



WE CAN ALL FIGHT TOGETHER TO STOP THE SPREAD OF COVID-19

• Get vaccinated, stay healthy and protected from COVID-19.

CHAIRMAN'S STATEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2021

I am pleased to present the financial results of Fidelity Life Assurance of Zimbabwe Limited (the "Company") and its subsidiaries (together, the "Group") for the six months ended 30 June 2021. The commentary on financials is based on the inflation adjusted financial information.

Operating environment in the country

The economic recovery that characterised the second half of 2020 continued in the half year to June 2021. Government is forecasting GDP growth of 7.8% in 2021 which is largely driven by an expected bumper agricultural harvest. Inflation maintained a downward trend and fell to double digit figures in July 2021 for the first time in over two years. Month-on-month inflation averaged 3.2% in the 6 months to June 2021 resulting in the Consumer Price Index moving up 21%. The Foreign Currency Auction System turned one year in June 2021 and the Zimbabwe dollar ("ZWL") has maintained relative stability on the auction platform as it marginally depreciated by 4.3% in the period under review. The country witnessed two hard lockdowns during the first half of the year due to outbreaks of more deadly Covid-19 variants. The disruption to economic activity was, however minimal for the majority of economic sectors, with the hardest hit being transport, education and tourism. All strategic business units remained operational during the lockdowns due to the essential services sector status and, more importantly, the business' digitalisation drive which made it possible to deliver services online seamlessly. Listed equities on the Zimbabwe Stock Exchange ("ZSE") proved to be a safe haven as the ZSE All-Share Index surged 135%. In the Monetary Policy, the Central Bank maintained the policy rate at 40% while Treasury Bills were issued at just under 21%. The depressed and negative yield of treasury bills and other prescribed assets continue to present a challenge in the business's efforts to comply with Prescribed Asset regulatory thresholds.

Economic Outlook

The country has intensified its Covid-19 vaccination programme and is on course to achieve the 60% herd immunity by the end of the year in a development that should see the country return to normalcy. The economic recovery of the last twelve months is set to persist and, given the low base resulting from the GDP decline suffered in 2019 and 2020, the projected growth of 7.8% in 2021 is achievable. Inflation is forecast to remain on a downward trend and is projected to end the year below 35%. No significant movements are forecast on the official exchange rate as the United States of American dollar ("USD") 961 million Special Drawing Rights injection is expected to add stability to the exchange rate. The business expects an improved intake of its suite of products and services as the operating environment gradually improves. The nearly stagnant official exchange rate and generally depressed property market implies minimal capital appreciation on investment property. Fair value gains on investment property will thus have reduced impact on profitability in the current year in comparison to the prior financial year.

Update on the Regulatory Asset Separation Exercise

As reported in our 2020 annual report, Fidelity Life Assurance of Zimbabwe Limited conducted an asset separation exercise which sought to separate the assets of policyholders and shareholders to ensure compliance with the requirements of the Insurance Act (Chapter 24:07) and the Pension and Provident Funds Act (Chapter 24:09). I am pleased to advise shareholders that the Insurance and Pension Commission ("IPEC") approved the Fidelity Life asset split between policyholders and shareholders with effective date of 31 December 2018. The approval of the asset separation exercise marks an important and long awaited governance milestone in the efforts made by management over the last few years. Management is in the final stages of the asset separation implementation roadmap approved by IPEC in March 2021 which should be completed by end of October 2021.

Group Financial Performance

The Group recorded net premium written in inflation adjusted terms of ZWL 441.0 million, an increase of 102% from ZWL 218.3 million recorded prior year. The growth is mainly attributable to responsible reviews of recurring premiums, new business acquisition and organic growth from the existing book. The Life Insurance businesses, continues to be the major contributor to total core income growth contributing 83% of total core income. Total income (including investment income) in inflation adjusted terms declined by 67% to ZWL933.8 million from ZWL 2,836.0 million due to insignificant fair value adjustments on investment property and equities. Fair values of the investment property are mainly driven by movements in the exchange rate which was stable during the first half of 2021 as compared to the same period prior year. On an inflation adjusted basis, total benefits, claims and other expenses declined by 43% from ZWL1, 603.4 million in 2020 to ZWL920.2 million in 2021. The Group realised savings on the Southview water pipeline project, with project costs incurred during the period decreasing by 92% from ZWL467.7 million prior year to ZWL39.1 million current year as the project reaches its tail end. The depressed profitability for the Group is as a result of a decline in exchange rate differences arising from translation of foreign operations and foreign currency denominated assets due to stabilisation in the exchange rate which were experienced in the current year. Total assets declined marginally in real terms to ZWL 6,604.2 million down from ZWL6, 606.0 million in 2020.

Solvency Position

IPEC launched the Zimbabwe Integrated Capital and Risk Programme ("ZICARP") framework on the 22nd of June 2021. This will run parallel to SI95 of 2017. As of 30 June 2021, Fidelity Life was fully compliant with the SI95 regulatory capital requirement with a solvency level of 196%. The Group will continue to strengthen its balance sheet and capital position. This will provide protection against adverse future events and support business growth.

Strategy Execution

During the year we remain focused on execution of our stated strategic initiatives across all business units, despite the challenges brought on by the various Covid-19 lockdowns. We have delivered on many of the strategic objectives we set in 2020. The fluid operating landscape due to impact of Covid-19 means that we have little time to celebrate any mid-term wins. Instead, we are focussing all our attention and skills on supporting our team members and customers during this demanding and uncertain time. We are taking actions to make sure our business remains strong throughout this period and we are confident that we will emerge from this crisis in a position to deliver against our long-term growth strategy.

Our strategy remains firmly rooted in the following areas:

Ensuring the right balance on the currency of our revenues. We will continue to strive towards ensuring that we diversify the revenues we earn, and have a good balance between USD and ZWL revenue. This is across all our business units.

Delivering a superior client experience: We will continue to focus on delivering an exceptional client experience across the Group, and ensure we continue to serve our customers at all times whether face to face or online.

Creating value for our customers and meeting their evolving needs: New product development remains a critical part of our strategy for this year and going forward as we aim to continually add value to our customers' lives at every stage of their lives. Our product range continues to evolve in tandem with our customers' ever changing needs and market conditions. You will be seeing many developments in new products as the year progresses.

Drive to digital. We have not slowed our drive to digital despite the fact that we have achieved many of the digitalisation targets we had set for ourselves. We have set ourselves new challenges and we will continue to work towards a more digital company as we adapt to the ever changing digital landscape. We aim to have robust digital platforms that offer customers more convenience and improve our operating efficiencies.

Executive Management Changes

I wish to advise shareholders that Rueben Java, Fidelity Life CEO, will resign from the Group with effect from 30 September 2021 to pursue other opportunities. He leaves the Group after four years, during which time he was instrumental in setting up Fidelity Life on its current growth trajectory and the successful implementation of the IPEC approved asset separation programme. I wish Rueben all the best in his future endeavours.

