to settle the coupons and principal amounts as they fall due, particularly because of their prescribed asset status. As such, PD is estimated to approximate zero. No impairment allowance has been recognised on these instruments.

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2018

(v) Insurance debtors
Insurance debtors were assessed to be outside the scope of IFRS 9's requirements. As such, the impairment allowance for insurance debtors continues to be measured on an incurred loss model. There were therefore no changes in the measurement of the impairment allowance on insurance debtors.

(vi) Quantitative impact of adoption of IFRS 9
Adjustments effected against the carrying amounts of financial assets following the adoption of IFRS 9 at 1 January 2018 were as follows, based on the impairment models disclosed above:

Financial asset class	IAS 39 Carrying amount at 31-Dec-17 $	Reclassification adjustments $	Remeasurement adjustments, including impairment $	IFRS 9 Carrying amount at 1-Jan-18 $
Trade and other receivables	36,522,202	-	(762,551)	35,759,651
Equities at fair value through profit or loss	12,738,977	-	-	12,738,977
Debt securities at amortised cost	830,100	-	-	830,100
Cash and short term deposits	7,801,682	-	-	7,801,682
	57,892,961	-	**(762,551)**	**57,130,410**

The adjustments were made against opening retained earnings as at 1 January 2018 as follows:

	$
Closing retained earnings 31-Dec-17: IAS 39 (audited)	**3,647,721**
Increase in impairment allowance on trade and other receivables	(762,551)
Deferred tax asset arising from increase in impairment allowance	196,357
Opening retained earnings 1-Jan-18: IFRS 9 (unaudited)	**3,081,527**

*The prior year financial statements were not restated.

5.2 Impact of adoption of IFRS 15, Revenue from contracts with customers

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. This resulted in changes to the Group's accounting policies for revenue recognition to reflect the terminology in IFRS 15. In accordance with the transitional provisions of IFRS 15, the Group applied IFRS 15 retrospectively without restatement of prior period financial information.

The cumulative effect of adopting IFRS 15 was assessed as at 1 January 2018. The adoption of IFRS 15 did not result in any material changes to the timing or amount of revenue recognised by the Group. As such, no material adjustments were identified as at 1 January 2018, the date of initial application of IFRS 15. Any adjustments that would have arisen would have been effected against the opening balance of retained earnings as at that date.

6 SEGMENT INFORMATION

The Group's key reportable segments information is as follows:-

Segmental performance for the year ended 31 Dec 2018	Insurance $	Microlending $	Other $	Group $
Total revenue	**48,367,703**	**4,268,045**	**1,256,017**	**53,891,765**
Inter-segment revenue	(136,285)	(48,954)	(257,671)	(442,910)
Total revenue from external customers	**48,231,418**	**4,219,091**	**998,346**	**53,448,855**
Total benefits, claims and other expenses	(47,746,955)	(2,134,020)	(1,271,584)	(51,152,559)
Profit before tax	**484,463**	**2,085,071**	**(273,238)**	**2,296,296**
Depreciation of property and equipment	971,471	23,750	79,221	1,074,442
Amortisation of intangible assets	4,311	40,663	6,918	51,892
Amortisation of deferred acquitsion costs	271,789	-	-	271,789
Finance costs	2,443,533	113,390	-	2,556,923
Fair value gains on equities	2,975,888	26,224	170,495	3,172,607
Fair value gains on investment property	409,799	45,000	44,329	499,128
Tax expense	1,887,956	1,000,763	22,119	2,910,838
Additions to non-current assets	3,519,681	26,080	39,427	3,585,188
Reportable segment non-current assets	43,571,205	456,796	913,947	44,941,948
Reportable segment current assets	45,891,046	7,922,671	23,969,861	77,783,578
Reportable segment liabilities	109,960,667	2,342,265	1,495,009	113,797,941

