

# CONDENSED REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

## INTRODUCTION

I am pleased to present the reviewed ZimRe Holdings Limited ("ZHL" or the "Company") Group financial results for the half year ended 30 June 2020.

## BUSINESS ENVIRONMENT

### Zimbabwe

The economic environment was adversely affected by the Coronavirus ("Covid-19") pandemic outbreak which disrupted economic activity. This was further exacerbated by rising inflation which peaked at 837.53% in July 2020; a rapidly depreciating local currency against hard currencies despite attempts to stabilize the currency through the foreign currency auction system. Weather related shocks triggered a second successive drought which led to a food deficit in the 2019/20 agricultural season thus necessitating the importation of basic food requirements. According to the International Monetary Fund ("IMF"), the economy is projected to contract by 10.4% in 2020 compared to a decline of 6.5% in 2019.

### Botswana

Economic performance remained largely depressed on account of subdued demand for diamonds and recurring droughts affecting agricultural output. Coupled with the disruptive effects of the Covid-19 pandemic on economic output and sovereign credit rating downgrades, the economy is expected to contract by 9.6% in 2020 compared to growth of 3% in 2019. The Botswana Pula exchange rate to the United States of America dollar ("USD") has remained relatively stable and average inflation of about 1% is expected in 2020.

### Zambia

The Zambian economy was already in a fragile state after recent years of weaker demand for copper and lower prices on the international market, sovereign credit rating downgrades, low electricity generation, climate change induced weather related shocks and high external debt servicing obligations, when the Covid-19 outbreak took place. The Kwacha remained unstable resulting in double digit inflation. The economy is projected to contract by 5.1% (IMF) in 2020 compared to a muted growth of 1.5% in 2019.

### Mozambique

Prior to the Covid-19 outbreak, the economy had gained strong momentum on account of improving investor confidence after successful debt restructuring efforts and increased investment in coal and gas projects. Despite the downside risks which include drought, disputed elections and sporadic insurgent attacks in the Central and Northern provinces, the economy is expected to remain resilient and GDP growth of 1.4% is projected in 2020 compared to 2.2% in 2019. The Metical remained largely stable and average inflation of 2.8% is expected in 2020.

### Malawi

Despite the Covid-19 outbreak, the Malawi economy is expected to remain stable on account of a conducive political environment following a successful presidential election re-run, return of donor funding, increased agricultural output, improving power generation benefitting the manufacturing sector, a stable exchange rate and low inflation. The economy is expected to grow by 1% in 2020 from 4.5% in 2019.

## MARKET OVERVIEW

The outbreak of the Covid-19 pandemic resulted in unprecedented disruption to economic activity and created material uncertainty for business in all countries where the Group conducts operations. Although there is gradual easing of restrictions, recovery is expected to be extremely slow in some economic sectors such as tourism.

The onset of hyperinflation in Zimbabwe exerted pressure on purchasing power and resulted in the need to constantly increase sums insured and rentals and a spike in the cost of insurance claims and operating costs. Challenges in accessing foreign currency resulted in the slow discharge of new foreign currency denominated liabilities and accumulated legacy creditors by market players. This limited the business confidence of external business partners fearing increasing foreign exchange risk. The tight liquidity situation slowed down premium collection thereby negatively impacting investment portfolio growth. The suspension of all trading on the Zimbabwe Stock Exchange ("ZSE") on 28 June 2020, though subsequently lifted, is also expected to diminish investor confidence and negatively impact the performance of the investment portfolio. The challenging business environment also resulted in a slowdown in property sales and increased pressure on occupancies of leased premises.

## OVERALL GROUP PERFORMANCE

The business growth momentum achieved at the beginning of the year continued into the second quarter though at a slower pace with most operations trading profitably during the period under review. There was significant positive recovery and turnaround at Emeritus Re Zambia, while all the other regional and domestic entities continued a positive business growth trajectory.

## STATEMENT OF COMPREHENSIVE INCOME

### Total income

In inflation adjusted terms, total income at ZWL 1.5 billion grew by 49% over the ZWL 1.02 billion recorded in the same period in 2019. On a historical cost basis, total income increased by 1220% from ZWL 167 million in 2019 to ZWL 2.2 billion, driven by investment property revaluation gains following change of functional currency, growth in insurance revenue of 747%, and increase in rental revenue of 888%.

### Total claims and expenses

At ZWL 452 million on an inflation adjusted basis, total claims and expenses grew by 24% when compared to the ZWL 387 million registered in the same period in 2019. At 795% on a historical cost basis, growth in claims and expenses was below growth in total income of 1220%. Claims and expenses increased from ZWL 40.6 million to ZWL 363 million mainly due to the inflationary pressure on claims and operating expenses in the domestic market. Increases in commissions and business acquisition costs were in line with the growth in insurance business. Prices of goods and services in the domestic market reflected the speculative pass-through effect of the exchange rate which is being gradually eliminated by the auction exchange rate management system. Debtor impairments also contributed to the marked increase in costs.

### Profit for the period

In inflation adjusted terms, profit for the period increased to ZWL 1.2 billion in 2020 from ZWL 533 million in 2019, an increase of ZWL 685 million in absolute terms. In historical cost terms, profit for the period increased by 1491% from ZWL 117 million to ZWL 1.9 billion

on account of the strong and profitable performance of most business units, and the investment property fair valuations following change of functional currency.

### Total comprehensive income

Total comprehensive income increased to ZWL 1.4 billion in inflation adjusted terms from ZWL 718 million in 2019. On a historical cost basis, total comprehensive income was ZWL 2.3 billion (2019: ZWL 185 million). The growth is attributed to exchange differences on translation of foreign operations, fair value gains on financial assets as well as gains on property and equipment revaluations.

## STATEMENT OF FINANCIAL POSITION

### Total assets

Total assets grew by 64% in inflation adjusted terms from the restated level of ZWL 2.9 billion in 2019 to ZWL 4.7 billion as at 30 June 2020. On a historical cost basis, the Group's financial position remained sound with total assets at ZWL 4.4 billion compared to ZWL1.05 billion as 31 December 2019. The growth was mainly attributed to the revaluation of the investment properties and other non-monetary assets.

### Shareholders' equity

Shareholders' equity grew from ZWL 1.5 billion as at 31 December 2019 to ZWL 2.5 billion as at 30 June 2020 in inflation adjusted terms. In historical cost terms, shareholders' equity increased to ZWL 2.2 billion from ZWL 527 million as 31 December 2019 due to the profitability recorded.

### Cash flow

Positive cash flows were generated from operations mainly due to writing collectible business from quality cedants and clients, as well as the strengthening of the credit control function in most business units.

## CONSOLIDATING AND STRENGTHENING ZHL HEARTLAND INVESTMENTS

As previously advised in cautionary statements issued in terms of the Zimbabwe Stock Exchange ("ZSE") Listing Requirements and at the Annual General Meeting held on 14 August 2020, ZHL is currently working on value adding transactions that will result in the Company holding controlling shares in Fidelity Life Assurance of Zimbabwe Limited ("FLA") and the acquisition of the entire issued share capital of ZimRe Property Investments ("ZPI"), culminating in the delisting of ZPI from the ZSE. In the current volatile and uncertain business environment, characterized by among other things, the slow economic recovery in the post Covid-19 pandemic era and the decimation of capital in real terms largely due to a depreciating local currency and hyperinflation, the Group has seen opportunities for business growth and profitability through consolidation of its heartland investments and mergers and acquisitions. The transaction contemplated has been motivated by the following key strategic considerations -

- Growing the balance sheet size thereby strengthening the underwriting capacity of the insurance arms of the Group and enhancing business retention and competitiveness of the businesses in both the regional and domestic market and thus enhancing overall profitability.
- Capacitating the Group to leverage the increased asset base to fund future business expansion and diversify Group's revenue streams.
- Enabling the Group to exploit synergies arising from business portfolio diversification, vertical and horizontal integration of businesses, economies of scale and scope, and operational efficiencies. The acquisitions will fast track the implementation of the Group wealth management business strategy.
- Enabling the Group to apply its tried and tested corporate parenting policy and philosophy and thus leverage on the diverse skills base to implement its wider digitalisation strategy and create value and efficiencies through shared services.
- The delisting of ZPI is expected to eliminate duplicated governance and other costs associated with listing of holding companies and their subsidiaries (pyramid listing).

