

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

During the year under review, the Zimbabwe Dollar ("ZWL") was introduced as the sole functional currency of Zimbabwe following the discontinuation of the multi-currency regime in June 2019. Thereafter effective 1st July 2019, the Public Accountants and Auditors Board ("PAAB") announced that the Zimbabwean economy met all the conditions to be classified as a hyperinflationary economy in terms of International Accounting Standard ("IAS") 29, "Financial reporting in hyperinflationary economies". Accordingly, the Group results have been adjusted for the effects of inflation.

Business Environment

Zimbabwe

The macro-economic environment remained challenging and volatile characterised by among other things, a rapidly depreciating local currency which lost about 571% of its value against the United States of America Dollar ("US Dollar") in 2019, foreign currency and fuel shortages, severe and incessant power outages which had a negative impact on industry productivity. Rising inflation which peaked at an implied rate of 521% in December 2019, led to significant increases in operating costs and subdued demand in response to the erosion of disposable incomes. Climate change induced weather-related shocks led to lower than expected agricultural output and damage to infrastructure. Consequently, the economy contracted by 7.2% in 2019.

Botswana

At 4% in 2019, growth in the Botswana economy was not strong owing to the muted global demand for diamonds and recurring droughts affecting livestock production and agricultural output. The exchange rate remained relatively stable against the US Dollar and average inflation was 3% in 2019.

Malawi

Despite growing political uncertainty as a result of disputed elections, the Malawian economy continued to maintain high growth momentum driven by growth in the agricultural sector, a relatively stable exchange rate, return of donor budgetary support and improving power generation. Average inflation was about 9% in 2019. The Malawian economy grew by 4.4% in 2019.

Zambia

The Zambian economy continued to weaken and experienced subdued performance and below average growth rates. Headwinds included weaker demand for copper on the international market, lower commodity prices, low electricity generation, climate related weather shocks including poor average rainfall and high external debt servicing obligations on the fiscus. The Zambian Kwacha ("ZMK") depreciated by about 17% against the US Dollar in 2019 triggering rising inflation which averaged 10% in the year under review compared to 7% in the previous year. The economy grew by a muted 1.8% in 2019.

Mozambique

Although below historical averages, the growth of the Mozambican economy continued to strengthen on account of improving investor/donor confidence after successful debt restructuring efforts and increasing investment in coal and gas projects. Economic growth was affected by climate change, disputed elections and sporadic insurgent attacks in the central regions and gas rich northern provinces. The Mozambique Metical ("MZN") depreciated by a marginal 4% against the US Dollar in 2019 and average inflation rose from 3.9% in 2018 to 5.6% in 2019. The economy grew by 2% in 2019.

Delay in Publication of Results

In view of the need to apply IAS 29 in the preparation of the financial statements for the year ended 31 December 2019, which were due for publication by 31 March 2020, and the subsequent outbreak of the Coronavirus with the resultant national lockdowns and restrictions on movement to mitigate the spread of the virus in most jurisdictions where the Group operates, the publication of the consolidated results was delayed due to restrictions in movement. In addition to the general condonation announced by the Zimbabwe Stock Exchange ("ZSE") for listed companies to delay the publication of their financial statements to the 2020 deadline in view of the unprecedented developments, Zimre Holdings Limited ("ZHL") obtained specific extensions from the ZSE.

Group Performance Summary

Profitability in 2019 was driven by the significant property revaluations following the change in functional currency, the growth in reinsurance business which was more pronounced in the Mozambican operation, and the release of high value rental space and stand sales at ZPI. The growing strength of the Emeritus Reinsurance brand in both the regional and local markets continued to translate to increased business support from cedants for the reinsurance business. 2019 was a testament of Emeritus' prowess evidenced by the credit rating upgrades by GCR from BBB+ to A-.

The growth momentum for domestic operations was significantly affected by deteriorating disposable incomes and the heightened foreign exchange risk. This affected uptake of conventional insurance products and external reinsurance business support. The Group continued to undertake initiatives that enhance the competitive capital of regional businesses, in order to improve the low retention capacity experienced. Delayed resolution of the foreign currency denominated legacy creditors and other foreign liabilities continues to haunt the reinsurance sectors due to the potential adverse impact on liquidity and investment assets.