To ensure business continuity as well as to afford the Group time to identify a suitable replacement, our current Chief Finance Officer Zvenyika Zvenyika has been appointed Acting CEO. Given his strong financial skills and considerable business experience gained both within and outside Fidelity Life Assurance, the business is confident that he will guide the transition successfully.

Dividend

In view of the need to strengthen the capital base, given the significant increase in economic uncertainty, the Board resolved not to declare an interim dividend for the current period. The focus should be to strengthen the capital position of the company by deploying earnings to increase business underwriting capacity.

Appreciation

We are facing uncertainty with this global Covid-19 pandemic, but with the right focus and determination we can maintain and continue to deliver value for our customers, employees, shareholders and other stakeholders during this year. I thank my board colleagues, management and staff for working tirelessly towards achieving this goal.

F. Ruwende
Chairman
24 September 2021

**CHIEF EXECUTIVE OFFICER'S STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2021**

Fidelity Life Assurance of Zimbabwe Limited ("FLA", Fidelity Life the "Company")

Fidelity Life Assurance of Zimbabwe Limited is the parent of the Group. Inflation adjusted gross premiums written recorded a strong growth of 118% to ZWL184.2 million from ZWL84.3 prior period, contributing 38% to core insurance revenue of the Group. The strong performance was a direct result of aggressive premium reviews which were effected to ensure there was commensurate preservation of value in respect of the policyholders' policies. A deliberate choice of markets and expansion of distribution channels resulted in the writing of new business including USD denominated policies and this contributed to improved topline growth in addition to organic growth of the existing book as a result of product innovations which commanded higher premiums.

Inflation adjusted total expenses of the Company increased by 90% from ZWL62.7 million in 2020 to ZWL101.7 million in the current year. Claims and benefit payments which make up direct costs grew by 127%. The Company takes pride in settling all the policyholder claims on time as it recognizes that to be its core business. Management expenses grew by 35% which was relatively low compared to inflation and growth in revenue. This is testimony to the management's commitment and discipline to tightly rein in controllable expenses and improved efficiencies in the value chain aided by leveraging on digital technologies.

The Company closed the period to 30 June 2021 with an inflation adjusted operating profit of ZWL49.8 million which is 285% above prior year operating profit of ZWL12.9 million.

Vanguard Life Assurance Company Limited ("VLA") – Malawi

VLA total core revenue increased from ZWL39.3 million in prior period to ZWL296.3 million for the period ended 30 June 2021, with a 62% contribution to core insurance revenue of the Group. The growth in core revenue was attributable to significant new business acquisition, upward revision of sums assured and introduction of new products.

Claims and benefit payments which make up direct costs grew by 773%, the growth was largely driven by Covid-19 related claims, mainly retrenchments and increased withdrawal benefits. Management expenses grew by 154%, management will continuously review expenses and implement cost reduction strategies.

VLA recorded operating profit of ZWL110.9 million up from ZWL0.787 million in 2020. The subsidiary continues to cushion the Group from the adverse impact of relatively high inflation in Zimbabwe.

Fidelity Life Financial Services (Private) Limited ("FLFS")

FLFS's net interest income increased from ZWL26.0 million in prior year to ZWL32.8 million for the period ended 30 June 2021. The subsidiary contributed 7% to total core revenue of the Group. The growth over 2020 is mainly attributable to firm shareholder support towards diversified lines of credit during the period. This aggressive growth is anchored on the quality of the loan book that continued to improve. The subsidiary consciously reviewed interest rate pricing during the period, thereby incorporating the effects of inflation. FLFS closed the period with a breakeven operating profit position.

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 core revenue from these subsidiaries increased by 121% from ZWL26.1 million in 2020 to ZWL57.7 million during the current period.

Operations Review

Impact of Covid-19

Since the start of the pandemic our top priority has been and continues to be to protect the health, safety and wellbeing of our people. The safety and health of our employees and the communities in which we operate have always been our top priority. Since the outbreak of Covid-19, we have implemented several measures across our operations to prevent the spread of infection. We are constantly reviewing the situation to ensure we are responding effectively to all risks be it health, operational or financial concerns. Additional social distancing procedures were put in place to safeguard our staff and to ensure that they are able to continue to offer services to our customers.

The first half of the year started off with a National Lockdown in response to the Covid-19 second wave; the lockdown lasted for two months. With our digital platforms already in place, business operations were unaffected, as our existing customers accessed our products through the digital platforms. However, accessing new clients was more challenging due to restriction of movement of our sales agents as a result of the national lockdowns.

Covid-19 Vaccinations

Through our Medical Aid unit, Fidelity Life Medical Aid Society ("FLIMAS"), the Group initiated a Covid-19 vaccination programme which aligns well with the Government thrust towards herd immunity. Under this programme, all member organizations have access to the Covid-19 vaccine for free. The program has been rolled out across the country and is progressing well.

Digital Transformation

Fully Online Loans Application platform. As part of our continued drive towards digitalization, we launched an online loans platform in May 2021, which allows our micro-lending customers to apply for loans in the comfort of their homes without having to visit our offices. This platform allows an end to end online loan application process including reviews, approvals and payments. This is yet another key milestone in our digital transformation strategy.

Fully fledged Contact Centre. Continuing the digital transformation journey, we have enhanced our front office capability by the launch of a fully-fledged Contact Centre during the first half of the year. The Contact Centre has dual purpose; a forum to deliver great client service and also a platform to distribute our products and services to clients more smoothly.

New Products

Life Assurance Products. We continue to give our customers products that meet their ever changing needs. With a growing informal sector in both Zimbabwe and Malawi, we are developing pension, funeral and life assurance products for SMEs and clients with seasonal income. We have also added a Covid-19 rider to the Group Life Assurance products, which covers Covid-19 related hospitalization expenses.

Themed Caskets in Funeral Services. In the early part of the 2021 our Funeral Services unit introduced a novel concept of themed caskets. This allows customers to celebrate the life of their loved ones through the thing they loved the most or was dear to them. These caskets cover such themes as totems, favorite sports teams and so much more. Customers are free to order their themed casket as we prepare for the burial of their loved one and the casket will be ready in time for the burial.

Fully Operational Bureau De Change. The Fidelity Life Bureau de Change is now fully operational offering customers USD at the official exchange rate. Fidelity Life Bureau de Change has been actively participating in the RBZ foreign currency allocation system to the market and customers are benefiting from this facility to apply for USD to pay for such things as foreign fees, DSTV and business travel.

There are more exciting products in the pipeline for our life business that cover individual life, funeral and pensions businesses. These will be introduced to the market before the end of the year.

