

# FIRST MUTUAL

HOLDINGS LIMITED

Go Beyond

LIFE | HEALTH | INSURANCE | REINSURANCE | SAVINGS | PROPERTY

## FMHL SHORT FORM FINANCIAL STATEMENTS 31 DECEMBER 2022

### SHORT-FORM FINANCIAL RESULTS

This short form financial announcement is the responsibility of the Directors which has been issued in terms of the Zimbabwe Stock Exchange (ZSE) Practice note 13. This announcement is only a summary of the information contained in the full preliminary report of the abridged consolidated financial statements for the year ended 31 December 2022. Any investment decision by investors and/or shareholders should be based on consideration of the preliminary report of the abridged consolidated financial results for the year ended 31 December 2022. The abridged consolidated financial statements have been released on the ZSE Data Portal: [www.zse.co.zw](http://www.zse.co.zw) and the Company's website: <https://firstmutualholdingsinvestor.com/>. The full preliminary report is available for inspection, at no charge, at the registered offices of First Mutual Holdings Limited at the office of the Company Secretary on working days between 8:00am and 4:30pm.

### Comprehensive Income highlights

	Inflation adjusted – Audited		Growth	Historical cost – Unaudited		Growth
	31-Dec-22 ZWL million	31-Dec-21 ZWL million		31-Dec-23 ZWL million	31-Dec-22 ZWL million	
Gross Premium Written	76,635	49,368	55%	55,106	11,407	383%
Net Premium Earned	59,391	37,669	58%	39,790	8,538	366%
Rental income	2,717	2,062	32%	2,120	480	342%
Net Investment return	(8,723)	8,634	(201%)	8,692	3,853	126%
Fair value gains-investment property	34,117	24,465	39%	89,044	12,942	588%
Profit after tax	23,873	10,910	119%	50,854	7,306	596%
Market Price per share (Cents)	25.60	20.00		25.60	20.00	
Basic Earnings per Share (Cents)	1,849	1,148		3,575	548	

### Financial position highlights

	Inflation adjusted – Audited		Growth	Historical cost – Unaudited		Growth
	31-Dec-23 ZWL million	31-Dec-22 ZWL million		31-Dec-23 ZWL million	31-Dec-22 ZWL million	
Total assets	167,522	123,594	36%	164,633	35,211	368%
Total equity	67,172	46,261	45%	65,256	13,820	372%
Total Liabilities	100,350	77,332	30%	99,378	21,392	365%

### OPERATIONS REVIEW

During the period under review, Gross Premium Written ("GPW"), at \$76.6 billion, grew by 55% in inflation adjusted terms and amounted to \$55.2 billion in historical cost terms, reflecting a 383% increase. The growth compared to the same period in prior year arose from the revaluation of insurance policy values to match inflation and exchange rate movements to ensure adequate cover for clients. There was also an increase in the proportion of the USD business being written by the Group, which constituted 57% of the total premium written compared to 51% in the prior year.

### Rental Income and Investment return

The rental income grew by 32% to \$2.7 billion in inflation adjusted terms and 341% to \$2.1 billion in historical cost terms compared to the comparative period. The increase compared to the prior year is due to a combination of the migration to USD leases as well as indexing rentals to market exchange rates. The Group incurred an investment loss of \$8.7 billion loss which declined by 201% from an investment income position in the prior period in inflation adjusted terms. The decline in inflation adjusted terms was a result of the lower than inflation growth on the ZSE, particularly following the introduction of measures by the Government to support the local currency and curb speculative behaviour. These measures included a steep rise in interest rates and a 40% capital gains tax on share sales within 270 days from original purchase date.

### Profit for the period.

The Group achieved an overall profit for the period of \$23.9 billion which was 119% higher than prior year in an inflation adjusted terms and grew by 596% to \$50.9 billion in historical cost terms. The increase in both the inflation adjusted and historical cost terms is mainly attributable to the rise in gross premium income, rental income, fair value gains on investment properties and an increase in foreign exchange gains.

### Statement of financial position

The Group's total assets grew by 36% to \$167.5 billion in inflation adjusted terms and 368% in historical terms to \$164.6 billion in historical cost terms compared to 31 December 2021. The growth in both inflation adjusted, and historical cost terms was mainly driven by increases in net fair value adjustments on investment properties and current assets including cash and balances with banks. The growth in cash and balances with banks was partly due to currency depreciation as 75% (2021- 88%) was in United States dollars. These grew by 59% to \$16.7 billion in inflation adjusted terms and 446% in historical cost terms.

In recent periods, the investment properties have witnessed significant growth in Zimbabwe dollar values, and this was the case for the period under review. The ZWL has seen continual decline in comparison to the USD which has had an impact in the forward-looking information utilised in the valuations by property experts, hence the net fair value gains of \$34.1 billion in inflation adjusted terms and \$89.1 billion in historical cost. The total value grew by 44% compared to last year in inflation adjusted terms and 395% in historical cost terms.

### Dividend

On 21 March 2023 the Board resolved that final dividend of \$280.2 million (which is made up of ZWL146.3 million and USD146,344) be declared from profits of the Company for the year ended 31 December 2022 in addition to the USD109,758 and ZWL73.2 million paid as an interim dividend. The dividend was paid on 19 May 2023 to all shareholders of the company registered at close of business on 12 May 2023.





CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	Note	AUDITED	AUDITED	UNAUDITED	UNAUDITED	AUDITED	AUDITED	UNAUDITED	UNAUDITED
		GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
ASSETS		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Property, plant and equipment	5	2 347 995	1 649 427	708 321	140 853	21 396	23 313	2 861	2 210
Investment property	6	111 434 931	77 423 908	111 434 931	22 506 950	1 180 800	-	1 180 800	-
Right of use of assets - IFRS 16	7	47 789	48 046	47 789	13 967	347 904	200 518	102 449	23 124
Goodwill		151 362	83 604	151 362	24 304	-	-	-	-
Other intangible assets		43 880	57 396	6 756	3 668	-	-	-	-
Investment in subsidiaries	8	-	-	-	-	34 052 317	24 964 752	31 824 110	7 672 516
Investment in associates		1 613 387	1 214 591	1 061 625	213 844	23 589	20 526	7 207	4 144
Financial assets:									
- Equity securities at fair value through profit or loss	9	17 672 807	21 099 593	17 672 807	6 133 603	534 135	1 069 052	534 135	310 771
- Debt securities at amortised cost	10	2 514 366	642 096	2 514 366	186 656	53 922	81 304	53 922	23 635
Investment in Gold coins		276 612	-	276 612	-	-	-	-	-
Deferred acquisition costs		1 327 101	837 051	976 172	162 030	-	-	-	-
Deferred tax asset		736 564	370 007	702 885	103 318	-	-	-	-
Non current assets held for sale		38 400	-	38 400	-	-	-	-	-
Income tax asset		11 650	-	11 650	-	-	-	-	-
Inventory		334 559	150 617	170 619	30 366	12 377	9 203	1 970	454
Insurance, tenant and other receivables	11	12 298 352	9 513 153	12 186 300	2 637 946	246 097	404 585	246 097	117 612
Cash and cash equivalents	12	16 672 649	10 505 204	16 672 649	3 053 838	126 022	165 099	126 022	47 994
TOTAL ASSETS		167 522 404	123 594 693	164 633 245	35 211 344	36 598 559	26 938 348	34 079 573	8 202 460
EQUITY AND LIABILITIES									
Equity attributable to equity holders of the parent									
Share capital		414 347	414 347	54 878	54 878	414 347	414 348	54 878	54 878
Share premium		8 309 533	8 309 533	39 417	39 417	8 309 533	8 309 533	39 417	39 417
Non-distributable reserves		( 791 024)	2 572 469	2 589 860	489 882	147 573	147 573	345	345
Retained profits		27 535 900	14 360 051	32 966 421	7 251 614	27 144 309	17 483 971	33 402 136	7 938 367
Total equity attributable to equity holders of the parent		35 468 756	25 656 400	35 650 576	7 835 791	36 015 762	26 355 423	33 496 776	8 033 007
Non-controlling interests		31 703 367	20 605 493	29 605 008	5 983 667	-	-	-	-
Total equity		67 172 123	46 261 893	65 255 584	13 819 458	36 015 762	26 355 423	33 496 776	8 033 007
Liabilities									
Life insurance contracts with and without DPF and investment contracts with DPF liabilities	13	49 413 258	37 630 196	49 413 258	10 939 010	-	-	-	-
Investment contract liabilities without DPF	14	3 240 398	5 777 096	3 240 398	1 679 388	-	-	-	-
Shareholder risk reserves	15	304 754	-	304 754	-	-	-	-	-
Member assistance fund		9 041	31 100	9 041	9 041	-	-	-	-
Borrowings		1 680 523	573 522	1 680 523	166 721	-	-	-	-
Put option liability	19	3 221 553	1 954 261	3 221 553	568 099	-	-	-	-
Lease liability - IFRS 16	7	124 384	51 722	124 384	15 036	255 322	104 266	255 322	30 310
Insurance contract liabilities - short term	16	20 581 015	15 228 978	19 525 750	3 357 032	-	-	-	-
Insurance liabilities - life assurance		334 313	374 097	334 313	108 749	-	-	-	-
Share based payment liabilities		217 205	917 516	217 205	266 720	70 218	329 693	70 218	95 839
Other payables	17	5 376 977	2 653 896	5 262 263	770 254	257 257	148 966	257 257	43 304
Regulatory Provision		670 074 454	540 709 786	670 074 454	157 294 473	-	-	-	-
Deferred tax	18	14 773 697	11 268 557	14 971 056	3 258 278	-	-	-	-
Current income tax liabilities		403 090	331 149	403 090	96 264	-	-	-	-
Total liabilities		100 350 281	77 332 800	99 377 661	21 391 886	582 924	585 587	582 797	169 453
TOTAL EQUITY AND LIABILITIES		167 522 404	123 594 693	164 633 245	35 211 344	36 598 559	26 938 348	34 079 573	8 202 460

