FIDELITY LIFE

ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Chairman's statement
for the year ended 31 December 2019

I am pleased to present the audited financial results of Fidelity Life Assurance of Zimbabwe Limited Group (the Group) for the year ended 31 December 2019. The commentary on financials is based on the inflation adjusted numbers.

Operating environment in the country

The economy contracted in 2019 and macroeconomic stability remained a challenge. The year was characterised by policy shifts that had significant impact on the business environment. One such policy change with significant impact was the introduction of the foreign currency interbank market that ended the Zimbabwe dollar's 1:1 parity with the United States dollar. The multi-currency regime came to an end in June 2019 with the re-introduction of the Zimbabwe dollar as the sole legal tender in the country. Foreign currency shortages persisted leading to a rapid depreciation of the Zimbabwe dollar against major currencies. The hyperinflation which ensued resulted in businesses facing spiralling operating costs while revenues were negatively impacted by shrinking disposable incomes leading to decline in aggregate demand.

On the regulatory front, the minimum capital requirement for Life Assurers was reviewed from ZWL$5 million to ZWL$75 million. The financial services industry has not been spared from the abovementioned adverse economic conditions. However, the Group remained resilient against significant headwinds and our 2019 financial performance reflects positive results anchored by strong strategic choices.

Group financial results

The Group's strategic choice to focus on inflation protection assets and core business resulted in positive results, with the Group recording profit after tax of ZWL$74.1 million on an inflation adjusted basis for the year ended 31 December 2019. The 2019 inflation adjusted total revenue of ZWL$503.6 million increased by 52% from ZWL$332.0 million in the prior year. Revenue was boosted by fair value gains on investment properties which increased from ZWL$3.1 million in 2018 to ZWL$371.8 million in 2019. The policy change to a mono-currency and subsequent depreciation of the ZWL$ negatively impacted the Group's inflation adjusted expenses which ended the year at ZWL$423.1 million growing by 33% from ZWL$317.7 million in the previous year. The significant re-rating of investment properties in line with the depreciation of the ZWL$ was the largest contributor to the increase in insurance and investment contract liabilities, which increased from ZW$43.1 million in 2018 to ZW$123.8 million in 2019. Further, the heavy depreciation of ZWL$ against US$ led to the provision on the Southview water pipeline increasing from ZWL$44.3 million to ZWL$100.1 million.

Solvency

The solvency of the Company improved significantly in 2019. This was largely due to the significant increase in the value of assets relative to the liabilities. The increase in assets was mainly attributed to change in valuation treatment of Langford Estates from cost to fair value. Insurance companies are now required to hold minimum regulatory capital of ZWL$75 million. The Company had excess assets of ZWL$132.7 million as at 31 December 2019, implying a healthy minimal capital solvency level of 177%.

Disciplined execution of our Strategy

We continue to deliver against the strategic objectives laid out in 2017. The Group's strategy remains grounded in the three strategic pillars of Sound Corporate Governance, Brand Repositioning and Growth.

Digital Transformation

The year saw major strides in the digitalization of business processes in order to deliver service excellence to our customers more seamlessly and cost-effectively. The Group introduced several technology-driven initiatives, which include the Fidelity Life App for assurance customers, and a Health/Lifestyle Management App for our medical aid members. Other customer-focused digital initiatives included online payment functionality, WhatsApp for business and a suite of social media platforms that allow for real-time communication with clients.

The Board has mandated management to accelerate the pace of our digital strides so that we can reap the benefits of operating a fully digitalized business.

Growth

2019 was characterised by hyperinflation. Lessons from 2006-2008 loss of value era and our appreciation of the nature of the liabilities that we carry, influenced our choice to deliberately bulk up on inflation protection assets and scale down on monetary assets. Historical investment wisdom is reflected in the excellent investment performance of the Group which has helped to protect and grow value for our policyholders and shareholders.

Following two years in which emphasis was on cleaning up the organization, the financial performance of all the subsidiaries is very pleasing and signals that the Group is now on a clean growth path. This growth continues to be supported by a well-positioned brand that continues to be a trusted, relevant partner to our chosen customer segments and their evolving needs.

Sound Governance Framework

The Board is pleased with the progress made in creating a robust governance framework that is underpinned by effective internal controls for all operations. The nature of our core products is that of promises, to be delivered in future times; this makes them intangible. Institutionalisation of our documented governance framework and generally executing actions which are consistent with our stated framework is what gives our clients the assurance that we will keep our promises to them now and into the future.

In a challenging macro-environment, our focus remains on creating a robust and agile business that will retain its stability and sustainability while remaining open to new opportunities and developments in local and regional markets. We remain optimistic about the future prospects of our Group.

*The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting standard 29- Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical information.

Dividend

Due to the need to preserve internal resources to strengthen the Group's underwriting capacity and capital position in these turbulent times, the Board resolved not to declare a dividend.

Outlook

In the absence of market confidence that the country's foreign currency inflows will improve, pressure on the local currency unit is expected to remain in the short to medium term. We thus expect the current harsh economic environment to persist in the short to medium term. The persisting hyperinflation environment makes it imperative that we execute strategic initiatives that preserve value for policyholders and shareholders. This remains our top priority as we look ahead.

Corporate governance

The Company continues to maintain high standards of corporate governance, ensuring that it complies with the regulatory requirements of the industry in which it operates in and the country at large. The Board has the right mix of competencies to enable rich deliberations.
Mrs Patricia Zvandasara resigned as Financial Director from the board with effect from 1 November 2019.

Appreciation

The unwavering support of the Group's shareholders and clients forms the pillar on which the Group's success is anchored. I am grateful to the Board for its diligence and continued dedication as we navigated through yet another difficult financial year. I extend my most sincere appreciation to our management and staff for their high level of dedication to duty and professionalism in an increasingly difficult operating environment.

F. Ruwende
Chairman
27 April 2020

Condensed consolidated statement of financial position
as at 31 December 2019

	Notes	INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		ZWL$	ZWL$	ZWL$	ZWL$
ASSETS					
Property and equipment		80,820,535	39,427,601	75,938,672	6,347,619
Investment property		661,999,240	122,542,909	661,999,240	19,728,710
Right of use asset		2,373,492	-	2,373,492	-
Intangible assets		6,654,485	2,156,610	5,579,065	347,202
Inventories		13,648,078	153,351,644	2,244,040	24,688,742
Trade and other receivables	5	64,330,155	273,106,179	63,703,690	43,968,538
Corporate tax asset		1,404,181	2,682,554	1,404,181	431,877
Deferred tax assets		21,366	38,679	72,534	6,228
Deferred acquisition costs		5,807,062	989,339	5,807,062	159,278
Equities at fair value through profit or loss	10	69,882,774	94,437,481	69,882,774	15,203,896
Debt securities at amortised cost		51,239,503	14,416,716	51,239,503	2,321,009
Cash and deposits with banks	9	73,247,335	59,147,614	73,247,335	9,522,429
Total assets		**1,031,428,206**	**762,297,326**	**1,013,491,588**	**122,725,528**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued share capital		6,765,662	6,765,662	1,089,233	1,089,233
Share premium		4,170,390	4,170,390	671,409	671,409
Treasury shares		(62,344)	(62,344)	(10,037)	(10,037)
Retained earnings		38,995,323	14,486,422	18,239,690	2,332,232
Revaluation reserve		7,059,437	6,614,106	8,764,469	1,064,833
Foreign currency translation reserve		5,037,719	(7,524,176)	16,484,971	(1,211,349)
Total ordinary shareholder's equity		**61,966,187**	**24,450,060**	**45,239,735**	**3,936,321**
Non-controlling interests		95,084,404	31,002,734	94,381,147	4,991,264
Total equity		**157,050,591**	**55,452,794**	**139,620,882**	**8,927,585**
Liabilities					
Insurance contract liabilities and investment contract liabilities with discretionary participation features		692,265,994	416,593,694	692,265,994	67,069,210
Investment contracts without discretionary participation features		39,411,708	34,935,476	39,411,708	5,624,413
Borrowings	8	23,685,254	134,530,846	23,685,254	21,658,700
Deferred tax liabilities		9,106,112	3,622,180	8,609,388	583,150
Finance lease obligations		3,429,537	502,161	3,429,537	80,845
Trade and other payables		104,988,630	105,691,038	104,978,445	17,015,657
Corporate tax liability		1,490,380	10,969,137	1,490,380	1,765,968
Total liabilities		**874,377,615**	**706,844,532**	**873,870,706**	**113,797,943**
Total equity and liabilities		**1,031,428,206**	**762,297,326**	**1,013,491,588**	**122,725,528**

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AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Chief Executive Officer's statement
for the year ended 31 December 2019

Trading environment

The trading environment in Zimbabwe was characterized by foreign currency shortages, exchange rate depreciation, hyperinflationary pressures, decline in real wages and salaries leading to dampened consumer demand. The promulgation of SI33 in February 2019 ushered in the RTGS/Bond currency and the introduction of the interbank foreign currency market. The introduction of SI142 in June 2019 abolished the multicurrency system and ushered in a mono currency regime. This statutory instrument reintroduced the Zimbabwe Dollar (ZWL$) as sole currency, which currency proceeded to depreciate from 2.5 in February 2019 to 16.8 against the USD in December 2019. The depreciation of the Zimbabwe Dollar on the official and alternative grey markets led to the general increase in prices of goods and services in Zimbabwe. Compared to Zimbabwe, the operating context in our regional operations was relatively stable. Despite these challenges, the Group has remained resilient and continues to improve performance in the existing businesses.