Outlook

We are committed to creating long-term value for our shareholders and clients. The Group will achieve this through: asset preservation efforts i.e. adopting an investment strategy focusing on real growth, a scrupulous selection of USD generating markets and diversifying into the SADC region. The Group will continue to be innovative, developing financial solutions for customers to align with their changing needs and circumstances.

I would like to express my gratitude to the Fidelity Life board for their continued guidance and support. To my management team and all the staff thank you for your hard work and dedication even in the face of a challenging operating environment.



R. Java
Chief Executive Officer
24 September 2021

Bureau de Change

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FINANCIAL SERVICES

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Micro Lending

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Notes

INFLATION ADJUSTED

HISTORICAL COST

	30-Jun-21 ZWL	31-Dec-20 ZWL	30-Jun-21 ZWL	31-Dec-20 ZWL
ASSETS				
Property and equipment	332,578,034	461,104,246	320,492,138	358,855,764
Right of use asset	25,737,122	35,674,594	25,737,122	29,559,329
Investment property	5 4,001,765,259	3,762,755,716	4,001,765,259	3,117,751,895
Intangible assets	62,486,443	71,855,801	58,679,070	52,865,342
Inventories	73,081,131	72,829,816	2,387,265	2,122,264
Trade and other receivables	7 357,617,653	354,966,976	358,614,223	293,017,745
Income tax asset	514,873	-	514,873	-
Equities at fair value through profit or loss	8 866,529,888	799,855,474	866,529,888	662,745,899
Debt securities at amortised cost	140,722,142	382,488,994	140,722,142	316,923,519
Cash and deposits with banks	9 743,167,492	664,457,107	743,167,492	550,557,240
Total assets	6,604,200,037	6,605,988,724	6,518,609,472	5,384,398,997
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Issued share capital	36,628,254	36,628,254	1,089,233	1,089,233
Share premium	22,577,850	22,577,850	671,409	671,409
Treasury shares	(337,521)	(337,521)	(10,037)	(10,037)
Retained earnings	149,777,714	206,697,804	112,222,479	47,473,230
Revaluation reserve	5,794,952	5,794,952	24,409,705	24,409,705
Foreign currency translation reserve	56,616,825	39,731,890	100,454,836	100,594,732
Total ordinary shareholder's equity	271,058,074	311,093,229	238,837,625	174,228,272
Non-controlling interests	634,094,323	566,403,628	603,597,933	464,941,464
Total equity	905,152,397	877,496,857	842,435,558	639,169,736
Liabilities				
Insurance contract liabilities and investment contract liabilities with discretionary participation features	10.1 4,644,305,150	4,492,337,115	4,644,305,150	3,722,269,955
Investment contracts without discretionary participation features	11 622,866,913	479,697,787	622,866,913	397,468,982
Borrowings	12 54,114,302	39,180,537	54,114,302	32,464,290
Deferred tax liabilities	49,577,866	56,001,397	43,820,604	45,105,405
Lease obligations	24,532,831	30,241,391	24,532,831	25,057,474
Trade and other payables	13 296,144,002	619,651,638	279,027,538	513,432,233
Income tax liability	7,506,576	11,382,002	7,506,576	9,430,922
Total liabilities	5,699,047,640	5,728,491,867	5,676,173,914	4,745,229,261
Total equity and liabilities	6,604,200,037	6,605,988,724	6,518,609,472	5,384,398,997

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FINANCIAL SERVICES



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES
REVIEWED FINANCIAL RESULTS
for the Half Year Ended **30 June 2021**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE Notes
INCOME FOR THE HALF YEAR ENDED 30 JUNE 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	30-Jun-21 ZWL	30-Jun-20 ZWL	30-Jun-21 ZWL	30-Jun-20 ZWL
Gross premiums	480,582,365	230,550,389	470,598,978	95,516,506
Premiums ceded to reinsurers	(39,567,461)	(12,219,089)	(37,138,625)	(4,834,817)
Net premium written	441,014,904	218,331,300	433,460,353	90,681,689
Fees and commission income	34,260,619	25,625,339	32,168,061	8,117,101
Investment income	53,985,122	17,983,892	59,997,916	8,119,957
Interest income from residential stands receivables	2,771,155	11,971,695	2,695,584	3,246,614
Fair value gains from equities	20,519,612	485,291,692	101,320,672	286,506,047
Fair value gains from investment property	258,634,158	2,015,033,840	764,104,335	1,990,091,620
Interest income from microlending	37,596,736	30,272,947	36,076,784	8,621,408
Other operating income	57,981,146	31,510,937	74,130,501	12,648,738
Income from sale of residential stands	27,064,863	-	26,053,546	-
Total income	933,828,315	2,836,021,642	1,530,007,752	2,408,033,174
Gross benefits and claims paid	(145,349,237)	(55,189,649)	(143,553,740)	(23,525,296)
Claims ceded to reinsurers	-	-	-	-
Net benefits and claims	(145,349,237)	(55,189,649)	(143,553,740)	(23,525,296)
Gross change in insurance and investment contract liabilities	(390,045,583)	(831,330,591)	(907,901,114)	(1,397,360,498)
Fee and commission expenses, and other acquisition costs	(21,862,807)	(8,233,131)	(21,486,144)	(3,551,094)
Operating and administration expenses	(210,386,354)	(116,938,598)	(193,352,101)	(45,039,163)
Allowance for expected credit losses on receivables	(3,899,793)	11,101,143	1,414,540	(18,374)
Cost of sales of residential stands	(262,171)	-	(252,375)	-
Project development costs	(39,136,385)	(467,678,205)	(37,836,199)	(182,974,017)
Finance costs	(11,446,411)	(13,564,201)	(9,954,032)	(3,966,344)
Loss on net monetary position	(97,847,780)	(121,571,428)	-	-
Total benefits, claims and other expenses	(920,236,521)	(1,603,404,660)	(1,312,921,165)	(1,656,434,786)
Profit before income tax	13,591,794	1,232,616,982	217,086,587	751,598,388
Income tax expense	(13,271,424)	(18,146,805)	(13,593,556)	(6,803,016)
Profit for the period	320,370	1,214,470,177	203,493,031	744,795,372
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Gross gains on property revaluation	8,885,183	144,179,635	17,360,774	164,379,622
Income tax related to items that will not be reclassified	-	-	-	-
Gross change in insurance liabilities through other comprehensive income	(8,885,183)	(129,761,672)	(17,360,774)	(147,941,660)
Gains on property revaluation, net of tax	-	14,417,963	-	16,437,962
Items that will or may be reclassified to profit or loss:				
Exchange differences arising on translation of foreign operations	27,335,170	87,956,871	(227,209)	113,382,049
Other comprehensive income for the period, net of tax	27,335,170	102,374,834	(227,209)	129,820,011
Comprehensive income for the period	27,655,540	1,316,845,011	203,265,822	874,615,383
Profit for the period attributable to:				
Owners of the parent	(56,920,090)	794,380,106	64,749,250	410,332,088
Non-controlling interests	57,240,460	420,090,071	138,743,781	334,463,284
Profit for the period	320,370	1,214,470,177	203,493,031	744,795,372
Comprehensive income attributable to:				
Owners of the parent	(40,035,155)	863,129,028	64,609,353	496,806,142
Non-controlling interests	67,690,695	453,715,983	138,656,469	377,809,241
Comprehensive income for the period	27,655,540	1,316,845,011	203,265,822	874,615,383
Earnings per share attributable to the ordinary equity holders of the parent				
Basic and diluted earnings per share (cents)	4 (52.74)	736.09	60.00	380.22
Headline earnings per share (cents)	4 (62.33)	729.52	48.09	376.98