Post the transaction, the Group is expected to undertake business portfolio restructuring and diversification as well as organic balance sheet growth through mergers and acquisitions. The Group will also broaden its resource mobilization strategy, undertake property portfolio realignment, attract strategic partners, capacitate insurance operations to enable them to consolidate market positions, optimize the use of digital

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

Note	Inflation adjusted		Historical cost	
	Reviewed Group	Audited Group	Reviewed Group	Audited Group
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
	ZWL	ZWL	ZWL	ZWL
<b>ASSETS</b>				
Property and equipment	236 503 626	214 426 609	207 167 709	71 588 364
Right of use of assets	19 721 818	26 167 122	8 602 976	4 420 507
Investment properties	2 307 416 795	1 329 778 007	2 307 416 795	507 570 140
Intangible assets	8 591 263	7 628 496	2 416 053	665 695
Investment in associates	406 128 773	90 839 794	210 936 585	26 042 624
Deferred tax assets	38 841 951	41 702 987	38 565 073	14 382 180
Inventories	49 597 805	49 377 664	3 645 156	2 914 960
Trade and other assets	688 078 329	468 035 137	688 078 329	178 646 855
Life reinsurance contract asset	3 657 700	3 756 398	3 657 700	1 433 800
Current income tax assets	38 741 333	19 556 739	38 741 333	7 464 716
Deferred acquisition costs	76 536 095	32 708 464	64 077 960	11 479 221
Financial assets:				
- at amortised cost	52 731 170	80 880 203	52 731 170	30 871 601
- at fair value through profit or loss	103 735 032	63 602 051	103 735 032	24 276 611
- at fair value through other comprehensive income	269 642 826	204 472 182	269 642 826	78 046 090
Cash and cash equivalents	422 850 729	239 563 934	422 850 729	91 440 449
<b>Total assets</b>	<b>4 722 775 245</b>	<b>2 872 495 787</b>	<b>4 422 265 428</b>	<b>1 051 243 813</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the parent</b>				
Share capital	297 004 274	297 004 274	15 326 649	15 326 649
Share premium	221 373 509	221 373 509	11 427 034	11 427 034
Treasury shares	(303 187)	(303 187)	(25 932)	(25 932)
Revaluation reserve	274 300 403	279 305 949	83 650 218	46 318 339
Financial assets at fair value through other comprehensive income reserve	159 425 773	103 298 543	206 921 442	57 258 115
Foreign currency translation reserve	369 734 227	265 200 468	346 402 715	105 574 319
Change in ownership reserve	13 247 122	13 247 122	814 869	814 869
Retained earnings	1 194 737 521	320 286 871	1 551 750 801	290 497 467
<b>Total equity attributable to equity holders of the parent</b>	<b>2 529 519 642</b>	<b>1 499 413 549</b>	<b>2 216 267 796</b>	<b>527 190 860</b>
Non-controlling interest	778 172 729	425 039 475	819 245 242	179 612 441
<b>Total equity</b>	<b>3 307 692 371</b>	<b>1 924 453 024</b>	<b>3 035 513 038</b>	<b>706 803 302</b>
<b>LIABILITIES</b>				
Deferred tax liability	135 938 272	33 529 810	126 500 812	5 393 357
Short term insurance contract liabilities	454 163 115	323 730 553	435 270 091	113 548 234
Life reinsurance contract liabilities	30 551 100	16 993 917	30 551 100	6 486 500
Borrowings	29 925 401	37 870 206	29 925 401	14 454 883
Lease liability	11 269 687	13 836 973	11 269 687	5 281 509
Other provisions	39 612 706	31 959 872	39 612 706	12 198 936
Trade and other payables	713 622 593	490 121 432	713 622 593	187 077 093
<b>Total liabilities</b>	<b>1 415 082 874</b>	<b>948 042 763</b>	<b>1 386 752 390</b>	<b>344 440 512</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4 722 775 245</b>	<b>2 872 495 787</b>	<b>4 422 265 428</b>	<b>1 051 243 813</b>

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



B.N. Kumalo  
Chairman  
19 October 2020



S. Kudenga  
Group Chief Executive  
19 October 2020

technology for service delivery in operations, rationalize and strengthen its skills base as it endeavours to enhance profitability and create value for its shareholders. Accordingly, ZHL will, in the short to medium term, be transformed into a robust diversified group that controls the strategic direction of its business portfolios and maximizes synergistic benefits.

## DIRECTORATE

There were no changes in the composition of the ZHL Board in the period under review.

## DIVIDEND

After careful consideration of the uncertainties arising from Covid-19 and the need to strengthen the capital position, the directors have deemed it fit not to declare an interim dividend for the half year ended 30 June 2020.

## OUTLOOK AND STRATEGY

Despite the extremely difficult period ahead, the projected recession and expected slow recovery of global economies following gradual re-opening post the lockdowns due to the outbreak of the Covid-19 pandemic, the Board is confident that the Group will survive and grow buttressed by its strong balance sheet with a sizeable property portfolio, the hedging effect provided by the regional operations, restoration and strengthening of ZHL heartland investments and pursuit of opportunities for mergers and acquisitions. Value preservation, expenditure control and management, business innovation and increased digitalization for operational efficiency, remain key strategic focus areas for the Group. Your board foresees a significant increase in demand for insurance especially in Mozambique where the multi-billion gas projects and downstream industries to support them are being commissioned.

## APPRECIATION

I would like to extend my heartfelt gratitude to all stakeholders including business partners and service providers for their continued support. I would also like to pay tribute to my fellow board members, management and staff throughout the Group for their contributions, continued hard work and commitment which have combined to enable the Group to achieve the forgoing results in spite of the mounting business challenges.