Group performance overview

Summary of performance (Inflation Adjusted)

	Fidelity life Assurance		Vanguard life Assurance		Fidelity life Financial Services		Other Operating Subsidiaries		Langford Investments		Adjustments	Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		2019	2018
(Millions)	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$		ZWL$	ZWL$
Core Revenue	57.9	89.5	57.8	34.4	23.1	25.3	11.6	6.0	-	-	-	**150.4**	**155.2**
Non-Core Revenue	278.0	177.2	14.4	6.7	2.8	1.2	-0.00	1.8	281.3	-	(223.2)	**353.3**	**186.9**
Total Revenue	335.9	266.7	72.2	41.1	25.9	26.5	11.6	7.8	281.3	-	(223.3)	**503.6**	**331.9**
Profit Before Tax	22.1	7.1	7.4	0.8	(24.2)	13.1	4.2	0.10	281.4	(0.60)	(210.3)	**80.5**	**14.3**

Fidelity Life Assurance - Zimbabwe (FLA, the Company)

Fidelity Life Assurance of Zimbabwe (the Company) is the flagship subsidiary of the Group, contributing 38% (ZWL$57.9m) to core revenue of the Group. Overall, inflation adjusted total revenue for the Company increased by 26% (ZWL$335.9m) in 2019 against a 2018 comparative of ZWL$266.7m). A key contributor to the revenue growth is share of profits from investments in subsidiaries amounting to ZWL$205.1 million. This resulted from a change in accounting policy of investments in subsidiaries from cost to equity method. The Company recorded an inflation adjusted decline of 35% in premium income in the year under review; the key reason for this is that the main source of premium revenue (pension contributions and life insurance) is salary increases to the working population, which were on average below price inflation. The Company recorded $87.1 million in fair value gains on its property portfolio (contributing 26% to the Company's total revenue); largely reflective of the self-adjusting nature of these asset classes in response to rising inflation. Inflation adjusted total expenses increased from ZWL$259.5 million in 2018 to ZWL$313.8 million in the current year, a growth of 21% mainly driven by the increase in insurance and investment contract liabilities of 343% to ZWL$100.9 million from ZWL$22.8 million in the prior year.

The Company closed the year with an inflation adjusted profit before tax of ZWL$22.1 million compared to profit before tax of ZWL$7.1 million in 2018. FLA is expected to continue to anchor the Group in 2020 and into the future.

Vanguard Life Assurance Company (VLA) – Malawi

VLA recorded a 75% growth in total revenue. At ZWL$57.8 million, VLA contributed 38% to core revenue of the Group. The growth in revenue for the Malawi subsidiary was largely driven by a 68% increase in premium income, which increased to ZWL$57.8 million, up from ZWL$34.3 million in 2018. The growth was a result of the devaluation of the ZWL$ against Malawi Kwacha due to the change in currency in Zimbabwe. As expected, this was also accompanied by a significant actuarial provision in the form of increase in insurance and investment contract liabilities. VLA closed the year with a profit before tax of ZWL$7.4 million, up 823% from a profit before tax of ZWL$799,546 in 2018. The subsidiary remains a key strategic asset to the Group because its positioning is consistent with our strategic thrust to de-risk Zimbabwe by bulking up on regional assets. Its country diversification value will come to the fore in 2020 as the Zimbabwe economy continues to deteriorate under hyperinflation effects.

Fidelity Life Financial Services (FLFS)

FLFS continues to be a significant contributor of realized profit to the Group. FLFS recorded inflation adjusted core revenue of ZWL$23.1 million compared to ZWL$25.3 million in prior year, contributing 15% to core revenue of the Group. The subsidiary is largely impacted by the hyperinflation environment due to the nature of its product which is a monetary asset. For this reason, the subsidiary closed the year with a loss before tax of ZWL$24.2 million on an inflation adjusted basis.

Langford Estates

The Group holds an 847 hectare land bank through its subsidiary, Langford Estates, This land bank is a key strategic asset of the Group for a number of reasons. Viewed against the hyperinflationary environment Zimbabwe is in, this asset provides a reasonable match to the Group's inflation linked liabilities due to its inherent inflation protection characteristics. During the year, the Board of directors resolved to reclassify the land bank from land inventory to investment property, a decision consistent with the long term strategy of the Group.

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 thrust. There is growth potential which is 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 subsidiaries. The funeral services business continues to support the funeral assurance portfolio underwritten by FLA.

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Condensed consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2019

		INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		ZWL$	ZWL$	ZWL$	ZWL$
Gross premiums		121,319,500	127,256,480	82,222,395	20,487,568
Premiums ceded to reinsurers		(5,678,342)	(3,385,077)	(3,436,909)	(544,978)
Net premiums		**115,641,158**	**123,871,403**	**78,785,486**	**19,942,590**
Fees and commission income		8,886,270	8,843,786	4,310,141	1,423,799
Investment income		9,804,488	4,664,261	6,847,142	750,919
Interest income from residential stands receivables		10,466,267	18,637,663	3,682,559	3,000,558
Fair value gains and losses from equities		(61,203,660)	19,706,331	15,532,471	3,172,607
Fair value gains and losses from investment property		371,829,858	3,100,284	545,438,845	499,128
Interest income from microlending		19,622,900	20,702,221	6,602,074	3,332,940
Other operating income		28,301,751	37,027,183	14,059,666	5,961,165
Income from sale of residential stands		297,329	95,439,088	56,260	15,365,149
Total revenue		**503,646,361**	**331,992,220**	**675,314,644**	**53,448,855**
Gross benefits and claims paid		(40,691,516)	(46,138,352)	(26,560,189)	(7,428,012)
Claims ceded to reinsurers		465,967	136,372	464,337	21,955
Net benefits and claims		**(40,225,549)**	**(46,001,980)**	**(26,095,852**	**(7,406,057)**
Gross change in insurance and investment contract liabilities		(123,795,175)	(43,065,204)	(404,755,675)	(6,933,252)
Fee and commission expenses, and other acquisition costs		(6,137,932)	(6,247,070)	(3,630,682)	(1,005,743)
Operating and administration expenses		(81,596,731)	(83,891,618)	(39,131,399)	(13,506,072)
Allowance for expected credit losses on receivables		6,011,453	(11,285,857)	(1,059,071)	(1,816,959)
Cost of sales of residential stands		(322,498)	(67,066,742)	(183,884)	(10,797,363)
Project development costs		(100,081,571)	(44,288,462)	(94,746,574)	(7,130,190)
Finance costs		(7,889,513)	(15,882,071)	(4,776,682)	(2,556,923)
Net monetary loss		(69,080,156)	-	-	-
Total benefits, claims and other expenses		**(423,117,672)**	**(317,729,004)**	**(574,379,819)**	**(51,152,559)**
Profit/(Loss) before tax		**80,528,689**	**14,263,216**	**100,934,825**	**2,296,296**
Income tax expense		(6,422,698)	(18,080,382)	(6,685,698)	(2,910,838)
Profit/(Loss) for the year		**74,105,991**	**(3,817,166)**	**94,249,127**	**(614,542)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gross gains on property revaluation		41,851,011	1,574,318	63,595,125	253,456
Income tax related to items that will not be reclassified to profit or loss		(66,342)	(307)	(66,342)	(49)
Gross change in insurance liabilities through OCI		(34,725,232)	(1,415,046)	(55,829,147)	(227,814)
Gains on property revaluation, net of tax		**7,059,437**	**158,965**	**7,699,636**	**25,593**
Items that will or may be reclassified to profit or loss:					
Exchange differences arising on translation of foreign operations		20,432,369	(17,565)	28,744,536	(2,828)
Other comprehensive income/(loss) for the year, net of tax		**27,491,806**	**141,400**	**36,444,172**	**22,765**
Total comprehensive profit/ (loss) for the year		**101,597,797**	**(3,675,766)**	**130,693,299**	**(591,777)**
Profit/(Loss) for the year attributable to:					
Owners of the parent		17,894,795	(3,730,709)	15,907,459	(600,623)
Non-controlling interests		56,211,196	(86,457)	78,341,668	(13,919)
Total profit/ (loss) for the year		**74,105,991**	**(3,817,166)**	**94,249,127**	**(614,542)**
Total comprehensive profit/ (loss) attributable to:					
Owners of the parent		37,516,127	(3,582,500)	41,303,416	(576,762)
Non-controlling interests		64,081,670	(93,263)	89,389,883	(15,015)
Total comprehensive profit/ (loss) for the year		**101,597,797**	**(3,675,763)**	**130,693,299**	**(591,777)**
Earnings per share attributable to the ordinary equity holders of the parent					
Basic profit/(loss) per share (cents)	4	16.58	(3.46)	14.74	(0.56)
Diluted profit/(loss) per share (cents)	4	16.58	(3.46)	14.74	(0.56)
Headline earnings per share attributable to the ordinary equity holders of the parent					
Basic profit/(loss) per share (cents)	4	8.99	(10.97)	11.57	(1.77)
Diluted profit/(loss) per share (cents)	4	8.99	(10.97)	11.57	(1.77)

Spidexmedia

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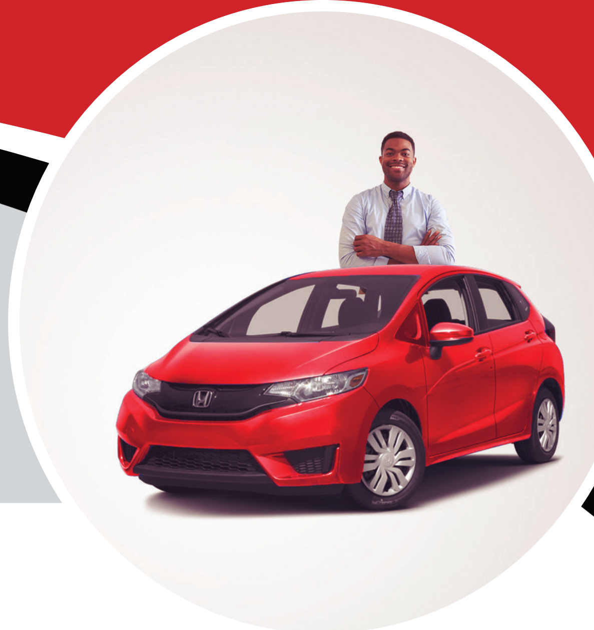


AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Continued from page 2

Operations

Achieving superior customer experiences through technology
The Group achieved significant milestones in our digitalization journey, where our strategy is to provide a superior customer experience, through the use of technology. We have introduced several platforms and initiatives that will make the customer journey more enjoyable and user friendly. Customers are now able to conduct business with us on various online and electronic platforms. Payments can now made via the online payment platforms which permit clients to pay for their products and services from anywhere in the world. In addition, the Group launched WhatsApp for business platform; which enables Fidelity Life customers to communicate with us through a cost-effective service making us more accessible to our clients.

