



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



Chairman's statement for the half year ended 30 June 2020

It is my pleasure to present to you the financial results of Fidelity Life Assurance of Zimbabwe Limited Group (the Group) for the half year ended 30 June 2020. The commentary on financials is based on the inflation adjusted numbers.

Operating environment in the country

The Covid-19 pandemic has disrupted economic activity across the globe due to movement restrictions aimed at minimising the spread of the disease. The Zimbabwe government responded to the pandemic outbreak with a national lockdown that restricted economic activity to sectors that were not deemed essential in the fight against Covid-19. While there is no approved vaccine yet for Covid-19, governments are easing lockdown measures and economic activity is gradually being restored.

The depreciation of the Zimbabwe dollar drove year-on-year inflation to over 700% as some businesses whose products have elastic demand adopted forward pricing to hedge against future adverse exchange rate movements. The prevailing hyperinflation has resulted in disposable incomes shrinking and reducing aggregate demand. We hope that the introduction of the Foreign Currency Auction System at the end of June 2020 and measures adopted to curb parallel market trading may yield some positive results, if stability of the Zimbabwe Dollar on the parallel market is sustained. Long term sustainability of the auction system is crucial to exchange rate stability and subsequently, price stability and inflation slowdown.

Initial rainfall forecasts are pointing to normal rainfall for the 2020-21 farming season and, with adequate preparation and resources, the country stands to benefit from improved grain output as it eases demand for foreign currency.

Group financial results

The Group recorded inflation adjusted profit before tax of ZWL\$596.5 million for the period ended 30 June 2020.

Total inflation adjusted revenue for the period to June 2020 increased by 162% to ZWL\$1 372.4 million from ZWL\$523.2 million recorded in 2019. Revenue was boosted by fair value gains on investment properties which increased from ZWL\$250.7 million in June 2019 to ZWL\$975.1 million. Core insurance and non-insurance revenue generally lagged inflation.

The Group's inflation adjusted expenses for the current period to 30 June 2020 grew by 58% to ZWL\$775.9 million from ZWL\$490.3 million recorded in same period in 2019. The main contributing factor to increase in total expenses is change in insurance and investment contract liabilities, which increased from ZWL\$143.1 million in June 2019 to ZWL\$402.3 million in June 2020.

The Group's total assets grew by 72% in real terms from ZWL\$2 702.2 million as at 31 December 2019 to ZWL\$4 639.0 million as at 30 June 2020, the significant driver of this growth being revaluation of investment properties and equity investments.

Solvency

Insurance companies are required to hold minimum regulatory capital of ZWL\$75 million as per SI 95. The Company had excess assets of ZWL\$404.4 million as at 30 June 2020, implying a healthy solvency ratio of 609%.

For the life assurance business, the new Risk-Based Capital Framework (Zimbabwe Integrated Capital and Risk Project – ZICARP) comes into effect on 31 December 2020 and initiatives are underway to ensure full compliance.

Disciplined execution of our Strategy

The disciplined execution of the Group strategy has significantly contributed to the positive performance experienced during this half year. The Group's strategy remains grounded in the three strategic pillars of Sound Corporate Governance, Brand Repositioning and Growth, as laid out in January 2018.

Digital Transformation

Digitalisation strategy implemented in 2018 cushioned the business from the full impact of Covid-19 on business continuity and service delivery. FLA managed to provide seamless and cost effective services to its clients and stakeholders through the support of a robust work from home program by staff members and automated systems. The business also accelerated some key deliverables of the digitalisation project which will see the implementation of the Contact Centre being brought forward to buttress the digitalisation efforts underway.

In addition to the existing digital services which includes the Fidelity Life App for life assurance customers, the Health & Lifestyle Management App for our medical aid members, the online payment functionality and a suite of social media platforms which allow for real-time communication with clients; FLA enhanced its WhatsApp for business platform to allow customers to make payments and apply for new policies and services.

The Board has mandated management to fully enhance the digital value chain to support the new systems of work and the emerging digital future.

Growth

The business continues to carefully select markets which enable it to earn revenue in suitable currency. The Group is embarking on balance sheet restructuring initiatives to fully optimise key assets to improve solvency and financial performance. Lessons from the 2008 hyperinflation era guided FLA to adopt strategic asset preservation initiatives to protect the balance sheet, crystallise earnings by deliberately increasing weight in hyperinflation resilient investment assets in order to preserve value for policyholders and shareholders. This strategy has assisted the Group to maintain a profit trajectory despite the negative operating environment. The Group is now on a clean growth path. During the period under review, FLA also set up a Bureau De Change to increase USD earnings in the Group. Despite the impact of Covid-19, the Group remains resolute to add to its regional presence as soon as the environment permits.

Sound Governance Framework

The Board remains committed to maintaining a robust governance framework that is underpinned by effective internal controls for all operations. We are cognisant of the fact that our core business is that of a promise, to be delivered at a future date. Consistent implementation and adherence to the robust governance framework approved by the Board is critical to boosting client confidence that adequate control mechanisms are in place to preserve the promises we are making to them.

Dividend

The directors have not declared a dividend for the half year ended 30 June 2020.

Outlook

We anticipate the operating environment to remain difficult as the far reaching effects of Covid-19 will remain protracted, added to the economic woes in Zimbabwe which may be with us for a while longer. As a business we will continue to be cautious and maintain strategies that are resilient in these tough times.

Directorship

The Company continues to maintain high standards of corporate governance in relation to the board of directors, ensuring that it complies with the regulatory requirements of the industry in which it operates and the country at large. The Board has the right mix of competencies to enable rich deliberations.

May I take this opportunity to advise shareholders that Mrs R.G Maramba retired from the Board as a non-executive director with effect from 1 July 2020. On behalf of the Board, I would like to sincerely thank Mrs Maramba for her valuable contribution to the board.

Appreciation

Finally, allow me to express my appreciation to the Group's shareholders and clients for their support over this half year. It is this support that allows the Group to thrive despite the difficult operating environment. To my fellow board members, thank you for your dedication and support to the Group; your sound advice and guidance has made it possible for us to navigate another challenging period. To our management and staff, your continued professionalism and dedication to duty ensured that the operations of the Group thrive profitably despite the myriad of challenges that the market presented. For that I thank you.

F. Ruwende
Chairman
25 September 2020

Chief Executive Officer's statement for the half year ended 30 June 2020

Trading environment

The first half of 2020 witnessed massive depreciation of the Zimbabwe Dollar which led to year-on-year inflation peaking at 737.3% in June 2020. The Covid-19 induced lockdown disrupted economic activity which resulted in depressed output and government forecasts that the economy will shrink by 4.5% in 2020. We hope that the introduction of the foreign currency auction system at the end of June 2020 and the adoption of measures to curb foreign currency trading on the parallel market will lead to sustainable price stability. The liberalization of the use of foreign currency is a welcome development for the business as it presents an opportunity for earnings in a more stable currency. The Group has continued with its strategy to safeguard value for stakeholders, and the results presented below are testament that the strategy is paying off. The advent of Covid-19 necessitated that the business accelerates its digitalization strategy and operations have gone on smoothly with the majority of staff working from home.

Business Units financial performance overview

Fidelity Life Assurance - Zimbabwe (FLA, the Company)

Fidelity Life Assurance of Zimbabwe (the Company) is the flagship subsidiary of the Group. Overall, inflation adjusted total revenue for the Company increased by 216% to ZWL\$1 471.8 million in 2020 against a 2019 comparative figure of ZWL\$466.1 million. The biggest contributor to the revenue growth is share of profits from investments in subsidiaries amounting to ZWL\$880.4 million, contributing 60% to total revenue. This resulted from balance sheet restructuring efforts implemented at the beginning of the year. The Company recorded ZWL\$520.2 million in fair value gains on its property and equities portfolio, contributing 35% to the Company's total revenue; this came from the value preservation strategy of the Company and is largely reflective of the self-adjusting nature of these asset classes in response to rising inflation.

Chief Executive Officer's statement for the half year ended 30 June 2020 (Cont'd)

The Company contributed 36% (ZWL\$40.8 million) to Core Insurance revenue of the Group. The Company's core revenue generally lagged inflation and decreased in real terms by 17% during the current period due to marginal increases in salaries which are the main source of pension contributions and life insurance premiums.