BN Kumalo



CHAIRMAN

19 October 2020

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 30 June 2020

Note	Inflation adjusted		Historical cost	
	Reviewed Group	Unaudited Group	Reviewed Group	Unaudited Group
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	ZWL	ZWL	ZWL	ZWL
<b>INCOME</b>				
Gross written premium	570 207 624	500 022 123	444 763 177	50 919 160
Retrocession premium	(160 439 369)	(150 631 638)	(142 145 874)	(16 365 141)
<b>Net premium written</b>	<b>409 768 255</b>	<b>349 390 485</b>	<b>302 617 303</b>	<b>34 554 019</b>
Change in unearned premium reserve	(54 395 728)	(54 917 517)	(60 374 548)	(4 669 373)
<b>Net premium earned</b>	<b>355 372 527</b>	<b>294 472 968</b>	<b>242 242 755</b>	<b>29 884 646</b>
Brokerage, commission and fees	38 867 557	41 435 936	36 691 063	4 607 075
<b>Total insurance income</b>	<b>394 240 084</b>	<b>335 908 904</b>	<b>278 933 818</b>	<b>34 491 721</b>
Rental income from investment property	25 229 751	20 075 105	15 849 811	1 620 122
Fair value adjustments on investment property	963 023 753	639 719 779	1 756 022 233	121 802 052
Revenue from sale of inventory property	2 060 518	13 484 348	1 922 530	1 753 841
Property operating cost recoveries	-	2 351 855	-	625 520
Investment income	7 273 599	12 993 541	6 973 634	1 380 869
Other income/(losses)	133 936 969	(2 719 626)	146 864 366	5 410 210
<b>Total income</b>	<b>1 525 764 674</b>	<b>1 021 813 906</b>	<b>2 206 566 392</b>	<b>167 084 135</b>
<b>EXPENDITURE</b>				
<b>Insurance benefits and claims:</b>				
Non-life insurance claims	(238 192 794)	(194 534 038)	(204 024 468)	(21 524 708)
Life reinsurance benefits and claims	(36 793 215)	(9 369 777)	(25 722 925)	(703 879)
Movement in life reinsurance contract liabilities	-	-	-	-
Claims ceded to reinsurers	89 412 852	91 528 494	90 724 428	10 758 974
	(185 573 157)	(112 375 322)	(139 022 966)	(11 469 613)
Net property operating costs	(546 704)	(5 947 373)	25 477	(322 514)
Commission and acquisition expenses	(109 977 437)	(111 516 691)	(91 777 216)	(11 734 527)
Operating and administrative expenses	(131 499 271)	(156 880 954)	(110 306 685)	(17 154 603)
Allowance for expected credit losses on receivables	(21 263 171)	-	(21 263 171)	-
Finance costs	(3 007 883)	(664 635)	(937 037)	(224 501)
<b>TOTAL EXPENDITURE</b>	<b>(451 867 623)</b>	<b>(387 384 976)</b>	<b>(363 281 598)</b>	<b>(40 583 244)</b>
Gain/(loss) on net monetary position	92 667 561	(34 546 131)	-	-
Profit before share of loss of associate accounted for using the equity method	1 166 564 612	599 882 800	1 843 284 794	126 500 891
Share of profit of associates	88 575 372	4 149 147	86 516 326	869 662
<b>Profit before income tax</b>	<b>1 255 139 984</b>	<b>604 031 947</b>	<b>1 929 801 120</b>	<b>127 370 553</b>
Income tax expense	(37 103 646)	(71 019 184)	(59 447 527)	(9 814 199)
<b>Profit for the period</b>	<b>1 218 036 338</b>	<b>533 012 762</b>	<b>1 870 353 593</b>	<b>117 556 354</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Gains on property and equipment revaluations	3 156 997	43 660 448	50 746 757	9 362 500
Share of other comprehensive income of associates	67 771 888	15 572 647	76 593 299	6 346 348
Income tax relating to components of other comprehensive income	(157 850)	(2 183 021)	(2 537 338)	(468 125)
	70 771 035	57 050 074	124 802 718	15 240 723
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange gains on translation of foreign operations	73 722 568	17 032 361	217 185 112	34 640 721
Changes in fair value of financial assets at fair value through other comprehensive income	26 138 999	116 865 563	126 832 584	18 205 834
Income tax relating to components of other comprehensive income	(1 306 950)	(5 593 365)	(6 341 629)	-
	98 554 617	128 304 559	337 676 067	52 846 555
<b>Other comprehensive income for the period net of tax</b>	<b>169 325 652</b>	<b>185 354 633</b>		

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2020

	Inflation adjusted		Historical cost	
	Reviewed	Unaudited	Reviewed	Unaudited
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
<b>Cash flows from operating activities</b>				
Profit before income tax	1 255 139 984	604 031 947	1 929 801 120	127 370 553
Non-cash movements in profit before tax	(1 239 664 097)	(310 259 463)	(1 777 600 884)	(117 649 083)
<b>Operating profit before working capital</b>	<b>15 475 887</b>	<b>293 772 484</b>	<b>152 200 236</b>	<b>9 721 470</b>
Working capital changes	3 237 828	172 561 745	16 383 831	9 497 000
<b>Cash generated from operations</b>	<b>18 713 715</b>	<b>374 688 361</b>	<b>168 584 067</b>	<b>19 218 470</b>
Finance costs	(3 007 883)	(664 635)	(937 037)	(224 501)
Income taxes paid	(1 501 661)	(2 350 126)	(1 423 576)	(280 673)
<b>Net cash generated from operating activities</b>	<b>14 204 171</b>	<b>371 673 600</b>	<b>166 223 454</b>	<b>18 713 296</b>
Net cash generated from/(used in) investing activities	6 432 231	(6 880 884)	2 536 434	(7 228 842)
Net cash (used in)/generated from financing activities	(8 318 108)	9 706 338	(8 318 108)	(546 338)
<b>Net increase in cash and cash equivalents</b>	<b>12 318 295</b>	<b>374 499 054</b>	<b>160 441 780</b>	<b>10 938 116</b>
Cash and cash equivalents at beginning of period	239 563 934	24 417 087	91 440 449	24 417 087
Cash and cash equivalents	251 882 229	398 916 141	251 882 229	35 355 204
Effect of exchange rate movements	170 968 500	13 953 396	170 968 500	13 953 397
<b>Cash and cash equivalents at end of period</b>	<b>422 850 729</b>	<b>412 869 537</b>	<b>422 850 729</b>	<b>49 308 600</b>
<b>Comprising:</b>				
Cash on hand	303 974	1 873 643	303 974	223 767
Cash at bank	244 968 312	195 830 666	244 968 312	23 387 863
Investments maturing within 3 months	177 578 444	215 165 228	177 578 444	25 696 970
	422 850 729	412 869 537	422 850 729	49 308 600

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the Company's abridged inflation-adjusted financial statements and related financial information included in this report. It is their responsibility to ensure that the Company's abridged inflation-adjusted financial statements fairly present the state of affairs of the Company as at the end of the reporting period and the results of its operations and cash flows for the period then ended in conformity with International Financial Reporting Standards.

## Independent Reviewer's Statement

The condensed interim financial results for the six months ended 30 June 2020 have been reviewed by PricewaterhouseCoopers Chartered Accountants (Zimbabwe).

A report on the review has been issued and has an adverse conclusion with respect to the following:

- The audit report issued on the consolidated financial statements for the year ended 31 December 2019 included the following matters, which resulted in an adverse audit opinion being issued. These matters affect the comparability of the current period balances to those of the prior period:
  - Non compliance with IAS 21, with respect to date of functional currency change and use of interbank exchange rates which is not considered as an appropriate exchange rate;
  - Non compliance with IAS 29, 'Financial reporting in hyperinflationary economies';
  - Economies as a result of non compliance with IAS 21; and
  - Valuation of investment properties;
- Valuation of investment properties in the current period; and
- Use of interbank exchange rates which is not considered as an appropriate exchange rate in the current period.

The Engagement Partner responsible for this review is Evangelista Ravasingadi. The review report on these condensed interim financial results is available for inspection at the Company's registered office