In line with global trends, Fidelity Life has launched two apps to help customers access our services online. The FLA App is a one stop shop application where customers from across the group have access to our products and services in one place. Customers can pay for products and apply for additional products, all online. The application also includes self-service tools such as a premium calculator.
In addition the Group, through our medical aid subsidiary (FLIMAS), launched a lifestyle management application that is aimed at those suffering with Hypertension and Diabetes. The App, which was launched in conjunction with UK based firm called Baobab Circle, is known as the FLIMAS AFYAPAP. It provides the patient with an interactive and personalized chatting platform that delivers health coaching focused on nutrition, exercise and mental wellness through the use of Artificial Intelligence thereby eliminating the need for human intervention. The application also enables a 24/7 link to a doctor, nutritionist and sports therapist should that be required.

Repositioning of the Fidelity Life Brand through Sponsorship
Within the context of our Brand Repositioning Pillar and a genuine desire to support the communities we operate in, Fidelity Life signed an agreement with the Premier Soccer League of Zimbabwe (PSL), making Fidelity Life the official Life and Health partner to the PSL. This initiative has seen the Group offer life cover, funeral cover and medical aid cover to all the players in the PSL. This partnership has seen our brand grow in terms of awareness and affinity with our target market; further this has opened up new markets for the Group to sell its products and services. To date several players have benefited from treatment ranging from basic medical care to fairly complex surgery.

New Products
Fidelity Life Assurance launched a first in Zimbabwe Funeral Cash Back Plan product that offers customers cash back after five claim-free years. The product was launched in May 2019 as a response to customer outcry to get something back from their policy before eventual death, and this is our way of offering customers more value for their money.
In addition, the Group has recently introduced into the local market products denominated in United States Dollars for those customers that have free funds. This reiterates our commitment to offering our customers products that preserve value.

Outlook
The Group expects the economic challenges in Zimbabwe to persist in the medium term. The deteriorating economic environment characterized by currency volatility and hyperinflation is expected to significantly erode the value created by local business operations and to threaten the viability of local businesses. The Group will continue to implement proactive strategic initiatives to preserve value for our stakeholders, as guided by our three strategic pillars; Sound Corporate Governance, Brand Repositioning and Growth.
Some of the strategic initiatives include unlocking value though balance sheet restructuring activities, reengineering the operating model of the Malawi business to improve financial performance and deliberate preservation efforts of existing assets against Zimbabwe hyperinflation. As part of the digitalization strategy, the Group will focus on completing the development of a synchronized data warehouse platform to enable 360o view of the customer which will enable customers to access all products on a single platform as well as increase alternative electronic and online access platforms to fully digitalize the customer journey.

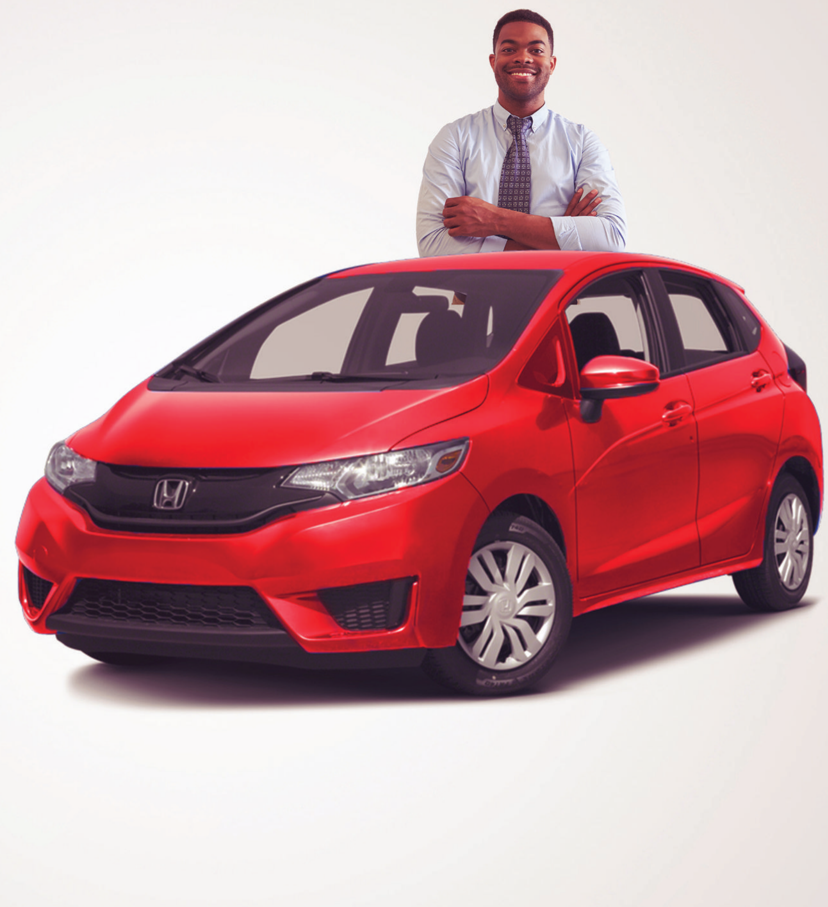
FLA will improve the quality and color of its revenue through careful choice of target markets. De-risking Zimbabwe through further country diversification is a key strategic priority for us.

While the full negative effects of Covid-19 are not immediately quantifiable, it is expected that the financial services industry, will not be spared from the expected adverse impact of the Coronavirus. Our view though, is that this crisis and the national lockdown present opportunities for us to review our Systems of Work. We believe that post this crisis, the future of work systems will evolve and look to be more digitalized than before, along the value chain. The steps we have made this far in our digitalization journey, position the Group well in this emerging future.

Appreciation

I am greatly thankful to our management and staff for their priceless dedication and commitment and to our valued customers and other stakeholders for their continued support during the period. I am sincerely grateful to the Fidelity Life Group Board of Directors for its unwavering support and guidance during the year as we navigated yet another challenging operating environment.

R. Java
Chief Executive Officer
27 April 2020



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AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Condensed consolidated statement of changes in equity
for the year ended 31 December 2019

INFLATION ADJUSTED	Share capital	Treasury shares	Share premium	Retained earnings	Revaluation reserve	Foreign currency translation reserve	Attributable to shareholders of parent	Non-controlling interest	Total equity
	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 1 January 2018	**6,765,662**	**(62,344)**	**4,170,390**	**19,140,595**	**6,455,138**	**(7,513,417)**	**28,956,025**	**29,430,786**	**58,386,811**
Loss for the year	-	-	-	(3,730,710)	-	-	(3,730,710)	(86,456)	(3,817,166)
Other comprehensive income/(loss) for the year	-	-	-	-	158,968	(10,759)	148,210	(6,806)	141,404
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(3,730,710)**	**158,968**	**(10,759)**	**(3,582,500)**	**(93,262)**	**(3,675,762)**
Transactions with shareholders									
Rights issue proceeds from non-controlling interests	-	-	-	-	-	-	-	1,425,240	1,425,240
Acquisition of non-controlling interest in subsidiary	-	-	-	(923,465)	-	-	(923,465)	239,970	(683,495)
Dividend paid	-	-	-	-	-	-	-	-	
Balance at 31 December 2018	**6,765,662**	**(62,344)**	**4,170,390**	**14,486,422**	**6,614,106**	**(7,524,176)**	**24,450,060**	**31,002,734**	**55,452,794**
Year ended 31 December 2019									
Balance at 1 January 2019									
IAS 29 restatement	**6,765,662**	**(62,344)**	**4,170,390**	**14,486,422**	**6,614,106**	**(7,524,176)**	**24,450,060**	**31,002,734**	**55,452,794**
Balance at 1 January 2019-restated*	-	-	-	6,614,106	(6,614,106)	-	-	-	-
Profit for the year	**6,765,662**	**(62,344)**	**4,170,390**	**21,100,528**	**-**	**(7,524,176)**	**24,450,060**	**31,002,734**	**55,452,794**
Other comprehensive income(loss) for the year	-	-	-	17,894,795	-	-	17,894,795	56,211,196	74,105,991
Balance at 31 December 2019	-	-	-	-	7,059,437	12,561,895	19,621,332	7,870,474	27,491,806
	6,765,662	**(62,344)**	**4,170,390**	**38,995,323**	**7,059,437**	**5,037,719**	**61,966,187**	**95,084,404**	**157,050,591**