The historical cost information has been shown as supplementary information for the benefit of users. This information does not comply with the 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 this historic financial information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		AUDITED	AUDITED	UNAUDITED	UNAUDITED
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
		ZWL000	ZWL000	ZWL000	ZWL000
Gross premium written	20	76 635 262	49 367 655	55 106 064	11 407 035
Reinsurance	20	( 17 857 492)	( 10 748 884)	( 13 319 429)	( 2 489 181)
Net premium written		58 777 770	38 618 771	41 786 635	8 917 854
Unearned premium reserve		613 633	( 949 490)	( 1 996 409)	( 379 226)
Net premium earned		59 391 403	37 669 281	39 790 226	8 538 628
Rental income		2 717 705	2 062 419	2 120 545	480 100
Fair value adjustments - investment property		34 116 870	24 465 239	89 043 619	12 942 135
Net investment income	21	( 8 722 804)	8 634 069	8 692 297	3 852 705
Interest income from investments	21	1 427 712	219 683	704 915	57 556
Interest income from microfinance		724 767	386 377	504 012	92 960
Fee income:					
- Insurance contracts		1 037 366	1 550 646	827 974	324 142
- Investment contracts		67 796	46 168	66 530	10 968
Other income		1 739 021	814 396	1 141 899	158 690
Foreign currency exchange gain/(loss)		5 831 923	876 301	4 329 342	204 516
Monetary loss - IAS29		( 927 348)	( 2 970 171)	-	-
Total income		97 404 410	73 754 408	147 221 359	26 662 400
EXPENDITURE					
Pension benefits	22	( 1 463 562)	( 1 291 525)	( 1 202 530)	( 310 010)
Insurance claims and loss adjustment expenses	22	( 33 649 408)	( 23 558 279)	( 24 566 244)	( 5 458 563)
Insurance claims and loss adjustment expenses recovered from reinsurers	22	2 330 272	2 446 743	1 807 524	594 827
Net insurance benefits and claims	22	( 32 782 698)	( 22 403 061)	( 23 961 250)	( 5 173 746)
Movement in insurance contract liabilities		( 11 783 062)	( 12 741 323)	( 38 681 744)	( 6 445 136)
Movement in shareholder risk reserve		408 537	-	( 97 258)	-
Investment loss on investment contract liabilities		598 933	( 3 615 232)	( 1 561 010)	( 1 223 438)
Interest expenses from microfinance		( 273 622)	( 141 786)	( 187 086)	( 34 842)
Acquisition of insurance and investment contracts expenses		( 5 005 516)	( 3 313 674)	( 3 554 657)	( 777 361)
Administration expenses		( 19 612 036)	( 14 056 371)	( 14 917 425)	( 3 158 796)
Regulatory Provision		( 129 365)	( 540 710)	( 512 780)	( 157 294)
Finance cost		( 18 025)	( 5 536)	( 11 731)	( 1 322)
Total expenditure		( 69 356 412)	( 57 440 863)	( 84 244 499)	( 17 153 089)
Profit before share of (loss)/profit of associate		28 047 998	16 313 545	62 976 860	9 509 311
Share of (loss)/profit of associate		( 96 646)	13 211	( 33 039)	33 647
Profit before income tax		27 951 352	16 326 756	62 943 821	9 542 958
Income tax expense		( 4 078 014)	( 5 416 379)	( 12 089 867)	( 2 237 306)
Profit for the period		23 873 338	10 910 377	50 853 954	7 305 652
Other comprehensive income/(loss)					
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent period					
Exchange gain/(loss) on translating foreign operations		( 1 099 985)	( 628 496)	3 511 436	( 44 246)
Share of other comprehensive income		321 898	49 224	135 723	14 309
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods		( 787 087)	( 579 272)	3 647 159	( 29 937)
Total comprehensive profit for the period		23 086 251	10 331 105	54 501 113	7 275 715
Profit attributable to:					
Non-controlling interest		10 442 557	2 571 391	24 888 911	3 324 864
Equity holders of the parent		13 430 781	8 338 986	25 965 043	3 980 788
Profit for the period		23 873 338	10 910 377	50 853 954	7 305 652
Comprehensive income attributable to:					
Non-controlling interest		10 282 697	2 611 717	23 827 114	3 355 951
Equity holders of the parent		12 803 554	7 719 388	30 674 999	3 919 764
Total comprehensive income for the period		23 086 251	10 331 105	54 501 113	7 275 715
Basic earnings per share (cents)		1 849	1 148	3 575	548
Diluted earnings per share (cents)		1 849	1 147	3 775	547
Headline earnings per share (cents)		1 906	1 174	3 649	565
Diluted headline earnings per share (cents)		1 906	1 172	3 649	564