Inflation adjusted total expenses of the Company increased by 38% from ZWL\$464.1 million in 2019 to ZWL\$642.0 million in the current year. The biggest contributors to expenses are increase in policyholder liabilities and exchange rate dependent Southview water pipeline project costs. The significant uplift in investment assets values (from fair value gains and balance sheet restructuring) increased policyholder liabilities by 96% to ZWL\$365.8 million from ZWL\$186.2 million in the prior year. Core business operating expenses reduced by 7% in real terms from ZWL\$84.4 million for the half year ended 30 June 2019 to ZWL\$78.5 million for the same period in 2020, a reflection of the cost containment measures implemented with right sizing of our cost base being a strategic initiative we adopted in early 2020.

The Company closed the period to 30 June 2020 with an inflation adjusted profit before tax of ZWL\$785.7 million compared to profit before tax of ZWL\$1.9 million in the same period in 2019.

FLA is expected to continue to anchor the Group for the remainder of 2020 and into the future.

Vanguard Life Assurance Company (VLA) – Malawi

VLA total revenue increased marginally from ZWL\$87.6 million in prior period to ZWL\$88.7 million for the period ended 30 June 2020, with a 64% contribution to Core Insurance revenue of the Group. VLA recorded a profit before tax of ZWL\$9.8 million, down 76% from a profit before tax of ZWL\$41.5 million in 2019. The decrease in profit from prior year is mostly attributable to inflation restatements on prior period numbers. The Subsidiary continues to hedge the Group against the effects of hyperinflation currently obtaining in Zimbabwe and is in line with the 2020 regional expansion strategy.

Fidelity Life Financial Services (FLFS)

FLFS's net interest income retreated in real terms from ZWL\$29.9 million for the half year ended 30 June 2019 to ZWL\$14.6 for the six months to 30 June 2020. The subsidiary was largely impacted by the effects of Covid-19 lockdown measures, which resulted in suppressed disbursements and inevitable slowdown in accessing external support funding. However, the quality of the loan book has constantly improved as interest rate pricing during the period incorporated the effects of inflation and the operating environment, with loan collections remaining above 95%. The subsidiary closed the period with a loss before tax of ZWL\$0.3 million as compared to profit of ZWL\$18.6 million in the prior period.

Langford Estates

The subsidiary continues to contribute significantly to the total Group's revenue through property fair value adjustments. The fair value adjustments resulted from an accounting policy change of the asset from inventory at cost to investment property at fair value. The underlying asset of the subsidiary, the land bank, is in line with the Group's value preservation strategy. The asset preserves value for both the shareholders and policyholders during the current hyperinflationary environment.

Other non-insurance subsidiaries

The other non-insurance subsidiaries (Asset Management, Actuarial Services and Funeral Services) continue to contribute positively to the Group total revenue. Total revenue from these subsidiaries increased in real terms by 118% from ZWL\$17.6 million in 2019 to ZWL\$38.4 million during the current period. This is evidence that the value of business diversification is starting to filter through. The positive and real performance in these subsidiaries arose from linking pricing to value drivers and in some cases regular price reviews to immunize against cost escalations. Besides value protection, these entities remain key to the Group's strategic objective as they provide crucial support services to the other key revenue generators within the Group.

Operations

Customer service during Covid-19 Outbreak,

The first half of the year has been characterised by the impact of the Covid-19 pandemic, not only on our day to day lives but also on our businesses and our customers.

As Fidelity Life Group our first priority has been the safety and well-being of those we work with and those we serve. These include our customers, employees, suppliers, and partners. We have achieved this through enhanced cleaning protocols in our offices and customer service centres. We have also adopted social distancing and strongly encouraged remote working whenever possible, in accordance with Government recommendations. For those who choose to and absolutely must come to our offices and service centres, they are subjected to temperature screening and hand-sanitization on entering our buildings.

For our staff, we have conducted routine Covid-19 medical tests, provided them all with masks and subject them to regular temperature screening and hand-sanitization. On a weekly basis, we send them reminders to follow the guidelines from the World Health Organization (WHO) and Government on social distancing and frequent washing of hands.

Our second priority during this time was to ensure the continuity of service to our customers. While maintaining focus on keeping everyone safe, our client servicing was largely unaffected by both the pandemic and the subsequent lockdowns. We were able to fulfil all service requests during periods of lockdown and travel restrictions. The Group's systems of work were already digitalized and we were fully prepared to successfully serve clients remotely. Our Information and Communication Technology and Customer Service teams have employed proactive measures to ensure that our workforce can work from anywhere and almost all of our services can be accessed virtually.

Products and services

In this mixed bag economy, arising from Covid-19 challenges and opportunities presented by digitalization, it is important that we are able to adapt and respond to evolving customer needs in accordance with the changing environment. To this end, we have reviewed some of our products and services to ensure they meet clients' changing needs and expectations.

FLIMAS; Covid-19 Medical Aid Cover.

Covid-19 is categorised as a pandemic and not ordinarily applicable for cover under Medical Aid. However, as a responsive business, FLIMAS introduced cover against Covid-19 for its members. This ensures that members are covered for medication, medical management including hospitalisation and treatment of complications as well as rehabilitation of Covid-19.

USD Life, Funeral and Pension products

We are pleased to advise that we have re-introduced US dollar denominated life and funeral assurance products in both our individual life and pensions businesses. These are targeted and specifically designed for those that earn US Dollars or have access to Free Funds (USD). These products are designed to provide returns in matching USD currency, so they provide a means to preserve value for the policy holder.

Funeral Services during Covid-19

At Fidelity Funeral Services Zimbabwe, we have trained and equipped our team to be able to fully service our customers during this pandemic. We strictly follow and adhere to the full set of guidelines relating to numbers who gather, social distancing, sanitisation, wearing of masks and body-removal protocols. All our staff have been trained on what is expected of them when dealing with funerals during the Covid-19 pandemic to ensure the safety of our customers and their loved ones.

Pricing for value

In order to meet the reasonable expectations of Funeral Policyholders when they make a claim, it is important for us to have adequate resources to deliver on these expectations. Some of the key elements of a funeral services business have experienced drastic cost escalations which in most cases have been tracking the parallel market exchange rate. These key elements include caskets, coffins and fuel for hearses and buses. Cost escalations on these key elements were not anticipated to the levels they have happened. A combination of these and other price drivers has necessitated that we phase in price adjustments to enable us to continue providing services that meet the expectations of our clients. These are difficult times; we are grateful to all our clients for their understanding that these price increases, while painful, are necessary for us to be able to continue providing services that our customers expect from us.

Outlook

With the twin challenges of the Covid-19 pandemic and local hyperinflation, the Group anticipates the economic environment in Zimbabwe to remain depressed in the short to medium term. So, the Group will continue to implement proactive strategic initiatives to preserve value for our stakeholders, as guided by our three strategic pillars; Sound Corporate Governance, Brand Repositioning and Financial Growth.

The Group is continuing with its strategic initiatives which include among others; revenue protection through careful selection of markets, streamlining distribution channels, deliberate asset preservation efforts by the business through investing in hyperinflation-resilient investment options, unlocking value through balance sheet restructuring activities, reengineering the operating model of the Malawi Business to improve financial and operational performance and cost containment in line with Covid-19 induced depressed revenue lines. De-risking Zimbabwe through further country diversification remains a key strategic priority for us as soon regional and international borders open.

In response to Covid-19 pandemic, the business is adapting to be future fit and is evolving its systems of work, changing current processes and relooking at the resources that will carry the business into the emerging future. The business has escalated the implementation of key deliverables of the digitalization strategy prompted by the need to deliver seamless virtual services to clients. The Group is focusing on completing the development and implementation of a synchronized data warehouse platform to enable 360o view of the customer which enables customers to access all of the Group's financial solutions on a single platform as well as increase alternative electronic and online access platforms to fully digitalize the customer journey. This will be supported by a fully integrated Contact Centre which is currently being implemented to improve service touch points and client reach.

Appreciation

I am grateful to our management and staff for their continued dedication and commitment and to our valued customers and other stakeholders for their continued support during the period. I sincerely appreciate the unwavering support and guidance of the Fidelity Life Group Board of Directors as we navigate this challenging operating environment.