UNAUDITED HISTORICAL*	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 2018	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$	ZWL$
Balance at 31 December 2017	**1,089,233**	**(10,037)**	**671,409**	**3,647,721**	**1,039,240**	**(1,209,617)**	**5,227,949**	**4,738,190**	**9,966,139**
Impact of adoption of IFRS 9, net of tax				(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**	**4,738,190**	**9,399,945**
Profit/ Loss for the year	-	-	-	(600,623)	-	-	(600,623)	(13,919)	(614,542)
Other comprehensive income/(loss) for the year	-	-	-	-	25,593	(1,732)	23,860	(1,096)	22,765
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(600,623)**	**25,593**	**(1,732)**	**(576,763)**	**(15,015)**	**(591,777)**
Transactions with shareholders									
Rights issue proceeds from non-controlling interests	-	-	-	-	-	-	-	229,456	229,456
Acquisition of non-controlling interest in subsidiary	-	-	-	(148,672)	-	-	(148,672)	38,633	(110,039)
Balance at 31 December 2018	**1,089,233**	**(10,037)**	**671,409**	**2,332,232**	**1,064,833**	**(1,211,349)**	**3,936,320**	**4,991,264**	**8,927,584**
Year ended 31 December 2019									
Balance at 1 January 2019	**1,089,233**	**(10,037)**	**671,409**	**2,332,232**	**1,064,833**	**(1,211,349)**	**3,936,320**	**4,991,264**	**8,927,584**
Profit for the year	-	-	-	15,907,459	-	-	15,907,459	78,341,668	94,249,127
Other comprehensive income/(loss) for the year	-	-	-	-	7,699,636	17,696,320	25,395,957	11,048,215	36,444,171
Balance at 31 December 2019	**1,089,233**	**(10,037)**	**671,409**	**18,239,690**	**8,764,469**	**16,484,971**	**45,239,735**	**94,381,147**	**139,620,882**

*The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting standard 29- Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical information.

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ASSURANCE OF ZIMBABWE

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AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Condensed consolidated statement of cash flows
for the year ended 31 December 2019

	INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	31-Dec-19	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
CASH FLOWS FROM OPERATING ACTIVITIES	**ZWL$**	**ZWL$**	**ZWL$**	**ZWL$**
Profit/(Loss) before tax	**80,528,689**	**14,263,216**	**100,934,825**	**2,296,296**
Adjustments:	**(220,227,163)**	**65,319,636**	**(69,282,736)**	**10,516,088**
Fair value gains on equities at fair value through profit or loss	61,203,660	(19,706,331)	(15,532,471)	(3,172,607)
Fair value gains on investment property	(371,829,858)	(3,100,286)	(545,438,845)	(499,128)
Amortisation of intangible assets	333,857	322,325	85,903	51,892
Impairment of intangible asset	109,518	-	17,632	-
Amortisation of right of use asset	357,174	-	357,174	-
Amortisation of deferred acquisition costs	1,315,387	1,688,192	1,315,387	271,789
Finance costs	7,889,513	15,882,071	4,776,682	2,556,923
Depreciation of property and equipment	6,689,944	6,673,791	2,221,375	1,074,442
Gross change in insurance and investment contract liabilities with DPF	123,795,175	43,065,202	404,755,675	6,933,252
Cash inflow/(outflow) on investment contracts without DPF	731,471	1,021,950	5,624,413	164,528
Non cash claim and other expenses	10,721,075	(3,698,523)	3,889,805	(595,441)
Bad debt recovery - non-cash	-	(15,839,070)	-	(2,550,000)
Investment income	(9,804,488)	(4,664,255)	(6,847,142)	(750,919)
Impairment of inventory included in project development costs	-	9,467,664	-	1,524,240
Non cash adjustment IAS 29	(122,064,970)	-	-	-
Unrealised exchange gains/ (losses)	-	-	(4,355,991)	-
Other projects development costs written off	85,058,451	34,820,797	85,058,451	5,605,950
Profit on disposal of property, plant & equipment	(14,733,073)	(613,891)	(5,210,783)	(98,833)
Changes in working capital	**121,113,804**	**(34,239,625)**	**(19,776,824)**	**(5,512,384)**
Decrease/ (increase) in inventories	1,189,348	33,130,400	144,701	5,333,806
Increase in deferred acquisition costs	(3,090,711)	(1,583,049)	(3,090,711)	(254,862)
Decrease/(Increase) in trade and other receivables	208,776,023	(50,988,680)	(19,735,151)	(8,208,887)
Decrease in trade and other payables	(85,760,856)	(14,798,295)	2,904,337	(2,382,441)
Cash generated from operations	**(18,584,670)**	**45,343,228**	**11,875,265**	**7,300,000**
Income taxes paid	(5,273,942)	(11,188,115)	(6,658,245)	(1,801,223)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**(23,858,612)**	**34,155,112**	**5,217,020**	**5,498,778**
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to and replacement of property and equipment	(923,065)	(4,522,692)	(614,355)	(728,128)
Additions and improvements to investment property	(546,485)	(453,252)	(171,000)	(72,971)
Additions to intangible assets	(2,243,835)	(833,771)	(1,860,957)	(134,232)
Investment income	9,132,368	4,664,261	6,480,836	750,919
Dividend income	672,119	-	366,306	-
Additions to financial assets at fair value through profit or loss	(17,211,097)	(4,499,280)	(14,827,813)	(724,358)
Disposals of financial assets at fair value through profit or loss	6,626,610	9,848,516	1,568,100	1,585,555
Proceeds from sale of investment property	-	11,152,203	-	1,795,441
Proceeds from sale of property and equipment	14,718,657	1,946,263	5,224,898	313,337
Additions / (disposals) debt securities held at amortised cost	(22,251,857)	(9,260,635)	(22,251,857)	(1,490,909)
NET CASH GENERATED FROM /(UTILISED) IN INVESTING ACTIVITIES	**(12,026,584)**	**8,041,614**	**(26,085,841)**	**1,294,655**
CASH FLOWS FROM FINANCING ACTIVITIES				
Finance costs	(7,889,513)	(15,882,071)	(4,776,682)	(2,556,923)
Acquisition of non-controlling interest in subsidiary	-	(683,492)	-	(110,038)
Payments for acquisition of additional interest in subsidiaries	-	-	-	-
Repayments of lease obligations	(757,789)	(118,091)	(757,789)	(19,012)
Rights issue proceeds from non-controlling interest	-	1,425,240	-	229,456
Loan security deposit	-	(2,346,356)	-	(377,750)
Repayments of borrowings	(37,108,071)	(93,379,765)	(11,136,120)	(15,033,610)
Proceeds from borrowings	28,035,596	77,301,806	9,747,115	12,445,150
NET CASH UTILISED IN FINANCING ACTIVITIES	**(17,719,777)**	**(33,682,728)**	**6,993,476**	**(5,422,727)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(53,604,972)**	**8,513,998**	**(27,792,297)**	**1,370,705**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**56,801,259**	**48,459,367**	**9,144,679**	**7,801,682**
Exchange differences on translation of a foreign operation	70,051,040	(172,107)	91,894,953	(27,708)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**73,247,335**	**56,801,259**	**73,247,335**	**9,144,679**

Cash and cash equivalents in prior year excluded restricted cash (Note 9).

*The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting standard 29- Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical information.

Notes to the condensed consolidated financial statements
for the year ended 31 December 2019

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 STATEMENT

The condensed audited inflation adjusted financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2019, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard 21 (IAS 21) "The Effects of Foreign Exchange Rates" as well as non-compliance with International Accounting Standard 8 (IAS8) "Accounting for Policy Changes in Accounting Estimates and Errors". The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office. The engagement partner on the audit is Fungai Kuipa (PAAB Number 335)

3 ACCOUNTING POLICIES

3.1 Basis of preparation

The condensed consolidated financial Statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS"),as issued by the International Accounting Standards Board ('IASB"), and in the manner required by the Companies Act of Zimbabwe (Chapter 24:20). The financial statements are based on statutory records that are maintained under the historical cost convention basis as modified by revaluation of Investment Properties, land and Buildings and financial assets at fair value through profit or loss. The Group adopted IAS 29 "Financial Reporting in Hyperinflationary Economies" as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". The financial statements have been prepared under the current cost basis as per the provisions of IAS 29.

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 2019 and any public announcements made by 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.

Statement of compliance

The condensed consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with the Zimbabwe Stock Exchange Listing Rules, unless otherwise stated.

3.2 Functional Currency

The Group changed its functional and presentation currency from United States dollar (US$) to Zimbabwe dollar (ZWL$) with effect from 22 February 2019. The change in currency was effected in response to Statutory Instrument 33 of 2019 (effective from 22 February 2019), and to enable compliance with Statutory Instrument 142 of 2019 (effective from 24 June 2019).

The promulgation of SI 142 of 2019 on 24 June 2019 resulted in the Zimbabwe Dollar being the only legally accepted legal tender for transactions in Zimbabwe, apart from those transactions otherwise specified. Through SI 142, the Zimbabwe Dollar was placed at par with bond notes and coins and Real Time Gross Settlement dollars (RTGS$), which forms of currency were declared legal tender with the gazetting of SI 33 earlier in the year. The directors have therefore used the reference of ZWL$ with effect from 22 February 2019, the date from which SI 33 was effective. For the Group, the Zimbabwe Dollar satisfies the factors for consideration in determining functional currency as laid out in International Accounting Standard 21, The Effects Changes in Foreign Exchange Rates. The analysis against IAS 21 was outlined in Note 2.2 of the Group's annual report for the year ended 31 December 2018.

At the date of change in functional currency, the Group converted its balance sheet at that date at an exchange rate of US$1:ZWL$1, being the indicative rate stated in SI33 for conversion to ZW$. The same conversion rate was applied for transactions recorded in the Group's income statement for the period 1 January 2019 to 22 February 2019. As a result, no exchange gains or losses arose from this conversion. Comparative financial information was also converted at a rate of 1:1, being the official exchange rate between US$ and the defined ZWL$ as at that date. This resulting in no change in the numbers presented as at and for the year ended 31 December 2018.