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	ZWL000	ZWL000	ZWL000	ZWL000
Profit before income tax	27 951 352	16 326 756	62 943 821	9 542 958
Total non- cash and separately disclosed items	( 14 035 420)	( 11 819 076)	( 53 753 099)	( 8 205 144)
Operating cash flows before working capital changes	13 915 932	4 507 680	9 190 722	1 337 814
Working capital changes	4 478 608	( 2 103 354)	4 799 693	( 313 318)
Cash generated from operations	18 394 540	2 404 326	13 990 415	1 024 496
Finance costs on lease liability	( 18 025)	( 5 536)	( 11 731)	( 1 321)
Cash settled share based payments	( 123 880)	( 509 457)	( 121 451)	( 136 224)
Interest received	1 427 712	219 683	704 915	57 556
Interest paid	( 194 757)	( 48 354)	( 126 373)	( 14 056)
Tax paid	( 1 319 783)	( 135 294)	( 727 153)	( 30 488)
Net cash flows generated from operating activities	18 165 808	1 923 368	13 708 622	899 963
Net cash flow generated from/(used in) investing activities	( 9 120 435)	748 793	( 5 015 145)	156 902
Net cash flow used in financing activities	878 947	454 567	903 324	100 259
Net increase in cash and cash equivalents	9 924 320	3 128 728	9 596 801	1 157 124
Cash and cash equivalents at the beginning of the year	10 505 204	9 190 475	3 053 840	1 659 410
Effects of exchange rate changes on cash and cash equivalents	7 193 162	( 2 143 188)	4 022 010	237 304
Effects of inflation on cash and cash equivalents	( 10 950 037)	329 189	-	-
Cash and cash equivalents at the end of the period	16 672 649	10 505 204	16 672 649	3 053 838

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 DECEMBER 2022

INFLATION ADJUSTED

	Share capital	Share premium reserves	Non-distributable reserves	Retained earnings	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
As at 1 January 2021	153 939	8 309 533	3 284 959	6 370 868	18 119 299	18 096 375	36 215 674
Profit for the year	-	-	-	8 338 986	8 338 986	2 571 391	10 910 377
Other comprehensive (loss)/income	-	-	( 619 598)	-	( 619 598)	40 326	( 579 272)
Total comprehensive (loss)/income	-	-	( 619 598)	8 338 986	7 719 388	2 611 717	10 331 105
Transactions with shareholders in their capacity as owners							
Issue of shares	260 408	-	( 40 360)	739	220 787	-	220 787
- share options	39 621	-	( 40 360)	739	-	-	-
Issue of shares	220 787	-	-	-	220 787	-	220 787
Issue of Diamond Seguros shares to non-controlling interest	-	-	-	-	-	24 171	24 171
Acquisition of non-controlling interest in Diamond Seguros	-	-	50 623	17 207	67 830	( 67 830)	-
Acquisition of FMRE Holdings shares by non-controlling interest	-	-	( 103 156)	-	( 103 156)	-	( 103 156)
Dividend declared and paid	-	-	-	( 367 749)	( 367 749)	( 58 940)	( 426 689)
As at 30 December 2021	414 347	8 309 533	2 572 469	14 360 051	25 656 400	20 605 493	46 261 893

As at 1 January 2022	414 347	8 309 533	2 572 469	14 360 051	25 656 400	20 605 493	46 261 893
Profit for the year	-	-	-	13 430 781	13 430 781	10 442 557	23 873 338
Other comprehensive income	-	-	( 1 273 613)	-	( 1 273 613)	486 526	( 787 087)
Total comprehensive income	-	-	( 1 273 613)	13 430 781	12 157 168	10 929 083	23 086 251

Transactions with shareholders in their capacity as owners							
FMP redemption of shares	-	-	-	-	-	9 358	9 358
Share Options	-	-	( 118 207)	118 207	-	-	-
FMP treasury shares	-	-	57	16 508	16 565	( 16 565)	-
Remeasurement of Put option liability	-	-	( 1 971 730)	-	( 1 971 730)	-	( 1 971 730)
Reclassification of NCI to put option	-	-	-	-	-	362 506	362 506
Dividend declared and paid	-	-	-	( 389 647)	( 389 647)	( 186 508)	( 576 155)
As at 31 December 2022	414 347	8 309 533	( 791 024)	27 535 900	35 468 756	31 703 367	67 172 123

HISTORICAL COST - UNAUDITED

	Share capital	Share premium reserves	Non-distributable reserves	Retained profits	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
As at 1 January 2021	727	39 417	569 159	3 352 409	3 961 713	2 653 035	6 614 748
Profit for the year	-	-	-	3 980 788	3 980 788	3 324 864	7305 652
Other comprehensive (loss)/income	-	-	( 61 025)	-	( 61 025)	31 087	( 29 937)
Total comprehensive (loss)/income	-	-	( 61 025)	3 980 788	2 919 763	3 355 952	7 275 715
Transactions with shareholders in their capacity as owners							
Issue of shares	54 151	-	( 223)	7	53 935	-	53 935
- share options	216	-	( 223)	7	-	-	-
- issue of shares	53 935	-	-	-	53 935	-	53 935
Issue of Diamond Seguros shares to non-controlling interest	-	-	-	-	-	5 092	5 092
Acquisition of non-controlling interest in Diamond Seguros	-	-	11 958	4 466	16 424	( 16 424)	-
Acquisition FMRE Holdings shares by non-controlling interest	-	-	( 29 988)	-	( 29 988)	-	( 29 988)
Dividend declared and paid	-	-	-	( 86 056)	( 86 056)	( 13 988)	( 100 044)
As at 30 December 2021	54 878	39 417	489 882	7 251 614	7 835 791	5 983 667	13 819 458

As at 1 January 2022	54 878	39 417	489 882	7 251 614	7 835 791	5 983 667	13 819 459
Profit for the year	-	-	-	25 965 044	25 965 044	24 888 911	50 888 955
Other comprehensive income	-	-	4 071 771	-	4 071 771	( 424 611)	3 647 160
Total comprehensive income	-	-	4 071 771	25 965 044	30 036 815	24 464 300	54 501 115

Transactions with shareholders in their capacity as owners							
FMP redemption of shares	-	-	53	15 527	15 580	5 153	5 153
FMP treasury shares	-	-	-	-	-	( 15 580)	-
Reclassification of NCI to put option liability	-	-	-	-	-	( 681 724)	( 681 724)
Remeasurement of Put option liability	-	-	( 1 971 730)	-	( 1 971 730)	-	( 1 971 730)
Dividend declared and paid	-	-	-	( 265 880)	( 265 880)	( 150 808)	( 416 688)
As at 31 December 2022	54 878	39 417	2 589 860	32 966 421	35 650 576	29 605 008	65 255 584

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Corporate information

The main business of First Mutual Holdings Limited (“the Company”) and its subsidiaries (together the “Group”) is that of provision of life and funeral assurance, health insurance, short term insurance, reinsurance, property management and development, wealth management, micro lending, funeral services and health services. First Mutual Holdings Limited is a public company, incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange.

The ultimate parent of the Company is National Social Security Authority (“NSSA”) which owns 65.47% (2021: 65.53%) directly and an additional 7.10% (2021: 7.10%) indirectly through Capital Bank Limited (under liquidation). NSSA owns 84% (2021: 84%) of Capital Bank Limited. The registered office is located at Second Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

The consolidated historical and inflation adjusted financial statements of the Company and the Group for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors at a meeting held on 21 March 2023.

Abridged Audited Financial Results  
For the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

2.1 Statement of compliance

The Group’s Abridged financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting”, as issued by the International Accounting Standards Board (“IASB”), International Financial Reporting Committee Interpretations (“IFRIC”) as issued by the International Financial Reporting Interpretations Committee (“IFRS IC”) and in a manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31). The financial statements are based on statutory records that are maintained under the historical cost convention except for investment properties measured in terms of International Accounting Standard (“IAS”) 40, equity securities at fair value through profit or loss and investment contract liabilities measured in terms of International Financial Reporting Standard (“IFRS”) 9 and insurance contract liabilities Measured in terms IFRS 4 that have been measured on a fair value basis. For the purpose of fair presentation in accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies”, this historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group and Company and historical information is supplementary.

2.2 Accounting policies

The accounting policies applied in the audited financial results are consistent with the accounting policies in the prior year financial statements.

2.3 Inflation adjusted

IAS 29 requires that 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 previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the month-on-month consumer price index (“CPI”) prepared by the Zimbabwe Statistical Agency. The conversion factors used to restate the financial statements at 31 December 2022 are as follows:

Date	CPI	Conversion factor
31 December 2021	3 977.50	3.44
31 December 2022	13 673.91	1

All items in the income statements are restated by applying the relevant monthly conversion factors.