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020

## Inflation adjusted

	Share capital ZWL	Share premium ZWL	Treasury shares ZWL	Revaluation reserve ZWL	Other reserves ZWL	Fair value through other comprehensive income reserve ZWL	Foreign currency translation reserve ZWL	Retained earnings ZWL	Total attributable to equity holders of parent ZWL	Non-controlling interest ZWL	Total equity ZWL
<b>Period ended 30 June 2020</b>											
Balance as at 1 January 2020	297 004 274	221 373 509	(303 187)	279 305 949	13 247 122	103 298 543	265 200 468	320 286 871	1 499 413 549	425 039 475	1 924 453 025
Total comprehensive income for the period	-	-	-	(5 005 546)	-	56 127 230	104 533 759	877 550 650	1 033 206 093	354 155 897	1 387 361 990
Profit for the period	-	-	-	(5 005 546)	-	-	-	877 550 650	877 550 650	340 485 688	1 218 036 338
Other comprehensive income for the period net of tax	-	-	-	-	-	56 127 230	104 533 759	155 655 443	13 670 209	-	169 325 652
Transactions with owners in their capacity as owners:											
Dividend declared and paid	-	-	-	-	-	-	-	(3 100 000)	(3 100 000)	(1 022 643)	(4 122 643)
	-	-	-	-	-	-	-	(3 100 000)	(3 100 000)	(1 022 643)	(4 122 643)
<b>Balance as at 30 June 2020</b>	<b>297 004 274</b>	<b>221 373 509</b>	<b>(303 187)</b>	<b>274 300 403</b>	<b>13 247 122</b>	<b>159 425 773</b>	<b>369 734 227</b>	<b>1 194 737 521</b>	<b>2 529 519 642</b>	<b>778 172 729</b>	<b>3 307 692 371</b>
<b>Period ended 30 June 2019</b>											
Balance as at 1 January 2019, as previously reported	297 004 272	221 373 509	(256 495)	227 958 228	-	17 847 898	(54 328 940)	211 917 093	921 515 565	240 285 164	1 161 800 729
Changes on initial application of IFRS 16	-	-	-	-	-	-	-	25 477	(25 230)	-	(25 230)
<b>Balance as at 1 January 2019, as restated</b>	<b>297 004 272</b>	<b>221 373 509</b>	<b>(256 495)</b>	<b>227 958 228</b>	<b>-</b>	<b>17 847 898</b>	<b>(54 328 940)</b>	<b>211 891 863</b>	<b>921 490 336</b>	<b>240 285 164</b>	<b>1 161 775 499</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35 181 153</b>	<b>-</b>	<b>32 639 525</b>	<b>54 267 149</b>	<b>449 601 787</b>	<b>571 689 614</b>	<b>146 677 782</b>	<b>718 367 396</b>
Profit for the period	-	-	-	35 181 153	-	-	-	449 601 787	449 601 787	138 795 656	588 397 443
Other comprehensive income for the period net of tax	-	-	-	-	-	32 639 525	54 267 149	-	122 087 827	7 882 126	129 969 953
Transactions with owners in their capacity as owners:											
Dividend declared and paid	-	-	-	-	-	-	-	(3 100 000)	(3 100 000)	(1 022 643)	(4 122 643)
Change in ownership percentage	-	-	-	-	-	-	-	-	-	(4 672 994)	(4 672 994)
<b>Balance as at 30 June 2019</b>	<b>297 004 272</b>	<b>221 373 509</b>	<b>(256 495)</b>	<b>180 536 094</b>	<b>4 672 994</b>	<b>164 434 938</b>	<b>244 328 006</b>	<b>624 487 150</b>	<b>1 736 780 469</b>	<b>545 051 540</b>	<b>2 281 632 009</b>

## Historical cost

Period ended 30 June 2020

Balance as at 1 January 2020, as previously reported	15 326 649	11 427 034	(25 932)	46 318 339	814 869	57 258 115	105 574 318	290 497 468	527 190 860	179 612 441	706 803 301
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37 331 879</b>	<b>-</b>	<b>149 663 327</b>	<b>240 828 397</b>	<b>1 264 353 333</b>	<b>1 692 176 936</b>	<b>640 655 444</b>	<b>2 332 832 380</b>
Profit for the period	-	-	-	37 331 879	-	-	-	1 264 353 333	606 000 260	306 000 260	1 870 353 593
Other comprehensive income for the period net of tax	-	-	-	-	-	149 663 327	240 828 397	-	427 823 603	34 655 184	462 478 787
Transactions with owners in their capacity as owners:											
Dividend declared and paid	-	-	-	-	-	-	-	(3 100 000)	(3 100 000)	(1 022 643)	(4 122 643)
Change in ownership percentage	-	-	-	-	-	-	-	-	-	(1 022 643)	(4 122 643)
<b>Balance as at 30 June 2020</b>	<b>15 326 649</b>	<b>11 427 034</b>	<b>(25 932)</b>	<b>83 650 218</b>	<b>814 869</b>	<b>206 921 442</b>	<b>346 402 715</b>	<b>1 551 750 801</b>	<b>2 216 267 796</b>	<b>819 245 242</b>	<b>3 035 513 038</b>
<b>Period ended 30 June 2019</b>											
Balance as at 1 January 2019, as previously reported	15 326 649	11 427 034	(8 886)	14 017 038	-	1 990 559	(8 165 707)	20 803 807	55 390 494	18 714 474	74 104 968
Changes on initial application of IFRS 16	-	-	-	-	-	-	-	(3 676)	(3 676)	-	(3 676)
<b>Balance as at 1 January 2019, as restated</b>	<b>15 326 649</b>	<b>11 427 034</b>	<b>(8 886)</b>	<b>14 017 038</b>	<b>-</b>	<b>1 990 559</b>	<b>(8 165 707)</b>	<b>20 800 131</b>	<b>55 386 818</b>	<b>18 714 474</b>	<b>74 101 292</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 544 209</b>	<b>-</b>	<b>18 205 834</b>	<b>37 345 559</b>	<b>75 609 446</b>	<b>138 705 048</b>	<b>46 938 583</b>	<b>185 643 631</b>
Profit for the period	-	-	-	7 544 209	-	-	-	75 609 446	75 609 446	41 946 908	117 556 354
Other comprehensive income for the period net of tax	-	-	-	-	-	18 205 834	37 345 559	-	63 095 602	4 991 675	68 087 277
Transactions with owners in their capacity as owners:											
Dividend declared and paid	-	-	-	-	-	558 091	-	-	558 091	(558 091)	-
Change in ownership percentage	-	-	-	-	-	558 091	-	-	558 091	(558 091)	-
<b>Balance as at 30 June 2019</b>	<b>15 326 649</b>	<b>11 427 034</b>	<b>(8 886)</b>	<b>21 561 247</b>	<b>558 091</b>	<b>20 196 393</b>	<b>29 179 852</b>	<b>96 409 577</b>	<b>194 649 957</b>	<b>65 094 966</b>	<b>259 744 923</b>

## 2.3 Functional and reporting currency

The financial statements are presented in Zimbabwe dollars ("ZWL") which is both the functional and presentation currency of the Group. The change in functional and presentation currency was implemented in the prior year following the introduction of the Zimbabwe dollar as the sole currency on 24 June 2019.

## 3 Legacy creditors

In line with Statutory Instrument 142 of 2019 ("SI 142"), the Reserve of Zimbabwe issued Exchange Control Directive RU102 of 2019 which authorised the registration of foreign debts incurred when the Zimbabwe dollar was pegged at 1:1 with the United States of America dollar with the RBZ for support on the same rate of 1:1. Following the issuance of the Exchange Control instrument, the Group made applications for total legacy creditors amounting to US\$2.6 million and of this, a total of US\$784 196 was approved for support on the legislated 1:1 basis. The total amount is carried at the closing interbank rate as at 30 June 2020.

## 4 Investment in associates

Following an assessment carried out on 30 June 2020, the investment in CFI Holdings Limited, which was fully impaired in 2015, was re-recognised as an associate. Accordingly, the carrying amount of the investment in associates changed as follows:-

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed	Audited	Reviewed	Unaudited
	Group	Group	Group	Group
	2020	2019	2020	2019
	ZWL	ZWL	ZWL	ZWL
As at 1 January	90 839 794	36 868 257	26 042 624	5 352 764
Write back of investment in CFI	175 385 729	-	24 724 028	-
Profit for the period	102 274 832	11 905 465	86 516 326	3 648 161
Other comprehensive income of associate	37 628 418	42 066 072	73 653 607	17 041 699
Closing balance	406 128 773	90 839 794	210 936 585	26 042 624

The reporting date of CFI Holdings Limited is 30 September. The financial statements taken into account for the associate are for the half year ended 30 March 2020. Management has determined that there were no significant transactions to take into account for the period 1 April 2020 to 30 June 2020.

CFI Holdings Limited was suspended from trading on the Zimbabwe Stock Exchange in January 2018 due to non-compliance with the ZSE Listing Requirements. Efforts to resolve the impasse with the ZSE are currently in progress.