With effect from 22 February 2019, transactions of the Group that are in a currency other than Zimbabwe Dollar are translated into Zimbabwe Dollar using the official exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates at the end of the reporting period are generally recognised in profit or loss within finance costs.
Exchange gains and losses on translation of the results and financial positions of the Group's foreign operations continue to be recognised in other comprehensive income.

3.3 Application of IAS 29 (Financial reporting in hyperinflationary Economies)

With effect from 1 July 2019, Zimbabwe was considered to be a Hyperinflationary economy as the three – year cumulative inflation figure was above 100 %. IAS 29 (Financial Reporting in Hyperinflationary Economies) requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position date. The same standard discourages the presentation of historical financial statements when inflation – adjusted financial statements are presented. However, historical results have been included to allow comparability of results.

The Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange have permitted companies in Zimbabwe to present historical results in conjunction with inflation- adjusted results.

DIRECTORS: F. Ruwende (Chairman), R. Java*(CEO), S.Kudenga, I.Mvere, G. Dhombo, F. Dzanya, R. Maramba, H. Nemaire Z. Zvenyika*(CFO) (*Executive

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AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Notes to the condensed consolidated financial statements
for the year ended 31 December 2019

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for the previous periods be restated in the same terms to the latest statement of financial position date. The restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) reported on the Reserve Bank of Zimbabwe website. The indices and adjustment factors used to restate the financial statements at 31 December 2019 are as given below:

	Index	Conversion factor
CPI as at 31 December 2017	61.13	9.0234
CPI as at 31 December 2018	88.81	6.2114
CPI as at 31 December 2019	551.63	1.0000

The main procedures applied in the above restatement of transactions and balances are as follows:

Financial statements prepared in the currency of a hyperinflationary economy are stated in terms of a measuring unit current at the balance sheet date, and corresponding figures for the previous period are restated in the same terms.

All comparative figures as of and for the period ended 31 December 2019 are restated by applying the change in the index from 31 December 2018 to 31 December 2019.

The opening revaluation reserve was eliminated against retained earnings.

The line items in the statement of profit or loss and other comprehensive income except for depreciation charge were segregated into monthly totals and an applicable monthly adjustment factor was factored to hyper inflate the amounts. Monetary assets and liabilities that are carried at amounts current at the statement of financial position date are not restated since they are already stated in terms of the monetary unit current at the balance sheet date.

Non monetary assets and liabilities that are not carried at amounts current at statement of financial position date and components of shareholders equity are restated by applying the relevant monthly conversion factors.

Property, plant and equipment is restated by applying the change in the index from the date of purchase to 31 December 2019. Depreciation amounts is calculated applying the index from the depreciation date.

Owner occupied buildings are revalued annually at the statement of financial position date, and therefore are being carried at amounts current at the statement of financial position date and are not restated. The depreciation amounts are based on the opening revalued amounts.

Additions to equipment and vehicles are restated using the relevant conversion factors.

The investment property was fair valued at 31December and thus no inflation adjustment on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment.

Deferred tax was calculated on restated carrying amounts, Borrowings constitute a monetary liability and thus there was no inflation adjustment on the balances.

The effect of inflation on the net monetary position of the group is included in the income statement as a net monetary gain / loss.

All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date. The financial statements of the subsidiary in Malawi which does not report in the currencies of hyper-inflationary economies were dealt with in accordance with IAS 21. The items included in statement of profit or loss and comprehensive income were translated using average exchange rates and statement of financial position items were translated at the closing rates. The opening balances were restated by applying the adjustment factor as at 31 December 2018.

3.4 Changes in accounting policies

(a) New and amended standards adopted by the Group
International Financial Reporting Standard 16, Leases ("IFRS 16") took effect from 1 January 2019.
The Group changed its accounting policy on leases as a result of adopting this standard and the impact of this adoption is disclosed in Note 3.4.1.

Other new and amended standards and interpretations to standards that are effective from 1 January 2019 do not have any material impact on the Group's accounting policies.

3.4.1 Impact of adoption of IFRS16, Leases
The Group adopted IFRS16, Leases from its effective date of 1 January 2019. On adoption, the Group applied the transitional provision indicated in the standard which allows for adoption of IFRS 16 modified retrospectively but without restating prior year comparatives. Reclassifications and adjustments arising from initial application of the standard were therefore recorded in the Group's opening statement of financial position as at 1 January 2019, through retained earnings.
On adopting IFRS 16, the Group applied the following practical expedients allowed by the standard:
- operating leases that had a remaining lease term of less than 12 months as at 1 January 2019 were accounted for as short term leases.
- the Group elected not to re-assess whether its contracts are lease contracts at the date of initial application. For contracts entered into before the transition date the Group maintained assessments made applying IAS 17.

3.4.2 Leases previously classified as finance leases
The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

3.4.3 Leases previously classified as operating leases
The Group leases several offices in major towns and cities in Zimbabwe and Malawi. Each lease is negotiated separately and will have terms and conditions that vary widely from those agreed for other lease arrangements. The lease agreements do not impose any covenants, and leased assets may not be used as security for borrowings. Lease contracts are usually signed for fixed periods of 1 to 5 years.

Under IAS17, Leases, these lease contracts were classified as operating leases. Monthly rental payments made under these leases were expensed to profit/loss on a straight-line basis over the term of the lease.

IFRS 16 requires that a right of use asset and a corresponding lease liability be recognised on the Group's statement of financial position at the date the leased asset becomes available for use by the Group. Subsequently, each rental payment is allocated between finance costs and a reduction of the lease liability over the term of the lease. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group applied these principles from 1 January 2019.

(a) Leases assessed as short term or low-value leases
The leases in Zimbabwe and a few other leases in Malawi were assessed as meeting the criteria for classification as short term or low value leases. Short-term leases are leases with a lease term of 12 months or less. Rental payments on these leases continue to be recognised as an expense in the income statement on a straight line basis.

(b) Measurement of lease liabilities on leases previously classified as operating leases
As at 1 January 2019, the Group recognised lease liabilities in relation to some leases in Malawi that were previously classified as operating leases under IAS17, and which did not meet the criteria for classification as short term or low value leases. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate applicable to Vanguard Life Assurance as at 1 January 2019. The incremental borrowing rate applied on these leases was 21% per annum.

Subsequent to 1 January 2019, the lease liabilities have been amortised over the remaining lease terms using the incremental borrowing rate of 21%. Each monthly rental payment is allocated between finance costs, which are expensed to the income statement, and a capital amount that is applied against the lease liability as a reduction. The remaining lease terms currently range from 13 to 53 months.

(c) (c) Measurement of right-of-use assets on leases previously classified as finance leases
For those leases where a lease liability was recognised, the right of use assets were measured at an amount equal to the lease liabilities as at 1 January 2019. The right-of-use-assets are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses. Depreciation on the right-of-use asset is calculated on a straight-line basis over the remaining lease term. The remaining lease terms currently range from 13 to 53 months.

Remeasurement of the lease liability will result in a corresponding adjustment to the right of use asset, whether positive or negative.

(d) Impact on the financial statements as at 1 January 2019

	2019 ZWL$
Recognition of right of use asset under IFRS 16	180,863
Recognition of right of use asset under IFRS 16	(180,863)
Total change in equity due to adopting IFRS 16 (1 January 2019)	-

(e) Movement analysis to 31 December 2019

Movements in right of use assets during the year were as follows:

	2019 Right-Of-Use Asset ZWL$	2018 Right-Of-Use Asset ZWL$
Balance as at 31 December 2018	**-**	**-**
Impact of adoption of IFRS 16	180,863	-
Balance as at 1 January 2019	**180,863**	**-**
Additions	-	-
Amortisation	(357,174)	
Exchange rate movement impact on foreign operation	2,549,802	-
Balance at 31 December 2019	**2,373,492**	**-**

AUDITED CONDENSED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

INFLATION	INFLATION ADJUSTED		UNAUDITED	HISTORICAL*
4 EARNINGS PER SHARE	2019	2018	2019	2018
	ZWL$	ZWL$	ZWL$	ZWL$
Basic earnings per share				
Numerator				
Profit/ (Loss) for the year attributable to owners of the parent and profit used in EPS	17,894,795	(3,730,709)	15,907,459	(600,623)
Denominator				
Weighted number of ordinary shares in issue	108,923,291	108,923,291	108,923,291	108,923,291
Less: Shares purchased for the Employee Share Ownership Plan	(1,003,743)	(1,003,743)	(1,003,743)	(1,003,743)
Weighted average number of shares used in basic EPS	**107,919,548**	**107,919,548**	**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**	**107,919,548**	**107,919,548**
Basic profit/ (loss) per share (cents)	**16.58**	**(3.46)**	**14.74**	**(0.56)**
Diluted profit/ (loss) per share (cents)	**16.58**	**(3.46)**	**14.74**	**(0.56)**

4 HEADLINE EARNINGS PER SHARE	INFLATION ADJUSTED		UNAUDITED	HISTORICAL*
	2019	2018	2019	2018
Basic earnings per share	ZWL$	ZWL$	ZWL$	ZWL$
Numerator				
Profit/ (Loss) for the year attributable to owners of the parent and profit used in HEPS	9,702,849	(11,836,200)	12,481,272	(1,905,561)
Denominator				
Weighted number of ordinary shares in issue	108,923,291	108,923,291	108,923,291	108,923,291
Less: Shares purchased for the Employee Share Ownership Plan	(1,003,743)	(1,003,743)	(1,003,743)	(1,003,743)
Weighted average number of shares used in basic HEPS	**107,919,548**	**107,919,548**	**107,919,548**	**107,919,548**
Less: Dilutive adjusting effects	-	-	-	-
Weighted average number of shares used in diluted HEPS	**107,919,548**	**107,919,548**	**107,919,548**	**107,919,548**
Basic profit/ (loss) per share (cents)	**8.99**	**(10.97)**	**11.57**	**(1.77)**
Diluted profit/ (loss) per share (cents)	**8.99**	**(10.97)**	**11.57**	**(1.77)**

	INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	Dec-19 Dec-18		Dec-18	Dec-19
	ZWL$		ZWL$	ZWL$
5. TRADE AND OTHER RECEIVABLES	ZWL$			
Residential stand sales debtors				
Micro-finance loans receivable				
Insurance debtors				
Other trade debtors				
Trade receivables - gross	16,889,744		203,605,840	16,889,744
Less: expected credit losses on trade	32,779,380			
receivables	12,599,696	51,844,259	12,599,696	8,346,630
Trade receivables - net	24,292,907		22,447,033	24,292,907
Receivables from related parties, net of ECL	3,613,844			
Loans to employees, net of ECL	500,162		1,453,483	518,932
Total receivables classified as financial	234,003			
assets at amortised cost	**54,282,509**	**279,350,615**	**54,301,279**	**44,973,857**
Prepayments				
Other receivables, net of ECL	(5,365,465)		(21,608,952)	(5,365,464)
Total trade and other receivables	(3,478,918)			
	48,917,044	**257,741,663**	**48,935,815**	**41,494,939**
Non-current portion	929,086	1,797,462	929,087	289,381
Current portion	80,804		1,389,278	80,804
Total trade and other receivables	223,666			

The carrying value of trade and other receivables classified as financial assets at amortised cost approximates their fair value. There was a significant decline in stand debtors in the current period as most of the debtors settled their accounts and no new debtors were recognised as the Southview development project has reached its tail end.

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.

AUDITED CONDENSED FINANCIAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

5 TRADE AND OTHER RECEIVABLES (Cont'd)

The total impairment allowance is made up of the following:	Dec-2019 ZWL$	Dec-2018 ZWL$	Dec-2019 ZWL$	Dec-2018 ZWL$
Expected credit loss on trade receivables	5,365,464	21,608,952	5,365,464	3,478,918
Expected credit loss on loans to employees	107,141	665,494	107,141	107,141
Expected credit loss on other receivables	47,614	4,550,560	47,614	732,614
Expected credit loss on related party receivables	645,589	-	645,589	-
	6,165,808	**26,825,006**	**6,165,808**	**4,318,673**

Movements in expected credit loss are as follows:

	Dec-2019 ZWL$	Dec-2018 ZWL$	Dec-2019 ZWL$	Dec-2018 ZWL$
Opening loss allowance as at 1 January 2019	**26,825,006**	**78,956,149**	**4,318,673**	**12,711,490**
Receivables written off during the year as uncollectable	(127,038)	(59,623,922)	(127,038)	(9,599,112)
Net increase during the year through profit or loss	(6,011,453)	11,285,857	1,059,071	1,816,959
Reversal of unutilised amount through profit or loss	(2,213,132)	(3,793,078)	-	(610,664)
Impact on year end ECL exposures transferred between stages during the year	(12,307,575)	-	915,102	-
Balance at the end of the year	**6,165,808**	**26,825,006**	**6,165,808**	**4,318,673**

5.1 Expected credit loss on financial assets

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

(i) Micro-finance loans receivable

	Stage 1 12-month ECL ZWL$	Stage 2 Lifetime ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ZWL$
As at 31 December 2019				
Performing	9,391,226	-	-	9,391,226
Overdue	-	1,883,376	-	1,883,376
Default	-	-	1,325,093	1,325,093
Gross carrying amount	**9,391,226**	**1,883,376**	**1,325,093**	**12,599,695**
Expected credit loss on micro-finance receivables	(522,434)	(591,348)	(1,002,114)	(2,115,896)
Net carrying amount	**8,868,792**	**1,292,028**	**322,979**	**10,483,799**
As at 31 December 2018				
Performing	41,145,984	-	-	41,145,984
Overdue	-	5,825,573	-	5,825,573
Default	-	-	4,872,700	4,872,700
Gross carrying amount	**41,145,984**	**5,825,573**	**4,872,700**	**51,844,257**
Expected credit loss on micro-finance receivables	(2,904,830)	(907,361)	(4,617,965)	(8,430,156)
Net carrying amount	**38,241,155**	**4,918,211**	**254,735**	**43,414,102**

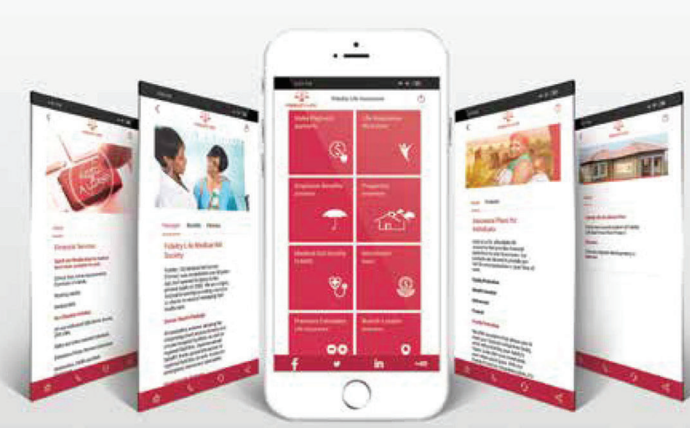
Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

(ii) Residential stand sales debtors

	Stage 2 12-month ECL ZWL$	Stage 3 Lifetime ECL ZWL$	Total ECL ZWL$
As at 31 December 2019			
Performing	16,163,788	-	16,163,788
Overdue	311,857	-	311,857
Default	-	414,098	414,098
Gross carrying amount	**16,475,645**	**414,098**	**16,889,743**
Expected credit loss on residential stand sales debtors	(989,889)	(157,190)	(1,147,079)
Net carrying amount	**15,485,756**	**256,908**	**15,742,664**
As at 31 December 2018			
Performing	191,105,150	-	191,105,150
Overdue	3,554,638	-	3,554,638
Default	-	8,946,056	8,946,056
Gross carrying amount	**194,659,788**	**8,946,056**	**203,605,844**
Expected credit loss on residential stand sales debtors	(4,247,399)	(2,877,568)	(7,124,967)
Net carrying amount	**190,412,389**	**6,068,488**	**196,480,877**

(iii) Cash and short term deposits

The short term deposits are for periods less than 3 months. No significant increases in credit risk were noted on these instruments over the period to 31 December 2019. 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.



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

5 TRADE AND OTHER RECEIVABLES (Cont'd)

5.1 Expected credit loss on financial assets

(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.

(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. The Group elected to provide in full all insurance debtors in the 120+ days and 10% on all insurance debtors in the 60 to 90+ days category. There were therefore no changes in the measurement of the impairment allowance on insurance debtors.

6. SEGMENT INFORMATION

	INFLATION ADJUSTED			
Segmental performance for the year ended 31 December 2019	**Insurance ZWL$**	**Microlending ZWL$**	**Other ZWL$**	**Group ZWL$**
Total revenue	408,060,363	25,772,093	292,161,389	725,993,845
Inter-segment revenue	(219,278,835)	(199,052)	(2,869,598)	(222,347,484)
Total revenue from external customers	**188,781,529**	**25,573,041**	**289,291,790**	**503,646,361**
Total benefits, claims and other expenses	(367,731,008)	(49,978,426)	(5,408,228)	(423,117,662)
Profit before tax	**(178,949,479)**	**(24,405,385)**	**283,883,561**	**80,528,698**
Depreciation of property and equipment	6,089,780	185,791	414,373	6,689,944
Amortisation of intangible assets	38,317	252,570	42,970	333,857
Amortisation of deferred acquisition costs	1,315,387	-	-	1,315,387
Finance costs	6,451,954	1,437,559	-	7,889,513
Fair value gains on equities	(57,945,032)	(606,789)	(2,651,839)	(61,203,660)
Fair value gains on investment property	84,680,134	1,549,612	285,600,111	371,829,857
Income tax expense	4,075,918	1,381,548	965,232	6,422,698
Additions to non-current assets	26,374,805	234,734	11,733	26,621,271
Reportable segment non-current assets	425,220,719	4,385,208	430,536,253	860,142,179
Reportable segment current assets	155,334,532	12,493,864	3,457,630	171,286,027
Reportable segment liabilities	864,110,255	6,229,881	4,037,480	874,377,616
Cash flows from operating activities	26,377,010	51,767,856	(102,003,477)	(23,858,612)
Cash flows from investing activities	2,106,421	(234,734)	(13,898,272)	(12,026,584)
Cash flows from financing activities	(32,236,193)	(7,254,454)	21,770,870	(17,719,777)

2018	**Insurance ZWL$**	**Microlending ZWL$**	**Other ZWL$**	**Group ZWL$**
Total revenue	300,431,148	26,510,537	7,801,624	334,743,309
Inter-segment revenue	(846,518)	(304,073)	(1,600,498)	(2,751,089)
Total revenue from external customers	**299,584,629**	**26,206,464**	**6,201,126**	**331,992,220**
Total benefits claims and other expenses	(296,575,437)	(13,255,252)	(7,898,314)	(317,729,003)
Profit before tax	**3,009,193**	**12,951,212**	**(1,697,188)**	**14,263,216**
Depreciation of property and equipment	6,034,195	147,522	492,073	6,673,790
Amortisation of intangible assets	26,778	252,572	42,970	322,320
Amortisation of deferred acquisition costs	1,688,192	-	-	1,688,192
Finance costs	15,177,758	704,309	-	15,882,068
Fair value gains on equities	18,484,431	162,888	1,059,012	19,706,331
Fair value gains on investment property	2,545,426	279,513	275,348	3,100,286
Income tax expense	11,726,848	6,216,139	137,395	18,080,382
Additions to non-current assets	21,862,148	161,993	244,896	22,269,037
Reportable segment non-current assets	270,638,185	2,837,340	5,676,893	279,152,417
Reportable segment current assets	285,047,645	49,210,880	148,886,393	483,144,918
Reportable segment liabilities	683,009,688	14,548,743	9,286,098	706,844,529
Cash flows from operating activities	40,618,967	(6,418,488)	(45,367)	34,155,112
Cash flows from investing activities	8,959,588	(161,993)	(755,981)	8,041,614
Cash flows from financing activities	(36,529,618)	2,846,890	-	(33,682,728)

