

FIRST MUTUAL

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Reviewed Abridged Consolidated Group Financial Results for the Six Months Ended 30 June 2021

Short-form Financial Announcement

This short form financial announcement has been issued in terms of the Zimbabwe Stock Exchange (ZSE) Practice note 13.

This short-form financial announcement is only a summary of the information contained in the reviewed abridged consolidated financial statements for the six months ended 30 June 2021. Any investment decision by investors and/or shareholders should be based on consideration of the reviewed abridged consolidated financial results for the six months ended 30 June 2021. The reviewed abridged consolidated financial statements have been released on the ZSE Data Portal: www.zse.co.zw and the Company's website: <https://firstmutualholdingsinvestor.com/>.

Financial performance

The summarised financial statement

	Inflation adjusted			Historical cost*		
	30-Jun-21 ZWL000	30-Jun-20 ZWL000	Change from comparative %	30-Jun-21 ZWL000	30-Jun-20 ZWL000	Change from comparative %
Gross Premium Written (GPW)	5,363,492	3,135,612	71%	5,029,666	983,836	411%
Net Premium Earned	3,674,380	2,100,886	75%	3,383,210	631,018	436%
Rental income	208,737	136,104	53%	191,427	38,755	394%
Investment income	1,552,467	942,223	65%	2,107,844	1,080,382	95%
Profit/(loss) before income tax	(1,054,383)	6,714,077	-116%	661,474	4,833,459	-86%
Profit/(loss) for the period	(1,011,479)	4,792,615	-121%	481,986	3,405,916	-86%

	Inflation adjusted			Historical cost*		
	30-Jun-21 ZWL000	31-Dec-20 ZWL000	Change from comparative %	30-Jun-21 ZWL000	31-Dec-20 ZWL000	Change from comparative %
Total assets	19,003,072	18,727,668	1%	18,515,344	14,990,970	24%
Cash generated from operations	625,288	(1,379,171)	145%	476,741	(13,664)	3,589%

	Inflation adjusted			Historical cost*		
	30-Jun-20	31-Dec-20	Change from comparative %	30-Jun-20	31-Dec-20	Change from comparative %
Headline earnings per share (cents)	(121.42)	421.08	-129%	47.73	277.73	-83%
Basic earnings per share (cents)	(110.78)	425.51	-126%	52.25	279.69	-81%

*The historical cost information has been shown as supplementary information for the benefit of users. The historical cost information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information and company financial information.

Dividend

On 10 September 2021 the Board resolved that an interim dividend of \$35 million, being 4.82 Zimbabwe cents per share, be declared from the profits of the Company for the six months ended 30 June 2021. The dividend will be payable on or about 15th October 2021 to all shareholders of the Company registered on the close of business on 8th October 2021. The shares of the company will be traded cum-dividend on the ZSE up to 5th October 2021 and ex-dividend as from 6th October 2021.

Review opinion

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 non-compliance with International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates" in prior year and International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors"; 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 Fungai Kuipa (PAAB Practising Certificate Number 335)

Directors: A R T Manzai (Chairman), D Hoto* (Group Chief Executive Officer), W M Marere* (Group Finance Director) G Baines, F Mabena, M Mangoma, A Masiwa, E Mkondo, E K Moyo, M Mukondomi, S V Rushwaya (* Executive Director)

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Consolidated Abridged Financial Results FOR THE PERIOD ENDED 30 JUNE 2021

CHAIRMAN'S STATEMENT

ECONOMIC OVERVIEW

The COVID-19 pandemic has continued to impact the global economy negatively and as indicated by the World Health Organisation, the world is likely to be dealing with the pandemic for an extended period of time. However, advanced economies have made strides towards returning to normal economic activity following the vaccination of a significant portion of their populations. The International Monetary Fund is projecting a 5.1% growth in Gross Domestic Product (GDP) for 2021 in advanced economies and 6% for the global economy. Developing and certain emerging market economies, however, have continued to incur greater economic losses due to limited access to vaccines and the resultant need to maintain lockdowns. During the first half of the year, Zimbabwe experienced a third wave of the pandemic following an outbreak of the more infectious Delta variant resulting in a spike in infections and deaths. The country understandably responded with a series of lockdowns that negatively impacted on the economy and social interaction. The Group has not been spared from the effects of these lockdowns and has implemented a suite of technological solutions to ensure that we continue to serve our clients while also participating in private sector led initiatives to improve access to COVID-19 vaccines.

The nation's GDP, initially projected by the Ministry of Finance and Economic Development to grow by 7.4% in 2021, is now estimated to grow by 7.8%. The projected improved performance largely stems from the higher growth in the agricultural sector which is now expected to register growth of 34%, combined with growth in the construction, mining, distribution and health sectors. Manufacturing industry capacity utilisation is expected to recover to 56% in the second half of 2021 compared to 47% in 2020. According to the Zimbabwe National Statistics Agency, in the five months to May 2021, the country recorded imports of US\$2.4 billion, 29.8% more than in the comparative period last year. On the export side, US\$2.0 billion worth of exports were recorded, 31.4% higher than in the comparative period last year. It is encouraging to note that imports shifted more towards industrial raw materials, machinery and medicines compared to the more consumptive nature of imports recorded in the same period last year. Despite the negative trade balance, diaspora and grant aided institution inflows saw Zimbabwe maintaining a capital account surplus in the first half of 2021. The inflation rate significantly declined in the first half of the year from a year-on-year high of 362.6% in January 2021 to 106.6% in June 2021. The slow-down in inflation has been supported by a more stable local currency which has seen limited forward pricing by stakeholders in industry and commerce. However, the potential volatility of the Zimbabwe dollar remains a key risk as the Reserve Bank of Zimbabwe Dutch Foreign Currency Auction system has witnessed settlement delays and the resultant consequence of a widening of the premium between the official and alternative market exchange rates. This may result in increased rent seeking behavior that has the potential to derail the economic progress achieved thus far.

The Zimbabwe Stock Exchange (ZSE) All Share Index gained 135% during the first half of 2021, outpacing both inflation and exchange rate movements, resulting in real value gains for listed equity asset class holders. The Group has maintained its position that, in times of turbulence, quoted equities and other real assets remain a viable long-term asset class especially in light of exchange rate movements, resulting in currency volatility risk. The Group will continue to diversify its real assets portfolio with investments in areas such as private equity, property and foreign currency denominated equities.

REGIONAL DEVELOPMENTS

The Group, through NicosDiamond, followed its rights in the recapitalisation of Diamond Companhia de Seguros ("Diamond Seguros") with capital injection of US\$900,000, after 30 June 2021. The capitalisation will result in the company exceeding the revised minimum regulatory capital to operate in Mozambique.

FINANCIAL HIGHLIGHTS

In October 2019 the Public Accountants and Auditors Board concluded that conditions for applying International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflation Economies had been met in Zimbabwe. The historical cost financial results have been restated to take account of changes in the purchasing power of the local currency during the year. Inflation adjusted financial results therefore represent the main financial statements with historical cost financials provided as supplementary information.