3 Functional and presentation currency

a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in the ZWL which is the Company and the Group’s functional and presentation currency.

b) Currency developments in Zimbabwe

On 20 February 2019, the Reserve Bank of Zimbabwe (“RBZ”) Governor announced a new Monetary Policy Statement (“MPS”) whose highlights were:

- Denomination of Real Time Gross Settlement (“RTGS”) balances, bond notes and coins collectively as RTGS dollars (“RTGS\$”). RTGS\$ become part of the multi-currency system.
- RTGS\$ to be used by all entities (including government) and individuals in Zimbabwe for purposes of pricing of goods and services, record debts, accounting and settlement of domestic transactions.
- Establishment of an inter-bank foreign exchange market where the exchange rate will be determined by market forces. The interbank market opened trading at a rate of USD1 to RTGS\$ 2.5

The MPS announcement was followed by the publication of Statutory Instrument (“SI”) 33 of 2019 on 22 February 2019. The SI gave effect to the Introduction of the RTGS\$ as legal tender and prescribed that “for accounting and other purposes” certain assets and liabilities and the effective date would be deemed to be RTGS\$ at a rate of 1:1 to the USD and would become opening RTGS\$ values from the effective date.

On 24 June 2019 another SI 142 was issued resulting in the abolishment of the multi-currency regime and introducing the ZWL as a mono-currency or sole tender. The ZWL was introduced at par with the RTGS\$.

On 26 March 2020, in response to the COVID-19 induced national lockdown, the RBZ announced the authorisation of the use of free funds in payment of goods or services. In the same announcement, the interbank foreign exchange was fixed at USD1:ZWL25.

On 23 June 2020, the RBZ introduced Dutch foreign exchange auction system, resulting in the free float of the exchange rate. The quoted exchange rates is determined as a weighted average of the bids on the auction.

On 24 July 2020, the Government of Zimbabwe issued SI 185 of 2020 which granted permission to providers of goods and services to display dual prices, in ZWL and USD.

On 4 April 2022, the Central Bank advised of the introduction of the Willing Buyer Willing Seller rate (WBWS) also known as the interbank rate per the Monetary Policy Committee meeting of 1 April 2022. Transactions were initially capped at US\$1 000 per day. This was further revised on 7 May 2022 to an effective maximum of US\$10 000 per week per individual. The WBWS market has seen the introduction of a second official foreign exchange market. The rate has been adopted for official transactions such as payment of duty and liquidation of surrender portions for exporters. From the onset, the WBWS determined exchange rates have seen the narrowing of the spread between the official and parallel market rates. On 27 June 2022, the government of Zimbabwe through the Ministry of Finance announced new measures to help curb the continual rise in inflation and bring in economic stability. These included legalising the use of the USD as the legal tender for the next five years till 2025. This announcement was passed as law on 28 June 2022, through Statutory Instrument 118A of 2022 (S.I 118A of 2022). The S.I noted that the pricing of goods and services should not be done at a ZWL to the USD rate that is in excess of 10% of the interbank rate as set by the government.

4 Audit opinion

The Group and Company inflation-adjusted financial statements for the year ended 31 December 2022 from which these abridged financial statements have been extracted, were audited by the Group’s external auditors, Ernst & Young Chartered Accountants (Zimbabwe).

The auditors have issued a qualified opinion as a result of the impact of the prior period non-compliance with the requirements of International Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, and the consequential impact of applying International Accounting standard 29 “Financial Reporting in Hyperinflationary Economies” on incorrect base numbers. The audit report also includes key audit matters with regards valuation of investment properties and valuation of Insurance contract liabilities

The auditor’s opinion on the Group’s consolidated inflation-adjusted financial statements is available for inspection at the Company’s registered office.

The engagement partner responsible for this audit is Mr Fungai Kuipa. (PAAB Practicing Certificate Number 0335)



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

	INFLATION ADJUSTED		HISTORICAL		INFLATION ADJUSTED		HISTORICAL	
	AUDITED GROUP 31-Dec-22 ZWL000	AUDITED GROUP 31-Dec-21 ZWL000	UNAUDITED GROUP 31-Dec-22 ZWL000	UNAUDITED GROUP 31-Dec-21 ZWL000	AUDITED COMPANY 31-Dec-22 ZWL000	AUDITED COMPANY 31-Dec-21 ZWL000	UNAUDITED COMPANY 31-Dec-22 ZWL000	UNAUDITED COMPANY 31-Dec-21 ZWL000
5 Property, vehides and equipment								
At 1 January	1 649 427	1 593 333	140 853	55 827	23 313	16 417	2 210	169
Additions	1 108 834	363 419	610 928	96 365	1 109	8 972	747	2 082
Disposals	(6 243)	(111 755)	(887)	(7 574)	-	-	-	(74)
Depredation charge and disposal	(404 023)	(195 570)	(42 573)	(3 765)	(3 026)	(2 076)	(96)	33
Closing balance	2 347 995	1 649 427	708 321	140 853	21 396	23 313	2 861	2 210
6 Investment property								
At 1 January	77 423 908	52 886 479	22 506 950	9 549 054	-	-	-	-
Additions	150 263	72 190	82 790	15 761	1 686 397	-	1 074 138	-
Disposal or transfer to Subsidiaries	(217 710)	-	(160 028)	-	(293 760)	-	(272 000)	-
Transfer to Non-current asset held for sale	(38 400)	-	(38 400)	-	-	-	-	-
Fair value adjustments	34 116 870	24 465 239	89 043 619	12 942 135	(211 837)	-	378 662	-
Closing balance	111 434 931	77 423 908	111 434 931	22 506 950	1 180 800	-	1 180 800	-
The Group's fair values of its investment properties are based on valuations performed by Knight Frank Zimbabwe an accredited independent valuer. Knight Frank is a specialist in valuing these types of investment properties and has recent experience in the location and category of the investment properties being valued. The valuations are based upon assumptions on future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Where the market information is available, the valuers make use of market information from transactions of similar properties . Significant judgements were applied as at 31 December 2022 as a result of the uncertainties resulting from the hyperinflationary economic environment, currency shifts, excessive market volatility and lack of recent transactions conducted in ZWL.								
7 Leases								
Right of use assets								
As at 1 January	48 046	98 426	13 967	17 772	200 517	131 289	23 124	2 809
Addition	70 708	-	38 957	-	-	-	-	-
Modification	-	-	-	-	226 050	123 889	102 490	26 619
Depredation charge for the year	(30 886)	(27 971)	(17 017)	(5 050)	(78 663)	(54 660)	(23 165)	(6 304)
Exchange rate effects	(40 079)	(22 409)	11 882	1 245	-	-	-	-
Closing balance	47 789	48 046	47 789	13 967	347 904	200 518	102 449	23 124
Lease liability								
Current	1 713	9 147	1 713	1 654	4 295	9 307	4 295	1 683
Non-current	122 671	42 575	122 671	13 382	251 027	94 959	251 027	28 627
Closing balance	124 384	51 722	124 384	15 036	255 322	104 266	255 322	30 310
8 Investment in subsidiaries								
First Mutual Microfinance (Private) Limited	-	-	-	-	157 859	78 176	104 603	10 409
First Mutual Life Assurance Company (Private) Limited	-	-	-	-	19 033 206	13 072 213	18 206 148	3 464 343
First Mutual Health Company (Private) Limited	-	-	-	-	5 032 404	3 505 681	4 427 245	960 999
First Mutual Reinsurance Company (Private) Limited	-	-	-	-	868 373	2 020 828	927 000	595 114
FMRE Property & Casualty (Proprietary) Limited	-	-	-	-	1 944 458	1 728 689	1 944 458	576 820
First Mutual Wealth Management (Private) Limited	-	-	-	-	231 509	224 088	213 764	58 563
NicozDiamond Insurance Limited	-	-	-	-	6 784 508	3 549 008	6 000 892	1 759 011
Total	-	-	-	-	34 052 317	24 178 683	31 824 110	7 425 259
9 Financial assets at fair value through profit or loss								
At 1 January	21 099 593	11 792 310	6 133 603	2 129 191	1 069 054	625 976	310 771	113 025
Purchases	4 251 429	1 222 696	2 342 385	275 532	1 958	-	1 349	-
Disposals	(288 162)	(1 667 995)	(158 767)	(375 878)	(47 549)	(199 495)	(23 605)	(54 068)
Fair value gain on unquoted investments	305 712	485 506	2 066 947	312 376	-	-	-	-
Fair value (loss)/gain on quoted equities	(7 695 765)	9 267 076	7 288 639	3 792 382	(489 328)	642 571	245 620	251 814
Closing balance	17 672 807	21 099 593	17 672 807	6 133 603	534 135	1 069 052	534 135	310 771
10 Debt securities at amortised cost								
At 1 January	642 096	456 707	186 656	82 462	81 304	-	23 635	-
Purchases	4 402 465	530 804	2 425 600	119 615	41 670	91 338	37 540	23 635
Maturities	(177 671)	(68 433)	(97 890)	(15 421)	(13 702)	-	(7 253)	-
Monetary loss adjustment	(2 352 524)	(276 982)	-	-	(55 350)	(10 034)	-	-
Closing balance	2 514 366	642 096	2 514 366	186 656	53 922	81 304	53 922	23 635
11 Insurance, tenant and other receivables								
Insurance receivables	7 898 519	4 422 052	7 898 519	1 285 480	-	-	-	-
Tenant receivables	493 841	309 978	493 841	90 110	-	-	-	-
Amounts due from Group companies	-	-	-	-	115 998	74 124	115 998	13 404
Other receivables	3 905 992	4 781 123	3 793 940	1 262 356	130 099	330 461	130 099	104 208
Total	12 298 352	9 513 153	12 186 300	2 637 946	246 097	404 585	246 097	117 612
12 Cash and balances with banks								
Money market investments with original maturities less than 90 days	8 733 508	3 655 202	8 733 508	1 062 559	106 708	835	106 708	151
Cash at bank and on hand	7 939 141	6 850 002	7 939 141	1 991 279	19 314	164 264	19 314	47 843
Cash and balances with banks	16 672 649	10 505 204	16 672 649	3 053 838	126 022	165 099	126 022	47 994
13 Life insurance contracts and investment contracts with Discretionary Participating Features ("DPF") liabilities								
At 1 January	37 630 196	24 888 873	10 939 010	4 493 874	-	-	-	-
Movement for the year	11 783 061	12 741 323	38 474 247	6 445 136	-	-	-	-
Closing balance	49 413 257	37 630 196	49 413 257	10 939 010	-	-	-	-