Statement of Comprehensive Income

Total Income
Inflation adjusted income was up 140% from ZWL241 million in the prior year to ZWL580 million as historical cost income increased by 180% to ZWL640 million from ZWL34 million in 2018. The strong performances attributable to improved contribution of the regional businesses of 60% compared to 55% in 2018, commissioning of Sawanga Mall in Victoria Falls (5 000 square metres of lettable retail space) and Nicoo House for student accommodation in Harare (200 beds) and upward price realisation on limited stand sales also contributed to the strong revenue generated.

Claims and expenses

Inflation adjusted claims, commission and operating expenses were at ZWL437 million, 83% up on the inflation adjusted prior year comparative of ZWL238 million. At ZWL206 million on a historical cost basis in 2019 (ZWL30 million in 2018), claims and expenses were off target mainly due to the growth in claims especially from the Malawian operation where there was a high incidence of costly fire claims. Combined costs also surged upwards due to the increase in business acquisition costs in line with growth in business and the increase in operating expenses especially in the domestic market. The latter was driven by exchange rate indexed local prices. The increase in debtor impairments also contributed to the high costs.

Profit for the year

The Group ended the year with a profit of ZWL105 million on an inflation adjusted basis which was a marked improvement from a loss of ZWL23 million in the prior year. Growth in profitability reflects net monetary gains on restatement of financial information for both the current and prior year. On a historical cost basis, profit for the year of ZWL419 million was posted in 2019 (ZWL3.5 million in 2018) driven by the return to profitability at Zimre Property Investments ("ZPI") and increased contributions from the Group's associates, property and foreign currency revaluations following the change of functional currency.

Total comprehensive income for the year

Inflation adjusted comprehensive income for the year was ZWL290 million, being a 1313% improvement on the inflation adjusted prior year loss of ZWL24 million. On a historical cost basis, total comprehensive income for the year was ZWL622 million (2018: ZWL1 million) and was attributed to the exchange differences on the translation of foreign operations, fair value gains on financial assets, share of comprehensive income from associates and gains on property and equipment revaluations. The gains reflect the hidden values that existed before the change of functional currency where a rate of 1:1 against the US Dollar was applied before the introduction of the interbank rate in February 2019.

Statement of financial position

Total assets were at ZWL1.13 billion as at 31 December 2019 compared to ZWL0.70 billion on an inflation adjusted basis. On a historical cost basis, the Group's financial position remained sound with total assets of ZWL1.04 billion against the backdrop of the revaluation of investment properties and other non-monetary assets.

On an inflation adjusted basis, shareholders' funds were at ZWL593 million as at 31 December 2019 compared to ZWL378 million in the prior year. In historical cost terms, shareholders' funds were at ZWL526 million (ZWL555 million in 2018) as at 31 December 2019 on the back of the profitability recorded, revaluation of properties, acquisition of additional stake in ZPI and the change of functional currency.

Cash flow

Positive cash flows were generated from operations. Significant improvements in revenue collections were noted in most operations following the strengthening of credit control functions.

The Group has low financial exposure in hard currencies due to the existence of adequate retrocession cover with international reinsurance companies, and the sizeable book of business generated in hard currency in regional operations. In the domestic market, the Group lodged an application with the Reserve Bank of Zimbabwe ("RBZ") for the settlement of legacy debts in line with the pronouncements by the RBZ following the change of the functional currency. The equivalent amounts in ZWL have been paid to the RBZ and the Group awaits determination of the application.

Significant Post Balance Sheet Events and Other Matters

Outbreak of Coronavirus (Covid-19)

The Group life assurance and short-term insurance businesses are working with the industry to assess the extent of the potential effects of the spread of the virus on life insurance claims, business interruption and related covers, and undertake a review of underwriting policies and practices. While the Group is still to quantify the total impact of the Coronavirus pandemic on all its operations, the Board is very optimistic that operations will be resilient and are expected to significantly recover once the pandemic is under control and normal activity is resumed.