Segmental performance for the year ended 31 Dec 2017	Insurance $	Microlending $	Other $	Group $
Total revenue	**54,205,843**	**3,259,413**	**849,374**	**58,314,630**
Inter-segment revenue	(1,806,680)	(171,359)	(389,588)	(2,367,627)
Total revenue from external customers	**52,399,163**	**3,088,054**	**459,786**	**55,947,003**
Total benefits claims and other expenses	(52,854,718)	(1,667,454)	(731,240)	(55,253,412)
Profit before tax	**(455,555)**	**1,420,600**	**(271,454)**	**693,591**
Depreciation of property and equipment	932,907	16,503	101,212	1,050,622
Amortisation of intangible assets	27,972	40,662	6,920	75,554
Amortisation of deferred acquitsion costs	580,211	-	-	580,211
Finance costs	1,590,164	85,533	-	1,675,697
Fair value gains on equities	4,396,981	39,185	100,226	4,536,392
Fair value gains on investment property	2,906,926	40,000	(25,143)	2,921,783
Tax expense	1,444,034	522,476	17,924	1,984,434
Additions to non-current assets	293,367	60,514	24,928	378,809
Reportable segment non-current assets	44,144,597	450,128	922,021	45,516,746
Reportable segment current assets	44,423,112	6,145,655	23,584,156	74,152,923
Reportable segment liabilities	107,571,957	1,105,932	1,025,642	109,703,531

GEOGRAPHICAL INFORMATION

Segmental performance for the year ended 31 Dec 2018	Zimbabwe $	Malawi $	Total $
Revenue			
Total revenue	**47,019,295**	**6,610,575**	**53,629,870**
Inter-segment revenue	(181,015)	-	(181,015)
Total revenue from external customers	**46,838,280**	**6,610,575**	**53,448,855**
Group's revenue per statement of profit or loss and other comprehensive income	**46,838,280**	**6,610,575**	**53,448,855**
Depreciation of property and equipment	978,929	95,513	1,074,442
Amortisation of intangible assets	47,863	4,029	51,892
Amortisation of deferred acquisition costs	-	271,789	271,789
Finance costs	2,555,249	1,674	2,556,923
Fair value gains on equities	3,033,576	139,031	3,172,607
Fair value gains on investment property	300,527	198,601	499,128
Tax expense	2,827,599	83,239	2,910,838
Additions to non-current assets	3,127,631	457,556	3,585,187
Segment profit before tax	**2,167,574**	**128,722**	**2,296,296**

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2018

Segmental performance for the year ended 31 December 2017	Zimbabwe $	Malawi $	Total $
Revenue			
Total revenue	**51,374,312**	**4,606,464**	**55,980,776**
Inter-segment revenue	(33,773)	-	(33,773)
Total revenue from external customers	**51,340,539**	**4,606,464**	**55,947,003**
Group's revenue per statement of profit or loss and other comprehensive income	**51,340,539**	**4,606,464**	**55,947,003**
Depreciation of property and equipment	999,563	51,059	1,050,622
Amortisation of intangible assets	56,910	18,644	75,554
Amortisation of deferred acquisition costs	-	580,211	580,211
Finance costs	1,658,335	17,362	1,675,697
Fair value gains on equities	4,356,778	179,614	4,536,392
Fair value gains on investment property	2,716,177	205,606	2,921,783
Tax expense	1,614,121	370,313	1,984,434
Additions to non-current assets	303,210	75,599	378,809
Segment profit before tax	**954,682**	**(261,091)**	**693,591**
Segment assets and liabilities as at 31 December 2018			
Reportable segment non current assets	41,977,309	2,964,639	44,941,948
Reportable segment current assets	69,252,854	8,530,724	77,783,578
Reportable segment liabilities	103,944,791	9,853,150	113,797,941
Segment assets and liabilities as at 31 December 2017			
Reportable segment non current assets	43,094,077	2,422,669	45,516,746
Reportable segment current assets	69,111,729	5,041,194	74,152,923
Reportable segment liabilities	103,020,598	6,682,933	109,703,531

7 CYCLICALITY OF OPERATIONS

Revenues from sale of stands constitute 29% of the Group's revenue. These revenues do not follow a defined pattern as their recognition is dependent on receipt of compliance certificates from the local authorities. The timing of receipt of compliance certificates varies, such that revenues may or may not be recognised within a given period. A significant part of the Group's revenue is also derived from life insurance premiums, pension administration and fund management fees, and interest income from trade receivables. Due to the nature of this income, there is no defined pattern of cyclicality or seasonality of operations and profitability.