Abridged Audited Financial Results  
For the year ended 31 December 2022

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2022

	INFLATION ADJUSTED		HISTORICAL		INFLATION ADJUSTED		HISTORICAL	
	AUDITED GROUP 31-Dec-22 ZWL000	AUDITED GROUP 31-Dec-21 ZWL000	UNAUDITED GROUP 31-Dec-22 ZWL000	UNAUDITED GROUP 31-Dec-21 ZWL000	AUDITED COMPANY 31-Dec-22 ZWL000	AUDITED COMPANY 31-Dec-21 ZWL000	UNAUDITED COMPANY 31-Dec-22 ZWL000	UNAUDITED COMPANY 31-Dec-21 ZWL000
14 Investment contract liabilities without DPF								
At 1 January	5 777 096	2 585 982	1 679 388	466 919	-	-	-	-
Movement for the year	(2 536 698)	3 191 114	1 561 010	1 212 470	-	-	-	-
Closing balance	3 240 398	5 777 096	3 240 398	1 679 388	-	-	-	-
15 Shareholder risk reserve								
At 1 January	-	-	-	-	-	-	-	-
Movement for the year	304 754	-	304 754	-	-	-	-	-
Closing balance	304 754	-	304 754	-	-	-	-	-
16 Insurance contract liabilities - short term								
Outstanding claims	3 311 076	2 371 283	3 311 076	689 327	-	-	-	-
Reinsurance	4 876 316	2 074 747	4 876 316	603 124	-	-	-	-
Losses incurred but not reported	3 404 119	2 709 177	3 404 119	787 551	-	-	-	-
Members savings pot	1 273 748	819 558	1 273 748	238 244	-	-	-	-
Premium received in advance	1 154 976	742 200	1 154 976	215 756	-	-	-	-
Unearned premium reserve	6 005 438	6 372 141	4 950 173	782 370	-	-	-	-
Commissions	555 342	139 872	555 342	40 660	-	-	-	-
Total	20 581 015	15 228 978	19 525 750	3 357 032	-	-	-	-
17 Other payables								
Other payables	4 897 798	2 493 571	4 783 081	723 645	181 225	114 418	181 225	33 261
Provisions*	1 451 214	1 112 163	1 336 497	322 073	14 050	11 839	14 050	4 216
Payroll and statutory payables	1 059 786	593 215	1 059 786	172 446	134 030	60 489	134 030	16 810
Accrued expenses	864 807	489 741	864 807	142 366	32 776	41 069	32 776	11 939
Trade payables	1 253 956	171 561	1 253 956	49 872	48	156	48	45
Property business related liabilities	268 035	126 891	268 035	36 887	321	863	321	251
Amounts due to group companies	479 178	160 325	479 178	46 606	-	-	-	-
Total	5 376 976	2 653 896	5 262 259	770 251	257 257	148 966	257 257	43 304
18 Deferred income tax								
At 1 January	10 898 550	5 674 105	3 154 960	973 449	-	-	-	-
Recognised through statement of comprehensive income	3 875 147	5 594 452	11 816 096	2 284 829	-	-	-	-
Total	14 773 697	11 268 557	14 971 056	3 258 278	-	-	-	-
19 Put option liability								
At 1 January	1 954 261	-	568 099	-	-	-	-	-
Initial recognition	-	1 954 261	-	568 099	-	-	-	-
Reclassification from non-controlling interest	(362 506)	-	681 724	-	-	-	-	-
Remeasurement loss	1 971 730	-	1 971 730	-	-	-	-	-
Monetary gain adjustment	(341 932)	-	-	-	-	-	-	-
Closing balance	3 221 553	1 954 261	3 221 553	568 099	-	-	-	-
20 Net premium written								
Pension and savings business	6 118 381	5 094 203	4 697 050	1 180 795	-	-	-	-
Life assurance	1 787 972	1 194 220	1 430 147	287 276	-	-	-	-
Health insurance	30 227 155	18 747 957	21 935 900	4 350 062	-	-	-	-
Property and casualty	38 501 754	24 331 275	27 042 967	5 588 902	-	-	-	-
Gross premium written	76 635 262	49 367 655	55 106 064	11 407 035	-	-	-	-
Less: Reinsurance	(17 857 492)	(10 748 884)	(13 319 429)	(2 489 181)	-	-	-	-
Net premium written	58 777 770	38 618 771	41 786 635	8 917 854	-	-	-	-
21 Net investment income								
Dividend received	317 461	861 763	174 910	194 196	-	-	-	-
Fair value gain on unquoted equities at fair value through profit or loss	305 712	485 506	2 066 947	312 376	-	-	-	-
Fair value gain on investment gold	(59 802)	-	38 060	-	-	-	-	-
Investment expenses	(1 590 410)	(1 980 276)	(876 259)	(446 249)	-	-	-	-
Other investment expenses	-	-	-	-	-	-	-	-
Fair value gain on quoted equities at fair value through profit or loss	(7 695 765)	9 267 076	7 288 639	3 792 382	-	-	-	-
Total investment income before interest income	(8 722 804)	8 634 069	8 692 297	3 852 705	-	-	-	-
Interest income	1 427 712	219 682	704 915	57 556	-	-	-	-
Total net investment income	(7 295 092)	8 853 751	9 397 212	3 910 261	-	-	-	-
22 Net insurance daims and benefits								
Insurance daims and loss adjustment expenses:								
Health insurance	14 884 306	15 217 160	14 884 306	3 514 654	-	-	-	-
Life assurance	1 669 357	1 124 110	1 306 184	270 249	-	-	-	-
Property and casualty	17 095 745	7 217 009	8 375 754	1 673 660	-	-	-	-
Total insurance daims and loss adjustment expenses	33 649 408	23 558 279	24 566 244	5 458 563	-	-	-	-
Less: Insurance daims and benefits expenses recovered from reinsurers	(2 330 272)	(2 446 743)	(1 807 524)	(594 827)	-	-	-	-
Net total insurance daims expense	31 319 136	21 111 536	22 758 720	4 863 736	-	-	-	-
Pensions benefits	1 463 562	1 291 525	1 202 530	310 010	-	-	-	-
Net insurance daims and benefits	32 782 698	22 403 061	23 961 250	5 173 746	-	-	-	-
23 COBE Act (24:31) and IFRS mandatory disclosures								
Staff costs	9 485 472	7 836 523	7 323 593	1 805 444	-	-	-	-
Directors' fees								
- Holding company	80 514	71 635	62 163	16 504	-	-	-	-
- Group companies	396 799	296 220	306 363	68 246	-	-	-	-
Depredation of property, vehicles and equipment	408 225	294 074	43 131	10 633	-	-	-	-
Audit fees	213 424	191 034	164 781	44 012	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2022