Comprehensive income highlights

	Inflation adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL000	ZWL000	ZWL000	ZWL000
Gross Premium Written (GPW)	5,363,492	3,135,612	5,029,666	983,836
Net Premium Earned	3,674,380	2,100,886	3,383,210	631,018
Rental income	208,737	136,104	191,427	38,755
Investment income	1,552,467	942,223	2,107,844	1,080,382
(Loss)/Profit before income tax	(1,054,383)	6,714,077	661,474	4,833,459
(Loss)/Profit for the period	(1,011,479)	4,792,615	481,986	3,405,916

Financial position highlights

	Inflation adjusted		Historical cost	
	30 June 2021	31 Dec 2020	30 June 2021	31 Dec 2020
	ZWL000	ZWL000	ZWL000	ZWL000
Total assets	19,002,072	18,727,668	18,515,344	14,990,970
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	ZWL000	ZWL000	ZWL000	ZWL000
Cash generated from operations	625,288	(1,379,171)	476,741	(13,664)

Share performance

	Inflation adjusted		Historical cost	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Market price per share (cents)	2,750	766	2,750	370
Basic (loss)/earnings per share (cents)	(111)	426	52	280

FINANCIAL PERFORMANCE

Statement of comprehensive income

Gross Premium Written ("GPW"), at \$5.4 billion, increased by 71% in inflation adjusted terms as a result of organic growth on the existing portfolio and the continuous revaluation of insurance policy values in line with inflation to ensure

clients have adequate cover.

Investment property had a marginal growth in United States of America Dollar ("USD") values determined as at 30 June 2021 and converted to Zimbabwe Dollar ("ZWL") at the prevailing auction rate. However, the ZWL depreciated by 6% against inflation movement of 21%, hence the fair value loss of \$1.6 billion to 30 June 2021.

Net investment income of \$1.7 billion was an increase of 79% against the same period in 2020. The investment gains were driven by fair value gains on listed and unlisted equities in line with the general performance of the ZSE Industrial Index.

Overall, the Group incurred an inflation adjusted loss for the period of \$1 billion mainly due to the fair value loss on investment property and, higher claims ratios in the health subsidiary.

Statement of financial position

The Group's total assets appreciated in value by 2% from 31 December 2020 to 30 June 2021. The growth is mainly attributable to the fair value adjustment on listed equities.

SUSTAINABILITY

We remain committed to providing sustainable financial services which are responsive to emerging trends and risks faced by our clients. During the six months ended 30 June 2021, the Group made significant progress towards commissioning of the First Mutual Park solar power project. The Group remains optimistic of opportunities for business growth in the foreseeable future.

FIRST MUTUAL IN THE COMMUNITY

First Mutual continues to actively contribute to the community in which we operate. We contributed to the national effort to mitigate the impact of COVID-19 through the First Mutual Health vaccination program which provided assistance in resourcing local government clinics.

In addition, we continue to provide educational assistance to selected children in need from primary school to tertiary level through the First Mutual Foundation and the First Mutual Reformed Church University Scholarship based on humanitarian needs and academic merit. The Group is also playing a key role in equipping university students with financial literacy education through its Future First programme and providing support to cancer awareness programmes.

OUTLOOK

The Ministry of Finance and Economic Development is projecting that the economy will recover, with growth projections of 7.8% in 2021 led by recovery of the agriculture sector supported by monetary and fiscal stability. The International Monetary Fund's recent allocation of Special Drawing Rights to mitigate against the impact of COVID-19 will enhance recovery prospects.

The vaccination drive by the Government of Zimbabwe is expected to further alleviate the impact of COVID-19 and result in the opening up of the economy. The Group will continue to leverage on its diverse business portfolio, strategic partnerships, as well as its regional footprint to sustain a positive growth trajectory in the future.

DIRECTORATE

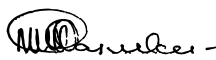
There were no changes to the directorate during the period under review.

DIVIDEND

On 10 September 2021 the Board resolved that an interim dividend of \$35 million, being 4.82 Zimbabwe cents per share, be declared from the profits of the Company for the six months ended 30 June 2021. The dividend will be payable on or about 15th October 2021 to all shareholders of the Company registered on the close of business on 8th October 2021. The shares of the company will be traded cum-dividend on the ZSE up to 5th October 2021 and ex-dividend as from 6th October 2021.

APPRECIATION

On behalf of the Board, I would like to extend my gratitude to our customers, regulators and other stakeholders for their support during the extraordinarily challenging period under review mainly due to COVID-19. We especially appreciate the commendable efforts by employees for their seamless adjustment in executing their duties in a challenging environment. Keep it up. Finally, I wish to thank my fellow board members for their open and honest contributions in our board deliberations, their guidance and support for management and above all, their wisdom. I thank you.



Amos Manzai
Chairman

10 September 2021

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

The first half-year of 2021 witnessed a gradual reopening of global economies as measures to mitigate the impact of the COVID-19 pandemic yielded positive results. Throughout the world, governments are focused on the vaccination of their citizens with varying degrees of success. The general trend appears to be the higher the level of the population that is vaccinated the more likely that COVID-19 restrictions will be lifted thus facilitating the recovery of more sectors in the economy.

The Group remained committed to delivering its promise on the core pillars of risk management, wealth creation and wealth management by enhancing access to our products and services through digital platforms to reduce the impact of COVID-19 lockdown measures.

OPERATIONS REVIEW

The commentary below relates to the unconsolidated performance of each subsidiary, unless stated otherwise.

LIFE AND PENSIONS BUSINESS

First Mutual Life Assurance Company (Private) Limited

GPW increased by 102% to \$617.5 million partly due to inflation adjustments to basic salaries that drive pension contributions and group life assurance covers in the Employee Benefits division. Revenue growth has also been improved by underwriting of foreign currency denominated products in the retail division. The company adjusted its operating structure to align to changing market preferences and continued to invest in the funeral services unit.

HEALTH BUSINESS

First Mutual Health Company (Private) Limited

On an inflation adjusted basis, the GPW grew by 111% to \$1.9 billion mainly due to revision of contributions to maintain the ability to continue meeting the expectations of members as health service costs increased in real terms. The company also experienced growth in foreign currency denominated premiums which tend to have lower shortfalls. The claims ratio increased to 86.67% from 66.55% owing to increased access to services by members and higher charges by service providers. Membership declined from 131,196 members in December 2020 to 116,982 members by June 2021 indicating the continued negative impact of the COVID-19 pandemic on the capacity of some clients to continue paying for membership.

SHORT-TERM INSURANCE BUSINESS

NicosDiamond Insurance Company Limited

GPW grew by 62% to \$1.7 billion driven by asset revaluations to protect clients against insurance value erosion through inflation and organic growth within the existing portfolios. There was an increase in preferring USD denominated policies to hedge against insurance value erosion in local currency due to high inflation. The claims ratio was in line with prior year at 41% (2019: 40%) as national lockdowns continued into 2021.

Diamond Seguros

Diamond Seguros migrated from an associate to a subsidiary with effect from 1 December 2020. GPW grew by 81% in 2021 as a result of improved broker business due to improved confidence after recapitalisation of the business in the third quarter of 2020. In Mozambican Metical (MZN), the growth was 31% to MZN100.6 million. The claims ratio at 29% was higher than the comparative period of 22% due to the stricter lockdowns in 2020. The Group recently obtained regulatory approval to inject US\$900,000 through a rights offer to ensure that the company exceeds the minimum regulatory capital level.