8 BORROWINGS

8.1 LONG-TERM BORROWINGS

	2018 $	2017 $
FBC Bank Limited	6,731,744	8,440,000
Infrastructure Development Bank of Zimbabwe	2,086,531	2,600,000
Standard Chartered Bank of Zimbabwe Limited	1,278,422	1,600,000
Agribank Limited	539,600	680,000
NMB Bank Limited	10,225,584	-
First Capital Bank Malawi	338,486	-
	21,200,367	**13,320,000**
Current portion of long-term borrowings	(4,969,393)	-
Non-current portion of long term borrowings	**16,230,974**	**13,320,000**

FBC Bank Limited, Infrastructure Development Bank of Zimbabwe, Standard Chartered Bank of Zimbabwe Limited, CBZ Bank Limited and Agribank Limited
The Group assumed CFI Holdings Limited's loans, issued by these banks amounting to US$16 million, when it acquired Langford Estates (1962) (Private) Limited through a land-for-debt swap arrangement in 2015. The borrowings accrue interest at 10% per annum and have a tenor of 7 years ending 30 June 2022. The debt assumption came with a 2-year principal repayment grace period which ended on 30 June 2018. The first principal repayment was due in July 2018 and was settled accordingly. The loans are secured through a mortgage bond over land inventory.

NMB Bank Limited
The loan with NMB Bank was acquired to enable settlement of the Redeemable Bonds disclosed in Note 8.2. The NMB loan accrues interest at 10% per annum and has fixed monthly repayments to 31 January 2023.The facility is secured through a first mortgage bond over property valued at US$3.9m and cession of residential stand sales receivables worth US$12m.

First Capital Bank Malawi
The loan with FCB Malawi was used to refinance Vanguard Life Assurance through a rights issue. The loan is denominated in Malawi Kwacha and accrues interest at 23% per annum. The interest rate is subject to variation at the bank's discretion and is influenced by bank rates advised by the Reserve Bank of Malawi from time to time. The facility is repayable in equal monthly instalments to 31 December 2021 and is secured by a lien over cash amounting to 110% of the facility amount which is kept in deposit with First Capital Bank Zimbabwe for the duration of the facility.

For the long-term borrowings, their fair values are not materially different to carrying amounts as the interest rates on these borrowings approximate market rates.

8.2 SHORT-TERM BORROWINGS

	2018 $	2017 $
Redeemable bonds	-	8,213,478
African Banking Corporation of Zimbabwe Limited (BancABC)	-	2,178,210
CBZ Bank Limited	-	535,472
ZimRe Holdings	458,333	-
Current portion of non-current borrowings	4,969,393	-
	5,427,726	**10,927,160**

Redeemable bonds
The bonds were redeemable at par on 30 June 2017 but were rolled over to 31 March 2018. The bonds were paid off during the current year.

African Banking Corporation of Zimbabwe Limited (BancABC) facility
The bankers' acceptance with BancABC expired on 31 March 2018. The facility was settled during the current year.

ZimRe Holdings
The loan with Zimre Holdings Limited was acquired as a line-of-credit for the micro-finance business to increase the unit's lending capacity. The loan accrues interest at 12% per annum on a one year tenure.

8.3 MOVEMENT IN BORROWINGS

Movements in borrowings during the year were as follows:

	2018 $	2017 $
Balance at 1 January	**24,247,160**	**29,322,758**
Net cash out flow on borrowings	(2,588,460)	(5,075,598)
Proceeds from borrowings	12,445,150	2,300,000
Repayment of borrowings	(15,033,610)	(7,375,598)
Non-cash movement in borrowings	-	-
Balance at 31 December	**21,658,700**	**24,247,160**
Current borrowings	5,427,726	10,927,160
Non-current borrowings	16,230,974	13,320,000
Borrowings at 31 December	**21,658,700**	**24,247,160**

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2018

9 TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Residential stand sales debtors	32,779,380	30,331,672
Micro-finance loans receivable	8,346,630	5,282,952
Insurance debtors	3,613,844	2,937,516
Other trade debtors	234,003	203,972
Trade receivables - gross	**44,973,857**	**38,756,112**
Less : expected credit loss on trade receivables	(3,478,918)	(4,172,666)
Trade receivables - net	**41,494,939**	**34,583,446**
Receivables from related parties, net of ECL	289,381	624,330
Loans to employees, net of ECL	223,666	270,869
Total receivables classified as financial assets at amortised cost	**42,007,986**	**35,478,645**
Prepayments	148,769	159,216
Other receivables, net of ECL	1,811,783	884,341
Total trade and other receivables	**43,968,538**	**36,522,202**
Less non current portion		
Trade receivables	(18,517,632)	(19,577,101)
Current portion	**25,450,906**	**16,945,101**

The carrying value of trade and other receivables classified as financial assets at amortised cost approximates their fair value.