R. Java
Chief Executive Officer
25 September 2020



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



Condensed consolidated interim statement of financial position as at 30 June 2020

Notes	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 30-Jun-20 ZWLS	Audited 31-Dec-19 ZWLS	Unaudited 30-Jun-20 ZWLS	Unaudited 31-Dec-19 ZWLS
ASSETS				
Property and equipment	262,627,838	211,741,721	261,902,557	75,938,672
Investment property	3,123,722,842	1,734,371,809	3,123,722,842	661,999,240
Right of use asset	6,743,354	6,218,310	6,743,354	2,373,492
Intangible assets	21,627,135	17,434,086	21,199,938	5,579,065
Inventories	35,712,836	35,756,599	2,260,698	2,244,040
Deferred tax assets	-	55,977	72,534	72,534
Trade and other receivables	203,356,012	168,538,574	202,141,616	63,703,690
Corporate tax asset	686,895	3,678,814	686,895	1,404,181
Deferred acquisition costs	21,551,417	15,213,920	21,551,417	5,807,062
Equities at fair value through profit or loss	553,042,997	183,085,879	553,042,997	69,882,774
Debt securities at amortised cost	1,279,311	134,242,373	1,279,311	51,239,503
Cash and deposits with banks	408,633,241	191,900,693	408,633,241	73,247,335
Total assets	4,638,983,878	2,702,238,755	4,603,237,400	1,013,491,588
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued share capital	17,725,357	17,725,357	1,089,233	1,089,233
Share premium	10,926,004	10,926,004	671,409	671,409
Treasury shares	(163,335)	(163,335)	(10,037)	(10,037)
Retained earnings	486,583,818	102,163,845	428,571,779	18,239,690
Revaluation reserve	25,472,222	18,495,016	25,202,431	8,764,469
Foreign currency translation reserve	39,490,400	13,198,320	86,521,063	16,484,971
Total ordinary shareholder's equity	580,034,466	162,345,207	542,045,878	45,239,735
Non-controlling interests	468,675,898	249,111,629	472,190,387	94,381,147
Total equity	1,048,710,364	411,456,836	1,014,236,265	139,620,882
Liabilities				
Insurance contract liabilities and investment contract liabilities with discretionary participation features	2,886,184,463	1,813,667,679	2,886,184,463	692,265,994
Investment contracts without discretionary participation features	283,621,000	103,254,733	283,621,000	39,411,708
Borrowings	28,902,779	62,052,996	28,902,779	23,685,254
Deferred tax liabilities	28,118,720	23,857,107	29,724,689	8,609,388
Lease obligations	14,365,695	8,985,045	14,365,695	3,429,537
Trade and other payables	347,299,353	275,059,712	344,421,005	104,978,445
Corporate tax liability	1,781,504	3,904,647	1,781,504	1,490,380
Total liabilities	3,590,273,514	2,290,781,919	3,589,001,135	873,870,706
Total equity and liabilities	4,638,983,878	2,702,238,755	4,603,237,400	1,013,491,588

*The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The Reviewer has not expressed an opinion on the Historical Cost information.

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

Condensed consolidated interim statement of profit or loss and other comprehensive income for the half year ended 30 June 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 30-Jun-20 ZWLS	Unaudited 30-Jun-19 ZWLS	Unaudited 30-Jun-20 ZWLS	Unaudited 30-Jun-19 ZWLS
Gross premiums	111,568,975	139,184,261	95,516,506	16,623,586
Premiums ceded to re-insurers	(5,913,116)	(5,674,018)	(4,834,817)	(677,681)
Net premiums	105,655,859	133,510,243	90,681,689	15,945,905
Fees and commission income	12,400,729	9,114,915	8,117,101	1,088,647
Investment income	8,702,845	14,169,047	8,119,957	1,692,292
Interest income from residential stands receivables	5,793,396	11,569,892	3,246,614	1,381,859
Fair value gains and losses from equities	234,844,525	34,637,665	286,506,047	4,136,978
Fair value gains and losses from investment property	975,124,187	250,729,423	1,990,091,620	29,946,073
Interest income from microlending	14,649,820	29,907,538	8,621,408	3,572,031
Other operating income	15,248,914	39,053,707	12,648,738	4,664,411
Income from sale of residential stands	-	471,055	-	56,261
Total revenue	1,372,420,275	523,163,485	2,408,033,174	62,484,457
Gross benefits and claims paid	(26,707,622)	(47,049,052)	(23,525,296)	(5,619,342)
Claims ceded to re-insurers	-	2,437,346	-	291,107
Net benefits and claims	(26,707,622)	(44,611,706)	(23,525,296)	(5,328,235)
Gross change in insurance and investment contract liabilities	(402,301,217)	(143,083,387)	(1,397,360,498)	(17,089,281)
Fee and commission expenses, and other acquisition costs	(3,984,214)	(8,073,485)	(3,551,094)	(964,263)
Operating and administration expenses	(56,589,449)	(82,596,448)	(45,039,163)	(9,864,974)
Allowance for expected credit losses on receivables	5,372,115	(2,524,754)	(18,374)	(301,546)
Cost of sales of residential stands	-	(270,857)	-	(32,350)
Project development costs	(226,320,928)	(190,507,960)	(182,974,017)	(22,753,473)
Finance costs	(6,564,049)	(13,224,993)	(3,966,344)	(1,579,538)
Net monetary loss	(58,831,389)	(5,405,769)	-	-
Total benefits, claims and other expenses	(775,926,753)	(490,299,359)	(1,656,434,786)	(57,913,661)
Profit before tax	596,493,522	32,864,126	751,598,388	4,570,796
Income tax expense	(6,781,683)	(11,260,374)	(6,803,016)	(1,344,892)
Profit for the period	587,711,839	21,603,752	744,795,372	3,225,904
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Gross gains on property revaluation	69,772,054	82,330,326	164,379,622	9,833,189
Income tax related to items that will not be reclassified	-	-	-	-
Gross change in insurance liabilities through OCI	(62,794,848)	(74,097,293)	(147,941,660)	(8,849,870)
Gains on property revaluation, net of tax	6,977,206	8,233,033	16,437,962	983,319
<i>Items that will or may be reclassified to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	42,564,483	75,794,951	113,382,049	9,052,632
Other comprehensive income for the period, net of tax	49,541,689	84,027,984	129,820,011	10,035,951
Total comprehensive profit for the period	637,253,527	105,631,736	874,615,383	13,261,855
Profit for the period attributable to:				
Owners of the parent	384,419,973	20,631,825	410,332,088	3,080,774
Non-controlling interests	203,291,866	971,927	334,463,283	145,130
Total profit for the period	587,711,838	21,603,752	744,795,371	3,225,904
Total comprehensive income attributable to:				
Owners of the parent	417,689,259	76,910,049	496,806,142	9,655,904
Non-controlling interests	219,564,268	28,721,687	377,809,240	3,605,951
Total comprehensive income for the period	637,253,527	105,631,736	874,615,382	13,261,855
Earnings per share attributable to the ordinary equity holders of the parent				
Basic and diluted earnings per share (cents)	4	356.21	19.12	380.22
Headline earnings per share (cents)	4	353.03	16.57	376.98

*The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The Reviewer has not expressed an opinion on the Historical Cost information.



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FINANCIAL SERVICES

Bureau de Change





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ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



Condensed consolidated interim statement of changes in equity for the half year ended 30 June 2020

INFLATION ADJUSTED

	Share capital ZWLS	Treasury shares ZWLS	Share premium ZWLS	Retained earnings ZWLS	Revaluation reserve ZWLS	Foreign currency translation reserve ZWLS	Attributable to shareholders of parent ZWLS	Non-controlling interest ZWLS	Total equity ZWLS
Period ended 30 June 2019 - Unaudited									
Balance at 31 December 2018	17,725,357	(163,335)	10,926,004	37,953,794	17,328,665	(19,713,016)	64,058,113	81,225,832	145,283,945
IAS 29 restatement	-	-	-	17,328,665	(17,328,665)	-	-	-	-
Impact of adoption of IFRS 16	-	-	-	(89,407)	-	-	-	-	-
Balance at 1 January 2019	17,725,357	(163,335)	10,926,004	55,193,052	-	(19,713,016)	64,058,113	81,225,832	145,283,945
Profit for the period	-	-	-	20,631,825	-	-	20,631,825	971,927	21,603,752
Other comprehensive income for the period	-	-	-	-	8,233,033	46,818,541	55,051,574	50,580,168	105,631,742
Total comprehensive profit for the period	-	-	-	20,631,825	8,233,033	46,818,541	75,683,399	51,552,095	127,235,494
Balance at 30 June 2019	17,725,357	(163,335)	10,926,004	75,824,877	8,233,033	27,105,525	139,741,512	132,777,927	272,519,439
Period ended 30 June 2020 - Reviewed									
Balance at 1 January 2020	17,725,357	(163,335)	10,926,004	102,163,845	18,495,016	13,198,319	162,345,206	249,111,630	411,456,836
Profit for the period	-	-	-	384,419,973	-	-	384,419,973	203,291,866	587,711,839
Other comprehensive income for the period	-	-	-	-	6,977,206	26,292,081	33,269,287	16,272,402	49,541,689
Total comprehensive income for the period	-	-	-	384,419,973	6,977,206	26,292,081	417,689,260	219,564,268	637,253,528
Balance at 30 June 2020	17,725,357	(163,335)	10,926,004	486,583,818	25,472,222	39,490,400	580,034,466	468,675,898	1,048,710,364