REINSURANCE BUSINESS

First Mutual Reinsurance Company Limited - Zimbabwe

GPW increased by 98% to \$427.6 million mainly due to improved business written in foreign currency. The reintroduction by the authorities in July 2020 of the policy permitting the payment for goods and services in local and foreign currency led to an increase in USD policies which resulted in more business for reinsurers in the first half of the year. The claims ratio improved to 30% in 2020 from 52% in 2020 due to lower claims partly due to national lockdown measures.

FMRE Property and Casualty (Proprietary) Limited - Botswana

GPW grew by 25% to \$948.8 million in 2021. The growth was 18% in Botswana Pula terms, at BWP115.1 million, driven by improved local and international treaty participation and growth of specialist lines of business under the casualty segment. The claims ratio, at 41%, was marginally above the prior period level of 40%.

PROPERTY AND WEALTH MANAGEMENT BUSINESSES

First Mutual Properties Limited

Revenue increased by 45% to \$204 million in 2021 due to rental reviews in line with the inflationary environment and an increase in the occupancy rate to 89.48% in 2021 compared to 88.22% in 2020. Independent investment property valuations as at 30 June 2021 resulted in fair value losses in the investment property portfolio value due to the slowdown in the depreciation of the ZWL against the USD (valuation currency) with no significant change in the valuation of properties in the portfolio in USD terms.

First Mutual Wealth Management (Private) Limited

Investment management fees grew by 102% to \$32 million in inflation adjusted terms mainly due to the increase in funds under management underpinned by the growth on the ZSE All Index performance. Funds under management grew by 152% during the period under review.

SUSTAINABILITY

We aim to create sustainable economic value by pursuing a long-term approach to environmental stewardship, social responsibility and corporate governance. This is critical to our business success, as we are committed to delivering on our promises to our stakeholders, in particular our customers, investors and society as a whole.

HUMAN CAPITAL

The exceptional quality and resilience of our employees is the core pillar to our success. Despite the challenges the period under review presented, our employees remained focused on serving our clients and executing our strategy. Although the remote working concept was in force, the team remained cohesive with a strong sense of togetherness and unity of purpose across the Group. We will continue to invest in human capital retention and development through various programmes which include migrating towards online platforms in response to physical distancing measures which are expected to continue for the foreseeable future.

CORONAVIRUS PANDEMIC

As a Group, we have lost two colleagues due to the pandemic and we express our sympathy to their families. We have continued to take measures to ensure safety and wellbeing of our employees, customers and other stakeholders.

LOOKING AHEAD

Despite the uncertainties brought by the pandemic, the Group's solid balance sheet, coupled with a diversified business model, are expected to deliver sustainable growth and value creation for all our stakeholders. We have confidence in the country's medium-term economic prospects and will thus continue to invest in core businesses and complementary areas.

Key developments during 2021 include the recapitalisation of our insurance subsidiary in Mozambique, Diamond Seguros, to meet regulatory capital requirements and capacitating the unit to underwrite health insurance business.

APPRECIATION

On behalf of the First Mutual, I would like to thank all our stakeholders for the continued trust you have placed in the Group. We remain a reliable partner in these challenging times and our focus will remain on our customers as we strive to exceed your expectations.



Douglas Hoto
Group Chief Executive Officer

10 September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2021

	Note	INFLATION ADJUSTED		HISTORICAL COST	
		REVIEWED	REVIEWED	UNAUDITED	UNAUDITED
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
		ZWL000	ZWL000	ZWL000	ZWL000
Gross premium written	19	5,363,492	3,135,612	5,029,666	983,836
Reinsurance	19	(1,311,462)	(780,662)	(1,240,537)	(269,676)
Net premium written		4,052,030	2,354,950	3,789,129	714,160
Unearned premium reserve		(377,650)	(254,064)	(405,919)	(83,142)
Net premium earned		3,674,380	2,100,886	3,383,210	631,018
Rental income		208,737	136,104	191,427	38,755
Fair value adjustments - investment property		(1,642,460)	8,232,718	362,841	6,266,402
Net investment income	20	1,552,467	942,223	2,107,844	1,080,382
Interest income	20	16,953	24,785	15,348	5,987
Fee income:					
- Insurance contracts		107,231	148,515	100,512	54,503
- Investment contracts		4,035	2,062	3,820	654
Other income		98,622	130,149	86,058	14,868
Foreign currency exchange gain		47,858	171,023	44,507	135,900
Monetary gain		957,354	244,318	-	-
Total income		5,025,177	12,132,783	6,295,567	8,228,469
EXPENDITURE					
Pension benefits	21	(112,870)	(34,205)	(105,994)	(10,217)
Insurance claims and loss adjustment expenses	21	(2,283,680)	(1,078,918)	(2,143,469)	(310,755)
Insurance claims and loss adjustment expenses recovered from reinsurers	21	146,603	90,948	136,835	28,511
Net insurance benefits and claims	21	(2,249,947)	(1,022,175)	(2,112,628)	(292,461)
Movement in insurance contract liabilities		132,347	(2,751,590)	(811,367)	(2,478,529)
Movement in shareholder risk reserve		-	79,598	-	(4,712)
Investment loss on investment contract liabilities		(2,124,177)	(795,374)	(1,012,956)	(278,849)
Movement in member assistance fund		-	-	-	-
Acquisition of insurance and investment contracts expenses		(297,819)	(176,799)	(273,523)	(50,882)
Administration expenses		(1,507,767)	(725,710)	(1,394,149)	(272,474)
Allowance for expected credit losses		(62,312)	(29,185)	(60,268)	(18,263)
Finance cost		(899)	(1,119)	(822)	(541)
Total expenditure		(6,110,574)	(5,422,354)	(5,665,713)	(3,396,711)
Profit before share of profit of associate		(1,085,397)	6,710,429	629,854	4,831,758
Share of profit of associate		31,014	3,648	31,620	1,701
(Loss)/Profit before income tax		(1,054,383)	6,714,077	661,474	4,833,459
Income tax credit/(expense)		42,904	(1,921,462)	(179,488)	(1,427,543)
(Loss)/profit for the period		(1,011,479)	4,792,615	481,986	3,405,916
Other comprehensive income/(loss)					
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent period					
Exchange gain/(loss) on translating foreign operations		(167,100)	286,124	(114,000)	234,427
Share of other comprehensive income from Associates		921	-	921	-
Other comprehensive income/(loss) to be reclassified to statement of comprehensive income in subsequent periods		(166,179)	286,124	(113,079)	234,427
Total comprehensive (loss)/profit for the period		(1,177,658)	5,078,739	368,907	3,640,343
Profit/(loss) attributable to:					
Non-controlling interest		(209,669)	1,714,315	103,856	1,382,530
Equity holders of the parent		(801,810)	3,078,300	378,130	2,023,386
Profit/(loss) for the period		(1,011,479)	4,792,615	481,986	3,405,916
Comprehensive income attributable to:					
Non-controlling interest		(217,583)	1,714,315	103,487	1,382,530
Equity holders of the parent		(960,075)	3,364,424	265,420	2,257,813
Total comprehensive income for the period		(1,177,658)	5,078,739	368,907	3,640,343
Basic earnings per share (cents)		(110.78)	425.51	52.25	279.69
Diluted earnings per share (cents)		(110.49)	425.09	52.11	279.42
Headline earnings per share (cents)		(121.42)	421.08	47.73	277.73
Diluted headline earnings per share (cents)		(121.09)	420.67	47.60	277.46

STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 30 JUNE 2021

	Note	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
		REVIEWED	AUDITED	UNAUDITED	UNAUDITED	UNREVIEWED	UNAUDITED	UNAUDITED	UNAUDITED
		GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
		31-Jun-21	31-Dec-20	31-Jun-21	31-Dec-20	31-Jun-21	31-Dec-20	31-Jun-21	31-Jun-21
		ZWL	ZWL	ZWL	ZWL	ZWL000	ZWL000	ZWL000	ZWL000
ASSETS									
Property, plant and equipment	5	289,557	278,999	81,481	55,827	2,899	3,586	225	169
Investment property	6	9,927,656	11,554,355	9,927,656	9,549,054	-	-	-	-
Right of use of assets - IFRS 16	7	7,375	21,504	7,375	17,772	38,156	28,683	14,693	2,808
Goodwill		19,222	19,039	19,222	15,735	-	-	-	-
Other intangible assets		26,469	27,344	3,903	669	-	-	-	-
Investment in subsidiaries	8	-	-	-	-	5,253,700	3,859,280	5,470,727	3,837,074
Investment in associates		385,715	428,705	150,639	172,213	-	-	-	-
Financial assets:									
- Equity securities at fair value through profit or loss	9	4,435,205	2,576,321	4,435,205	2,129,191	704,973	136,760	704,973	113,025
- Debt securities at amortised cost	10	90,043	99,779	90,043	82,462	-	-	-	-
Deferred acquisition costs		176,393	118,918	167,380	56,783	-	-	-	-
Non current assets held for sale		50,968	59,070	50,968	48,818	-	-	-	-
Income tax asset		-	386	-	319	-	-	-	-
Inventory		27,033	31,582	21,207	14,545	1,768	1,868	416	507
Insurance, tenant and other receivables	11	1,533,766	1,503,780	1,526,595	1,188,173	142,782	82,994	142,782	68,590
Cash and balances with banks	12	2,033,670	2,007,886	2,033,670	1,659,410	11,870	13,966	11,870	11,542
TOTAL ASSETS		19,003,072	18,727,668	18,515,344	14,990,970	6,156,148	4,127,137	6,345,686	4,033,715
EQUITY AND LIABILITIES									
Equity attributable to equity holders of the parent									
Share capital		33,696	33,632	728	727	33,696	33,632	728	727
Share premium		1,821,921	1,815,422	39,554	39,417	1,821,921	1,815,422	39,544	39,417
Non-distributable reserves		552,852	717,680	456,312	569,160	34,495	41,059	430	567
Retained profits		487,943	1,339,852	3,680,440	3,352,409	4,089,409	2,157,971	6,128,347	3,927,670
Total equity attributable to equity holders of the parent		2,896,412	3,906,586	4,177,034	3,961,712	5,979,521	4,048,084	6,169,059	3,968,381
Non-controlling interests		3,729,560	3,953,599	2,750,067	2,653,035	-	-	-	-
Total equity		6,625,972	7,860,185	6,927,101	6,614,747	5,979,521	4,048,084	6,169,059	3,968,381
Liabilities									
Life insurance contracts with and without DPF and investment contracts with DPF liabilities	13	5,305,241	5,437,588	5,305,241	4,493,874	-	-	-	-
Investment contract liabilities without DPF	14	1,468,547	564,972	1,468,547	466,919	-	-	-	-
Shareholder risk reserves	15	-	-	-	-	-	-	-	-
Member assistance fund		9,041	10,940	9,041	9,041	-	-	-	-
Borrowings		-	-	-	-	-	-	-	-
Lease liability - IFRS 16	7	15,110	17,659	15,110	14,594	14,815	3,871	14,815	3,199
Insurance contract liabilities - short term	16	3,416,361	2,873,541	2,722,007	1,806,597	-	-	-	-
Insurance liabilities - life assurance		28,264	21,607	28,264	17,857	-	-	-	-
Share based payment liabilities		413,067	110,064	413,067	90,962	148,361	38,956	148,361	32,195
Other payables	17	485,580	529,135	417,801	437,302	13,451	36,226	13,451	29,940
Deferred tax	18	1,162,805	1,222,566	1,136,081	973,449	-	-	-	-
Current income tax liabilities		73,084	79,411	73,084	65,629	-	-	-	-
Total liabilities		12,377,100	10,867,483	11,588,243	8,376,223	176,627	79,053	176,627	65,334
TOTAL EQUITY AND LIABILITIES		19,003,072	18,727,668	18,515,344	14,990,970	6,156,148	4,127,137	6,345,686	4,033,715

The historical cost information and company statements of Financial position has been shown as supplementary information for the benefit of users. The historical cost information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies. As a result, the auditors have not expressed an opinion on this historic financial information and company financial information.

STATEMENT OF CHANGES IN EQUITY

FOR THE ENDED 30 JUNE 2021

INFLATION ADJUSTED	Share capital	Share premium reserves	Non-distributable reserves	Retained earnings	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
As at 1 January 2020	33 594	1 812 947	660,454	(413,477)	2,093,518	2 615 445	4,708,963
Profit for the year	-	-	-	3 078 300	3,078,300	1 714 315	4,792,615
Other comprehensive (loss)/income	-	-	286 124	-	286,124	-	286,124
Total comprehensive (loss)/income	-	-	286 124	3 078 300	3,364,424	1 714 315	5,078,738
Transactions with shareholders in their capacity as owners							
Issue of shares	-	-	-	-	-	-	-
- share options	-	-	346	-	346	-	346
Dividend declared and paid	-	-	-	(5 241)	(5,241)	-	(5,241)
As at 30 June 2020	33,594	1,812,947	946,923	2,659,582	5,453,046	4,329,390	9,782,805
As at 1 January 2021	33,632	1,815,422	717,680	1,339,852	3,906,586	3,953,599	7,860,185
Profit for the year	-	-	-	(801,810)	(801,810)	(209,669)	(1,011,479)
Other comprehensive income	-	-	(158,265)	-	(158,265)	(7,915)	(166,180)
Total comprehensive income	-	-	(158 265)	(801,810)	(960,075)	(217 584)	(1,177,659)
Transactions with shareholders in their capacity as owners							
Issue of shares	-	-	-	-	-	-	-
- share options	64	6 499	(6 563)	-	-	-	-
Dividend declared and paid	-	-	-	(50,099)	(50,099)	(6,455)	(56,554)
As at 30 June 2021	33,696	1,821,921	552,852	487,943	2,896,412	3,729,560	6,625,972
HISTORICAL COST							
	Share capital	Share premium reserves	Non-distributable reserves	Retained profits	Total equity for parent	Non-controlling interest	Total equity
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
As at 1 January 2020	723	39 045	68 229	389 819	497,817	350 636	848,453
Profit for the year	-	-	-	2 023 386	2,023,386	1 382 531	3,405,916
Other comprehensive (loss)/income	-	-	234 427	-	234,427	-	234,427
Total comprehensive (loss)/income	-	-	234 427	2 023 386	2,257,813	1 382 531	3,640,343
Transactions with shareholders in their capacity as owners							
Issue of shares	-	-	-	-	-	-	-
- share options	-	-	116	-	116	-	116
Dividend declared and paid	-	-	-	(2 532)	(2,532)	-	(2,532)
As at 30 June 2020	723	39,045	302,772	2,410,672	2,753,213	1,733,167	4,486,380
As at 1 January 2021	727	39,417	569,160	3,352,409	3,961,712	2,653,035	6,614,747
Profit for the year	-	-	-	378 130	378,130	103 856	481,986
Other comprehensive income	-	-	(112 710)	-	(112,710)	(369)	(113,079)
Total comprehensive income	-	-	(112 710)	378 130	265,420	103 487	368,907
Transactions with shareholders in their capacity as owners							
Issue of shares	-	-	-	-	-	-	-
- share options	1	137	(138)	-	-	-	-
Dividend declared and paid	-	-	-	(50 099)	(50,099)	(6 455)	(56,554)
As at 30 June 2021	728	39,554	456,312	3,680,440	4,177,033	2,750,067	6,927,101