## 5 PROPERTY AND EQUIPMENT

	INFLATION ADJUSTED				
	Freehold land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
<b>GROUP</b>					
At 31 December 2019	179 020 562	47 976 677	31 882 433	18 927 182	277 806 854
Cost or fair value	(11 070 583)	(26 044 287)	(19 524 325)	(6 741 050)	(63 380 245)
Accumulated depreciation					
Net book amount	167 949 979	21 932 390	12 358 108	12 186 132	214 426 608
<b>Half year ended 30 June 2020</b>					
Opening net book amount	167 949 980	21 932 390	12 358 108	12 186 132	214 426 609
Additions	265 326	5 237	4 715 936	691 935	5 678 434
Depreciation charge	(2 606 639)	(2 055 995)	(1 867 914)	(920 859)	(7 451 407)
Revaluation surplus	2 999 147	-	-	-	2 999 147
Disposals	-	-	(114 137)	(7 508)	(121 645)
Foreign exchange movements	7 903 036	7 446 152	4 007 000	1 616 301	20 972 489
Closing net book amount	176 510 850	27 327 784	19 098 993	13 566 000	236 503 626
At 30 June 2020					
Cost or fair value	191 020 649	71 549 023	45 610 283	23 037 879	331 217 833
Accumulated depreciation	(14 509 799)	(44 221 238)	(26 511 290)	(9 471 879)	(94 714 207)
Net book amount	176 510 850	27 327 784	19 098 993	13 566 000	236 503 626

	HISTORICAL COST				
	Freehold land and buildings ZWL	Motor vehicles ZWL	Equipment and computers ZWL	Furniture and fittings ZWL	Total ZWL
<b>GROUP</b>					
At 31 December 2019	63 535 180	12 347 581	5 024 700	2 953 758	83 861 219
Cost or fair value	(743 2				

## 9 FINANCIAL ASSETS

## 9.1 At amortised cost

Financial assets at amortised cost include the following debt investments:

Group	INFLATION ADJUSTED					
	2020		Total ZWL	2019		Total ZWL
	Current ZWL	Non-current ZWL		Current ZWL	Non-current ZWL	
Debentures	-	46 864	46 864	-	122 778	122 778
Mortgage loan	-	5 805 000	5 805 000	-	7 761 467	7 761 467
Bonds and treasury bills	100 000	3 666 923	3 766 923	16 193 876	9 184 790	25 378 666
Deposits with financial institutions	43 112 383	-	43 112 383	47 617 292	-	47 617 292
	<b>43 212 383</b>	<b>9 518 787</b>	<b>52 731 170</b>	<b>63 811 168</b>	<b>17 069 035</b>	<b>80 880 203</b>

Group	HISTORICAL COST					
	2020		Total ZWL	2019		Total ZWL
	Current ZWL	Non-current ZWL		Current ZWL	Non-current ZWL	
Debentures	-	46 864	46 864	-	46 864	46 864
Mortgage loan	-	6 699 429	6 699 429	-	2 962 516	2 962 516
Government bonds	100 000	2 772 494	2 872 494	6 181 128	3 505 792	9 686 920
Deposits with financial institutions	43 112 383	-	43 112 383	18 175 301	-	18 175 301
	<b>43 212 383</b>	<b>9 518 787</b>	<b>52 731 170</b>	<b>24 356 429</b>	<b>6 515 172</b>	<b>30 871 601</b>

## 9.1.1 Analysis of movements

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
As at 1 January	80 880 203	103 615 075	30 871 601	6 156 876
Purchases	4 103 160	45 689 928	8 096 272	8 742 077
Disposals	(4 585 672)	(7 683 501)	(10 531 960)	(2 070 625)
Foreign exchange movement	24 295 258	47 271 393	24 295 257	18 043 273
Effects of IAS 29	(51 961 779)	(108 012 692)	-	-
Closing balance	<b>52 731 170</b>	<b>80 880 203</b>	<b>52 731 170</b>	<b>30 871 601</b>

The debentures mature in 2023 and accrue interest at a rate of 5% (2019:5%) per annum.  
Bonds and treasury bills mature between 1-2 years and accrue interest of between 5% -15% (2019:5% -15%) per annum depending on jurisdiction.

Mortgage loans mature in 2025 and accrue interest of 10% (2019:10%) per annum.

## 9.2 At fair value through profit or loss

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
	As at 1 January	63 602 051	102 776 586	24 276 611
Purchases	3 964 233	41 659 609	15 569 398	2 785 652
Disposals	(10 184 466)	(20 334 377)	(8 144 998)	(231 728)
Fair value gain/(loss)	30 020 451	(93 045 464)	48 751 381	3 434 226
Effects of IAS 29	(6 949 877)	1 175 943	-	-
Foreign exchange movement	23 282 640	31 369 754	23 282 640	11 973 691
Closing balance	<b>103 735 032</b>	<b>63 602 051</b>	<b>103 735 032</b>	<b>24 276 611</b>

All financial assets at fair value through profit or loss are classified as current assets.

At fair value through profit or loss financial assets are equity securities listed either on the Zimbabwe Stock Exchange or other stock exchanges in the region.

## 9.3 At fair value through other comprehensive income

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
	As at 1 January	204 472 182	84 322 228	78 046 090
Additions	-	15 152 430	-	2 518 957
Disposals	-	-	-	-
Fair value gains	26 138 999	780 765 179	126 832 584	57 658 115
Effects of IAS 29	(25 732 507)	(709 007 116)	-	-
Foreign exchange movement	64 764 152	33 239 461	64 764 152	12 687 349
Closing balance	<b>269 642 826</b>	<b>204 472 182</b>	<b>269 642 826</b>	<b>78 046 090</b>

Equity investments at FVOCI comprise the following individual investments:

Unlisted securities				
Cell Insurance Company (Private) Limited	17 990 065	29 576 616	17 990 065	11 289 258
Guardian Reinsurance Brokers Limited	3 161 657	3 653 633	3 161 657	1 394 575
ZEP-RE (PTA Reinsurance Company)	167 474 640	128 662 661	167 474 640	49 109 945
Lidwala Insurance Company	72 304 967	36 906 427	72 304 967	14 087 012
Vanguard Life Assurance Company (Limited) Malawi	8 711 497	5 672 845	8 711 497	2 165 299
	<b>269 642 826</b>	<b>204 472 182</b>	<b>269 642 826</b>	<b>78 046 090</b>

## 9.4 Fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value of the fair value hierarchy:

	Level 1 ZWL	Level 2 ZWL	Level 3 ZWL	Total ZWL
As at 30 June 2020				
Financial assets at fair value through profit or loss	103 735 032	-	-	103 735 032
Financial assets at fair value through other comprehensive income	-	-	269 642 825	269 642 825
<b>Total</b>	<b>103 735 032</b>	<b>-</b>	<b>269 642 825</b>	<b>373 377 857</b>

As at 31 December 2019				
Financial assets at fair value through profit or loss	63 602 051	-	-	63 602 051
Financial assets at fair value through other comprehensive income	-	-	204 472 182	204 472 182
<b>Total</b>	<b>63 602 051</b>	<b>-</b>	<b>204 472 182</b>	<b>268 074 233</b>

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximise use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices.

## 10 BORROWINGS

	INFLATION ADJUSTED		HISTORICAL COST	
	Group 2020 ZWL	Group 2019 ZWL	Group 2020 ZWL	Group 2019 ZWL
	As at 1 January	37 870 206	64 480 110	14 454 883
Drawn downs during the period	-	24 911 309	-	3 940 000
Interest for the year	778 101	5 019 613	778 101	744 654
Capital repayments	(3 507 144)	(14 799 350)	(3 507 144)	(2 248 072)
Interest repayment	(778 101)	(5 019 613)	(778 101)	(744 654)
Effects of IAS 29	(23 415 323)	(59 778 479)	-	-
Foreign exchange movement	18 977 662	23 056 616	18 977 662	8 800 604
<b>Net book amount</b>	<b>29 925 401</b>	<b>37 870 206</b>	<b>29 925 401</b>	<b>14 454 883</b>
Non-current	24 606 965	29 910 372	24 606 965	11 416 651
Current	5 318 436	7 959 834	5 318 436	3 038 232
	<b>29 925 401</b>	<b>37 870 206</b>	<b>29 925 401</b>	<b>14 454 883</b>

The borrowings are at an average interest rate of 13.95% (2019 : 13.95%) and are secured against stand 16591 Harare Township, stand 353 Bulawayo Township and building 141/8 Marginal Avenue Marputo.