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

6. SEGMENT INFORMATION (cntd)	UNAUDITED HISTORICAL*			
2019	**Insurance ZWL$**	**Microlending ZWL$**	**Other ZWL$**	**Group ZWL$**
Total revenue	603,256,245	11,158,389	409,657,803	1,024,072,437
Inter-segment revenue	(345,610,507)	(121,243)	(3,026,042)	(348,757,792)
Total revenue from external customers	**257,645,738**	**11,037,146**	**406,631,761**	**675,314,644**
Total benefits, claims and other expenses	(565,559,760)	(5,402,761)	(3,417,298)	(574,379,818)
Profit before tax	**(307,914,021)**	**5,634,385**	**403,214,462**	**100,934,826**
Depreciation of property and equipment	2,134,382	23,750	63,243	2,221,375
Amortisation of intangible assets	38,318	40,663	6,923	85,903
Amortisation of deferred acquisition costs	1,315,387	-	-	1,315,387
Finance costs	4,166,451	610,230	-	4,776,682
Fair value gains on equities	15,001,601	71,689	459,182	15,532,471
Fair value gains on investment property	4,532,142	2,852,450	404,928,199	545,438,845
Income tax expense	4,405,996	1,397,694	882,008	6,685,698
Additions to non-current assets	23,577,870	168,251	11,733	23,757,854
Reportable segment non-current assets	409,837,620	3,607,931	429,386,474	842,832,026
Reportable segment current assets	154,988,512	12,225,700	3,445,347	170,659,560
Reportable segment liabilities	864,100,067	6,037,738	3,732,900	873,870,705
Cash flows from operating activities	33,318,469	(1,608,707)	(26,492,742)	5,217,020
Cash flows from investing activities	(9,636,534)	(168,251)	(16,281,056)	(26,085,841)
Cash flows from financing activities	(10,369,077)	2,891,045	554,556	(6,923,476)

2018	**Insurance ZWL$**	**Microlending ZWL$**	**Other ZWL$**	**Group ZWL$**
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 acquisition 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
Income 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
Cash flows from operating activities	6,539,421	(1,033,340)	(7,304)	5,498,778
Cash flows from investing activities	1,442,443	(26,080)	(121,709)	1,294,655
Cash flows from financing activities	(5,881,060)	458,333	-	(5,422,727)

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AUDITED CONDENSED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

6 SEGMENT INFORMATION (cntd)

6.1 GEOGRAPHICAL INFORMATION		**INFLATION ADJUSTED**	
	Zimbabwe ZWL$	**Malawi ZWL$**	**Total ZWL$**
2019			
Revenue			
Total revenue	653,791,328	72,202,517	725,993,845
Inter-segment revenue	(222,347,485)	-	(222,347,484)
Total revenue from external customers	**431,443,844**	**72,202,517**	**503,646,361**
Group's revenue per statement of profit or loss and other comprehensive income	**431,443,844**	**72,202,517**	**503,646,361**
Depreciation of property and equipment	5,588,024	1,101,920	6,689,944
Amortisation of intangible assets	295,539	38,318	333,857
Amortisation of deferred acquisition costs	-	1,315,387	1,315,387
Finance costs	7,463,688	425,825	7,889,513
Fair value adjustments on equities	(62,858,874)	1,655,214	(61,203,660)
Fair value adjustments on investment property	368,420,926	3,408,932	371,829,858
Income tax expense	3,503,274	2,919,425	6,422,698
Segment profit before tax	**73,149,045**	**7,379,645**	**80,528,690**
Cash flows from operating activities	(49,331,931)	25,473,319	(23,858,612)
Cash flows from investing activities	2,756,491	(14,783,075)	(12,026,584)
Cash flows from financing activities	(16,772,147)	(947,630)	(17,719,777)
2018			
Revenue			
Total revenue	293,682,382	41,060,927	334,743,308
Inter-segment revenue	(2,751,089)	-	(2,751,089)
Total revenue from external customers	**290,931,293**	**41,060,927**	**331,992,220**
Group's revenue per statement of profit or loss and other Comprehensive income	**290,931,293**	**41,060,928**	**331,992,220**
Depreciation of property and equipment	6,080,521	593,270	6,673,791
Amortisation of intangible assets	297,297	25,025	322,322
Amortisation of deferred acquisition costs	-	1,688,192	1,688,192
Finance costs	15,871,676	10,395	15,882,071
Fair value adjustments on equities	18,842,757	863,575	19,706,331
Fair value adjustments on investment property	1,866,696	1,233,590	3,100,286
Tax expense	17,563,347	517,035	18,080,382
Segment profit before tax	**13,463,668**	**799,546**	**14,263,214**
Cash flows from operating activities	20,681,536	13,473,576	34,155,112
Cash flows from investing activities	11,860,290	(3,818,676)	8,041,614
Cash flows from financing activities	(39,176,698)	5,493,969	(33,682,728)
2019			
Additions to non-current assets	8,284,840	18,336,432	26,621,271
Reportable segment non current assets	752,938,042	107,204,138	860,142,179
Reportable segment current assets	20,586,131	150,699,896	171,286,027
Reportable segment liabilities	652,223,599	222,154,017	874,377,616
2018			
Additions to non-current assets	19,426,967	2,842,066	22,269,033
Reportable segment non current assets	260,737,855	18,414,560	279,152,415
Reportable segment current assets	430,157,179	52,987,736	483,144,916
Reportable segment liabilities	645,642,674	61,201,858	706,844,532

*The historical amounts are shown as supplementary information. The information does not comply with the requirements of International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting standard 29- Financial Reporting in Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical information.

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

6 SEGMENT INFORMATION (cntd)

6.1 GEOGRAPHICAL INFORMATION			**UNAUDITED HISTORICAL***
	Zimbabwe ZWL$	**Malawi ZWL$**	**Total ZWL$**
2019			
Revenue			
Total revenue	951,869,919	72,202,517	1,024,072,436
Inter-segment revenue	(348,757,792)	-	(348,757,792)
Total revenue from external customers	**603,112,127**	**72,202,517**	**675,314,644**
Group's revenue per statement of profit or loss and other comprehensive income	**603,112,127**	**72,202,517**	**675,314,644**
Depreciation of property and equipment	1,119,455	1,101,920	2,221,375
Amortisation of intangible assets	47,585	38,318	85,903
Amortisation of deferred acquisition costs	-	1,315,387	1,315,387
Finance costs	4,350,857	425,825	4,776,682
Fair value adjustments on equities	13,877,258	1,655,214	15,532,471
Fair value adjustments on investment property	542,029,913	3,408,932	545,438,845
Income tax expense	3,766,273	2,919,425	6,685,698
Segment profit before tax	**93,555,180**	**7,379,645**	**100,934,825**
Cash flows from operating activities	(20,256,300)	25,473,319	5,217,020
Cash flows from investing activities	(11,302,766)	(14,783,075)	(26,085,841)
Cash flows from financing activities	(5,975,846)	(947,630)	(6,923,476)
2018			
Revenue			
Total revenue	47,281,190	6,610,575	53,891,765
Inter-segment revenue	(442,910)	-	(442,910)
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 adjustments on equities	3,033,576	139,031	3,172,607
Fair value adjustments on investment property	300,527	198,601	499,128
Tax expense	2,827,599	83,239	2,910,838
Segment profit before tax	**2,167,574**	**128,722**	**2,296,296**
Cash flows from operating activities	3,329,608	2,169,169	5,498,777
Cash flows from investing activities	1,909,440	(614,785)	1,294,655
Cash flows from financing activities	(6,307,225)	884,498	(5,422,727)
2019			
Additions to non-current assets	5,421,423	18,336,431	23,757,854
Reportable segment non current assets	735,627,888	107,204,138	842,832,026
Reportable segment current assets	19,959,664	150,699,896	170,659,560
Reportable segment liabilities	651,716,689	222,154,017	873,870,706
2018			
Additions to non-current assets	3,127,631	457,556	3,585,187
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

7 CYCLICALITY OF OPERATIONS

Revenues from sale of stands 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.

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FOR THE YEAR ENDED 31 DECEMBER 2019

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

8 BORROWINGS	INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
8.1 LONG-TERM BORROWINGS	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
FBC Bank Limited	5,037,851	41,813,557	5,037,851	6,731,744
Infrastructure Development Bank of Zimbabwe	1,570,737	12,960,276	1,570,737	2,086,531
Standard Chartered Bank of Zimbabwe Limited	975,620	7,940,792	975,620	1,278,422
Agribank Limited	402,261	3,351,671	402,261	539,600
NMB Bank Limited	8,129,266	63,515,191	8,129,266	10,225,584
First Capital Bank Malawi	4,119,519	2,102,474	4,119,519	338,486
	20,235,254	**131,683,962**	**20,235,254**	**21,200,367**
Current portion of long-term borrowings	(6,805,793)	(30,866,890)	(6,805,793)	(4,969,393)
Non-current portion of long term borrowings	**13,429,461**	**100,817,073**	**13,429,461**	**16,230,974**

FBC Bank Limited, Infrastructure Development Bank of Zimbabwe, Standard Chartered Bank of Zimbabwe Limited and Agribank Limited

The Group assumed CFI Holdings Limited's loans, issued by these banks amounting to ZWL$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 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 Investment property.