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2021

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	REVIEWED	UNREVIEWED	UNREVIEWED
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	ZWL000	ZWL000	ZWL000	ZWL000
Profit before income tax	(1,054,383)	6,714,077	661,474	4,833,459
Total non-cash and separately disclosed items	1,192,851	(6,219,999)	(751,409)	(4,674,936)
Operating cash flows before working capital changes	138,468	494,078	(89,935)	158,523
Working capital changes	480,484	(172,902)	561,232	378,743
Cash (utilised in)/generated from operations	618,952	321,176	471,297	537,266
Finance costs on lease liability	(899)	(1,119)	(822)	(541)
Interest received	16,953	124,785	15,348	5,987
Tax paid	(9,718)	(1,824,013)	(9,082)	(556,376)
Net cash flows (utilised in)/ generated from operating activities	625,288	(1,379,171)	476,741	(13,664)
Net cash flow generated from/(used in) investing activities	(219,387)	(550,547)	(121,174)	(162,079)
Net cash flow used in financing activities	(60,249)	(9,934)	(60,007)	(3,744)
Net increase/(decrease) in cash and cash equivalents	345,652	(1,939,652)	295,560	(179,487)
Cash and cash equivalents at the beginning of the year	2,007,886	1,515,878	1,659,410	279,516
Effects of exchange rate changes on cash and cash equivalents	(219,685)	956,586	78,700	781,310
Effects of inflation on cash and cash equivalents	(100,183)	1,291,561	-	-
Cash and cash equivalents at the end of the period	2,033,670	1,824,371	2,033,670	881,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1 Corporate information

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

The ultimate parent of the Company is National Social Security Authority ("NSSA") which owns 66.22% (2019: 68.81%) directly and an additional 7.10% (2019: 7.10%) indirectly through Capital Bank Limited (under liquidation). NSSA owns 84% (2018: 84%) of Capital Bank Limited. The registered office is located at Second Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

The consolidated inflation adjusted financial statements of the Group and the company for the six months ended 30 June 2021 were authorised for issue in accordance by a resolution of the Directors at a meeting held on 10 September 2021.

2.1 Statement of compliance

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

2.2 Accounting policies

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

2.3 Inflation adjusted

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the month-on-month consumer price index ("CPI") prepared by the Zimbabwe Statistical Agency. The conversion factors used to restate the financial statements at 30 June 2021 are as follows:

Date	CPI	Conversion factor
30 June 2020	1,445.21	2.07
31 December 2020	2,474.51	1.21
30 June 2021	2,986.44	1

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

3 Functional and presentation currency

These financial statements are prepared using the Zimbabwe Dollar ("ZWL") which is the Group and Company's functional and presentation currency.

4 Independent auditor's review conclusion

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 non-compliance with International Accounting Standard 21, "The Effects of Changes in Foreign Exchange Rates" in prior year and International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors"; 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 Fungai Kuipa (PAAB Practising Certificate Number 335).

5 Property, vehicles and equipment

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED	REVIEWED	UNAUDITED	UNAUDITED	UNREVIEWED	UNAUDITED	UNAUDITED	UNAUDITED
	GROUP	GROUP	GROUP	GROUP	COMPANY	COMPANY	COMPANY	COMPANY
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
At 1 January	278,999	277,016	55,827	18,499	3,586	3,427	169	131
Additions	38,627	76,951	32,700	42,846	85	254	81	79
Disposals	(212)	(65)	(79)	(36)	-	-	-	-
Depreciation charge and disposal	(27,857)	(74,903)	(6,967)	(5,482)	(772)	(95)	(25)	(41)
At 31 December	289,557	278,999	81,481	55,827	2,899	3,586	225	169

6 Investment property

At 1 January	11,554,355	7,670,557	9,549,054	1,413,176	-	-	-	-
Additions	15,761	89	15,761	19	-	-	-	-
Transfer to Non-current asset held for sale	-	(59,069)	-	(48,818)	-	-	-	-
Fair value adjustments	(1,642,460)	3,942,778	362,841	8,184,677	-	-	-	-
At 31 December	9,927,656	11,554,355	9,927,656	9,549,054	-	-	-	-