New Capital Requirements

Statutory Instrument ("SI") 59 of 2020, the Insurance (Amendment) Regulations, 2020 gazetted on the 6th of March 2020 reviewed aspects of ZUPCO announced by the Government for the protection of policyholders. The domestic reinsurance and reinsurance operations recorded capital levels which were above the prescribed minimum capital of ZWL7.5 million for composite reinsurance companies as at 31 December 2019. The Group is assessing the capitalisation levels of other insurance operations and investments to ensure that they comply with the new minimum thresholds.

In addition, a cocktail of financing measures are being considered to ensure that external entities are competitively capitalised in order to capacitate them for business growth, improved credit ratings and compete effectively in their respective markets.

Group Strategy Review

The Group undertook and crafted a corporate level strategy that focuses on wider diversification of businesses in the portfolio through investing in businesses in high growth sectors leveraging on existing assets. The implementation of the strategy will broaden the composition of the Group's business portfolio.

Update on CFI Holdings Limited ("CFI")

CFI remains impaired and an assessment will be made to reinstate the investment in June 2020. Post year-end, the Crest Poultry Group was removed from judicial management.

CFI was suspended by the ZSE from trading on the 3rd of January 2018, which prolonged state of suspension of the Directors' recognition of the need for frequent dividend distributions particularly in the prevailing domestic economic environment. Details of the dividend will be released in a separate dividend statement to be issued in due course.

Update on Zimbabwe United Passenger Company Limited ("ZUPCO")

ZUPCO remains impaired and an assessment will be made to reinstate the investment in June 2020. ZHL continues to explore options to unlock value from this investment where it holds a 49% equity stake. The investment has been accounted for as a contingent asset.

Excellence in Corporate Governance Award ("ECGA")

In 2019, ZHL was awarded the first runner up prize in the Excellence in Corporate Governance Awards, Insurance Business category, organised by the Institute of Chartered Secretaries and Administrators in Zimbabwe ("ICSAZ"). The awards were introduced with the objective of promoting good corporate governance practices in Zimbabwe and recognising efforts of corporate boards in effectively leading their organisations in a sustainable, innovative, and ethical manner.

Directorate

As reflected in the 2018 Annual Report, Mr Aadil Damjee resigned from the Board at the beginning of the year. I would once again like to thank him for his service to the Board and wish him success in his future endeavours.

Dividend

In line with the Company's dividend policy and after careful consideration of the Company's level of profitability and reserves, the onset and outbreak of the Coronavirus and associated risks to business growth, the Directors have found it prudent to declare a dividend of ZWL3.1 million which is, however, below the Company's expected dividend policy of two and half times cover. The declaration, albeit under the recommended cover, is a result of the Directors' recognition of the need for frequent dividend distributions particularly in the prevailing domestic economic environment. Details of the dividend will be released in a separate dividend statement to be issued in due course.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	Inflation adjusted		Historical cost	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		ZWL	ZWL	ZWL	ZWL
ASSETS					
Property and equipment		81 672 258	51 837 394	71 588 364	5 279 987
Right of use assets		9 987 870	-	4 420 507	-
Investment property	4	507 570 140	285 776 307	507 570 140	46 008 667
Intangible assets		867 858	1 004 179	339 892	139 387
Goodwill		2 941 292	2 941 292	3 259 903	3 259 903
Deferred acquisition costs		64 213 459	27 338 299	25 098 190	5 352 784
Deferred income tax asset		15 917 833	15 303 601	14 382 180	2 764 128
Inventories		18 847 227	21 685 073	2 914 960	2 805 445
Trade and other receivables	5	178 656 170	108 813 504	178 646 855	16 603 024
Life reinsurance contract asset		1 433 800	969 592	1 433 800	156 100
Current income tax receivable		7 464 719	6 353 156	7 464 716	1 022 781
Deferred acquisition costs		12 484 670	13 661 509	11 479 221	2 002 609
Financial assets:					
- at fair value through profit or loss		24 276 610	39 222 239	24 276 611	6 314 770
- at amortised cost		30 871 601	33 327 727	30 871 601	6 156 876
- at fair value through other comprehensive income		78 046 090	32 185 406	78 046 090	5 181 669
Cash and cash equivalents		91 440 449	60 826 365	91 440 449	9 792 554
Total assets		1 126 712 051	701 242 633	1 050 297 379	109 906 764
EQUITY AND LIABILITIES					
EQUITY					
Share capital		113 365 163	113 365 163	15 326 649	15 326 649
Share premium		84 497 249	84 497 249	11 427 034	11 427 034
Reserves		(115 725)	(97 903)	(25 932)	(8 886)
Revaluation reserve		106 182 560	86 986 110	41 506 183	14 017 038
Financial assets at fair value through other comprehensive income reserve		45 750 158	13 134 040	57 258 115	1 990 559
Foreign currency translation reserve		100 562 066	(21 803 576)	109 440 341	(8 165 707)
Other reserves		814 869	814 869	-	-
Retained earnings		142 422 119	101 876 680	290 497 468	20 803 807
Total equity attributable to equity holders of the parent		593 478 459	377 957 763	526 244 428	55 390 494
Non-controlling interest		17 603 093	96 831 025	179 612 440	18 714 474
Total equity		765 081 552	474 788 788	705 856 867	74 104 968
LIABILITIES					
Life reinsurance contract liabilities		6 486 500	12 606 556	6 486 500	2 029 600
Lease liability		5 281 509	-	5 281 509	-
Deferred income tax liabilities		12 565 117	11 538 291	5 383 357	1 697 790
Borrowings	6	14 454 983	24 611 761	14 454 983	3 962 351
Trade and other payables	7	187 077 093	94 302 692	187 077 093	15 181 434
Short term insurance contract liabilities	8	123 566 461	78 178 722	113 548 234	12 056 034
Other provisions		12 198 936	5 155 753	12 198 936	874 587
Total liabilities		361 630 499	226 435 845	344 440 512	35 801 796
Total Equity and Liabilities		1 126 712 051	701 242 633	1 050 297 379	109 906 764