NMB Bank Limited

The loan with NMB Bank was acquired to enable settlement of the Redeemable Bonds that were settled in 2018. 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 ZWL$57.1m and cession of residential stand sales receivables worth ZWL$12m.

The fair value of the loan with NMB Bank is not materially different to its carrying amount as the interest rate on this borrowing is a variable interest rate that is adjusted to approximate market rates when these change significantly.

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 accrued interest at 23% per annum. The interest rate was revised to 19.1% as at 31 December 2019 and is subject to variation at the bank's discretion as 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. The terms of the loan require security of 110% of the facility amount to be kept in deposit with First Capital Bank Zimbabwe for the duration of the facility, which would amount to US$377,750. The loan is currently secured by a lien over cash amounting to ZWL$377,750 after the deposit previously placed with the bank was converted to ZWL$ when SI33 became effective. The Group is engaged in discussions with First Capital Bank to render additional security to meet the US$377,750 requirement.

The fair value of the loan with FCB Malawi is not materially different to its carrying amount as the interest rate on this borrowing is a variable interest rate that is adjusted to approximate market rates when these change significantly.

8.2 SHORT-TERM BORROWINGS	INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	31-Dec-19	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
ZimRe Holdings	-	2,846,890	-	458,333
Ecobank	3,450,000	-	3,450,000	-
Current portion of non-current borrowings	6,805,793	30,866,890	6,805,793	4,969,393
	10,255,793	**33,713,780**	**10,255,793**	**5,427,726**

ZimRe Holdings

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

Ecobank Zimbabwe Limited

The micro-finance business acquired a ZWL$6m loan facility with Ecobank Zimbabwe Limited to increase its lending capacity. The facility amount is drawn down in tranches in line with the business' needs. Drawdowns on the facility accrue interest at varying interest rates depending on the prevailing interest rate on each drawdown date. Currently, ZWL$1,000,000 of the outstanding amount accrues interest at 25% per annum, whilst ZWL$2,450,000 accrues interest at 35% per annum. The facility is available for one year, expiring on 30 September 2020.

Notes to the condensed consolidated financial statements (Cont'd)
for the year ended 31 December 2019

8.3. MOVEMENT IN BORROWINGS

Movements in borrowings during the year were as follows:	Dec 2019 ZWL$	Dec 2018 ZWL$	Dec 2019 ZWL$	Dec 2018 ZWL$
Balance at the beginning of the year	**134,530,846**	**150,608,810**	**21,658,700**	**24,247,160**
Net cash out flow on borrowings	(9,072,475)	(16,077,964)	(1,389,005)	(2,588,460)
Proceeds from borrowings	28,035,596	77,301,804	9,747,115	12,445,150
Repayment of borrowings	(37,108,071)	(93,379,768)	(11,136,120)	(15,033,610)
Exchange differences on foreign currency denominated loans	3,415,559	-	3,415,559	-
Reduction of borrowings due to inflation	(105,188,680)	-	-	-
Balance at the end of the year	**23,685,254**	**134,530,846**	**23,685,254**	**21,658,700**
Current borrowings	10,255,792	33,713,773	10,255,792	5,427,726
Non-current borrowings	13,429,461	100,817,073	13,429,461	16,230,974
Borrowings as at 31 December	**23,685,254**	**134,530,846**	**23,685,254**	**21,658,700**

9. CASH AND DEPOSITS WITH BANKS	INFLATION ADJUSTED		UNAUDITED HISTORICAL*	
	Dec-19	**Dec-18**	**Dec-19**	**Dec-18**
	ZWL$	**ZWL$**	**ZWL$**	**ZWL$**
Money market investments	62,587,513	39,551,821	62,587,513	6,367,618
Bank and cash	10,282,072	17,249,437	10,282,072	2,777,061
Cash and cash equivalents	**72,869,585**	**56,801,258**	**72,869,585**	**9,144,679**
Restricted cash	377,750	2,346,356	377,750	377,750
Cash and deposits with banks	**73,247,335**	**59,147,614**	**73,247,335**	**9,522,429**

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.

10. 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 hierarchy. 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 ZWL$69,882,744 as at 31 December 2019 (31 December 2018: ZWL$94,437,481).

11. EVENTS AFTER THE PERIOD END

Impact of Coronavirus disease (COVID-19)

The world is grappling with the Corona virus and Zimbabwe has not been spared. In response to this challenge, the Government of Zimbabwe declared COVID-19 a national disaster, a measure which came after the World Health Organisation (WHO) had declared Covid-19 an international pandemic. The government has issued a number of directives as well as enacting the Statutory Instrument 77 of 2020 to combat the pandemic. In the meantime, the Group has activated a number of Business Continuity Plans and will continue to provide services and operate business through dedicated staff working from home with virtual remote access to systems and applications. Our clients will continue to enjoy our services through alternative access to electronic platforms which include our mobile application, online payment platforms and well as electronic communication channels. The Group is assessing the potential impact to its financial performance in 2020.

Building a better working world

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Independent Auditor's Report

To the Members of Fidelity Life Assurance of Zimbabwe Limited

Report on the Audit of the inflation adjusted Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated and separate financial statements of Fidelity Life Assurance Limited, as set out on pages 18 to 80, which comprise the inflation adjusted statements of financial position as at 31 December 2019, and the inflation adjusted statements of profit or loss and other comprehensive income, the inflation adjusted statements of changes in equity and the inflation adjusted statements of cash flows for the year then ended, and notes to the inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and separate financial statements do not present fairly the financial position of the Group and Company respectively as at 31 December 2019, and their financial performance and 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 inflation adjusted consolidated and separate financial statements, the Group and Company applied the United States Dollar (US$) as the functional currency up to 22 February 2019 and the Zimbabwe Dollar (ZWL) for the period 23 February 2019 to 31 December 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group and Company's functional currency changed with effect from this date. We however believe that the change in currency occurred prior to that date. The inflation adjusted consolidated and separate financial statements are presented in ZWL.

Non-compliance with International Financial Reporting Standards: IAS 21- *The Effects of Changes in Foreign Exchange Rates* in prior period and inappropriate application of IAS 8- *Accounting Polices, Changes in Accounting Estimates and Errors*

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.

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Independent Auditor's Report - Continued

In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group and Company to assess whether there was a change in functional currency (from US$ to RTGS$/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the RTGS$/ZWL as formal currencies supports that there was a change in functional currency from US$ to RTGS$/ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$/ZWL: US$ exchange rate and this occurred effective 1 October 2018.

Accordingly, the consolidated and separate financial statements included balances and transactions denominated in US$ that were not converted to RTGS$/ZWL at a RTGS$/ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 2.2 to the inflation adjusted consolidated and separate financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

Management's approach in the current year, for reasons explained on Note 2, was to prospectively apply the change in functional currency from US$ to RTGS$/ZWL from 23 February which is incorrect. The correct approach would have been a retrospective restatement as a prior period error in terms of *International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.*

Therefore, management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period and therefore the matter is continuing.

As a consequential impact, the application of IAS 29 is inappropriate.

Furthermore, notwithstanding that IAS 29 - *Financial Reporting in Hyperinflationary Economies* has been applied from 1 January 2019 to 31 December 2019, it is noted that its application was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, most elements of the financial statements would have been materially different.

As a result of these matters:

- All corresponding numbers are misstated on the Statements of Financial Position, Statements of Profit or Loss and other comprehensive income; Statements of Changes in Equity and Statements of Cash Flows; this also impacts comparability of the current period's figures.
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of this matter on the Statements of Cash Flows, Statements of Profit or Loss and Other Comprehensive Income and Statements of Changes in Equity.

Our conclusion on the current period's consolidated and separate financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

Independent Auditor's Report - Continued

In addition to the impacts on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the Statements of Financial Position as many of these still comprise of amounts from opening balances. Whilst this matter might not affect all accounts in the statement of financial position the specific accounts and the portions affected by this matter have not been identified / quantified here.

Exchange rates used in the current year (Non-compliance with IAS 21)

As outlined in Note 2.2 to the consolidated and separate financial statements, for the year ended 31 December 2019, the Group and Company's foreign denominated transactions and balances were translated using interbank rates. Furthermore, properties were revalued in US$ and translated to ZWL at the interbank rate. The exchange rates used for the translation do not meet the definition of a spot exchange rate as per IAS 21. We therefore believe that the exchange rates for transactions and balances between the US$ and the ZWL used by the Group and Company did not meet the criteria for appropriate exchange rates in terms of IFRS. Had the correct rate been used a number of significant accounts would have been affected in a material manner.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated and separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated and separate Financial Statements* section of our report. We are independent of the Group and Company 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 ethical responsibilities in accordance with these requirements and 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 matters 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 Chairman's Statement, The Chief Executive Officer's Statement and the Directors' Report but does not include the inflation adjusted consolidated and separate financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. The Chairman's Statement, The Chief Executive Officer's Statement and the Directors' Report are expected to be made available to us after the date of this auditor's report.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted 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 and Company did not comply with the requirements of IAS 21 – *Effects of Changes in Foreign Exchange Rates* and we could not obtain sufficient appropriate evidence regarding the valuation of properties. 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.

Independent Auditor's Report - Continued

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate 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 inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and Separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the consolidated and Separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report - Continued

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Company to express an opinion on the inflation adjusted consolidated and Separate financial statements. We are responsible for the direction, supervision and performance of the Group and Company 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 inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 inflation adjusted consolidated and separate 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 engagement partner on the audit resulting in this independent auditor's report is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

HARARE

30 April 2020