The Group's fair values of its investment properties are based on valuations performed by Knight Frank an accredited independent valuer. Knight Frank is a specialist in valuing these types of investment properties and has recent experience in the location and category of the investment properties being valued. The valuations are based upon assumptions on future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Where the market information is available, the valuers make use of market information from transactions of similar properties. Significant judgements were and applied in the current year as a result of the uncertainties resulting from the hyperinflationary economic environment, currency shifts, excessive market volatility lack of recent transactions conducted in ZWL\$.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED GROUP 30-Jun-21 ZWL000	REVIEWED GROUP 31-Dec-20 ZWL000	UNAUDITED GROUP 30-Jun-21 ZWL000	UNAUDITED GROUP 31-Dec-20 ZWL000	UNREVIEWED COMPANY 30-Jun-21 ZWL000	UNAUDITED COMPANY 31-Dec-20 ZWL000	UNAUDITED COMPANY 30-Jun-21 ZWL000	UNAUDITED COMPANY 31-Dec-20 ZWL000
7 Leases								
Right of use of assets								
As at 1 January	21,504	102,890	17,772	3,068	28,683	19,704	2,808	1,030
Modification	-	-	-	-	15,206	16,032	14,093	5,616
Depreciation charge for the year	(13,586)	(103,676)	(9,854)	(3,718)	(5,733)	(7,052)	(2,208)	(3,838)
Exchange rate effects	(543)	22,290	(543)	18,422	-	-	-	-
At 30 June & 31 December	7,375	21,504	7,375	17,772	38,156	28,683	14,693	2,808
Lease liability								
Current	1,713	2,001	1,713	1,654	4,295	2,036	4,295	1,683
Non-current	13,397	15,658	13,397	12,940	10,520	1,835	10,520	1,516
At 30 June & 31 December	15,110	17,659	15,110	14,594	14,815	3,871	14,815	3,199
8 Investment in subsidiaries								
First Mutual Microfinance (Private) Limited	-	-	-	-	48,923	11,654	43,958	4,440
First Mutual Life Assurance Company (Private) Limited	-	-	-	-	2,220,058	1,702,262	2,108,270	1,803,989
First Mutual Health Company (Private) Limited	-	-	-	-	1,293,303	495,073	1,023,368	359,718
First Mutual Reinsurance Company (Private) Limited	-	-	-	-	945,850	275,501	982,272	246,717
FMRE Property & Casualty (Proprietary) Limited	-	-	-	-	491,751	567,731	507,706	469,199
First Mutual Wealth Management (Private) Limited	-	-	-	-	12,915	11,158	9,514	6,479
NicozDiamond Insurance Limited	-	-	-	-	240,900	795,901	795,639	946,532
Total	-	-	-	-	5,253,700	3,859,280	5,470,727	3,837,074
9 Financial assets at fair value through profit or loss								
At 1 January	2,576,321	1,893,066	2,129,191	348,767	136,760	82,710	113,025	15,238
Purchases	174,404	623,108	162,488	296,984	-	93,570	-	68,678
Disposals	(12,283)	(486,892)	(11,443)	(143,010)	(1,417)	(175,764)	(1,342)	(88,622)
Fair value gain on unquoted investments	(17,688)	6,348	40,210	182,121	-	-	-	-
Fair value gain on quoted equities	1,714,451	540,691	2,114,759	1,444,329	569,630	136,244	593,290	117,731
At 30 June & 31 December	4,435,205	2,576,321	4,435,205	2,129,191	704,973	136,760	704,973	113,025
10 Debt securities at amortised cost								
At 1 January	99,779	51,109	82,462	9,416	-	-	-	-
Purchases	73,607	230,362	68,791	140,853	-	-	-	-
Maturities	(65,495)	(167,374)	(61,210)	(67,807)	-	-	-	-
Monetary gain/ loss adjustment	(17,848)	(14,318)	-	-	-	-	-	-
At 31 December	90,043	99,779	90,043	82,462	-	-	-	-
11 Insurance, tenant and other receivables								
Insurance receivables	1,116,250	1,002,135	1,116,250	828,211	-	-	-	-
Tenant receivables	78,504	53,397	78,504	44,130	-	-	-	-
Amounts due from Group companies	-	-	-	-	40,668	16,219	40,668	13,404
Other receivables	339,012	448,248	331,841	315,832	102,114	66,775	102,114	55,186
Total	1,533,766	1,503,780	1,526,595	1,188,173	142,782	82,994	142,782	68,590
12 Cash and balances with banks								
Money market investments with original maturities less than 90 days	841,735	723,999	841,735	598,347	151	183	151	151
Cash at bank and on hand	1,191,935	1,283,887	1,191,935	1,061,063	11,719	13,783	11,719	11,391
Cash and balances with banks	2,033,670	2,007,886	2,033,670	1,659,410	11,870	13,966	11,870	11,542
13 Life insurance contracts and investment contracts with Discretionary Participating Features ("DPF") liabilities								
At 1 January	5,437,588	3,820,461	4,493,874	703,858	-	-	-	-
Movement	(132,347)	1,617,127	811,367	3,790,016	-	-	-	-
At 30 June & 31 December	5,305,241	5,437,588	5,305,241	4,493,874	-	-	-	-
14 Investment contract liabilities without DPF								
At 1 January	564,972	247,725	466,919	45,639	-	-	-	-
Movement	903,575	317,247	1,001,628	421,280	-	-	-	-
At 30 June & 31 December	1,468,547	564,972	1,468,547	466,919	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

	INFLATION ADJUSTED		HISTORICAL COST		INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED GROUP 30-Jun-21 ZWL000	REVIEWED GROUP 31-Dec-20 ZWL000	UNAUDITED GROUP 30-Jun-21 ZWL000	UNAUDITED GROUP 31-Dec-20 ZWL000	UNREVIEWED COMPANY 30-Jun-21 ZWL000	UNAUDITED COMPANY 31-Dec-20 ZWL000	UNAUDITED COMPANY 30-Jun-21 ZWL000	UNAUDITED COMPANY 31-Dec-20 ZWL000
15 Shareholder risk reserve								
At 1 January	-	144,635	-	26,647	-	-	-	-
Movement	-	(144,635)	-	(26,647)	-	-	-	-
At 30 June & 31 December	-	-	-	-	-	-	-	-
16 Insurance contract liabilities - short term								
Outstanding claims	376,343	378,270	376,343	312,620	-	-	-	-
Reinsurance	707,452	770,875	707,451	637,086	-	-	-	-
Losses incurred but not reported	514,394	430,385	514,394	355,690	-	-	-	-
Members savings pot	149,175	100,515	149,175	83,070	-	-	-	-
Premium received in advance	124,442	40,266	124,442	33,278	-	-	-	-
Unearned premium reserve	1,421,986	1,004,420	727,633	261,869	-	-	-	-
Commissions	122,569	148,810	122,569	122,984	-	-	-	-
Total	3,416,361	2,873,541	2,722,007	1,806,597	-	-	-	-
17 Other payables								
Other payables	465,281	499,253	397,502	412,606	13,273	32,909	13,273	27,199
Provisions	273,945	121,795	206,166	100,656	394	304	394	251
Payroll and statutory payables	73,639	113,130	73,639	93,496	3,122	26,828	3,122	22,173
Accrued expenses	81,721	98,940	81,721	81,769	7,456	5,243	7,456	4,334
Trade payables	17,939	159,157	17,939	131,535	45	55	45	45
Property business related liabilities	18,037	6,231	18,037	5,150	2,255	479	2,255	396
Amounts due to group companies	20,299	29,882	20,299	24,696	-	-	-	-
	-	-	-	-	178	3,317	178	2,741
Total	485,580	529,135	417,801	437,302	13,451	36,226	13,451	29,940
18 Deferred income tax								
At 1 January	1,222,566	1,577,940	973,449	281,692	-	-	-	-
Recognised through statement of comprehensive income	(59,761)	(355,374)	162,632	691,757	-	-	-	-
Total	1,162,805	1,222,566	1,136,081	973,449	-	-	-	-
19 Net premium written								
Pension and savings business	465,742	197,146	432,269	58,394	-	-	-	-
Life assurance	151,734	107,904	96,280	31,961	-	-	-	-
Health insurance	1,898,390	902,346	1,772,896	277,426	-	-	-	-
Property and casualty	2,847,626	1,928,216	2,728,221	616,055	-	-	-	-
Gross premium written	5,363,492	3,135,612	5,029,666	983,836	-	-	-	-
Less: Reinsurance	(1,311,462)	(780,662)	(1,240,537)	(269,676)	-	-	-	-
Net premium written	4,052,030	2,354,950	3,789,129	714,160	-	-	-	-
20 Net investment income								
Dividend received	19,691	6,610	18,345	1,708	-	-	-	-
Fair value gain on unquoted equities at fair value through profit or loss	(17,688)	13,604	40,210	3,515	-	-	-	-
Gain from disposal of quoted investments at fair value through profit or loss	(11,288)	79,724	70,645	38,258	-	-	-	-
Investment expenses	(152,699)	(81,155)	(136,115)	(43,931)	-	-	-	-
Fair value gain on quoted equities at fair value through profit or loss	1,714,451	923,440	2,114,759	1,080,832	-	-	-	-
Total investment income before interest income	1,552,467	942,223	2,107,844	1,080,382	-	-	-	-
Interest income	16,953	24,785	15,348	5,987	-	-	-	-
Total net investment income	1,569,420	967,008	2,123,192	1,086,369	-	-	-	-
21 Net insurance claims and benefits								
Insurance claims and loss adjustment expenses:								
Health insurance	1,587,254	596,897	1,490,565	184,625	-	-	-	-
Life assurance	74,707	55,739	70,543	6,920	-	-	-	-
Property and casualty	621,719	426,282	582,361	119,211	-	-	-	-
Total insurance claims and loss adjustment expenses	2,283,680	1,078,918	2,143,469	310,756	-	-	-	-
Less: Insurance claims and benefits expenses recovered from reinsurers	(146,603)	(90,948)	(136,835)	(28,512)	-	-	-	-
Net total insurance claims expense	2,137,077	987,969	2,006,634	282,244	-	-	-	-
Pensions benefits	112,870	34,205	105,994	10,217	-	-	-	-
Net insurance claims and benefits	2,249,947	1,022,175	2,112,628	292,461	-	-	-	-
22 Companies Act (24.31) and IFRS mandatory disclosures								
Staff costs	914,705	413,397	861,901	155,214	-	-	-	-
Directors' fees - Holding company	4,263	5,990	4,017	2,249	-	-	-	-
- Group companies	29,361	11,351	27,666	4,262	-	-	-	-
Depreciation of property, vehicles and equipment	27,993	3,965	6,971	1,489	-	-	-	-
Audit fees	17,985	11,241	16,947	4,221	-	-	-	-