B.N. Kumalo
Chairman

S. Kudanga
Group Chief Executive

Outlook and Strategy

The outbreak of the Coronavirus and its knock-on effect on economic activity, with the International Monetary Fund ("IMF") forecasting a 3% contraction of the world economy and 1.6% for Sub-Saharan Africa, has brought material uncertainty to the future performance of businesses across the globe.

Whilst the Zimbabwean and regional governments are putting measures in place to protect citizens from the pandemic and to provide momentum to economic recovery through various fiscal and monetary stimulus measures, optimum performance of both domestic and regional Group businesses is expected to be significantly curtailed in 2020.

The Group has put in place business strategies that will ensure business continuity and is implementing timely and appropriate responses to manage the uncertainties in the macro-economic environment. It has positioned itself to identify and exploit emerging opportunities in high growth sectors in the post Coronavirus pandemic era in order to deliver profitable growth through leveraging on its sound financial strength, and sizeable regional operations and investments. Cost control, achieving investment income growth, optimizing cash resources, enhancing underwriting capacity and discipline and offering the market non-conventional insurance products, as well as exploiting the inflation hedging capabilities of the property portfolio for growth, remains key in the survival of Group operations.

Notwithstanding the extremely difficult year ahead with significant uncertainties due to the Coronavirus pandemic, the Board remains confident in the continued growth and sustenance of the Group.

Appreciation

I would like to extend my gratitude and appreciation to all staff, shareholders, our business partners and my fellow Board members throughout the Group for their unwavering support and commitment to the vision of the Group.