HISTORICAL COST*

	Share capital ZWLS	Treasury shares ZWLS	Share premium ZWLS	Retained earnings ZWLS	Revaluation reserve ZWLS	Foreign currency translation reserve ZWLS	Attributable to shareholders of parent ZWLS	Non-controlling interest ZWLS	Total equity ZWLS
Period ended 30 June 2019 - Unaudited									
Balance at 31 December 2018	1,089,233	(10,037)	671,409	2,332,232	1,064,833	(1,211,349)	3,936,321	4,991,264	8,927,585
Impact of adoption of IFRS 16	-	-	-	(5,494)	-	-	(5,494)	-	(5,494)
Balance at 1 January 2019	1,089,233	(10,037)	671,409	2,326,738	1,064,833	(1,211,349)	3,930,827	4,991,264	8,922,091
Profit for the period	-	-	-	3,080,775	-	-	3,080,775	145,130	3,225,905
Other comprehensive income for the period	-	-	-	-	983,319	5,591,810	6,575,129	3,460,821	10,035,950
Total comprehensive profit for the period	-	-	-	3,080,775	983,319	5,591,810	9,655,904	3,605,951	13,261,855
Balance at 30 June 2019	1,089,233	(10,037)	671,409	5,407,513	2,048,152	4,380,461	13,586,731	8,597,215	22,183,94
Period ended 30 June 2020 - Unaudited									
Balance at 1 January 2020	1,089,233	(10,037)	671,409	18,239,691	8,764,469	16,484,971	45,239,736	94,381,147	139,620,883
Profit for the period	-	-	-	410,332,088	-	-	410,332,088	334,463,283	744,795,371
Other comprehensive income for the period	-	-	-	-	16,437,962	70,036,092	86,474,054	43,345,957	129,820,011
Total comprehensive income for the period	-	-	-	410,332,088	16,437,962	70,036,092	496,806,142	377,809,240	874,615,382
Balance at 30 June 2020	1,089,233	(10,037)	671,409	428,571,779	25,202,431	86,521,063	542,045,878	472,190,387	1,014,236,265

*The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The Reviewer has not expressed an opinion on the Historical Cost information.

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

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REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

Condensed consolidated interim statement of cash flows for the half year ended 30 June 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	Reviewed 30-Jun-20 ZWL\$	Unaudited 30-Jun-19 ZWL\$	Unaudited 30-Jun-20 ZWL\$	Unaudited 30-Jun-19 ZWL\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	596,493,522	32,864,126	751,598,388	4,570,796
Adjustments for non-cash and separately disclosed items:	(658,364,931)	19,108,804	(741,417,265)	2,927,918
Fair value gains on equities at fair value through profit or loss	(234,844,525)	(34,637,667)	(286,506,047)	(4,136,978)
Fair value gains on investment property	(975,124,187)	(250,729,425)	(1,990,091,620)	(29,946,073)
Amortisation of intangible assets	725,248	253,450	612,014	30,271
Amortisation of right of use asset	65,129	545,305	65,129	65,129
Amortisation of deferred acquisition costs	1,064,686	538,314	1,064,686	64,294
Finance costs	6,564,049	13,224,995	3,966,344	1,579,538
Depreciation of property and equipment	1,413,847	7,108,923	1,154,201	849,060
Gross change in insurance and investment contract liabilities with DPF	402,301,217	143,083,389	1,397,360,498	17,089,281
Cash inflow/(outflow) on investment contracts liabilities without DPF	(2,715,427)	-	(2,715,427)	-
Investment income	(8,702,845)	(14,169,050)	(8,119,957)	(1,692,292)
Non cash adjustment IAS 29	(7,854,687)	(5,405,769)	-	-
Unrealised exchange gains and losses	(34,805,161)	(3,685,595)	(34,805,161)	(440,192)
Other project development costs written off	197,167,939	190,507,958	181,720,546	22,753,473
Profit on disposal of property, plant & equipment	(3,620,214)	(27,526,023)	(5,122,472)	(3,287,593)
Changes in working capital	23,338,730	23,258,384	92,664,325	2,777,884
Decrease/(increase) in inventories	43,765	349,217	(16,657)	41,709
(Increase)/decrease in deferred acquisition costs	(14,386,362)	377,182	(8,323,708)	45,049
(Increase)/decrease in trade and other receivables	(34,558,256)	3,731,678	(138,437,926)	445,696
Increase in trade and other payables	72,239,584	18,800,307	239,442,616	2,245,430
Cash generated from operations	(38,532,678)	75,231,314	102,845,447	10,276,599
Income taxes paid	(2,687,232)	(12,655,207)	(2,013,491)	(1,511,485)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(41,219,910)	62,576,107	100,831,956	8,765,114
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to and replacement to property and equipment	(6,198,904)	(1,452,077)	(6,059,179)	(173,430)
Additions to and improvements to investment property	-	(1,016,529)	-	(121,410)
Additions to intangible assets	(1,282,540)	(585,293)	(1,282,540)	(69,905)
Investment income	8,702,845	14,169,050	8,119,957	1,692,292
Dividend income	116,011	-	116,011	-
Additions to financial assets at fair value through profit or loss	(136,043,449)	(4,685,814)	(317,221,976)	(559,654)
Disposals of financial assets at fair value through profit or loss	930,857	7,793,785	120,567,800	930,857
Proceeds from sale of property and equipment	6,077,057	27,624,888	6,077,057	3,299,401
Additions to debt securities held at amortised cost	132,963,064	(2,693,690)	49,960,192	(321,723)
NET CASH GENERATED FROM/(UTILISED) IN INVESTING ACTIVITIES	5,264,941	39,154,319	(139,722,677)	4,676,429
CASH FLOWS FROM FINANCING ACTIVITIES				
Finance costs	(6,564,049)	(13,224,995)	(3,966,344)	(1,579,538)
Repayments of lease obligations	(10,936,158)	(944,608)	(10,936,158)	(112,820)
Repayments of borrowings	(13,737,412)	(27,211,268)	(8,181,480)	(2,821,228)
Proceeds from borrowings	10,267,885	23,621,290	5,050,000	3,250,000
NET CASH UTILISED IN FINANCING ACTIVITIES	(20,969,735)	(17,759,581)	(18,033,982)	(1,263,586)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(56,924,704)	83,970,845	(56,924,703)	12,177,957
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	73,247,335	76,565,627	73,247,335	9,144,678
Exchange differences on translation of a foreign operation	392,310,610	309,724,158	392,310,610	36,992,157
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	408,633,241	477,440,588	408,633,241	58,314,792

*The Historical Cost information has been shown as supplementary information for the benefit of users. These are not required in terms of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies". The Reviewer has not expressed an opinion on the Historical Cost information.

Notes to the condensed consolidated interim financial statements for the half year ended 30 June 2020

1 DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies Act (Chapter 24:03) to maintain adequate accounting records and are responsible for the content and integrity of the condensed consolidated interim financial statements and related financial information included in this report. It is their responsibility to ensure that the condensed consolidated interim financial statements present fairly the Group's financial position as at the end of the half year, and the results of its operations and cash flows for the six months then ended, in conformity with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting.