**24 Legal proceedings and regulations**  
**24.1 Contingent Liability**  
In line with Circular 19 of 2020, issued on 1 October 2020, the Insurance and Pensions Commission (IPEC or the Commission) appointed actuarial consultants to carry out an analysis of the separation of assets between policyholders and shareholders accounts. This exercise was undertaken in respect of all insurance companies operating in Zimbabwe, including First Mutual Life Assurance Company (Private) Limited (FML). The actuaries appointed by IPEC requested information from insurance companies for the period 2006 to 31 December 2019. IPEC sought to assess compliance by the insurance industry against the requirements of Section 29 of the Insurance Act (Chapter 24:07) and Section 18 of the Pension and Provident Funds Act (Chapter 24:09). In terms of Section 29 of the Insurance Act, insurers are required to keep separate accounts for different classes of insurance business and maintain insurance funds, while Section 18 of the Pension and Provident Funds Act contains provisions for the investment of the assets of registered funds.

On the 18th of December 2021 FML met with IPEC and IPEC advised that there was some outstanding information that needed to be submitted in order to close the asset separation exercise. The Commission gave FML an ultimatum to ensure that the outstanding information was submitted by 31 December 2021, failing which the Commission would institute a forensic investigation on FML in line with section 67 of the Insurance Act. FML in consultation with the regulator and the Consultant managed to submit all the outstanding information by the end of December 2021.

On 8 February 2022, IPEC wrote a letter indicating that the submissions made by FML were not adequate to enable completion of the asset separation exercise of the entity and that it intended to launch a forensic investigation into the affairs of FML. On 27 July 2022, IPEC wrote to FML advising that BDO Chartered Accountants Zimbabwe (“BDO”) had been appointed as the forensic investigator. The forensic investigation commenced on 5 September 2022.

On 21 December 2023, FML received a Corrective Order from IPEC which is based on the findings of the forensic auditor, BDO Chartered Accountants (“BDO”). The Corrective Order directed the FML shareholders to pay significant sums in Zimbabwe dollars and in United States dollars to the policyholders in respect of perceived “actual” and “potential” losses, as assessed by BDO. An extract of the tabled total losses is included below:

Legal proceedings and regulations Contingent Liability	ZWL	USD
Actual Loss	209 386 885	21 141 094
Potential Loss	Nil	32 539 327

SEGMENTAL RESULTS AND ANALYSIS  
FOR THE YEAR ENDED 31 DECEMBER 2022

INFLATION ADJUSTED						Gross Figures	Consolidation Entries	Total Consolidated
	Life	Property and Casualty	Health	Property	Other			
As at 31 December 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Net Premium Earned	7 848 392	21 454 679	30 227 155	-	-	59 530 226	( 138 823)	59 391 403
Rental income	-	161 898	-	2 852 757	-	3 014 655	( 296 950)	2 717 705
Investment income and fair value adjustment on investment property	13 741 508	2 746 496	( 1 222 865)	34 098 330	6 646 708	56 010 177	(29 188 399)	26 821 778
Monetary gain/loss, fee and other income	3 025 787	761 199	5 332	687 121	3 389 605	7 869 044	604 481	8 473 525
Total income	24 615 687	25 124 272	29 009 622	37 638 208	10 036 313	126 424 102	(29 019 691)	97 404 411
Total expenses	(19 972 305)	(20 857 266)	(26 703 381)	(2 822 297)	( 3 194 604)	(73 549 853)	3 754 619	(69 795 234)
Profit before income tax	5 155 881	2 049 255	2 144 652	34 927 756	7 186 832	23 589	27 927 765	27 951 354
Income tax expense	5 374	( 1 291 532)	-	( 2 974 791)	738	( 4 260 211)	182 198	( 4 078 014)
Deferred acquisition costs	-	1 327 101	-	-	-	1 327 101	-	1 327 101
Total assets	74 810 120	35 158 964	11 184 114	112 880 910	41 295 092	275 329 200	(107 806 797)	167 522 403
Movement in insurance contract liabilities	(10 754 143)	412	-	-	-	(10 753 731)	( 1 029 331)	(11 783 062)
Movement in investment contract liabilities	490 936	-	-	-	-	490 936	107 997	598 933
Total liabilities	55 776 915	23 574 037	4 894 395	12 915 048	4 772 882	101 933 277	( 2 253 071)	99 680 206
Cash flows from operating activities	4 373 255	13 186 294	2 247 417	( 320 445)	970 030	20 456 552	( 2 479 912)	17 976 640
Cash flows generated from/(utilised in) investing activities	( 305 559)	776 513	( 173 068)	( 308 957)	1 431 391	1 420 320	(10 540 755)	( 9 120 435)
Cash generated from/(utilised in) financing activities	-	( 11 783 062)	( 353 156)	( 264 131)	( 1 157 104)	(13 557 453)	14 436 400	878 947
As at 31 December 2021								
Net premium earned	6 104 884	13 297 522	18 747 957	-	-	38 150 363	( 481 083)	37 669 280
Rental income	-	211 444	-	2 038 381	-	2 249 824	( 187 405)	2 062 419
Investment income and fair value adjustment on investment property	20 562 955	22 772 542	20 562 955	44 493 875	20 562 955	128 955 280	(95 636 290)	33 318 991
Monetary gain/loss, fee and other income	2 213 719	( 2 285 164)	670 591	( 32 939)	1 190 920	1 757 127	( 1 053 410)	703 717
Total income	28 881 558	33 996 343	39 981 503	46 499 316	21 753 875	171 112 595	(97 358 188)	73 754 407
Total expenses	(22 172 403)	(13 108 550)	(19 286 516)	( 1 495 903)	( 2 561 158)	(58 624 530)	1 724 377	(56 900 153)
Profit/(loss) before income tax	7 043 214	1 980 642	2 466 579	24 573 138	6 835 258	42 898 831	(26 031 366)	16 867 465
Income tax expense	( 497 631)	( 1 201 356)	-	( 4 479 021)	-	( 6 178 009)	761 630	( 5 416 379)
Deferred acquisitions costs	-	837 051	-	-	-	837 051	-	837 051
Total assets	58 885 932	24 640 858	8 549 568	77 878 055	28 834 102	198 788 516	(163 577 174)	35 211 342
Movement in insurance contract liabilities	(12 741 093)	( 230)	-	-	-	(12 741 323)	-	(12 741 323)
Movement in investment contract liabilities	( 3 615 232)	-	-	-	-	( 3 615 232)	-	( 3 615 232)
Total liabilities	45 027 651	16 613 341	4 168 015	9 484 810	2 572 900	77 866 716	( 41 725 584)	36 141 132
Cash flows from operating activities	18 407	15 767 157	2 677 026	277 678	1 254 864	19 995 132	(18 069 764)	1 925 368
Cash flows generated from/(utilised in) investing activities	480 194	497 878	( 685 291)	184 904	466 732	944 417	( 195 623)	748 793
Cash generated from/(utilised in) financing activities	( 2 676)	( 1 639 270)	( 894 901)	( 239 677)	( 290 828)	( 3 067 353)	3 521 920	454 567