B. N. Kumalo
CHAIRMAN

28th May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Inflation adjusted		Historical cost	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	ZWL	ZWL	ZWL	ZWL
INCOME				
Gross written premium	492 767 808	243 940 334	242 963 845	32 280 406
Premium ceded	(59 510 121)	(65 378 758)	(61 216 055)	(8 735 151)
Net premium written	333 257 687	177 561 576	161 747 790	23 484 215
Unearned premium reserve	(14 620 943)	(9 374 556)	(7 377 291)	(1 261 066)
Net premium earned	318 636 744	168 187 020	154 370 499	22 223 149
Brokerage commission and fees	39 399 727	15 055 091	22 812 340	2 013 178
Total Insurance income	358 036 471	183 242 111	177 182 799	24 236 327
Rental income	17 410 307	16 457 733	8 166 094	2 269 360
Fair value adjustments on investment property	172 855 844	(56 579 956)	433 304 102	(869 524)
Revenue from sale of inventory property	12 966 066	11 278 962	5 526 638	1 715 728
Property operating cost recoveries	11 100 804	-	2 448 374	582 831
Investment income	10 678 141	10 333 905	4 775 049	1 445 332
Other income	(3 168 790)	76 523 676	8 707 867	4 172 605
Total income	579 678 963	241 247 581	640 110 983	33 553 259
EXPENDITURE				
Insurance benefits and claims:				
Non-life insurance contracts	(266 689 119)	(57 457 567)	(121 576 376)	(8 991 946)
Life insurance contracts	(4 784 519)	(4 956 962)	(2 016 551)	1 540 837
Claims ceded to reinsurers	(139 179 841)	(8 243 872)	(61 291 085)	2 444 304
Commission and acquisition expenses	(121 121 579)	(57 081 307)	(60 659 989)	(7 584 026)
Operating and administrative expenses	(180 408 555)	(136 135 451)	(81 855 131)	(16 906 933)
Finance costs	(3 109 253)	(900 375)	(1 355 760)	(110 507)
Total expenditure	(436 933 184)	(238 281 809)	(206 174 742)	(29 608 471)
Net monetary gain/(loss)	(14 327 688)	(35 321 681)	-	-
Profit/(loss) before share of profit of associates	128 418 091	(52 355 889)	433 936 241	3 944 788
Share of profit of associates	4 544 261	9 745 413	3 648 161	48 463
Profit before income tax	132 962 352	(22 610 476)	437 584 402	3 993 251
Income tax expense	(28 043 338)	(443 334)	(18 576 505)	(443 607)
Profit/(loss) for the year	104 919 014	(23 053 810)	419 007 897	3 549 644
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Gains on property and equipment revaluations	22 544 181	691 920	33 785 861	116 922
Share of other comprehensive income of associates	16 056 426	(1 843 009)	16 095 265	5 330
Income tax relating to components of other comprehensive income	(2 134 056)	(207 576)	(3 487 719)	(25 477)
Other comprehensive income	36 466 551	(1 358 665)	46 393 407	96 775

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL RESULTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Inflation adjusted	Share capital		Treasury shares ZWL	Revaluation reserve ZWL	Other reserves ZWL	Fair value through other comprehensive income reserve ZWL	Foreign currency translation reserve ZWL	Retained earnings ZWL	Total attributable to equity holders of parent ZWL	Non-controlling interest ZWL	Total equity ZWL
	ZWL	ZWL									
Year ended 31 December 2018											
Balance as at 1 January 2018, as previously reported	15 331 003	11 427 034	-	13 920 328	650 181	-	(7 512 006)	15 882 487	49 699 027	21 828 246	71 527 273
Changes on initial application of IFRS 9	-	-	-	-	(650 181)	1 550 187	-	(282 516)	617 490	(105 985)	511 505
Balance as at 1 January 2018, as restated	15 331 003	11 427 034	-	13 920 328	1 550 187	-	(7 512 006)	15 599 971	50 149 042	21 722 261	72 038 778
Restatement of owners equity on application of IAS 29	98 075 069	73 070 215	-	72 706 020	-	8 848 550	(9 818 246)	76 815 257	319 696 865	112 147 065	431 843 930
Total comprehensive income for the year	-	-	-	527 237	-	2 735 303	(4 473 324)	4 474 929	3 264 145	(27 200 544)	(23 936 399)
Profit/(loss) for the year	-	-	-	-	-	-	-	4 474 929	4 474 929	(27 528 739)	(23 053 810)
Other comprehensive income for the year net of tax	-	-	-	527 237	-	2 735 303	(4 473 324)	-	(1 210 784)	326 195	(862 589)
Transactions with owners in their capacity as owners:	(40 910)	-	(97 903)	-	-	-	-	4 986 523	4 847 710	(9 837 757)	(4 990 047)
Dividend declared and paid	-	-	-	-	-	-	-	(6 848 307)	(6 848 307)	1 997 073	(4 851 234)
Share buy-back	(40 910)	-	(97 903)	-	-	-	-	-	(138 813)	-	(138 813)
Change in ownership percentage	-	-	-	-	-	-	-	11 834 830	11 834 830	(11 834 830)	-
Balance as at 31 December 2018	113 365 163	84 497 249	(97 903)	86 986 110	-	13 134 040	(21 803 576)	101 876 680	377 957 762	96 831 025	474 788 787
Year ended 31 December 2019											
Balance as at 1 January 2019, as previously reported	113 365 163	84 497 249	(97 903)	86 986 110	-	13 134 040	(21 803 576)	101 876 680	377 957 762	96 831 025	474 788 787
Changes on initial application of IFRS 16	-	-	-	-	-	-	-	(35 429)	(35 429)	-	(35 429)
Balance as at 1 January 2019, as restated	113 365 163	84 497 249	(97 903)	86 986 110	-	13 134 040	(21 803 576)	101 841 251	377 922 333	96 831 025	474 753 358
Total comprehensive income for the year	-	-	-	19 196 450	-	32 616 118	122 365 642	40 580 868	214 759 078	75 586 937	290 346 015
Profit for the year	-	-	-	19 196 450	-	32 616 118	122 365 642	40 580 868	40 580 868	64 338 146	104 919 014
Other comprehensive income for the year net of tax	-	-	-	-	-	-	-	-	174 178 210	11 248 791	185 427 001
Transactions with owners in their capacity as owners:	-	-	(17 822)	-	-	814 869	-	-	797 047	(814 869)	(17 822)
Share buy-back	-	-	(17 822)	-	-	-	-	-	-	-	(17 822)
Change in ownership percentage	-	-	-	-	-	814 869	-	-	814 869	(814 869)	-
Balance as at 31 December 2019	113 365 163	84 497 249	(115 725)	106 182 560	814 869	45 750 158	100 562 066	142 422 119	593 478 458	171 603 093	765 081 552