2 AUDITOR'S STATEMENT

The Group's inflation adjusted interim financial statements from which these abridged results have been extracted have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse review conclusion as a result of the impact of the following prior year matters: non-compliance with International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates" and International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors"; the consequential impact on the inflation-adjusted amounts determined in terms of IAS 29 and valuation of investment property, due to lack of market evidence to support property valuation inputs. The auditor's review conclusion on the Group's inflation adjusted interim financial statements is available for inspection at the Company's registered office. The engagement partner for this review is Mr David Gwande (PAAB Practising Certificate Number 132).

3 ACCOUNTING POLICIES

3.1 Basis of preparation

The Condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting and in the manner required by the Companies Act (Chapter 24:03) and the Insurance Act (Chapter 24:07), unless otherwise stated. The Group adopted IAS 29 "Financial Reporting in Hyperinflationary Economies" as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". The financial statements have been prepared under the current cost basis as per the provisions of IAS 29.

The condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report.

The accounting policies applied in preparing these condensed consolidated interim financial statements are consistent with those of the previous financial year.

Notes to the condensed consolidated interim financial statements for the half year ended 30 June 2020 (Cont'd)

3 ACCOUNTING POLICIES (Cont'd)

3.2 Functional Currency

The Group's condensed consolidated interim financial statements are expressed in the Zimbabwe dollars (ZWL\$) which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

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

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

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

Exchange gains and losses on translation of the results and financial positions of the Group's foreign operations continue to be recognised in other comprehensive income.

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

The Company continues to apply IAS 29 which came into effect from 1 July 2019, when Zimbabwe was considered to be a hyperinflationary economy as the three - year cumulative inflation figure was above 100%. IAS 29 Financial Reporting in Hyperinflationary Economies requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the statement of financial position date. The same standard discourages the presentation of historical financial statements when inflation - adjusted financial statements are presented. However, historical results have been included to allow comparability of results. The Zimbabwe Accounting Practices Board and the Zimbabwe Stock Exchange have permitted companies in Zimbabwe to present historical results in conjunction with inflation - adjusted results.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for the previous periods be restated in the same terms to the latest statement of financial position date. The restatement has been calculated by means of conversion factors derived from the Consumer Price Index (CPI) reported on the Reserve Bank of Zimbabwe website. The indices and adjustment factors used to restate the financial statements at 30 June 2020 are as given below:

	Index	Conversion factor
CPI as at 31 December 2018	88.81	16.274
CPI as at 30 June 2019	172.61	8.3727
CPI as at 31 December 2019	551.63	2.6199
CPI as at 30 June 2020	1445.21	1.0000

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

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

All comparative figures as of and for the period ended 30 June 2020 are restated by applying the change in the index from 30 June 2019 to 30 June 2020.

The opening revaluation reserve was eliminated against retained earnings.

The line items in the statement of profit or loss and other comprehensive income except for depreciation charge were segregated into monthly totals and an applicable monthly adjustment factor was factored to hyper inflate the amounts.

Monetary assets and liabilities that are carried at amounts current at the statement of financial position date are not restated since they are already stated in terms of the monetary unit current at the balance sheet date.

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

Property, plant and equipment is restated by applying the change in the index from the date of purchase to 30 June 2020. Depreciation amounts is calculated applying the index from the depreciation date.

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

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

The investment property was fair valued at 30 June 2020 and thus no inflation adjustment on the closing fair values. The difference between the inflation adjusted opening balance and the closing fair value was accounted for as the fair value adjustment.

Deferred tax was calculated on restated carrying amounts.

Borrowings constitute a monetary liability and thus there was no inflation adjustment on the balances.

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

All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

The financial statements of the subsidiary in Malawi which does not report in the currencies of hyper-inflationary economies were dealt with in accordance with IAS 21. The items included in statement of profit or loss and comprehensive income were translated using average exchange rates and statement of financial position items were translated at the closing rates.



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REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

Notes to the condensed consolidated interim financial statements for the half year ended 30 June 2020 (Cont'd)

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed 30-Jun-20 ZWL\$	Unaudited 30-Jun-19 ZWL\$	Unaudited 30-Jun-20 ZWL\$	Unaudited 30-Jun-19 ZWL\$
4 EARNINGS PER SHARE (EPS)				
Reconciliation of total earnings to headline earnings attributable to shareholders				
Numerator				
Profit for the period attributable to owners of the parent and profit used in EPS	384,419,973	20,631,825	410,332,088	3,080,774
Add/(deduct) non recurring items				
Impairment of intangible assets	519,117	-	423,906	-
Profit on disposal of property	(5,072,619)	(2,752,072)	(5,072,619)	(328,696)
Taxation on headline earnings adjustable items	1,125,626	-	1,149,162	-
Headline earnings attributable to ordinary shareholders	380,992,097	17,879,753	406,832,536	2,752,078
Denominator				
Weighted number of ordinary shares in issue	108,923,291	108,923,291	108,923,291	108,923,291
Less: Shares purchased for the Employee Share Ownership Plan	(1,003,743)	(1,003,743)	(1,003,743)	(1,003,743)
Weighted average number of shares used in basic EPS	107,919,548	107,919,548	107,919,548	107,919,548
Less: Dilutive adjusting effects	-	-	-	-
Weighted average number of shares used in diluted EPS	107,919,548	107,919,548	107,919,548	107,919,548
Basic and diluted earnings per share (cents)	356.21	19.12	380.22	2.85
Headline earnings per share (cents)	353.03	16.57	376.98	2.55

5 VALUATION OF INVESTMENT PROPERTY

Investment properties are stated at fair value. Gains and losses arising from a change in fair value of investment properties are recognised in the profit or loss statement. The fair value is determined at the end of each reporting period by a professional valuer.

The current period has been characterised by subdued demand for properties as compared to previous years due to general poor economic performance resulting in low disposable incomes, low production and companies' closure due to poor supply of power. The introduction of the mono currency through statutory instruments 142/2019 has resulted in withdrawn of properties from the market by sellers. Resultantly the property market has had few or no transactions.

The key assumptions in coming up with fair values are future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Owing to the hyperinflationary environment, there were two rent reviews systems that are being used on the market, some rentals were pegged in USD\$ with either the official rate or the parallel rate being applied to establish the ZWL\$ rentals or three month-based rentals in ZWL\$. This has created some market distortions, the USD\$ pegged rentals tend to keep up with the exchange rate movement whilst the un-pegged rentals have fallen behind by far. The property market is not only distorted but has no clear direction due to the prevailing economic uncertainties.

There were no transfers between Levels 1 or 2 to Level 3 during the year. Investment properties are at Level 3.

Significant judgements and assumptions were applied for the Group's investment property portfolio. Land banks and residential properties were valued in USD\$ using the comparison method and/or market evidence and a blended exchange rate was applied converting the USD\$ values to ZWL\$ for financial reporting purposes.

6 SEGMENT INFORMATION

	INFLATION ADJUSTED		HISTORICAL COST	
	Insurance ZWL\$	Micro-lending ZWL\$	Other ZWL\$	Group ZWL\$
Segmental performance for the period ended 30 June 2020				
Total revenue	1,364,531,485	18,756,584	1,088,296,161	2,471,584,230
Inter-segment revenue	(21,917,628)	-	(1,077,246,327)	(1,099,163,955)
Total revenue from external customers	1,342,613,857	18,756,584	11,049,835	1,372,420,275
Total benefits, claims and other expenses	(749,679,488)	(19,124,956)	(7,122,309)	(775,926,753)
Profit before tax	592,934,369	(368,373)	3,927,525	596,493,522
Depreciation of property and equipment	1,161,500	73,277	179,070	1,413,847
Amortisation of intangible assets	653,350	126,285	10,742	790,378
Amortisation of deferred acquisition costs	1,064,686	-	-	1,064,686
Finance costs	4,699,531	1,864,518	-	6,564,049
Fair value gains on equities	227,740,337	317,074	6,787,115	234,844,525
Fair value gains on investment property	83,522,578	3,626,030	887,975,578	975,124,187
Tax expense	4,890,883	3,796,075	94,725	8,781,684
Segmental performance for the period ended 30 June 2019				
Total revenue	489,799,078	34,742,770	15,936,376	540,478,224
Inter-segment revenue	(17,314,739)	-	-	(17,314,739)
Total revenue from external customers	472,484,339	34,742,770	15,936,376	523,163,485
Total benefits, claims and other expenses	(465,489,238)	(17,987,849)	(6,822,272)	(490,299,359)
Profit before tax	6,995,101	16,754,920	9,114,104	32,864,126
Depreciation of property and equipment	6,722,618	121,344	264,958	7,108,920
Amortisation of intangible assets	54,240	170,228	574,290	799,758
Amortisation of right-of-use assets	545,308	-	-	545,308
Amortisation of deferred acquisition costs	538,311	-	-	538,311
Finance costs	11,838,405	1,386,587	-	13,224,993
Fair value gains on equities	32,366,923	322,869	1,947,872	34,637,665
Fair value gains on investment property	240,516,482	4,051,549	6,161,393	250,729,423
Tax expense	7,017,032	4,212,313	31,029	11,260,374
Segment assets and liabilities				
As at 30 June 2020				
Additions to non-current assets	7,225,299	141,009	-	7,366,309
Reportable segment non-current assets	1,209,378,842	12,516,621	2,192,825,706	3,414,721,169
Reportable segment current assets	1,196,231,527	17,570,695	10,460,487	1,224,262,709
Reportable segment liabilities	3,577,943,395	6,582,779	5,747,341	3,590,273,514
As at 31 December 2019				
Additions to non-current assets	69,099,351	614,978	30,739	69,745,068
Reportable segment non-current assets	1,114,035,761	11,488,806	1,127,961,928	2,253,486,496
Reportable segment current assets	406,960,941	32,732,675	9,058,645	448,752,261
Reportable segment liabilities	2,263,882,457	16,321,665	10,577,797	2,290,781,919