SEGMENTAL RESULTS AND ANALYSIS
FOR THE PERIOD ENDED 30 JUNE 2021

	Property and					Gross	Consolidation	Total
	Life	Casualty	Health	Property	Other	Figures	Entries	Consolidated
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
INFLATION ADJUSTED								
As at 30 June 2021								
Net Premium Earned	571,408	1,273,175	1,842,678	-	-	3,687,261	(12,881)	3,674,380
Rental income	-	21,829	-	207,775	-	229,604	(20,867)	208,737
Fair value adjustments on investment property	-	(128,111)	-	(1,593,911)	-	(1,722,023)	79,563	(1,642,460)
Investment income	1,876,685	757,114	888,376	7,474	2,166,404	5,696,053	(4,126,633)	1,569,420
Monetary gain/loss, fee and other income	607,129	(41,032)	516,188	(34,611)	126,485	1,174,160	40,940	1,215,100
Total income	3,055,222	1,882,975	3,247,243	(1,413,274)	2,292,890	9,065,055	(4,039,878)	5,025,177
Total expenses	(2,551,461)	(979,789)	(1,956,628)	(161,703)	(327,551)	(5,977,132)	-133,442	(6,110,574)
Profit before income tax	631,596	597,576	1,290,615	(1,574,977)	1,929,330	2,910,951	(3,965,334)	(1,054,383)
Income tax expense	(8,523)	(71,459)	-	867,508	-	787,526	(744,622)	42,904
Deffered acquisition costs	-	176,393	-	-	-	176,393	-	176,393
Total assets	9,360,842	5,308,006	2,159,741	10,098,686	6,587,173	33,551,058	(14,547,986)	19,003,072
Movement in insurance contract liabilities	132,347	-	-	-	-	132,347	-	132,347
Movement in investment contract liabilities	(2,124,177)	-	-	-	-	(2,124,177)	-	(2,124,177)
Total liabilities	7,140,784	3,591,482	866,437	943,092	505,046	13,046,842	(669,742)	12,377,100
Cash flows from operating activities	2,479,747	225,710	382,818	20,087	(198,578)	2,909,783	(2,284,497)	625,286
Cash flows generated from/(utilised in) investing activities	24,084	78,083	10,043	(22,939)	182,193	271,465	(490,852)	(219,387)
Cash generated from/(utilised in) financing activities	(778)	2,804,714	(146,826)	(22,299)	(11,969)	2,622,842	(2,683,091)	(60,249)
As at 30 June 2020								
Net premium earned	302,170	904,163	902,346	-	-	2,108,679	(7,793)	2,100,886
Rental income	-	10,074	-	143,478	-	153,552	(17,448)	136,104
Fair value adjustments on investment property	-	532,109	-	7,247,200	-	7,779,309	453,409	8,232,718
Investment income	4,451,830	299,349	335,139	(1,614)	1,555,512	6,640,217	(5,673,209)	967,008
Monetary gain/loss, fee and other income	3,212,631	139,534	159,258	31,861	93,164	3,636,448	(2,940,381)	696,067
Total income	7,966,631	1,885,229	1,396,743	7,420,925	1,648,677	20,318,205	(8,185,422)	12,132,783
Total expenses	(6,784,446)	(835,822)	(777,916)	(102,944)	(117,377)	(8,618,505)	3,196,151	(5,422,354)
Profit/(loss) before income tax	1,031,607	1,041,863	629,314	7,404,023	1,519,968	11,626,775	(4,912,698)	6,714,077
Income tax expense	(7,366)	(426,351)	(25,686)	(1,712,226)	(364,792)	(2,536,422)	614,960	(1,921,462)
Deffered acquisitions costs	-	118,918	-	-	-	118,918	-	118,918
Total assets	9,916,921	4,912,444	966,539	15,116,393	4,917,699	35,829,997	(17,102,329)	18,727,668
Movement in insurance contract liabilities	(2,751,590)	-	-	-	-	(2,751,590)	-	(2,751,590)
Movement in investment contract liabilities	(795,374)	-	-	-	-	(795,374)	-	(795,374)
Total liabilities	7,358,708	2,605,784	1,311,342	3,134,412	990,012	15,400,259	(4,532,776)	10,867,483
Cash flows from operating activities	121,962	273,106	162,707	77,714	92,756	728,244	(2,107,417)	(1,379,173)
Cash flows generated from/(utilised in) investing activities	(214,570)	(552,361)	(124,260)	(41,497)	114,567	(818,120)	267,573	(550,547)
Cash generated from/(utilised in) financing activities	7,678	245,191	(2,912)	-	(68,513)	181,442	(191,376)	(9,934)