As at 1 January 2019, the Group and Company recognised the following:

	Inflation adjusted		Historical cost	
	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL
4 INVESTMENT PROPERTY	285 776 307	234 695 204	46 008 667	37 784 845
Acquisition and development	11 203 013	67 661 448	11 203 013	10 893 181
Disposals	-	(10 823 292)	-	(1 742 500)
Fair value loss recognised in profit or loss	193 536 462	(5 400 925)	433 304 102	(869 524)
Exchange rate movement on foreign operations	17 054 358	(356 128)	17 054 358	(57 335)
As at 31 December	507 570 140	285 776 307	507 570 140	46 008 667

Investment properties, principally freehold office buildings, are held for long term rental yields and are not depreciated by the Group. They are carried at fair value.

	Inflation adjusted		Historical cost	
	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL
5 TRADE AND OTHER RECEIVABLES	157 203 680	70 225 370	160 457 651	11 965 665
Reinsurance receivables	7 257 210	15 169 919	7 257 210	2 441 807
Rental and stand sales receivables	17 631 772	6 567 331	17 631 772	1 057 687
Related party receivables	28 911 014	35 063 703	25 647 728	8 859 809
Prepayments and other receivables	(32 347 506)	(18 209 819)	(32 347 506)	(4 722 144)
Less: allowance for credit losses	178 656 770	108 813 904	178 646 855	16 603 024

The borrowings accrue an average interest rate of 13.95% per annum and are encumbered against Stand 16591 Harare Township, Stand 353 Bulawayo Township and Building 141/8 Marginal Avenue Maputo.

	Inflation adjusted		Historical cost	
	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL
7 TRADE AND OTHER PAYABLES	132 825 726	60 461 249	132 825 726	9 671 350
Operating and administration expenses	54 551 367	33 841 443	54 551 367	5 104 004
Accruals and other payables	187 077 993	94 302 892	187 077 993	15 181 434

8 SHORT TERM INSURANCE CONTRACT LIABILITIES
On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. Leases, these liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 ranged from 12% to 25% depending on jurisdiction.