Receivables from related parties, loans to employees and other receivables are shown net of expected credit losses. The amount of expected credit losses for these receivables are as shown in the table below.

The total expected credit loss is made up of the following:

	2018 $	2017 $
Expected credit loss on trade receivables	3,478,918	4,172,666
Expected credit loss on loans to employees	107,141	3,807,266
Expected credit loss on other receivables	732,614	3,835,085
Expected credit loss on related party receivables	-	133,922
	4,318,673	**11,948,939**

Movements in expected credit loss are as follows:

	2018 $	2017 $
Balance at the beginning of the year - calculated under IAS 39	**11,948,939**	**6,066,205**
IFRS 9 Adjustment - restated through retained earnings	762,551	-
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	**12,711,490**	**6,066,205**
Receivables written off during the year as uncollectable	(9,599,112)	(1,119,694)
Net increase during the year through profit or loss	1,816,959	7,002,428
Reversal of unutilised amounts through profit or loss	(610,664)	-
Balance at the end of the year	**4,318,673**	**11,948,939**

Notes to the condensed consolidated financial statements (Cont'd) for the year ended 31 December 2018

10 CASH AND DEPOSITS WITH BANKS

	2018 $	2017 $
Money market investments	6,367,618	5,393,140
Bank and cash	2,777,061	2,408,542
Cash and cash equivalents	**9,144,679**	**7,801,682**
Restricted cash	377,750	-
Cash and deposits with banks	**9,522,429**	**7,801,682**

Restricted cash refers to a fixed deposit kept by First Capital Bank Zimbabwe as security for a loan received from First Capital Bank Malawi. The lien over the cash deposit runs for the tenure of the loan, which is currently 3 years, as disclosed in Note 8.

11 FINANCIAL ASSETS AT FAIR VALUE

Listed equities are the only financial instruments held by the Group that are measured at fair value. These are shown as equities at fair value through profit or loss in the statement of financial position. The fair values of the equities are determined as Level 1 fair values in the fair value heirarchy. Level 1 fair values are determined based on quoted prices in active markets, which values are taken unadjusted. The Group holds equities listed on the Zimbabwe and Malawi Stock Exchanges and these amounted to US$15,203,896 as at 31 December 2018 (31 December 2017: US$12,738,977).

12 EVENTS AFTER THE REPORTING DATE

12.1 Change in functional currency

The Reserve Bank of Zimbabwe Governor, on 20 February 2019, announced the new monetary policy statement that took effect from 20th of February 2019. The key highlight of the MPS was the introduction of RTGS$ as legal tender in the basket of currencies used in Zimbabwe under the multi-currency system. The RTGS$ include bond notes and coins, and RTGS balances held in US$ bank accounts other than Nostro US$ accounts. The MPS established an inter-bank foreign exchange market within which RTGS$ would be tradeable with other foreign currencies at exchange rates determined by market forces. The Directors' assessment of the MPS was that the pronouncement confirmed conditions that existed as at 31 December 2018, the Group's reporting date. Under International Accounting Standard 10, Events after the reporting period (IAS 10), this was considered an adjusting event that required changes to be effected in the Group's 2018 financial statements as applicable. This assessment is further considered in Note 3.2.

On 22 February 2019, Statutory Intrument 33 (SI33) was gazetted, confirming into law the pronouncements made in the MPS. SI33 however stated that Real Time Gross Settlement system balances expressed in the United States dollar immediately prior to 22 February 2019, being the SI's effective date, were deemed to be opening balances in RTGS$ at that date, at a 1:1 exchange rate to the US$. Thereafter, the exchangeability of the two currencies would be subject to market forces. The SI also mandated that for accounting and other purposes, all assets and liabilities valued and expressed in US$ immediately prior to the effective date would carry deemed values in RTGS$ at parity with the US$. The SI however excluded specified assets and liabilities from this requirement e.g. foreign liabilities and Nostro US$ bank balances.