Notes to the condensed consolidated interim financial statements for the half year ended 30 June 2020 (Cont'd)

6 SEGMENT INFORMATION (Cont'd)

6.1 SEGMENT INFORMATION

	INFLATION ADJUSTED		HISTORICAL COST	
	Insurance ZWL\$	Micro-lending ZWL\$	Other ZWL\$	Group ZWL\$
Segmental performance for the period ended 30 June 2020				
Total revenue	2,285,614,486	19,452,301	1,779,861,664	4,084,928,452
Inter-segment revenue	(21,917,628)	-	(1,654,977,649)	(1,676,895,277)
Total revenue from external customers	2,263,696,858	19,452,301	124,884,015	2,408,033,174
Total benefits, claims and other expenses	(1,649,048,110)	(4,928,572)	(2,458,104)	(1,656,434,786)
Profit before tax	614,648,748	14,523,729	122,425,910	751,598,388
Depreciation of property and equipment	1,085,598	15,419	53,183	1,154,201
Amortisation of intangible assets	653,350	20,331	3,461	677,143
Amortisation of deferred acquisition costs	1,064,686	-	-	1,064,686
Finance costs	2,919,258	1,047,086	-	3,966,344
Fair value gains on equities	276,315,420	1,272,077	8,918,549	286,506,047
Fair value gains on investment property	400,429,487	8,651,689	1,581,010,443	1,990,091,620
Tax expense	3,651,410	3,056,881	94,725	6,803,017
Segmental performance for the period ended 30 June 2019				
Total revenue	58,499,552	4,149,531	1,903,373	64,552,456
Inter-segment revenue	(2,068,000)	-	-	(2,068,000)
Total revenue from external customers	56,431,552	4,149,531	1,903,373	62,484,456
Total benefits claims and other expenses	(55,380,872)	(1,933,179)	(599,609)	(57,913,660)
Profit before tax	1,050,680	2,216,351	1,303,765	4,570,796
Depreciation of property and equipment	802,921	14,493	31,645	849,060
Amortisation of intangible assets	6,478	20,331	68,591	95,400
Amortisation of deferred acquisition costs	64,294	-	-	64,294
Finance costs	1,413,930	165,608	-	1,579,538
Fair value losses on equities	3,865,770	38,562	232,646	4,136,978
Fair value gains on investment property	28,726,282	483,900	735,891	29,946,073
Tax expense	838,085	503,101	3,706	1,344,892
Segment assets and liabilities				
As at 30 June 2020				
Additions to non-current assets	7,225,299	116,419	-	7,341,718
Reportable segment non-current assets	1,208,828,168	11,988,375	2,192,393,847	3,413,210,390
Reportable segment current assets	1,161,717,491	17,556,622	10,752,899	1,190,027,011
Reportable segment liabilities	3,575,065,044	8,513,091	5,423,000	3,589,001,135
As at 31 December 2019				
Additions to non-current assets	23,577,870	168,251	11,733	23,757,854
Reportable segment non-current assets	409,837,620	3,607,931	429,386,476	842,832,028
Reportable segment current assets	154,988,515	12,225,700	3,445,347	170,659,563
Reportable segment liabilities	864,100,068	6,037,738	3,732,900	873,870,706

6.2 SEGMENT INFORMATION

	INFLATION ADJUSTED		
	Zimbabwe ZWL\$	Malawi ZWL\$	Total ZWL\$
Segmental performance for the period ended 30 June 2020			
Revenue			
Total revenue	1,283,685,623	88,734,652	1,372,420,275
Inter-segment revenue	-	-	-
Total revenue from external customers	1,283,685,623	88,734,652	1,372,420,275
Group's revenue per statement of profit or loss and other comprehensive income	1,283,685,623	88,734,652	1,372,420,275
Depreciation of property and equipment	635,070	778,777	1,413,847
Amortisation of intangible assets	137,028	653,350	790,378
Amortisation of deferred acquisition costs	-	1,064,686	1,064,686
Finance costs	6,564,049	-	6,564,049
Fair value gains on equities	225,936,297	8,908,228	234,844,525
Fair value gains on investment property	975,124,187	-	975,124,187
Tax expense	7,206,702	1,574,981	8,781,684
Segment profit before tax	594,360,067	2,133,454	596,493,522
Segmental performance for the period ended 30 June 2019			
Revenue			
Total revenue	435,521,006	87,642,479	523,163,485
Inter-segment revenue	-	-	-
Total revenue from external customers	435,521,006	87,642,479	523,163,485
Group's revenue per statement of profit or loss and other comprehensive income	435,521,006	87,642,479	523,163,485
Depreciation of property and equipment	5,506,747	1,602,173	7,108,920
Amortisation of intangible assets	744,518	54,240	798,758
Amortisation of right-of-use assets	-	545,308	545,308
Amortisation of deferred acquisition costs	-	538,311	538,311
Finance costs	12,692,208	532,785	13,224,993
Fair value gains on equities	30,926,760	3,710,905	34,637,665
Fair value gains on investment property	250,729,423	-	250,729,423
Tax expense	5,073,772	6,186,606	11,260,378
Segment profit before tax	24,290,721	8,573,405	32,864,126
Segment assets and liabilities			
As at 30 June 2020			
Additions to non-current assets	141,009	7,225,299	7,366,309
Reportable segment non-current assets	3,195,241,501	219,479,669	3,414,721,169
Reportable segment current assets	412,482,953	811,779,756	1,224,262,709
Reportable segment liabilities	2,710,363,029	879,910,486	3,590,273,514
As at 31 December 2019			
Additions to non-current assets	21,705,451	48,039,617	69,745,068
Reportable segment non-current assets	1,972,622,375	280,864,121	2,253,486,496
Reportable segment current assets	53,933,604	394,818,655	448,752,261
Reportable segment liabilities	1,708,760,607	582,021,312	2,290,781,919



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

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REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



Notes to the condensed consolidated interim financial statements for the half year ended 30 June 2020 (Cont'd)