SEGMENTAL RESULTS AND ANALYSIS
FOR THE PERIOD ENDED 30 JUNE 2021

	Property and					Gross	Consolidation	Total
	Life	Casualty	Health	Property	Other	Figures	Entries	Consolidated
	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000	ZWL000
HISTORICAL COST								
As at 30 June 2021								
Net premium earned	537,146	1,138,278	1,719,810	-	-	3,395,233	(12,023)	3,383,210
Rental income	-	20,777	-	190,173	-	210,950	(19,523)	191,427
Fair value adjustments on investment property	-	34,193	-	360,769	-	394,961	(32,120)	362,841
Investment income	1,969,985	838,614	1,033,131	5,392	2,385,447	6,232,569	(4,109,377)	2,123,192
Fee and other income	159,909	45,676	18,415	12,357	131,640	367,997	(133,100)	234,897
Total income	2,667,041	2,077,536	2,771,356	568,692	2,517,086	10,601,710	(4,306,143)	6,295,567
Total expenses	(2,354,723)	(905,881)	(1,834,723)	(151,743)	(311,162)	(5,558,233)	(107,480)	(5,665,713)
Profit before income tax	312,027	930,791	953,651	412,982	2,240,491	4,814,964	(4,153,490)	661,474
Income tax expense	303,818	837,977	959,534	351,929	2,245,501	4,663,780	(4,843,268)	(179,488)
Deffered acquisition costs	-	167,380	-	-	-	167,380	-	167,380
Total assets	9,249,055	5,164,010	2,107,827	10,089,721	6,710,458	33,286,091	(14,770,747)	18,515,344
Movement in insurance contract liabilities	(811,367)	-	-	-	-	(811,367)	-	(811,367)
Movement in investment contract liabilities	(1,012,956)	-	-	-	-	(1,012,956)	-	(1,012,956)
Total liabilities	7,140,784	2,838,670	830,216	981,254	503,965	12,294,889	(706,646)	11,588,243
Cash flows from operating activities	2,111,562	954,860	361,378	34,692	(195,629)	3,301,842	(2,825,102)	476,740
Cash flows generated from/(utilised in) investing activities	20,012	51,710	9,848	(22,809)	172,019	230,779	(351,953)	(121,174)
Cash generated from/(utilised in) financing activities	(778)	735,398	(138,116)	(21,511)	(15,116)	559,877	(619,884)	(60,007)
As at 30 June 2020								
Net premium earned	92,707	264,726	277,426	-	-	634,858	(3,840)	631,018
Rental income	-	3,035	-	41,410	-	44,445	(5,690)	38,755
Fair value adjustments on investment property	-	476,126	-	5,806,271	-	6,282,397	(15,995)	6,266,402
Investment income	3,639,627	245,488	188,632	(19)	2,018,047	6,091,776	(5,005,407)	1,086,369
Fee and other income	60,567	27,984	65,628	56,243	33,957	244,379	(38,453)	205,926
Total income	3,792,901	1,017,358	531,686	5,903,905	2,052,004	13,297,855	(5,069,385)	8,228,469
Total expenses	(3,425,048)	(671,873)	(308,790)	(46,016)	(53,953)	(4,505,681)	1,108,969	(3,396,711)
Profit before income tax	936,285	773,390	276,691	5,869,889	2,005,872	9,862,127	(5,028,668)	4,833,459
Income tax (expense)/credit	(40,777)	(142,090)	(67,789)	(1,248,292)	(481,409)	(1,980,358)	552,815	(1,427,543)
Deffered acquisitions costs	-	56,783	-	-	-	56,783	-	56,783
Total assets	4,710,075	2,298,408	424,013	7,299,539	2,608,797	17,340,833	(2,349,863)	14,990,970
Movement in insurance contract liabilities	(2,478,529)	-	-	-	-	(2,478,529)	-	(2,478,529)
Movement in investment contract liabilities	(278,849)	-	-	-	-	(278,849)	-	(278,849)
Total liabilities	3,619,060	1,636,891	733,499	1,512,513	115,315	7,617,278	758,944	8,376,223
Cash flows from operating activities	1,165	498,361	126,517	2,834	10,876	639,753	(355,245)	284,507
Cash flows generated from/(utilised in) investing activities	(19,189)	(99,915)	(7,943)	(31,234)	(52,345)	(210,626)	48,547	(162,079)
Cash utilised in financing activities	123	63,342	(1,407)	-	(66,543)	(4,485)	741	(3,744)

To the Shareholders of First Mutual Holdings Limited

Report on the Review of the interim condensed Consolidated Inflation adjusted Financial Statements

Introductions

We have reviewed the accompanying interim condensed inflation adjusted consolidated financial statements of First Mutual Holdings Limited and its subsidiaries (“the Group”) , as set out on pages 11 to 39, which comprise the interim condensed inflation adjusted consolidated statement of financial position as at 30 June 2021 and the related interim condensed inflation adjusted consolidated statement of profit or loss and other comprehensive income, the interim condensed inflation adjusted statement of changes in equity and the interim condensed inflation adjusted consolidated statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the Internal Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed inflation adjusted consolidated financial information based on our review.

Scope of review

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

Basis for adverse review conclusion

Impact of prior year modification on current period

As explained in note 2.3 to the interim condensed consolidated inflation adjusted financial statements, the Group changed its functional and reporting currency from United States Dollar (US\$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

Our most recent year end audit report was modified due to the impact of an incorrect date of change in functional currency. We believed that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Further contributing to the adverse opinion was the use of inappropriate exchange rates which did not meet IAS21 requirements for a spot rate from 22 February 2019 to 22 June 2020.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION - CONTINUED

First Mutual Holdings Limited

The valuation of investment properties as at 31 December 2020 was not appropriate given the use of USD inputs and resultant translation to ZWL. We believed that applying a conversion rate to a USD valuation to calculate ZWL property values was not an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading. We were however not able to quantify the impact as the appropriate inputs could not be determined. Further, the exchange rate used to translate the foreign subsidiary's results into group results for consolidation purposes was not compliant with IAS21. As a consequential impact, IAS29 was applied on an incorrect base due to the above matters.

Management has not made retrospective adjustments in terms of *IAS8 – Accounting Policies, Changes in Accounting Estimates and Errors* to correct the above matters. Consequently, some corresponding amounts on the interim condensed consolidated inflation adjusted financial statements are misstated, impacting comparability of the current period numbers.

The matters continue to impact the following amounts on the interim condensed consolidated inflation adjusted statement of financial position which still comprise of material amounts from opening balances: ZWL 228 940 000 included in Property, plant and equipment of ZWL 278 999 000, Investments in Associates stated at ZWL 385 715 000 and Deferred tax liability stated at ZWL 1 162 805 000.

As opening balances enter into the determination of financial performance, our half year conclusion is modified in respect of the impact of these matters on: Fair value adjustments on Investment Properties stated at ZWL 1 642 460 060; Income tax expense stated at ZWL 42 904 177; Depreciation of ZWL 41 579 050 included in Administrative expenses stated at ZWL 1 007 425 858 and Monetary gains stated at ZWL 957 353 501. Consequently, Non-distributable reserves stated at ZWL 552 852 000, Non-controlling interests stated at ZWL 3 729 560 000 and Retained earnings stated at ZWL 487 943 000 on the interim condensed inflation adjusted Statement of Changes in Equity is impacted.

Interim Valuation of Investment Properties

The Group's investment properties are carried at ZWL9 927 656 000 (31 December 2020: ZWL 9 549 053 785) as at 30 June 2021 as described on Note 7 to the interim condensed consolidated inflation adjusted financial statements. The investment properties were valued using USD denominated inputs and converted to ZWL at the closing auction rate. We believe that applying a conversion rate to a USD valuation to calculate ZWL property values may not be an accurate reflection of market dynamics, as risks associated with currency trading do not always reflect the risks associated with property trading.

Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts

Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with *IAS 21 / IAS 8* as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the monetary gains or losses of ZWL 957 353 501 on the interim condensed consolidated inflation adjusted Statement of profit or loss and other comprehensive income are impacted.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION - CONTINUED

First Mutual Holdings Limited

The effects of the above departures from IFRS are material and pervasive to the interim condensed consolidated financial information.

Adverse review conclusion

In view of the matters described in the preceding paragraphs, the interim condensed consolidated inflation-adjusted financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards.

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed inflation adjusted consolidated financial information is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).



Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

15 September 2021