There were no changes to the terms and conditions of these borrowings during the interim reporting period.

## 11 Liquidity gap analysis

The table below summarises the maturity profile of the Group's financial assets and financial liabilities based on contractual and undiscounted payments on a worst case scenario.

The assets and liabilities disclosed are on a contractual undiscounted basis. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

As at 30 June 2020

## Assets

Financial assets:	
- at fair value through profit or loss	-
- at amortised cost	-
- at fair value through other comprehensive income	-
Trade and other receivables (excluding prepayments and statutory receivables)	135 101 875
Cash and cash equivalents	422 850 729

## Total assets

Outstanding claims	102 023 876
Lease liabilities	450 787
Borrowings	12 549 552
Trade and other payables (excluding statutory liabilities)	713 622 593

## Total liabilities

## Liquidity gap

## Cumulative liquidity gap

As at 31 December 2019

## Assets

Financial assets:	
- at fair value through profit or loss	-
- at amortised cost	-
- at fair value through other comprehensive income	-
Trade and other receivables (excluding prepayments and statutory receivables)	203 450 522
Cash and cash equivalents	239 563 931

## Total assets

Outstanding claims	93 963 280
Lease liabilities	481 004
Borrowings	4 091 485
Trade and other payables (excluding statutory liabilities)	487 760 027

## Total liabilities

## Liquidity gap

## Cumulative liquidity gap

As at 30 June 2020

## Assets

Financial assets:	
- at fair value through profit or loss	-
- at amortised cost	-
- at fair value through other comprehensive income	-
Trade and other receivables (excluding prepayments and statutory receivables)	291 687 187
Cash and cash equivalents	422 850 729

## Total assets

Outstanding claims	15 020 351
Lease liabilities	450 787
Borrowings	2 712 402
Trade and other payables (excluding statutory liabilities)	713 622 594

## Total liabilities

## Liquidity gap

## Cumulative liquidity gap

As at 31 December 2019

## Assets

Financial assets:	
- at fair value through profit or loss	-
- at amortised cost	-
- at fair value through other comprehensive income	-
Trade and other receivables (excluding prepayments and statutory receivables)	77 656 127
Cash and cash equivalents	91 440 449

## Total assets

Outstanding claims	5 338 654
Lease liabilities	183 597
Borrowings	1 561 701
Trade and other payables (excluding statutory liabilities)	186 175 756

## Total liabilities

## Liquidity gap

## Cumulative liquidity gap

## 12 TRADE AND OTHER PAYABLES

Due to retrocessionaires

Accruals and other

## 13 SHORT TERM INSURANCE CONTRACT LIABILITIES

Outstanding claims  
Provision for incurred but not reported claims  
Unearned premium provision

## 14 OPERATING AND ADMINISTRATION EXPENSES

Operating and administration expenses include the following disclosable expenses:

Audit fees  
Directors' fees  
Staff costs  
Depreciation

## 15 OTHER GAINS/(LOSSES)

Profit from disposal of property and equipment  
Gain from disposal on financial assets at fair value  
Reversal of impairment in associate  
Realised exchange differences\*  
Recoveries from debtors previously written off  
Gains from disposal of financial assets through profit or loss  
Unrealised exchange (losses)/gains  
Other gains

INFLATION ADJUSTED

	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Financial assets:				
- at fair value through profit or loss	-	103 735 032	-	103 735 032
- at amortised cost	-	52 731 170	-	52 731 170
- at fair value through other comprehensive income	-	-	269 642 825	269 642 825
Trade and other receivables (excluding prepayments and statutory receivables)	135 101 875	543 240 421	-	678 342 296
Cash and cash equivalents	422 850 729	-	-	422 850 729
<b>Total assets</b>	<b>557 952 604</b>	<b>699 706 622</b>	<b>269 642 825</b>	<b>1 527 302 053</b>
Liabilities				
Outstanding claims	102 023 876	-	-	102 023 876
Lease liabilities	450 787	3 268 209	7 550 690	11 269 687
Borrowings	12 549 552	12 057 413	5 318 436	29 925 401
Trade and other payables (excluding statutory liabilities)	713 622 593	-	-	713 622 593
<b>Total liabilities</b>	<b>828 646 809</b>	<b>15 325 622</b>	<b>12 869 126</b>	<b>856 841 557</b>
<b>Liquidity gap</b>	<b>(270 694 204)</b>	<b>684 381 001</b>	<b>256 773 699</b>	<b>670 460 496</b>
<b>Cumulative liquidity gap</b>	<b>(270 694 204)</b>	<b>413 686 796</b>	<b>670 460 496</b>	<b>-</b>

INFLATION ADJUSTED

	On demand to 3 months ZWL	3 months to 1 year ZWL	Greater than 1 year ZWL	Total contractual cash flows ZWL
Financial assets:				
- at fair value through profit or loss	-	63 602 051	-	63 602 051
- at amortised cost	-	80 880 203	-	80 880 203
- at fair value through other comprehensive income	-	-	204 472 182	204 472 182
Trade and other receivables (excluding prepayments and statutory receivables)	203 450 522	280 559 375	-	484 009 896
Cash and cash equivalents	239 563 931	-	-	239 563 931
<b>Total assets</b>	<b>443 014 453</b>	<b>425 041 629</b>	<b>204 472 182</b>	<b>1 072 528 263</b>
Liabilities				
Outstanding claims	93 963 280	-	-	93 963 280
Lease liabilities	481 004	4 142 012	9 213 957	13 836 973
Borrowings	4 091 485	3 868 349	29 910 371	37 870 205
Trade and other payables (excluding statutory liabilities)	487 760 027	-	-	487 760 027

16 SEGMENT RESULTS

16.1 Information about products and services

For the period ended 30 June 2020	INFLATION ADJUSTED					Total ZWL
	Non-life reinsurance ZWL	Life reinsurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	
Total insurance revenue	349 074 367	32 200 637	20 184 260	-	(7 219 180)	394 240 084
Total income	382 158 481	61 809 686	44 172 851	999 732 404	37 891 252	1 525 764 674
Claims and expenses	(336 567 045)	(53 411 064)	(28 502 818)	(18 945 068)	(11 433 745)	(448 859 740)
Net benefits and claims	(144 251 978)	(36 793 215)	(4 527 964)	-	-	(185 573 157)
Commission and acquisition expenses	(98 699 135)	(8 465 905)	(10 031 578)	-	7 219 181	(109 977 437)
Property costs	-	-	-	(546 704)	-	(546 704)
Other operating and administrative expenses	(93 615 932)	(8 151 944)	(13 943 276)	(18 398 364)	(18 652 926)	(152 762 442)
Profit for the period	25 561 020	8 469 386	12 394 461	946 666 648	224 944 823	1 218 036 338
Total assets	2 339 097 359	221 156 525	133 158 483	2 340 533 191	(311 170 313)	4 772 775 245
Total liabilities	1 250 706 984	19 055 597	33 006 119	128 650 579	(16 336 405)	1 415 082 874