Abridged Audited Financial Results  
For the year ended 31 December 2022

FML management respectfully disagreed with some of the findings in the BDO report contained in the IPEC Corrective Order and believed that their submissions were not properly considered. Interpretations of fact, accounting standards, legal and actuarial principles, as well as currency conversion issues were in dispute. In order to protect its legal rights, an application for review of the Corrective Order was filed with the High Court of Zimbabwe after the reporting date. Subsequent to the above actions, IPEC and FML agreed a binding plan of action and the two High Court applications by FML against IPEC were withdrawn by consent.

**Settlement Agreement and Current Status**  
FML is a party to a settlement agreement with IPEC, dated April 17, 2024, which required the appointment of experts to review work previously done by BDO. Although the experts’ presentations were made to IPEC and FML on 17 July 2024, and additional information was provided on 31 July 2024, the process has experienced delays.

The company submitted all required documentation to IPEC in August 2024 and formally requested mediation from the Ministry of Finance on 4 December 2024. FML and IPEC were directed to amicably resolve outstanding issues by 7 February 2025. An informal meeting was held on 6 February 2025, and additional information was shared with IPEC, who subsequently presented a position on 10 March 2025, that differed from the expert presentations.

FML considers the settlement agreement binding on both parties and is working collaboratively with IPEC and the parent Ministry to resolve the issues, while reserving its right to pursue the matter in court.

24.2 Regulatory Provision	INFLATION ADJUSTED		HISTORICAL COST	
	AUDITED	AUDITED	UNAUDITED	UNAUDITED
	Group	Group	Group	Group
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
At 1 January	540 709 786	-	157 294 473	-
Provision for the year	129 364 668	540 709 786	512 779 981	157 294 473
Balance as at 31 December 2021	670 074 454	540 709 786	670 074 454	157 294 473

SEGMENTAL RESULTS AND ANALYSIS  
FOR THE YEAR ENDED 31 DECEMBER 2022

HISTORICAL COST - UNAUDITED						Gross Figures	Consolidation Entries	Total Consolidated
	Life	Property and Casualty	Health	Property	Other			
As at 31 December 2022	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
Net premium earned	6 038 638	11 892 174	21 935 900	-	-	39 866 712	( 76 486)	39 790 226
Rental income	-	266 725	-	2 066 034	-	2 332 759	( 212 214)	2 120 545
Investment income and fair value adjustment on investment property	54 498 373	8 075 709	1 275 461	87 898 100	22 744 346	174 491 989	(76 051 159)	98 440 830
Fee and other income	1 332 520	462 639	210 670	434 859	2 367 892	4 808 580	2 061 178	6 869 758
Total income	61 869 531	20 697 247	23 422 031	90 398 993	25 112 238	221 500 040	(74 278 681)	147 221 359
Total expenses	(47 213 175)	(15 028 967)	(18 788 944)	( 2 133 766)	( 1 805 292)	(84 970 144)	725 645	(84 244 498)
Profit before income tax	14 695 668	7 636 727	4 787 934	89 170 966	23 980 099	140 271 394	(77 327 573)	62 943 821
Income tax expense	( 279 736)	( 2 478 400)	-	( 9 501 073)	150 021	(12 109 188)	19 322	(12 089 867)
Deferred acquisition costs	21 792	1 359 484	21 792	-	-	1 403 067	( 426 895)	976 172
Total assets	73 966 076	31 033 563	10 418 926	111 918 346	39 035 229	266 372 138	(101 738 895)	164 633 243
Movement in insurance contract liabilities	-	-	-	-	-	-	(38 681 744)	(38 681 744)
Movement in investment contract liabilities	-	-	-	-	-	-	( 1 561 010)	( 1 561 010)
Total liabilities	55 759 927	20 982 659	4 891 779	12 765 617	4 638 159	99 038 141	( 330 558)	98 707 583
Cash flows from operating activities	1 233 068	7 265 176	4 729 876	( 329 178)	534 452	13 433 394	( 199 494)	13 233 900
Cash flows generated from/(utilised in) investing activities	30 968	427 831	30 048	( 118 632)	788 645	1 158 860	( 6 174 005)	( 5 015 145)
Cash generated from/(utilised in) financing activities	-	-	( 288 132)	( 211 619)	( 637 523)	( 1 137 274)	2 040 598	903 324
As at 31 December 2021								
Net premium earned	1 431 276	2 744 261	4 350 062	-	-	8 525 599	13 028	8 538 628
Rental income	-	46 136	-	639 848	-	685 984	( 205 884)	480 100
Investment income and fair value adjustment on investment property	( 11 269)	150 613	49 412	255 927	( 234 437)	210 245	16 642 151	16 852 396
Fee and other income	( 419 089)	( 1 530 671)	( 3 479 926)	17 357	45 221	( 5 367 108)	6 123 542	756 434
Total income	1 420 006	2 941 010	4 399 474	895 775	( 234 437)	9 421 829	16 449 295	25 871 124
Total expenses	( 9 147 575)	( 9 147 575)	( 9 147 575)	( 9 147 575)	( 9 147 575)	( 9 147 575)	( 9 147 575)	( 9 147 575)
Profit before income tax	1 920 695	1 913 054	980 062	12 891 101	3 898 678	21 603 589	(12 060 631)	9 542 958
Income tax (expense)/credit	( 12 019)	( 406 398)	-	( 1 798 912)	( 19 398)	( 2 236 726)	( 579)	( 2 237 306)
Deferred acquisitions costs	-	162 030	-	-	-	162 030	-	162 030
Total assets	16 794 712	6 360 209	2 411 381	22 484 358	8 748 284	56 798 944	(21 587 600)	35 211 344
Movement in insurance contract liabilities	( 6 445 136)	-	-	-	-	( 6 445 136)	-	( 6 445 136)
Movement in investment contract liabilities	( 1 223 438)	-	-	-	-	( 1 223 438)	-	( 1 223 438)
Total liabilities	13 083 111	3 286 428	1 211 632	2 718 305	779 056	21 078 533	313 353	21 391 886
Cash flows from operating activities	421 628	1 345 676	650 085	83 404	53 495	2 554 287	( 1 642 552)	911 735
Cash flows generated from/(utilised in) investing activities	( 246 732)	324 842	6 078	45 174	43 286	172 649	( 15 747)	156 902
Cash utilised in financing activities	( 778)	( 116 543)	( 190 018)	( 57 798)	( 45 432)	( 410 570)	510 829	100 259