6 SEGMENT INFORMATION (Cont'd) 6.3 SEGMENT INFORMATION GEOGRAPHICAL INFORMATION

	Zimbabwe ZWL\$	Malawi ZWL\$	HISTORICAL COST Total ZWL\$
Segmental performance for the period ended 30 June 2020			
Revenue			
Total revenue	2,319,298,522	88,734,652	2,408,033,174
Inter-segment revenue	-	-	-
Total revenue from external customers	2,319,298,522	88,734,652	2,408,033,174
Group's revenue per statement of profit or loss and other comprehensive income	2,319,298,522	88,734,652	2,408,033,174
Depreciation of property and equipment	375,424	778,777	1,154,201
Amortisation of intangible assets	23,793	653,350	677,143
Amortisation of deferred acquisition costs	-	1,064,686	1,064,686
Finance costs	3,966,344	-	3,966,344
Fair value gains on equities	277,597,818	8,908,228	286,506,047
Fair value gains on investment property	1,990,091,620	-	1,990,091,620
Tax expense	5,228,035	1,574,981	6,803,017
Segment profit before tax	749,464,934	2,133,454	751,598,388
Segmental performance for the period ended 30 June 2019			
Total revenue	52,016,806	10,467,651	62,484,457
Inter-segment revenue	-	-	-
Total revenue from external customers	52,016,806	10,467,651	62,484,457
Group's revenue per statement of profit or loss and other comprehensive income	52,016,806	10,467,651	62,484,457
Depreciation of property and equipment	657,703	191,357	849,060
Amortisation of intangible assets	88,922	6,478	95,400
Amortisation of right-of-use assets	-	65,129	65,129
Amortisation of deferred acquisition costs	-	64,294	64,294
Finance costs	1,515,904	63,634	1,579,538
Fair value gains on equities	3,693,763	443,215	4,136,978
Fair value gains on investment property	29,946,073	-	29,946,073
Tax expense	605,990	738,902	1,344,892
Segment profit before tax	3,546,826	1,023,970	4,570,796
Segment assets and liabilities			
As at 30 June 2020			
Additions to non-current assets	116,419	7,225,299	7,341,718
Reportable segment non current assets	3,193,730,721	219,479,669	3,413,210,390
Reportable segment current assets	378,247,257	811,779,754	1,190,027,011
Reportable segment liabilities	2,709,090,657	879,910,478	3,589,001,135
As at 31 December 2019			
Additions to non-current assets	5,421,423	18,336,431	23,757,854
Reportable segment non current assets	735,627,890	107,204,138	842,832,028
Reportable segment current assets	19,959,667	150,699,896	170,659,563
Reportable segment liabilities	651,716,691	222,154,015	873,870,706

7 TRADE AND OTHER RECEIVABLES

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed Jun-20 ZWL\$	Audited Dec-19 ZWL\$	Unaudited Jun-20 ZWL\$	Unaudited Dec-19 ZWL\$
Residential stand sales debtors	3,890,720	44,249,440	3,890,720	16,889,744
Micro-finance loans receivable	14,868,230	33,009,944	14,868,230	12,599,696
Insurance debtors	123,175,977	63,644,988	123,175,977	24,292,907
Other trade debtors	7,306,074	1,310,373	7,306,074	518,932
Trade receivables - gross	149,241,001	142,214,745	149,241,001	54,301,279
Less: expected credit losses on trade receivables	(4,301,678)	(14,056,983)	(4,301,678)	(5,365,464)
Trade receivables - net	144,939,323	128,157,762	144,939,323	48,935,815
Receivables from related parties, net of ECL	20,924,440	2,434,114	20,938,032	929,087
Loans to employees, net of ECL	9,856,705	211,698	9,856,705	80,804
Total receivables classified as financial assets at amortised cost	175,720,468	130,803,574	175,734,060	49,945,706
Prepayments	24,594,867	7,357,751	23,366,879	2,181,942
Other receivables, net of ECL	3,040,677	30,377,249	3,040,677	11,576,042
Total trade and other receivables	203,356,012	168,538,574	202,141,616	63,703,690
Non-current portion	20,620,249	48,514,344	20,620,249	18,517,632
Current portion	182,735,763	120,024,230	181,521,367	45,186,058
Total trade and other receivables	203,356,012	168,538,574	202,141,616	63,703,690

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

There was a significant decline in residential stand sales debtors in the current period as most of the debtors settled their accounts and no new debtors were recognised as the Southview development project has reached its tail end.

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

The total impairment allowance is made up of the following:	Jun-20 ZWL\$	Dec-19 ZWL\$	Jun-20 ZWL\$	Dec-19 ZWL\$
Expected credit loss on trade receivables	4,301,678	14,056,979	4,301,678	5,365,464
Expected credit loss on loans to employees	107,141	280,698	107,141	107,141
Expected credit loss on other receivables	732,614	124,744	732,614	47,614
Expected credit loss on related party receivables	645,587	1,691,379	645,587	645,589
	5,787,020	16,153,800	5,787,020	6,165,808

Movements in expected credit loss are as follows:

	Jun-20 ZWL\$	Dec-19 ZWL\$	Jun-20 ZWL\$	Dec-19 ZWL\$
Opening loss allowance as at the beginning of the period	6,165,808	70,278,834	6,165,808	4,318,673
Receivables written off during the period as uncollectable	-	(332,827)	-	(127,038)
Net decrease/(increase) during the period through profit or loss	5,372,114	(15,749,406)	(18,374)	1,059,071
Reversal of unutilised amount through profit or loss	-	(5,798,186)	-	-
Impact on period end ECL exposures transferred between stages during the period	(5,750,902)	(32,244,616)	(360,413)	915,102
Balance at the end of the period	5,787,020	16,153,800	5,787,020	6,165,808

Notes to the condensed consolidated interim financial statements for the half year ended 30 June 2020 (Cont'd)

7 TRADE AND OTHER RECEIVABLES (Cont'd)

7.1 Expected credit loss on financial assets

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

(i) Micro-finance loans receivable

	Stage 1 12-month ECL ZWL\$	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
As at 30 June 2020				
Performing	12,446,924	-	-	12,446,924
Overdue	-	1,542,674	-	1,542,674
Default	-	-	878,632	878,632
Gross carrying amount	12,446,924	1,542,674	878,632	14,868,230
Expected credit loss on micro-finance receivables	(164,880)	(405,128)	(721,095)	(1,291,103)
Net carrying amount	12,282,044	1,137,546	157,537	13,577,127

As at 31 December 2019

Micro-finance loans receivable

	ZWL\$	ZWL\$	ZWL\$	ZWL\$
Performing	24,604,076	-	-	24,604,076
Overdue	-	4,934,258	-	4,934,258
Default	-	-	3,471,611	3,471,611
Gross carrying amount	24,604,076	4,934,258	3,471,611	33,009,944
Expected credit loss on micro-finance loans receivable	(1,368,725)	(1,549,273)	(2,625,438)	(5,543,436)
Net carrying amount	23,235,351	3,384,985	846,172	27,466,508

(ii) Residential stand sales debtors

	Stage 2 Lifetime ECL ZWL\$	Stage 3 Lifetime ECL ZWL\$	Total ZWL\$
As at 30 June 2020			
Performing	1,756,576	-	1,756,576
Overdue	1,661,183	-	1,661,183
Default	-	472,961	472,961
Gross carrying amount	3,417,759	472,961	3,890,720
Expected credit loss on residential stand sales debtors	(1,777,550)	(212,696)	(1,990,245)
Net carrying amount	1,640,210	260,265	1,900,475

As at 31 December 2019

	ZWL\$	ZWL\$	ZWL\$
Performing	42,347,508	-	42,347,508
Overdue	817,034	-	817,034
Default	-	1,084,898	1,084,898
Gross carrying amount	43,164,542	1,084,898	44,249,440
Expected credit loss on residential stand sales debtors	(2,593,410)	(411,822)	(3,005,232)
Net carrying amount	40,571,132	673,076	41,244,208

(iii) Cash and short term deposits

The short term deposits are for periods less than 3 months. No significant increases in credit risk were noted on these instruments over the period to 30 June 2020. As such, the cash and short term deposits were classified within Stage 1, prompting a 12 month expected credit loss assessment per IFRS 9. The probability of default on these instruments was assessed as insignificant due to their short tenure, resulting in an immaterial ECL which has not been recognised.

(iv) Debt securities at amortised cost

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

(v) Insurance debtors

Insurance debtors were assessed to be outside the scope of IFRS 9's requirements. As such, the impairment allowance for insurance debtors continues to be measured on an incurred loss model. The Group elected to provide in full all insurance debtors in the 120+ days and 10% on all insurance debtors in the 60 to 90+ days category. There were therefore no changes in the measurement of the impairment allowance on insurance debtors.

8 FINANCIAL ASSETS AT FAIR VALUE

Listed equities are the only financial instruments held by the Group that are measured at fair value. These are shown as equities at fair value through profit or loss in the statement of financial position. The fair values of the equities are determined as Level 2 fair values in the fair value hierarchy due to the suspension of the Zimbabwe Stock Exchange on 26 June 2020. Level 2 fair values are determined based on observable quoted prices for similar assets. The Group holds equities listed on the Zimbabwe and Malawi Stock Exchanges and these amounted to ZWL\$ 553,042,997 as at 30 June 2020 (31 December 2019: ZWL\$ 183,085,879).