For the period ended 30 June 2020	HISTORICAL COST					Total ZWL
	Non-life reinsurance ZWL	Life reinsurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	
Total insurance revenue	249 969 450	22 905 828	10 646 424	-	(4 587 884)	278 933 818
Total income	285 545 422	56 773 232	33 092 933	1 784 161 406	46 993 398	2 206 566 392
Claims and expenses	(284 843 710)	(37 604 676)	(16 666 637)	(19 490 978)	(3 738 560)	(362 344 561)
Net benefits and claims	(110 860 144)	(25 722 925)	(2 439 897)	-	-	(139 022 966)
Commission and acquisition expenses	(85 778 826)	(5 855 080)	(4 731 195)	-	4 587 885	(91 777 216)
Property costs	-	-	-	25 477	-	25 477
Other operating and administrative expenses	(88 204 740)	(6 026 671)	(9 495 545)	(19 516 455)	(8 326 445)	(131 569 856)
Profit for the period	23 096 391	19 169 629	17 593 733	1 680 819 851	129 673 989	1 870 353 593
Total assets	1 850 323 867	76 740 784	124 854 594	2 274 859 908	95 486 275	4 422 265 428
Total liabilities	1 218 891 656	43 120 197	27 394 575	124 217 749	(26 871 787)	1 386 752 390

For the period ended 30 June 2019	INFLATION ADJUSTED					Total ZWL
	Non-life reinsurance ZWL	Life reinsurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	
Total insurance revenue	301 224 452	33 869 664	14 373 688	-	(13 558 900)	335 908 904
Total income	293 816 527	53 052 604	28 059 588	680 358 175	(33 472 988)	1 021 813 906
Claims and expenses	(310 214 477)	(26 194 337)	(16 105 328)	(28 352 017)	(5 854 181)	(386 720 340)
Net benefits and claims	(100 762 293)	(9 310 159)	(2 302 870)	-	-	(112 375 322)
Commission and acquisition expenses	(109 925 115)	(8 482 269)	(6 668 207)	-	13 558 900	(111 516 691)
Property costs	-	-	-	(5 947 373)	-	(5 947 373)
Other operating and administrative expenses	(99 527 069)	(8 401 909)	(7 134 251)	(22 404 644)	(19 413 081)	(156 880 954)
Profit for the period	(37 499 888)	23 005 791	2 172 795	580 672 985	(35 338 921)	533 012 762
Total assets	1 809 281 969	199 123 356	120 446 744	1 372 400 340	(628 756 622)	2 872 495 787
Total liabilities	869 178 304	29 617 338	35 684 212	94 748 251	(81 185 341)	948 042 763

For the period ended 30 June 2019	HISTORICAL COST					Total ZWL
	Non-life reinsurance ZWL	Life reinsurance ZWL	General insurance ZWL	Property ZWL	Other and eliminations ZWL	
Total insurance revenue	32 121 771	2 763 762	1 225 515	-	(1 619 327)	34 491 721
Total income	32 198 825	4 999 902	2 454 624	128 159 627	(728 843)	167 084 135
Claims and expenses	(34 802 312)	(2 274 401)	(1 325 764)	(2 279 270)	(510)	(40 681 257)
Net benefits and claims	(10 482 649)	(812 383)	(174 581)	-	-	(11 469 613)
Commission and acquisition expenses	(12 096 647)	(719 073)	(538 133)	-	1 619 326	(11 734 527)
Property costs	-	-	-	(322 514)	-	(322 514)
Other operating and administrative expenses	(12 222 016)	(742 945)	(613 050)	(1 956 756)	(1 619 836)	(17 154 603)
Profit for the period	(2 691 807)	2 725 235	838 179	116 389 908	294 839	117 756 354
Total assets	522 320 342	25 755 144	44 750 024	501 350 629	(42 932 326)	1 051 243 813
Total liabilities	322 014 203	11 304 185	13 093 157	34 778 696	(36 749 729)	344 440 512

16.2 Geographical information

Information below shows operating results in the countries in which the Group operates.

For the period ended 30 June 2020	INFLATION ADJUSTED						Total ZWL
	Zimbabwe ZWL	Malawi ZWL	Zambia ZWL	Mozambique ZWL	Botswana ZWL	eliminations ZWL	
Total insurance revenue	239 013 058	52 255 021	30 297 971	51 503 091	28 390 124	(7 219 181)	394 240 084
Total income	1 320 379 706	55 473 096	31 925 385	50 858 643	29 236 594	37 891 250	1 525 764 674
Total claims and expenses	(275 184 766)	(53 250 784)	(29 731 987)	(51 742 422)	(27 516 036)	(11 433 745)	(448 859 740)
Net benefits and claims	(147 940 841)	(14 689 419)	(6 561 060)	(9 425 043)	(6 956 794)	-	(185 573 157)
Commission and acquisition expenses	(49 858 523)	(18 649 707)	(14 664 423)	(22 153 152)	(11 870 813)	7 219 181	(109 977 437)
Property costs	(546 704)	-	-	-	-	-	(546 704)
Operating and administrative expenses	(76 838 698)	(19 911 658)	(8 506 504)	(20 164 227)	(8 688 429)	(18 652 926)	(152 762 442)
Profit for the period	990 404 572	1 274 728	1 814 403	(2 122 747)	1 720 558	224 944 823	1 218 036 338
Total assets	3 713 887 796	535 195 618	145 605 232	454 062 674	185 194 238	(311 170 313)	4 722 775 245
Total liabilities	534 336 535	340 009 239	104 008 858	343 500 197	116 031 692	(22 803 647)	1 415 082 874

For the period ended 30 June 2020	HISTORICAL COST						Total ZWL
	Zimbabwe ZWL	Malawi ZWL	Zambia ZWL	Mozambique ZWL	Botswana ZWL	eliminations ZWL	
Total insurance revenue	121 075 495	52 255 021	30 297 971	51 503 091	28 390 124	(4 587 884)	278 933 818
Total income	1 992 079 276	55 473 096	31 925 385	50 858 643	29 236 594	46 993 398	2 206 566 392
Total claims and expenses	(196 424 997)	(53 250 784)	(29 731 987)	(51 742 420)	(27 516 037)	(3 678 336)	(362 344 561)
Net benefits and claims	(101 390 650)	(14 689 419)	(6 561 060)	(9 425 042)	(6 956 795)	-	(139 022 966)
Commission and acquisition expenses	(29 027 006)	(18 649 707)	(14 664 423)	(22 153 152)	(11 870 813)	4 587 885	(91 777 216)
Property costs	25 477	-	-	-	-	-	25 477
Operating and administrative expenses	(66 032 818)	(19 911 658)	(8 506 504)	(20 164 226)	(8 688 429)	(8 266 221)	(131 569 856)
Profit for the period	1 737 932 438	1 274 728	1 814 403	(2 122 747)	1 720 558	129 734 213	1 870 353 593
Total assets	3 006 721 390	535 195 618	145 605 232	454 062 674	185 194 239	95 486 273	4 422 265 426
Total liabilities	510 074 192	340 009 239	104 008 858	343 500 197	116 031 692	(26 871 788)	1 386 752 390

For the period ended 30 June 2019	INFLATION ADJUSTED						Total ZWL
	Zimbabwe ZWL	Malawi ZWL	Zambia ZWL	Mozambique ZWL	Botswana ZWL	eliminations ZWL	
Total insurance revenue	166 388 685	61 576 221	28 156 487	58 606 385	34 740 026	(13 558 900)	335 908 904
Total income	853 929 088	66 054 753	31 493 171	67 833 073	35 976 809	(33 472 988)	1 021 813 906
Total claims and expenses	(177 614 844)	(73 277 612)	(38 128 194)	(56 052 823)	(35 792 686)	(5 854 181)	(386 720 340)
Net benefits and claims	(56 292 184)	(28 185 191)	(7 912 727)	(9 714 088)	(10 271 132)	-	(112 375 322)
Commission and acquisition expenses	(46 987 034)	(21 804 609)	(15 031 212)	(24 701 152)	(16 551 584)	13 558 900	(111 516 691)
Property costs	(5 947 373)	-	-	-	-	-	(5 947 373)
Operating and administrative expenses	(68 388 253)	(23 287 812)	(15 184 255)	(21 637 583)	(8 969 970)	(19 413 081)	(156 880 954)
Profit for the period	572 783 841	(5 660 848)	(6 675 590)	7 720 158	184 121	-	533 012 762
Total assets	2 584 809 562	366 782 842	127 374 887	288 177 312	134 107 806	(628 756 622)	2 872 495 787
Total liabilities	422 571 666	221 485 760	89 805 966	216 127 873	79 236 839	(81 185 341)	948 042 763