## **Independent Auditor's Report**

To the Shareholders of First Mutual Holdings Limited

### **Report on the Audit of the inflation adjusted consolidated financial statements.**

#### ***Qualified Opinion (Group)***

We have audited the inflation adjusted consolidated financial statements of First Mutual Holdings Limited and its subsidiaries (the Group) set out on pages 20 to 101, which comprise the inflation adjusted consolidated and separate statements of financial position as at 31 December 2022, and the inflation adjusted consolidated statements of profit or loss and other comprehensive income, the inflation adjusted consolidated statements of changes in equity and the inflation adjusted consolidated statements of cash flows for the year then ended, and notes to the inflation adjusted consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying inflation adjusted consolidated financial statements present fairly, in all material respects, the inflation adjusted financial position of the Group as at 31 December 2022, and its inflation adjusted financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

#### ***Opinion (Company)***

We have audited the inflation adjusted financial statements of First Mutual Holdings Company set out on pages 102 to 116 which comprise the inflation adjusted statement of financial position as at 31 December 2022, and the inflation adjusted statement of profit or loss and other comprehensive income and the inflation adjusted statement of changes in equity for the year then ended, the inflation adjusted statement of cashflows and notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying company inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position of the Company as at 31 December 2022, and its financial performance and inflation adjusted cashflows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

### ***Basis for Qualified Opinion (Group)***

#### **Valuation of Investment Properties in prior year and consequential impact on application of IAS 29 - Financial Reporting in Hyperinflationary Economies**

Our audit opinion for the year ended 31 December 2021 was modified due to the incorrect valuation of investment properties. The concern was inappropriate application of a conversion rate to a USD valuation to calculate ZWL property values which was not an accurate reflection of market dynamics. Furthermore, notwithstanding that IAS 29 - Financial Reporting in Hyperinflationary Economies has been applied correctly, it is noted that its application on prior year corresponding numbers was based on financial information which was not in compliance with IAS 8 as described above, therefore the inflation adjusted corresponding numbers for line items above also remain misstated.

These misstatements have not been corrected in terms of *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*. Consequently, inflation adjusted comparatives for fair value adjustments and monetary loss/gain on the inflation adjusted consolidated statement of profit or loss and retained earnings on the inflation adjusted consolidated statement of financial position are impacted.

Our opinion on the current period's Inflation Adjusted Consolidated Financial Statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

The effects of the above departures from IFRS are material but not pervasive to the Inflation Adjusted Consolidated Financial Statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of inflation adjusted consolidated financial statements section* of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (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 qualified opinion.

### **Emphasis of Matter (Group)**

We draw attention to Note 30.3.1 of the financial statements, which describes the forensic investigation by the Insurance and Pensions Commission and the resulting legal proceedings. Our opinion is not modified in respect of this matter.

### **Key Audit Matters (Group)**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of inflation adjusted consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the inflation adjusted financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How our audit addressed the matter
<b>Valuation of Investment Properties (Consolidated)</b>	
<p><b>Consolidated</b></p> <ul style="list-style-type: none"> <li>▶ Note 7 - Investment Property</li> <li>▶ Note 7.1 - Fair Value Hierarchy</li> <li>▶ Note 7.2 -Non current assets held for sale</li> </ul> <p>As included in the above notes to the inflation adjusted consolidated financial statements the below accounts have been considered to be an area where significant judgements were applied:</p> <ul style="list-style-type: none"> <li>▶ Investment property amounting to ZWL\$111 434 931 026 (2021: ZWL77 423 908 000) for the Group</li> <li>▶ Non-current assets held for sale amounting to ZWL\$ 38 400 000 for the Group</li> </ul> <p>In determining the fair values of investment property, the directors make use of independent external valuers. The determination of the fair value of investment property was considered to be a matter of most significance to our current year audit due to the following:</p> <ul style="list-style-type: none"> <li>▶ Uncertainties resulting from the hyperinflationary environment</li> <li>▶ Excessive market volatility</li> <li>▶ Lack of transactions conducted in ZWL</li> </ul> <p>Due to the high level of estimation, significant judgement and complexity involved in determining the fair values of the investment properties the valuation of the investment properties was considered to be a Key Audit Matter.</p>	<p>We performed audit procedures to assess the adequacy of the valuation which included the following:</p> <ul style="list-style-type: none"> <li>▶ Assessed the competence, capabilities and objectivity of management's valuation expert and obtained an understanding of their work.</li> <li>▶ Inspected profiles of the individuals performing the valuation, in order to assess their experience and competence.</li> <li>▶ We involved the EY valuation experts to review the work done by management's expert.</li> <li>▶ Assessed the appropriateness of the valuation methodologies adopted by management's specialist based on our knowledge of the industry.</li> <li>▶ Compared the inputs used in the valuation by management's valuation expert with available market data.</li> <li>▶ Identified, evaluated, and tested significant assumptions used by management's valuation expert by comparing them to those used by other valuers in the industry.</li> <li>▶ Assessed completeness and appropriateness of the investment properties disclosures in accordance with the relevant financial reporting standards.</li> </ul>

Key Audit Matter	How our audit addressed the matter
<b>Valuation of Insurance Contract Liabilities(Consolidated)</b>	
<p>► Note 19.3 - Insurance Liabilities-life insurance</p> <p>As included in the above notes to the inflation adjusted Group financial statements, Insurance Contract Liabilities amounting to ZWL334 313 406 (2021:ZWL 374 097 496) has been considered to be an area where significant judgements were applied.</p> <p>In determining the value of the insurance liabilities, the Group made use of internal actuaries with additional reviews done by independent experts (African Actuarial Consultants). The process of determining policyholder liabilities is judgemental and relies on several subjective assumptions, for example the Incurred but Not Reported (IBNR) reserve, life expectancy, morbidity rates, mortality rates, lapse and surrender rates, investment returns, expenses and expenses inflation, IBNR utilisation experience and bonus declaration considerations.</p> <p>Due to the high level of estimation, significant judgement and complexity involved in determining the fair values of the actuarial liabilities, the valuation of policyholder liabilities was considered to be a Key Audit Matter.</p>	<p>We performed audit procedures to assess the adequacy of the valuation which included the following:</p> <ul style="list-style-type: none"> <li>► We obtained an understanding of the controls, assumptions, methodology applied in arriving at the estimate including the treatment of the IPEC guidelines.</li> <li>► Assessed the objectivity, competence, and capabilities of management's experts and obtained an understanding of their work.</li> <li>► Inspected profiles of the individuals performing the valuation, in order to assess their experience and competence.</li> <li>► We engaged our Internal EY Actuaries to review the principal assumptions, estimate and methodology and computations applied for reasonableness for the determination of policyholder liabilities.</li> <li>► We performed procedures to assess the adequacy and reasonableness of reserves. We performed tests of completeness of the reserves as well.</li> <li>► We performed a review on the credit risk CAR calculations in line with the requirements of SAP104.</li> <li>► We assessed the reasonability of the bonus declared on the products on offer in relation to the real return on the assets backing up the respective liabilities.</li> <li>► Our review of the annual financial statements will also focus on the disclosure guidelines as detailed in the relevant IPEC guidelines.</li> </ul>

## **Other information**

The directors are responsible for the other information. The other information comprises the Chairman's Statement and the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 on the other information obtained prior to the date of this auditor's report, 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 Qualified Opinion section above, the Group did not comply with the requirements of *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors* because of the prior years' matters that were not resolved. We have concluded that the other information is materially misstated for the same reasons.

## ***Responsibilities of the Directors for the Inflation adjusted Consolidated Financial Statements***

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## ***Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated Financial Statements***

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



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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr Fungai Kuipa (PAAB Practising Certificate Number 0335).



Ernst & Young  
Chartered Accountants (Zimbabwe)  
Registered Public Auditors

Harare

Date: 25 June 2025