As a result of the above legal restrictions, no IAS 10 adjustments have been effected in these financial statements and and the financial statements have been prepared assuming an exchangeability of 1:1 between US$ and bond notes and electronic money balances. The financial statements may therefore not show a true and fair view of the Group's financial performance and position as at 31 December 2018. The Group includes a foreign subsidiary and the directors believe that the failure to satisfy the requirements of IAS 21, by not effecting adjustments under IAS10, has a material impact on the consolidation of this foreign subsidiary.

The tables below provide an analysis of the sensitivity of the Group's financial position as at 31 December 2018 arising from the matters noted above:

GROUP	Non-Monetary Assets/ Liabilities RTGS$	Non- Monetary Assets/ Liabilities Nostro FCA US$	Monetary Assets/ Liabilities RTGS$	Monetary Assets/ Liabilities Nostro FCA US$	Total with US$ @1:1 $	Total with US$ @1:2.5 RTGS$	Total with US$ @1:3 RTGS$	Total with US$ @1:4 RTGS$
ASSETS								
Property and equipment	5,900,374	447,245	-	-	**6,347,619**	7,018,486	7,242,108	7,689,353
Investment property	17,360,416	2,368,294	-	-	**19,728,710**	23,281,151	24,465,298	26,833,593
Intangible assets	198,101	149,101	-	-	**347,202**	570,853	645,403	794,504
Inventories	24,688,741	-	-	-	**24,688,741**	24,688,741	24,688,741	24,688,741
Trade and other receivables	-	-	42,545,499	1,423,039	**43,968,538**	46,103,097	46,814,617	48,237,656
Corporate tax asset	-	-	300,547	131,329	**431,876**	628,870	694,534	825,863
Deferred tax assets	6,228	-	-	-	**6,228**	6,228	6,228	6,228
Deferred acquisition costs	-	159,278	-	-	**159,278**	398,195	477,834	637,112
Equities at fair value through profit or loss	14,291,544	912,352	-	-	**15,203,896**	16,572,425	17,028,601	17,940,954
Debt securities at amortised cost	-	-	2,321,009	-	**2,321,009**	2,321,009	2,321,009	2,321,009
Cash and deposits with banks	-	-	3,437,793	6,084,636	**9,522,429**	18,649,383	21,691,701	27,776,337
Total assets	**62,445,404**	**4,036,270**	**48,604,848**	**7,639,004**	**122,725,526**	**140,238,438**	**146,076,074**	**157,751,350**
EQUITY AND LIABILITIES								
Equity attributable to equity holders of the parent								
Issued share capital	1,089,233	-	-	-	**1,089,233**	1,089,233	1,089,233	1,089,233
Share premium	671,409	-	-	-	**671,409**	671,409	671,409	671,409
Treasury shares	(10,037)	-	-	-	**(10,037)**	(10,037)	(10,037)	(10,037)
Retained earnings *	2,332,232	-	-	-	**2,332,232**	2,062,825	1,973,023	1,793,418
Revaluation reserve	1,064,833	-	-	-	**1,064,833**	1,064,833	1,064,833	1,064,833
Foreign currency translation reserve	(1,211,349)	-	-	-	**(1,211,349)**	192,743	660,772	1,596,834
Total ordinary shareholder's equity	3,936,321	-	-	-	**3,936,321**	5,071,006	5,449,233	6,205,690
Non-controlling interests	4,991,264	-	-	-	**4,991,264**	6,050,491	6,403,565	7,109,718
Total equity	8,927,585	-	-	-	**8,927,585**	11,121,497	11,852,798	13,315,408
Liabilities								
Insurance contract liabilities and investment contract liabilities with discretionary participation features	57,962,238	9,106,972	-	-	**67,069,210**	80,729,667	85,283,155	94,390,126
Investment contracts without discretionary participation features	5,624,413	-	-	-	**5,624,413**	5,624,413	5,624,413	5,624,413
Borrowings	-	-	21,320,214	338,486	**21,658,700**	22,166,430	22,335,673	22,674,160
Deferred tax liabilities	217,213	365,937	-	-	**583,150**	1,132,056	1,315,024	1,680,961
Finance lease obligations	-	-	-	80,845	**80,845**	202,113	242,535	323,380
Trade and other payables	-	-	16,695,229	320,426	**17,015,655**	17,496,294	17,656,508	17,976,934
Corporate tax liability	-	-	1,765,968	-	**1,765,968**	1,765,968	1,765,968	1,765,968
Total liabilities	**63,803,864**	**9,472,909**	**39,781,411**	**739,757**	**113,797,941**	**129,116,941**	**134,223,276**	**144,435,942**
Total equity and liabilities	**72,731,449**	**9,472,909**	**39,781,410**	**739,757**	**122,725,526**	**140,238,438**	**146,076,074**	**157,751,350**