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

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FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES
REVIEWED FINANCIAL RESULTS
for the Half Year Ended **30 June 2021**

CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY FOR THE HALF YEAR
ENDED 30 JUNE 2021

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
Balance at 1 January 2020	36,628,254	(337,521)	22,577,850	123,299,609	22,321,285	15,928,801	220,418,279	300,648,109	521,066,387
Profit for the period	-	-	-	794,380,106	-	-	794,380,106	420,090,071	1,214,470,177
Other comprehensive income for the year	-	-	-	-	14,417,963	54,330,959	68,748,922	33,625,912	102,374,834
Comprehensive income for the period	-	-	-	794,380,106	14,417,963	54,330,959	863,129,028	453,715,983	1,316,845,011
Balance at 30 June 2020	36,628,254	(337,521)	22,577,850	917,679,715	36,739,248	70,259,760	1,083,547,307	754,364,092	1,837,911,398
Balance at 1 January 2021	36,628,254	(337,521)	22,577,850	206,697,804	5,794,952	39,731,890	311,093,229	566,403,628	877,496,857
Profit for the period	-	-	-	(56,920,090)	-	-	(56,920,090)	57,240,460	320,370
Other comprehensive income for the period	-	-	-	-	-	16,884,935	16,884,935	10,450,235	27,335,170
Comprehensive income for the period	-	-	-	(56,920,090)	-	16,884,935	(40,035,155)	67,690,695	27,655,540
Balance at 30 June 2021	36,628,254	(337,521)	22,577,850	149,777,714	5,794,952	56,616,825	271,058,074	634,094,323	905,152,397

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

CONSOLIDATED INTERIM STATEMENT OF
CHANGES IN EQUITY FOR THE HALF YEAR
ENDED 30 JUNE 2021

HISTORICAL

	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
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	334,463,284	744,795,372
Other comprehensive income for the period	-	-	-	-	16,437,962	70,036,092	86,474,054	43,345,957	129,820,011
Comprehensive income for the period	-	-	-	410,332,088	16,437,962	70,036,092	496,806,142	377,809,241	874,615,383
Balance at 30 June 2020	1,089,233	(10,037)	671,409	428,571,779	25,202,431	86,521,063	542,045,878	472,190,388	1,014,236,266
Balance at 1 January 2021	1,089,233	(10,037)	671,409	47,473,230	24,409,705	100,594,732	174,228,272	464,941,464	639,169,736
Profit for the period	-	-	-	64,749,250	-	-	64,749,250	138,743,781	203,493,031
Other comprehensive income for the period	-	-	-	-	-	(139,897)	(139,897)	(87,312)	(227,209)
Comprehensive income for the period	-	-	-	64,749,250	-	(139,897)	64,609,353	138,656,469	203,265,822
Balance at 30 June 2021	1,089,233	(10,037)	671,409	112,222,479	24,409,705	100,454,835	238,837,625	603,597,933	842,435,558

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

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2021

Cash flows from operating activities before income tax

Adjustments for non-cash and separately disclosed items:

Fair value gains on equities at fair value through profit or loss
Fair value gains on investment property
Amortisation of intangible assets
Amortisation of right of use asset
Amortisation of deferred acquisition costs
Finance costs
Depreciation of property and equipment
Gross change in insurance and investment contract liabilities with DPF
Movement in investment contracts liabilities without DPF
Interest income
Dividend income
Non cash adjustment-IAS29
Unrealised exchange losses
Project development costs
Profit from disposal of investment property

Changes in working capital

(Increase)/decrease in inventories
Increase in deferred acquisition costs
Increase in trade and other receivables
Decrease/(Increase) in trade and other payables

Cash (utilized in)/ generated from operations

Income taxes paid

Net cash (utilized in)/ generated from operating activities

Cash flows from investing activities

Additions and replacement to property and equipment
Proceeds from sale of property and equipment
Additions and improvements to investment property
Proceeds from sale of investment property
Additions to intangible assets
Interest income
Dividend income
Additions to financial assets at fair value through profit or loss
Disposals of financial assets at fair value through profit or loss

Disposals of debt securities held at amortised cost

Net cash generated from/(utilised in) investing activities

Cash flows from financing activities

Finance costs
Repayments lease obligations
Repayments of borrowings
Proceeds from borrowings