9 CASH AND DEPOSITS WITH BANKS

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed Jun-20 ZWL\$	Audited Dec-19 ZWL\$	Unaudited Jun-20 ZWL\$	Unaudited Dec-19 ZWL\$
Money market investments	379,903,888	163,973,025	379,903,888	62,587,513
Bank and cash	28,351,603	26,938,001	28,351,603	10,282,072
Cash and cash equivalents	408,255,491	190,911,026	408,255,491	72,869,585
Restricted cash	377,750	989,667	377,750	377,750
Cash and deposits with banks	408,633,241	191,900,693	408,633,241	73,247,335

10 CYCLICALITY OF OPERATIONS

Revenues from sale of stands do not follow a defined pattern as their recognition is dependent on receipt of compliance certificates from the local authorities. The timing of receipt of compliance certificates varies, such that revenues may or may not be recognised within a given period.

A significant part of the Group's revenue is also derived from life insurance premiums, pension administration and fund management fees, and interest income from trade receivables. Due to the nature of this income, there is no defined pattern of cyclicity or seasonality of operations and profitability.



FIDELITY LIFE

ASSURANCE OF ZIMBABWE

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES

REVIEWED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020



Notes to the condensed consolidated interim financial statements for the half year ended 30 June 2020 (Cont'd)

	INFLATION ADJUSTED		HISTORICAL COST	
	Reviewed Jun-20 ZWL\$	Audited Dec-19 ZWL\$	Unaudited Jun-20 ZWL\$	Unaudited Dec-19 ZWL\$
11 BORROWINGS				
11.1 LONG-TERM BORROWINGS				
FBC Bank Limited	3,357,853	13,198,666	3,357,853	5,037,851
Infrastructure Development Bank of Zimbabwe	1,048,272	4,115,174	1,048,272	1,570,737
Standard Chartered Bank of Zimbabwe Limited	655,620	2,556,027	655,620	975,620
Agribank Limited	262,261	1,053,884	262,261	402,261
NMB Bank Limited	7,348,199	21,297,864	7,348,199	8,129,266
First Capital Bank Malawi	11,413,404	10,792,727	11,413,404	4,119,519
	24,085,609	53,014,342	24,085,609	20,235,254
Current portion of long-term borrowings	(1,638,636)	(17,830,497)	(1,638,635)	(6,805,793)
Non-current portion of long term borrowings	22,446,973	35,183,845	22,446,973	13,429,461

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

The Group assumed CFI Holdings Limited's loans, issued by these banks amounting to US\$16 million, when it acquired Langford Estates (1962) (Private) Limited through a land-for-debt swap arrangement in 2015. The borrowings accrue interest at 10% per annum and have a tenor of 7 years ending 30 June 2022. The debt assumption came with a 2-year principal repayment grace period which ended on 30 June 2018. The principal is repaid in annual installments per the agreed repayment schedule whilst interest is paid bi-annually on the outstanding principal amount. The loans are secured through a mortgage bond over investment property.

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

NMB Bank Limited

The loan with NMB Bank was acquired to enable settlement of Redeemable Bonds that were settled in 2018. The NMB loan accrues interest at 10% per annum and has fixed monthly repayments to 31 January 2023. The facility is secured through a first mortgage bond over property valued at ZWL\$195m and cession of residential stand sales receivables worth ZWL\$12m.

First Capital Bank Malawi

The loan with FCB Malawi was used to refinance Vanguard Life Assurance through a rights issue. The loan is denominated in Malawi Kwacha and accrued interest at 23% per annum. The interest rate was 19.1% as at 30 June 2020 and is subject to variation at the bank's discretion as influenced by bank rates advised by the Reserve Bank of Malawi from time to time. The facility is repayable in equal monthly instalments to 31 December 2021. The terms of the loan require security of 110% of the facility amount to be kept in deposit with First Capital Bank Zimbabwe for the duration of the facility, which would amount to US\$377,750. The loan is currently secured by a lien over cash amounting to ZWL\$377,750 after the deposit previously placed with the bank was converted to ZWL\$ when S133 became effective. The Group is engaged in discussions with First Capital Bank to render adequate security cover.

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

	Jun-20 ZWL\$	Dec-19 ZWL\$	Jun-20 ZWL\$	Dec-19 ZWL\$
11.2 SHORT-TERM BORROWINGS				
ZB Bank Limited	624,640	-	624,640	-
Ecobank Zimbabwe Limited	4,192,530	9,038,655	4,192,530	3,450,000
Current portion of non-current borrowings	1,638,636	17,830,497	1,638,636	6,805,792
	6,455,806	26,869,152	6,455,806	10,255,792

ZB bank Limited

The micro-finance business signed a ZWL\$2m overdraft facility with ZB Bank Limited as a line-of-credit for increasing the unit's lending capacity. The facility amount is drawn down in tranches in line with the business needs. Currently ZWL\$624,640 of the facility was utilised. The overdraft facility accrues interest at 32% per annum and will expire on 28 February 2021.

Ecobank Zimbabwe Limited

The micro-finance business acquired a ZWL\$6m loan facility with Ecobank Zimbabwe Limited to increase its lending capacity. The facility amount is drawn down in tranches in line with the business' needs. Drawdowns on the facility accrue interest at varying interest rates depending on the prevailing interest rate on each drawdown date. Currently, ZWL\$4,192,530 of the outstanding amount accrues interest at 35% per annum. The facility is available for one year, expiring on 30 September 2020.

	Jun-20 ZWL\$	Dec-19 ZWL\$	Jun-20 ZWL\$	Dec-19 ZWL\$
11.3 MOVEMENT IN BORROWINGS				
Movements in borrowings during the period were as follows:				
Balance at beginning of period	62,052,995	352,457,372	23,685,254	21,658,700
Net cash out flow on borrowings	(3,469,528)	(23,768,977)	(3,131,480)	(1,389,005)
Proceeds from borrowings	10,267,885	73,450,457	5,050,000	9,747,115
Repayment of borrowings	(13,737,412)	(97,219,434)	(8,181,480)	(11,136,120)
Exchange differences on foreign currency denominated loans	8,349,004	8,948,423	8,349,004	3,415,558
Reduction of borrowings due to inflation	(38,029,693)	(275,583,823)	-	-
Balance at end of period	28,902,778	62,052,996	28,902,778	23,685,253
Current borrowings	6,455,806	26,869,150	6,455,806	10,255,792
Non-current borrowings	22,446,973	35,183,846	22,446,973	13,429,462
Balance at end of period	28,902,779	62,052,996	28,902,779	23,685,254

	30-Jun-20 ZWL\$	31-Dec-19 ZWL\$	30-Jun-20 ZWL\$	31-Dec-19 ZWL\$
12 TRADE AND OTHER PAYABLES				
Trade payables	72,960,486	6,608,182	72,960,486	3,464,436
South View offsite works liability	259,734,681	212,133,853	259,734,681	80,970,211
Related party payables	4,340,646	3,543,800	4,340,616	563,659
Deferred income from sale of residential stands	4,204,964	11,042,150	4,204,964	4,214,724
Statutory liabilities	1,024,040	1,585,849	1,024,040	605,309
Other payables	5,034,536	40,145,878	2,156,218	15,160,106
	347,299,353	275,059,712	344,421,005	104,978,445

13 EVENTS AFTER THE PERIOD END

Financial assets at fair value

The Government of Zimbabwe suspended trading on the Zimbabwe Stock Exchange on the 26th of June 2020. The Stock Exchange subsequently resumed trading on 3 August 2020, however Old mutual, Seedco International and PPC International remained suspended. Fidelity life Assurance of Zimbabwe holds these and other listed equities as financial instruments measured at fair value. The Group adopted the unadjusted Zimbabwe Stock Exchange 26th of June 2020 quoted prices as the fair values of listed equities as at 30 June 2020.

Subsequent fair valuation of equities that remained suspended requires application of judgement by management and conclusive evidence on the quantitative and qualitative characteristics above. Consideration of alternative market prices for the counters is currently being considered.

Management will continue to evaluate these characteristics and any communications from relevant regulators. An estimate of the potential financial impact cannot be made at this stage as this is reliant on the outcome from considerations with various stakeholders on adoption of alternative market prices for the counters.

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