* The decrease observed in retained earnings in the sensitivity analysis is a result of the impact of translation of the long term borrowing of US$338,486, which is a foreign borrowing denominated in Malawi Kwacha. Repayment of this loan is however funded from management fees receivable in Malawi Kwacha from the foreign subsidiary in Malawi.

If the above sensitivity analysis had been prepared in US$ rather than RTGS$, the amounts disclosed in the sensitivities would have decreased significantly.

Building a better
working world

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Independent Auditor's Report

To the Shareholders of Fidelity Life Assurance Company of Zimbabwe Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of Fidelity Life Assurance Company of Zimbabwe and its subsidiaries (the Group) set out on pages 15 to 77, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

As explained in note 2.2 to the financial statements, the functional currency applied by management is the United States Dollar (US$) and the financial statements are presented in US$ on the basis that the official exchange rate as at 31 December 2018 between the RTGS Dollar (RTGS$) and the United States Dollar (US$) is 1:1.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. Finally, in February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTGS$) and the interbank foreign exchange market.

These events triggered the need for reporting entities to assess whether there was a change in functional currency (from US$ to RTGS$) and the 1:1 RTGS$: US$ exchange rate as at and prior to the 31 December 2018 year end.

Based on International Financial Reporting Standards IAS 21-*The Effects of Changes in Foreign Exchange Rates* ("IAS 21") the functional currency of an entity is *the currency of the primary economic environment in which the entity operates* and *reflects the underlying transactions, events and conditions that are relevant to it*. In addition, paragraph 2.12 of the *Conceptual Framework for Financial Reporting* ("the Conceptual Framework") prescribes that for financial information to be useful, it *"must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."* In addition, International Financial Reporting Standards IAS10 - *Events after the Reporting Period* ("IAS 10") also requires an entity to adjust the amounts recognised in its financial statements to reflect events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supports that there was a change in functional currency from US$ to RTGS$ and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$: US$ exchange rate and this occurred prior to the 31 December 2018 year end. This impacts the basis for measuring transactions that occurred between 01 October and 31 December 2018, the valuation of assets and liabilities at yearend as well as the accounting for foreign exchange differences. We believe that the consolidated financial statements are required to be adjusted for these changes and that it is inappropriate to provide note disclosures as a proxy for adjusting the financial statements as this is not in conformity with IAS 10.

The financial statements of the group include balances and transactions denominated in RTGS$ that were not converted to US$ at an RTGS$: US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because management applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and 20th of February 2019.The directors have prioritised compliance with the requirements of SI33, despite the fact that the requirements of IAS21 would not be met. Further disclosure on this matter is included in Note 40 to the financial statements.

In terms of IAS 21, foreign currency monetary items shall be translated using the closing rate, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Therefore, had RTGS$ been designated as the functional currency and a different RTGS$: USD$ currency rate been determined and applied by management, virtually every account in, and the information provided by way of notes to, the accompanying financial statements, would have been materially different. The effects of the departure from IFRS are pervasive to the financial statements and have not been quantified.

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 Financial Statements section of our report. We are independent of the Group 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, and 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 adverse opinion.

Key Audit Matters
Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information
The directors are responsible for the other information. The other information comprises the Directors' report but does not include the financial statements and our auditors report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 - Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors' Report affected by the failure to comply with the referred standard.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated 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.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The Company is also not in compliance with the solvency and liquidity ratios of the provisions of the Insurance and Pensions Commission (IPEC) Insurance (Amendment) Regulations of 2017, promulgated as Statutory Instrument 95 of 2017 section (3A.1). This is as disclosed in note 39 to the financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Fungai Kuipa (PAAB Number 335)

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Audit
Harare

09 May 2019