Net cash (utilised in) / generated from financing activities

Net increase in cash and cash equivalents for the period

Cash and cash equivalents at the beginning of the period

Unrealised exchange differences

Cash and cash equivalents at the end of the period

INFLATION ADJUSTED		HISTORICAL COST	
30-Jun-21 ZWL	30-Jun-20 ZWL	30-Jun-21 ZWL	30-Jun-20 ZWL
13,591,794	1,232,616,982	217,086,587	751,598,388
422,662,321	(987,754,686)	232,507,890	(497,207,974)
(20,519,612)	(485,291,692)	(101,320,672)	(286,506,047)
(258,634,158)	(2,015,033,840)	(764,104,335)	(1,990,091,620)
44,070	1,498,681	53,255	612,014
3,830,554	134,586	3,830,554	65,129
-	2,200,108	-	1,064,686
11,446,412	13,564,201	9,954,032	3,966,344
5,288,162	2,921,627	3,924,045	1,154,201
390,045,583	831,330,591	907,901,114	1,397,360,498
134,875,838	367,104,476	217,048,644	241,493,864
(44,479,412)	(5,635,670)	(43,538,199)	(2,441,007)
(2,175,107)	(12,348,222)	(2,163,235)	(5,678,950)
200,178,310	(16,231,225)	-	-
(22,569,613)	(71,922,713)	(22,569,613)	(34,805,161)
39,136,385	407,435,355	37,836,199	181,720,546
(13,805,091)	(7,480,949)	(14,343,899)	(5,122,472)
(326,571,869)	48,228,043	(300,428,415)	92,664,325
(251,315)	90,437	(265,002)	(16,657)
-	(29,728,528)	-	(8,323,708)
(2,949,389)	(71,412,500)	(65,895,187)	(138,437,926)
(323,371,165)	149,278,635	(234,268,225)	239,442,616
109,682,246	293,090,340	149,166,062	347,054,738
(18,567,895)	(5,552,998)	(15,517,903)	(2,013,491)
91,114,351	287,537,341	133,648,159	345,041,247
(3,145,533)	(12,809,652)	(3,016,938)	(6,059,179)
-	12,557,862	-	6,077,057
-	-	-	-
794,902	-	794,902	-
(5,908,940)	(2,650,289)	(5,908,940)	(1,282,540)
44,479,412	17,983,892	43,538,199	8,119,957
2,175,107	239,730	2,163,235	116,011
(86,345,228)	(281,125,376)	(129,137,220)	(317,221,976)
39,758,681	1,923,559	26,242,157	120,567,800
176,201,377	274,759,950	794,902	49,960,192
168,009,777	10,879,675	110,876,772	(139,722,677)
(11,446,412)	(13,564,201)	(9,954,032)	(3,966,344)
(9,937,472)	(22,598,895)	(3,822,207)	(10,936,158)
(30,645,950)	(28,387,513)	(20,250,044)	(8,181,480)
47,904,354	21,217,949	44,500,000	5,050,000
(4,125,480)	(43,332,660)	10,473,717	(18,033,983)
254,998,649	255,084,356	254,998,648	187,284,588
550,557,240	151,361,089	550,557,240	73,247,335
(62,388,397)	437,969,882	(62,388,397)	148,101,319
743,167,492	844,415,328	743,167,492	408,633,242

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



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**

1. DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies and Other Business Entities Act (Chapter 24:31) to maintain adequate accounting records and are responsible for the content and integrity of the 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 and the Zimbabwe Stock Exchange Listing Requirements.

2. INDEPENDENT REVIEWER'S STATEMENT

These condensed consolidated interim financial statements have been reviewed by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and an adverse conclusion issued on the basis of non-compliance of the financial statements with the requirements of IAS 21 "The Effects of Foreign Exchange Rates" and IAS 29 Financial reporting in Hyperinflationary Economies. The reviewer's report is available for inspection at the Company's registered office. The engagement partner for the review is Mr. Clive K Mukondiwa (PAAB Practising Number 253168).

3. ACCOUNTING POLICIES

3.1 Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 and the Zimbabwe Stock Exchange Listing Requirements, except for non compliance with IAS 21 and 29. The financial statements are based on statutory records that are maintained under the historical cost convention basis, except for revaluation of investment properties, land and buildings and financial assets at fair value through profit or loss and insurance and investment contract liabilities that have been measured on a fair value basis. The inflation adjusted financial statements are the primary financial statements of the Group. Adjustments and reclassifications including the restatements to the changes in the general purchasing power of the Zimbabwe dollar for the purpose of fair presentation in accordance with IAS 29 have been made to the Historical information.

4. EARNINGS PER SHARE

Reconciliation of total earnings to headline earnings attributable to shareholders

Numerator

Profit for the period attributable to owners of the parent and profit used to calculate earnings per share ("EPS")

Add/(deduct) non recurring items

Impairment of intangible assets

Profit from disposal of property and equipment

Income tax on headline earnings adjustable items

Headline earnings attributable to ordinary shareholders

Denominator

Weighted number of ordinary shares in issue

Less: Shares purchased for the Employee Share Ownership Plan

Weighted average number of shares used in basic EPS

Less: Dilutive adjusting effects

Weighted average number of shares used in diluted EPS

Basic and diluted earnings per share (cents)

Headline earnings per share (cents)

5. INVESTMENT PROPERTY

Balance at 1 January 2021

Disposals

Exchange rate movement on foreign operations

Fair value gains - properties held for investment contracts

Fair value gains through profit or loss

Balance at 30 June 2021

The Group's fair values of investment properties are based on property valuations performed by an independent professional property valuer. Gains and losses arising from a change in fair value of investment properties are recognised in the profit or loss statement.

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 were used in 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.

Historical financial statements have been presented as supplementary information.

The condensed consolidated interim financial statements do not include all the notes 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.

3.2 Functional Currency

The Group's condensed consolidated interim financial statements are expressed in the Zimbabwe dollar ("ZWL") which is the functional and the presentation currency of the Company.

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

These condensed consolidated interim financial results have been prepared in accordance with IAS 29 which requires that the financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the reporting date and that corresponding figures for the previous period also be restated in terms of the same measuring unit.

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 2021 are as given below:

Index		Conversion factor
CPI as at 31 December 2019	551.60	5.5141
CPI as at 30 June 2020	1445.21	2.0664
CPI as at 31 December 2020	2474.51	1.2069
CPI as at 30 June 2021	2986.44	1.0000

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.

	INFLATION ADJUSTED		HISTORICAL COST	
	30-Jun-21 ZWL	30-Jun-20 ZWL	30-Jun-21 ZWL	30-Jun-20 ZWL
Profit for the period attributable to owners of the parent and profit used to calculate earnings per share ("EPS")	(56,920,090)	794,380,106	64,749,250	410,332,088
44,070	44,070	1,072,723.43	53,255	423,906
(13,805,091)	(13,805,091)	(10,482,254)	(13,888,473)	(5,072,619.00)
981,692	981,692	2,326,036	981,692	1,149,162
(67,261,045)	787,296,611	51,895,724	406,832,536	
108,923,291	108,923,291	108,923,291	108,923,291	
(1,003,743)	(1,003,743)	(1,003,743)	(1,003,743)	
107,919,548	107,919,548	107,919,548	107,919,548	
-	-	-	-	
107,919,548	107,919,548	107,919,548	107,919,548	
(52.74)	736.09	60.00	380.22	
(62.33)	729.52	48.09	376.98	
3,825,357,207	3,583,962,100	3,169,622,365	661,999,240	
(118,795,653)	(88,246,555)	(97,974,229)	(62,921,976)	
(47,046,811)	17,486,608	(381,712)	174,262,928	
83,616,358	26,696,517	165,891,970	139,104,749	
258,634,158	222,857,046	764,606,865	2,205,306,954	
4,001,765,259	3,762,755,716	4,001,765,259	3,117,751,895	

There were no transfers between Levels 1 or 2 to Level 3 during the year. The fair value of investment properties is within Level 3 of the fair value hierarchy because of the significance of unobservable inputs used in the determination of fair value.

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.