	Inflation adjusted		Historical cost	
	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL
9 OPERATING AND ADMINISTRATION EXPENSES	31 117 493	160 889 995	161 855 563	23 579 930
Operating and administration expenses include the following disclosable expenses:				
Audit fees	3 766 135	2 360 710	1 407 383	167 505
Directors' fees	7 564 746	3 244 978	3 402 957	227 766
Staff costs	64 961 965	45 427 813	29 571 949	2 729 296
Depreciation	8 148 487	3 109 084	2 758 519	179 845

10 SEGMENT RESULTS
Total income
Reinsurance
Rental and stand sales
Short term insurance
Property
Other and adjustments

	Inflation adjusted		Historical cost	
	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL	Group 31 Dec 2019 ZWL	Group 31 Dec 2018 ZWL
Profit/(loss) before income tax	(20 245 896)	(14 876 082)	(11 381 882)	(468 679)
Reinsurance	4 970 780	21 591 393	3 760 962	3 428 639
Reassurance	20 745 676	(7 390 678)	444 723 183	(1 192 387)
Short term insurance	(54 082 128)	46 446 367	(821 318)	1 906 323
Other and adjustments	132 962 352	(22 610 476)	437 584 402	3 993 251
Geographical information				
Total income	195 664 055	149 372 748	530 872 950	21 552 504
Zimbabwe	88 541 424	27 884 954	39 639 686	3 289 520
Malawi	37 285 173	19 447 915	17 303 115	2 573 839
Zambia	69 644 324	23 308 558	34 880 353	2 859 559
Mozambique	20 897 934	13 254 016	20 892 742	1 638 647
Botswana	-	55 366	-	6 795
South Africa	167 646 053	7 924 024	(647 903)	1 592 395
Adjustments	579 678 963	241 247 581	4 580 983	33 553 259

11 KEY RELATED PARTY TRANSACTIONS
Change in ownership percentage in Zimre Property Investments Limited
During the year, the Group acquired an additional shareholding in Zimre Property Investments Limited as shown below:

	1.15%
Additional interest purchased	64 353
Interest after purchase	620 053
Dividend price in	2 019 979
Bargain on purchase	187 098

Zimre Property Investments Limited remains a subsidiary of the Group. The bargain on purchase was recognised directly in equity.

Change in ownership percentage in Credit Insurance Zimbabwe
During the year, the Zimre Holdings Limited purchased a further interest in Credit Insurance Zimbabwe as shown below:

	6.00%
Additional interest purchased	6 000
Interest after purchase	620 053
Purchase price in	2 019 979
Bargain on purchase	2 715 794

Credit Insurance Zimbabwe (Private) Limited remains a subsidiary of the Group. The bargain on purchase was recognised directly in equity.

EVENTS AFTER THE REPORTING DATE
The Group has according to International Accounting Standard 10 (IAS 10) "Events after the reporting date" identified events arising from the Coronavirus disease 2019 (COVID-19) pandemic, as non-adjusting events, since the pandemic arose after the reporting date. The outbreak of Covid-19 had a knockdown effect on economic activity with the International Monetary Fund (IMF) forecasting a 3% contraction of the world economy and 1.6% for Sub-Saharan Africa, which has brought material uncertainty on the future performance of businesses across the globe. Whilst the Zimbabwean and regional governments are putting measures in place to protect citizens from the pandemic and to provide momentum to economic recovery through various fiscal and monetary stimulus measures, optimum performance of both domestic and regional Group businesses is expected to be curtailed in 2020.

The Group has put in place business strategies that will ensure business continuity and is implementing timely and appropriate measures to manage the uncertainties in the macro-economic environment. It has positioned itself to identify and exploit emerging opportunities in high growth sectors in the post Covid-19 pandemic era in order to deliver profitable growth through leveraging on its sound financial strength, and sizeable regional operations and investments. Cost control, achieving investment income growth, optimising cash resources, enhancing underlying capacity and discipline and offering the market non-conventional insurance products, as well as exploiting the inflation hedging capabilities of the property portfolio for growth, remains key in the survival of Group operations.

We foresee an extremely difficult year ahead with significant uncertainties until the pandemic has been contained. Notwithstanding the above, the Directors have assessed the ability of the Group to continue operating as a going concern, including the impact of the Covid-19 pandemic and the lockdown imposed by the Zimbabwean Government to contain the spread of the virus, and believe that the preparation of these financial statements on a going concern basis is appropriate. In addition, the Group has adequate financial and other resources to sustain the business in the short to medium term.