For the period ended 30 June 2019	HISTORICAL COST						Total ZWL
	Zimbabwe ZWL	Malawi ZWL	Zambia ZWL	Mozambique ZWL	Botswana ZWL	eliminations ZWL	
Total insurance revenue	14 246 090	7 353 987	3 362 701	6 999 303	4 148 967	(1 619 327)	34 491 721
Total income	143 765 015	7 888 854	3 761 198	8 101 237	4 296 675	(728 844)	167 084 135
Total claims and expenses	(16 416 316)	(8 751 472)	(4 553 613)	(6 694 333)	(4 274 685)	9 162	(40 681 257)
Net benefits and claims	(4 771 660)	(3 366 129)	(945 009)	(1 160 144)	(1 226 671)	-	(11 469 613)
Commission and acquisition expenses	(4 027 814)	(2 604 103)	(1 795 163)	(2 950 034)	(1 976 739)	1 619 326	(11 734 527)
Property costs	(322 514)	-	-	-	-	-	(322 514)
Operating and administrative expenses	(7 294 328)	(2 781 240)	(1 813 441)	(2 584 155)	(1 071 275)	(1 610 164)	(17 154 603)
Profit for the period	117 964 650	(676 070)	(797 259)	922 011	21 990	-	117 556 354
Total assets	744 402 463	139 991 708	48 615 763	109 989 971	51 176 234	(42 932 326)	1 051 243 813
Total liabilities	149 654 181	84 535 497	34 276 659	82 490 527	30 233 378	(36 749 730)	344 440 512

17 Going concern

The Group has adequate resources to continue operating for the foreseeable future. The Directors are satisfied that the Group is in a sound financial position and has access to facilities and resources which enable it to meet its foreseeable cash requirements. The Directors have therefore continued to adopt the going concern basis in preparing these interim financial statements.

18 Subsequent events

18.1 Shareholder transactions

At an Extra Ordinary General Meeting (EGM) held on 30 September 2020, the Directors proposed the following to the shareholders:

(a) Acquisition of 38 224 928 Fidelity Life Assurance of Zimbabwe Limited ("FLA") ordinary shares held by the National Social Security Authority ("NSSA"), constituting 35.09% of the entire issued ordinary share capital of FLA, through a share swap on the basis of 1 ZHL share for every 0.59 FLA shares held by NSSA in FLA. The transaction will result in FLA changing its status from an associate to a subsidiary of ZHL which will resultantly hold a controlling stake of 55.66% made up of its current 20.57% shareholding in FLA and the additional 35.09% acquired from NSSA.

In terms of the Companies and Other Business Entities Act ("COBE") (Chapter 24:31) and the ZSE Listing Requirements ZHL will be required to make an offer within 60 days of the approval of the acquisition of FLA to the remaining 44.34% shareholders on terms and conditions which are the same or better than those on which the FLA shares were acquired from NSSA.

(b) Acquisition of up to 613 166 867 Zimre Property Investments Limited ("ZPI") shares, constituting 35.7% of ZPI's issued ordinary shares currently held by non-controlling shareholders through an open market offer to be settled through the issuance of new ZHL shares on the basis of 1 ZHL ordinary share for every 2.78 ZPI ordinary shares held.

The transaction will result in ZPI becoming a wholly owned subsidiary of ZHL.

Both proposals were unanimously approved by the shareholders.

18.2 Trading on the Zimbabwe Stock Exchange

The suspension of trading on the Zimbabwe Stock Exchange ("ZSE") which was imposed on 28 June 2020 was lifted on 3 August following consultations between the Ministry of Finance and Economic Development and the ZSE. However, trading in the following three fungible counters in which the Group holds investments either directly or indirectly was still suspended:

Counter	Number of shares held	Price per share on last day of trading ZWL	Total value ZWL
Old Mutual	28 445	81.99	2 332 205
PPC Limited	332	7.95	2 639
Seedco International	320 102	29.95	9 587 055
			11 921 899

ZIMRE HOLDINGS LIMITED  
CONDENSED REVIEWED  
FINANCIAL RESULTS FOR THE  
HALF YEAR ENDED  
30 JUNE 2020





## Report on review of interim financial information

To the shareholders of Zimre Holdings Limited

### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Zimre Holdings Limited and its subsidiaries ("the Group") as at 30 June 2020 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for adverse conclusion

The audit report issued on the consolidated financial statements for the year ended 31 December 2019 included the following matters, which resulted in an adverse audit opinion being issued. These matters affect the comparability of the current period balances to those of the prior period:

- In order to comply with legislation, Real Time Gross Settlement ("RTGS") transactions conducted between 1 January 2019 and 22 February 2019 were translated at parity with the United States Dollar ("US\$), rather than an appropriate exchange rate in terms of International Accounting Standard ("IAS") 21, 'The effects of changes in foreign exchange rates'. Furthermore, the Group changed their functional currency on 22 February 2019 to comply with legislation, which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018.
- As a result of the non-compliance with IAS 21, the historical amounts that were used in the calculation of inflation adjusted amounts in accordance with IAS 29, 'Financial reporting in hyperinflationary economies' were misstated, resulting in misstatements to the inflation adjusted amounts.
- Market evidence for the capitalisation rates in the Zimbabwe dollar ("ZWL") did not exist for purposes of the valuation of commercial and industrial properties using the income capitalisation method. For residential properties and land, in order to determine the ZWL values of the investment property at 30 June 2020, US\$ inputs were used and then translated into ZWL using the closing interbank exchange rate.

As described in note 2.1 of the condensed consolidated interim financial information, the historical cost amounts of property and equipment and inventories acquired before 22 February 2019 are reflected at parity

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with the US\$, which is not considered an appropriate exchange rate in accordance with IAS 21. As a result of this, the inflation adjusted amounts relating to property and equipment and inventories, accounted for in accordance with IAS 29, are also misstated.

Furthermore, the Group performed a valuation of investment properties as at 30 June 2020. Valuations rely on observable and sufficiently frequent historical transactional market evidence. Monetary policy changes, specifically Statutory Instrument 142 of 2019, which introduced the Zimbabwe dollar (“ZWL”) as the sole legal tender effective 24 June 2019, resulted in a limited period for observable transactional evidence.

Market evidence for capitalisation rates in ZWL was limited as at 30 June 2020 for purposes of the valuation of commercial and industrial properties using the income capitalisation method. For residential properties and land, in order to determine the ZWL values of the investment properties as at 30 June 2020, US\$ inputs were used and then translated into ZWL using the closing interbank exchange rate. The application of a conversion rate to US\$ valuation inputs to calculate ZWL property values is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading. In addition the interbank exchange rate is not considered an appropriate spot rate for translation as required by IAS 21.

In addition, foreign denominated transactions and balances were translated using the interbank exchange rate which is not considered an appropriate spot rate for translation as required by IAS 21.

It was not practicable to quantify the financial effects of this matter on the consolidated financial statements.

#### **Adverse conclusion**

Our review indicates that because of the significance of the effects on the condensed consolidated interim financial information of the matters described in the preceding paragraphs, the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with ‘International Accounting Standard 34, “Interim financial reporting”’.

#### **Other matter**

The comparative information for the statement of financial position is based on the audited financial statements as at 31 December 2019. The comparative information for the statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2020 has not been audited or reviewed.

*PricewaterhouseCoopers*

Evangelista Ravasingadi  
Registered Public Auditor  
Public Accountants and Auditors Board, Public Auditor Registration Number 0391  
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253514  
Partner for and on behalf of  
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

21 October 2020  
Harare, Zimbabwe