Fidelity Funeral Services.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

6. SEGMENT INFORMATION

Segmental performance for the period ended 30 June 2021

	Insurance ZWL	Microlending ZWL	Other ZWL	Consolidation adjustments ZWL	Group ZWL
Total income	825,409,430	44,038,677	356,977,328	(292,597,120)	933,828,315
Total benefits, claims and other expenses	(783,521,066)	(33,095,088)	(191,691,391)	88,071,021	(920,236,521)
Profit/ (Loss) before income tax	41,883,364	10,943,589	165,285,937	(204,526,097)	13,591,794
Depreciation of property and equipment	5,202,175	8,496	77,491	-	5,288,162
Amortisation of intangible assets	33,428	7,758	2,885	-	44,070
Amortisation of right of use asset	3,830,554	-	-	-	3,830,554
Finance costs	2,743,596	8,702,815	-	-	11,446,412
Fair value (losses) /gain on equities	(6,791,198)	4,586,441	22,724,369	-	20,519,612
Fair value (losses) /gain on investment property	(35,572,337)	1,485,730	292,720,764	-	258,634,158
Income tax expense / (credit)	10,480,695	(17,884)	2,808,614	-	13,271,424
Additions to non-current assets	49,546,065	27,100	260,233	-	49,833,399

Segmental performance for the period ended 30 June 2020

Total income	2,819,719,945	38,759,321	2,248,896,728	(2,271,354,352)	2,836,021,642
Total benefits claims and other expenses	(1,560,060,457)	(39,520,539)	(14,717,811)	10,894,147	(1,603,404,660)
Profit / (Loss) before income tax	1,259,659,488	(761,218)	2,234,178,917	(2,260,460,205)	1,232,616,982
Depreciation of property and equipment	2,400,168	151,422	370,037	-	2,921,627
Amortisation of intangible assets	1,215,523	260,960	22,198	-	1,498,681
Amortisation of deferred acquisition costs	2,200,108	-	-	-	2,200,108
Finance costs	9,711,290	3,852,911	-	-	13,564,201
Fair value gains on equities	470,611,325	655,214	14,025,153	-	485,291,692
Fair value gains on investment property	172,594,243	7,492,967	1,834,946,630	-	2,015,033,840
Income tax expense	10,106,707	7,844,354	195,743	-	18,146,805
Additions to non-current assets	14,930,634	291,386	-	-	15,222,020

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2021

6.1 SEGMENT INFORMATION

Segmental performance for the period ended 30 June 2021

	Insurance ZWL	Microlending ZWL	Other ZWL	Consolidation adjustments ZWL	Group ZWL
Total income	1,328,260,919	43,958,645	790,328,574	(632,540,385)	1,530,007,752
Total benefits, claims and other expenses	(1,265,924,620)	(31,349,554)	(33,007,765)	17,360,774	(1,312,921,165)
Profit before income tax	62,336,299	12,609,091	757,320,808	(615,179,611)	217,086,587
Depreciation of property and equipment	3,805,648	43,550	74,847	-	3,924,045
Amortisation of intangible assets	33,428	16,943	2,885	-	53,255
Amortisation of right of use asset	3,830,554	-	-	-	3,830,554
Finance costs	801,488	9,152,543	-	-	9,954,032
Fair value gains on equities	73,902,617	5,901,301	21,516,754	-	101,320,672
Fair value gains on investment property	43,591,402	1,154,070	719,358,864	-	764,104,335
Income tax expense	10,415,905	369,038	2,808,614	-	13,593,556
Additions to non-current assets	49,546,065	27,100	260,233	-	49,833,399

Segmental performance for the period ended 30 June 2020

Total income	2,645,516,067	19,452,301	124,884,015	(381,819,209)	2,408,033,174
Total benefits claims and other expenses	(1,655,320,055)	(4,928,572)	(2,458,104)	5,271,945	(1,656,434,786)
Profit before income tax	991,196,012	14,523,729	122,425,911	(376,547,264)	751,598,388
Depreciation of property and equipment	1,085,598	15,419	53,183	-	1,154,201
Amortisation of intangible assets	588,221	20,331	3,461	-	612,014
Amortisation of right of use asset	65,129	-	-	-	65,129
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
Income tax expense	3,651,410	3,056,881	94,725	-	6,803,016
Additions to non-current assets	7,225,299	116,419	-	-	7,341,718

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NOTES TO THE CONDENSED
CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE HALF YEAR
ENDED 30 JUNE 2021

6.2 SEGMENT INFORMATION (Cont'd)

GEOGRAPHICAL INFORMATION

Segmental performance for the period
ended 30 June 2021

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
Income			
Total income	563,948,760	369,879,555	933,828,315
Inter-segment income	-	-	-
Total income from external customers	563,948,760	369,879,555	933,828,315

Group's income per statement of profit or
loss and other comprehensive income

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
563,948,760	369,879,555	933,828,315	
Depreciation of property and equipment	1,873,301	3,414,861	5,288,162
Amortisation of intangible assets	10,643	33,428	44,070
Amortisation of right of use asset	-	3,830,554	3,830,554
Finance costs	9,571,365	1,875,046	11,446,412
Fair value adjustments on equities	1,202,576	19,317,036	20,519,612
Fair value adjustments on investment property	249,798,746	8,835,412	258,634,158
Income tax expense	3,138,018	10,133,407	13,271,424
(Loss)/ Profit before income tax	(2,323,731)	15,915,525	13,591,794

Segmental performance for the period
ended 30 June 2020

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
Income			
Total income	2,652,656,970	183,364,672	2,836,021,642
Inter-segment income	-	-	-
Total income from external customers	2,652,656,970	183,364,672	2,836,021,642

Group's income per statement of profit or
loss and other comprehensive income

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
2,652,656,970	183,364,672	2,836,021,642	
Depreciation of property and equipment	1,312,333	1,609,295	2,921,627
Amortisation of intangible assets	283,160	1,215,521	1,498,681
Amortisation of right of use asset	-	134,586	134,586
Amortisation of deferred acquisition costs	-	2,200,108	2,200,108
Finance costs	13,564,201	-	13,564,201
Fair value adjustments on equities	466,883,388	18,408,303	485,291,692
Fair value adjustments on investment property	2,015,033,840	-	2,015,033,840
Income tax expense	14,892,204	3,254,601	18,146,805
Profit before income tax	1,228,208,329	4,408,653	1,232,616,982

INFLATION ADJUSTED

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
563,948,760	369,879,555	933,828,315	
Depreciation of property and equipment	1,873,301	3,414,861	5,288,162
Amortisation of intangible assets	10,643	33,428	44,070
Amortisation of right of use asset	-	3,830,554	3,830,554
Finance costs	9,571,365	1,875,046	11,446,412
Fair value adjustments on equities	1,202,576	19,317,036	20,519,612
Fair value adjustments on investment property	249,798,746	8,835,412	258,634,158
Income tax expense	3,138,018	10,133,407	13,271,424
(Loss)/ Profit before income tax	(2,323,731)	15,915,525	13,591,794
2,652,656,970	183,364,672	2,836,021,642	
Depreciation of property and equipment	1,312,333	1,609,295	2,921,627
Amortisation of intangible assets	283,160	1,215,521	1,498,681
Amortisation of right of use asset	-	134,586	134,586
Amortisation of deferred acquisition costs	-	2,200,108	2,200,108
Finance costs	13,564,201	-	13,564,201
Fair value adjustments on equities	466,883,388	18,408,303	485,291,692
Fair value adjustments on investment property	2,015,033,840	-	2,015,033,840
Income tax expense	14,892,204	3,254,601	18,146,805
Profit before income tax	1,228,208,329	4,408,653	1,232,616,982

HISTORICAL COST

6.3 SEGMENT INFORMATION (Cont'd)

GEOGRAPHICAL INFORMATION

Segmental performance for the period
ended 30 June 2021

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
Income			
Total income	1,159,031,275	370,976,479	1,530,007,754
Inter-segment income	-	-	-
Total income from external customers	1,159,031,275	370,976,479	1,530,007,754

Group's income per statement of profit or
loss and other comprehensive income

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
1,159,031,275	370,976,479	1,530,007,754	
Depreciation of property and equipment	509,184	3,414,861	3,924,045
Amortisation of intangible assets	19,827	33,428	53,255
Amortisation of right of use asset	-	3,830,554	3,830,554
Finance costs	9,954,032	-	9,954,032
Fair value adjustments on equities	82,003,635	19,317,036	101,320,672
Fair value adjustments on investment property	755,268,923	8,835,412	764,104,335
Income tax expense	3,460,150	10,133,407	13,593,556
Profit before income tax	201,171,065	15,915,522	217,086,587

Segmental performance for the period
ended 30 June 2020

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
Income			
Total income	2,319,298,522	88,734,652	2,408,033,174
Inter-segment income	-	-	-
Total income from external customers	2,319,298,522	88,734,652	2,408,033,174

Group's income per statement of profit or
loss and other comprehensive income

	Zimbabwe ZWL	Malawi ZWL	Total ZWL
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	588,221	612,014
Amortisation of right of use asset	-	1,064,686	1,064,686
Amortisation of deferred acquisition costs	3,966,344	-	3,966,344
Finance costs	277,597,818	8,908,228	286,506,047
Fair value adjustments on equities	1,990,091,620	-	1,990,091,620
Fair value adjustments on investment property	5,228,035	1,574,981	6,803,017
Income tax expense	-	-	-
Profit before income tax	749,464,934	2,133,454	751,598,388



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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021 (CONT'D)**

7. TRADE AND OTHER RECEIVABLES

Residential stand sales debtors	Micro-finance loans receivable	Insurance debtors	Other trade debtors	Trade receivables - gross	Less allowance for expected credit losses ("ECL")	Trade receivables - net	Receivables from related parties, net of ECL	Loans to employees, net of ECL	Total receivables classified as financial assets at amortised cost	Prepayments	Other receivables, net of ECL	Total trade and other receivables	Non-current portion	Current portion	Total trade and other receivables
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INFLATION ADJUSTED		HISTORICAL COST	
Jun-21 ZWL	Dec-20 ZWL	Jun-21 ZWL	Dec-20 ZWL
2,432,550	3,041,059	2,432,550	2,519,767
63,195,159	29,133,582	62,009,405	24,139,563
199,713,451	215,786,521	199,713,451	178,796,840
4,400,955	4,471,160	130,205	3,704,723
269,742,115	252,432,322	264,285,611	209,160,893
(4,923,294)	(15,902,541)	(4,923,293)	(13,176,561)
264,818,821	236,529,781	259,362,318	195,984,332
11,462,125	4,801,046	5,715,710	3,978,062
8,486,460	28,303	19,205,099	23,452
284,767,406	241,359,130	284,283,127	199,985,846
72,605,528	94,152,510	72,547,171	76,911,559
244,719	19,455,336	1,783,925	16,120,340
357,617,653	354,966,976	358,614,223	293,017,745
401,898	22,348,579	401,898	18,517,632
357,215,755	332,618,397	358,212,325	274,500,113
357,617,653	354,966,976	358,614,223	293,017,745

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. Included in other receivables balance are debtors arising from non core business activities such as rental debtors and debtors arising from disposal of non core assets from the Southview Development Project. 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:

Allowance for expected credit loss on trade receivables	Allowance for expected credit loss on loans to employees	Allowance for expected credit loss on other receivables	Allowance for expected credit loss on related party receivables
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4,923,294	15,902,541	4,923,293	13,176,561
-	-	-	-
63,897	57,465	-	47,614
-	-	-	-
4,987,191	15,960,006	4,923,293	13,224,175

Movements in expected credit loss are as follows:

Expected credit losses

Balance at 1 January 2021	Receivables written off during the period as uncollectable	Net decrease/(increase) during the period through profit or loss	Impact on period end ECL exposures transferred between stages during the period	Balance at 30 June 2021
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15,960,006	33,380,731	13,224,175	6,165,808
(7,073,022)	(947,090)	(9,863,972)	(784,742)
(3,899,793)	11,243,750	1,414,540	(2,057,762)
-	(27,717,385)	-	9,900,871
4,987,191	15,960,006	4,923,293	13,224,175

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Listed equities are the only financial instruments held by the Group that are measured at fair value. These are shown as equities at fair value through profit or loss in the statement of financial position. The fair values of the equities are determined as Level 1 fair values in the fair value hierarchy. Level 1 fair values are determined based on observable quoted prices in active markets for identical assets that the Group can access. The Group holds equities listed on the Zimbabwe and Malawi Stock Exchanges and these amounted to ZWL866,529,888 as at 30 June 2021 (31 December 2020: ZWL799,855,474).

9. CASH AND DEPOSITS WITH BANKS

Money market investments	Bank and cash	Cash and cash equivalents	Restricted cash	Cash and deposits with banks
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615,524,886	545,260,511	127,264,856	451,793,279
127,264,856	118,740,696	615,524,886	98,386,211
742,789,742	664,001,207	742,789,742	550,179,490
377,750	455,900	377,750	377,750
743,167,492	664,457,107	743,167,492	550,557,240

Restricted cash refers to a fixed deposit kept by First Capital Bank of Zimbabwe Limited as security for a loan received from First Capital Bank Malawi Limited. The lien over the cash deposit runs for the tenure of the loan, which is expiring on 30 November 2021, as disclosed in Note 12.

10. INSURANCE AND INVESTMENT CONTRACT LIABILITIES

10.1 Insurance contract liabilities and investment contract liabilities with discretionary participation features

Balance at 1 January 2021	Split out of investment contract liabilities without DPF	Change in life assurance policyholder liabilities for the period	Movement through profit or loss	Movement through other comprehensive income	Exchange rate movement on foreign operations
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4,492,337,115	3,787,100,686	3,722,269,955	699,521,286
-	(269,889,848)	-	(49,851,776)
151,968,035	975,126,277	922,035,195	3,072,600,445
390,045,583	708,025,469	907,901,114	1,957,504,664
8,885,183	48,360,654	17,360,774	249,424,335
(246,962,731)	218,740,154	(3,226,693)	865,671,446
4,644,305,150	4,492,337,115	4,644,305,150	3,722,269,955

11. Investment contracts without discretionary participation features

Balance at 1 January 2021	Split out from insurance contract liabilities	Fair value gains from equities	Fair value gains from investment properties	Other investment income	Net cash flow	Gross premium income	Gross benefits and claims paid	Investment expenses	Balance at 30 June 2021
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479,697,787	213,368,922	397,468,982	39,411,707
-	269,889,848	-	49,851,776
67,958,441	(23,389,280)	67,958,441	174,920,029
83,616,358	26,696,517	165,891,970	139,104,749
(112,386)	44,820	(103,193)	40,913
(8,293,287)	(6,913,040)	(8,349,287)	(5,860,192)
1,817,291	1,826,633	1,817,291	1,115,601
(2,367,772)	(1,108,591)	(2,367,772)	(652,815)
(7,742,806)	(7,631,082)	(7,798,806)	(6,322,978)
622,866,913	479,697,787	622,866,913	397,468,982

FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED AND ITS SUBSIDIARIES
REVIEWED FINANCIAL RESULTS
for the Half Year Ended **30 June 2021**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021 (CONT'D)

12. BORROWINGS

12.1 LONG-TERM BORROWINGS

NMB Bank Limited
First Capital Bank Malawi Limited

Current portion of long-term borrowings
Non-current portion of long term borrowings

NMB Bank Limited

The loan with NMB Bank Limited was obtained by Fidelity Life to enable settlement of Redeemable Bonds that were acquired in 2018. The 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 ZWL290.4million and cession of residential stand sales receivables worth ZWL12 million.

First Capital Bank Malawi Limited

The loan with First Capital Bank Malawi Limited was obtained by Fidelity Life to refinance Vanguard Life Assurance Limited a subsidiary of Fidelity Life through a rights issue. The loan is denominated in Malawi Kwacha and accrues interest at 23% per annum. The interest rate was revised to 18.9% as at 31 December 2020 and is subject to variation at the bank's discretion as influenced by bank rates advised by the Reserve Bank of Malawi Limited from time to time. The facility is repayable in equal monthly instalments to 30 November 2021. The terms of the loan require security of 110% of the facility amount to be kept in deposit with First Capital Bank of Zimbabwe Limited for the duration of the facility, which would amount to USD377,750.

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.

12.2 SHORT-TERM BORROWINGS

ZB Bank Limited
Ecobank Zimbabwe Limited
Current portion of non-current borrowings

ZB Bank Limited

The overdraft facility with ZB Bank Limited was obtained by Fidelity Life Financials Services (Private) Limited as a line-of-credit for the micro-finance business to increase its lending capacity. The loan accrues interest at 49% per annum on a one year tenure. The loan is available for one year, expiring on 28 February 2022. The loan is secured through shares amounting to ZWL60 million and a guarantee from the parent company Fidelity Life Assurance of Zimbabwe limited.

Ecobank Zimbabwe Limited

Fidelity Life Financials Services (Private) Limited obtained ZWL20 million loan facility with Ecobank Zimbabwe Limited to increase the microfinance business 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. The facility is available for one

12.3 MOVEMENT IN BORROWINGS

Movements in borrowings during the period were as follows:

	31 Dec-20 ZWL	30 Jun-21 ZWL	31 Dec-20 ZWL	30 Jun-21 ZWL
Balance at 1 January 2021	39,180,536	128,228,324	32,464,290	23,685,254
Net cash out flow on borrowings	17,258,404	(5,907,196)	24,249,956	(3,796,908)
Proceeds from borrowings	47,904,354	33,835,629	44,500,000	17,731,265
Repayment of borrowings	(30,645,950)	(39,742,825)	(20,250,044)	(21,528,173)
Finance costs capitalised	11,446,412	22,058,326	9,954,032	11,740,163
Finance costs paid	(11,446,412)	(22,058,326)	(9,954,032)	(11,740,163)
Exchange differences on foreign currency denominated loans	18,742,000	4,122,172	(2,599,944)	12,575,944
Reduction of borrowings due to inflation	(21,066,638)	(87,262,763)	-	-
Balance at 30 June 2021	54,114,302	39,180,537	54,114,302	32,464,290
Current borrowings	50,621,094	33,679,816	50,621,094	27,906,492
Non-current borrowings	3,493,208	5,500,721	3,493,208	4,557,798
Balance at 30 June 2021	54,114,302	39,180,537	54,114,302	32,464,290

13. TRADE AND OTHER PAYABLES

Trade payables
South View offsite works liability
Related party payables
Deferred income from sale of residential stands
Statutory liabilities
Other payables

14. CONTINGENCIES

Contingent liability

Fidelity Life Assurance of Zimbabwe agreed to unconditionally guarantee ZWL37.5 million of the full debt owing to ZB Bank Limited on behalf of Fidelity Life Financial Services (Private) Limited in terms of the overdraft facility that was signed between Fidelity Life Financial Services (Private) Limited and ZB Bank Limited. The guarantee covers part of the overdraft with the amount borrowed plus interest and any other charges and shall remain in place until the overdraft is fully paid. Fidelity Life Assurance of Zimbabwe as the guarantor will duly pay to the Lender ZB Bank Limited the debt and liabilities in terms of the ZB Bank Limited overdraft facility agreement in the event of default by Fidelity Life Financial Services (Private) Limited up to the guaranteed amount.

15. Litigations against the Company

CFI Holdings Limited ("CFI") filed Summons in the High Court challenging the disposal of its 80.77% shareholding in Langford Estates to Fidelity Life Assurance of Zimbabwe Limited which was concluded through a Debt Assumption and Compromise Agreement in 2015.

The matter is pending resolution in the High Court. The directors have engaged external legal counsel to defend the interests of Fidelity Life.

	INFLATION ADJUSTED		HISTORICAL COST*	
	Jun-21 ZWL	Dec-20 ZWL	Jun-21 ZWL	Dec-20 ZWL
	5,787,782	8,096,432	5,787,782	6,708,558
	4,805,799	12,251,062	4,805,799	10,151,010
	10,593,581	20,347,494	10,593,581	16,859,568
	(7,100,373)	(14,846,773)	(7,100,373)	(12,301,770)
	3,493,208	5,500,721	3,493,208	4,557,798
	36,459,651	9,214,679	36,459,651	7,635,118
	7,061,070	9,618,364	7,061,070	7,969,604
	7,100,373	14,846,773	7,100,373	12,301,770
	50,621,094	33,679,816	50,621,094	27,906,492