



## Unaudited Abridged Financial Results for the six months ended 30 June 2017

### CHAIRMAN'S STATEMENT

#### ECONOMIC OVERVIEW

The Gross Domestic Product for 2017 is projected to grow by 3.7% from an initial forecast of 1.7% owing to a good agriculture season. The economy, however, continues to experience challenges including weak aggregate demand and foreign currency shortages. Year-on-year inflation stood at 0.31% as at 30 June 2017, having crossed into positive territory in February 2017 after being in the negative since November 2014. The Zimbabwe Stock Exchange ("ZSE") traded in the positive to 30 June 2017 with the mainstream Industrial Index registering a year to date growth of 36% while the Mining Index grew by 19%. The activity in the local bourse has been spurred by investors piling into the equities market in search of real assets amid limited viable investment options and currency risks. The property market fundamentals remained depressed on the back of low demand for rental space, increased voids and downward rental review requests from tenants.

#### FINANCIAL HIGHLIGHTS

##### STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	UNAUDITED 30-Jun-17 US\$000	AUDITED 31-Dec-16 US\$000	Change %
Investment property	124 567	124 302	0%
Equity securities at fair value through profit or loss	30 689	19 863	55%
Debt securities held to maturity	29 437	20 292	45%
Cash and balances with banks	34 715	37 657	-8%
Total assets	247 586	229 707	8%
Life insurance and investment contract liabilities	122 766	110 227	11%

##### STATEMENT OF COMPREHENSIVE INCOME HIGHLIGHTS

	UNAUDITED 30-Jun-17 US\$000	UNAUDITED 30-Jun-16 US\$000	Change %
Gross premium written ("GPW")	61 490	60 588	1%
Pensions and savings	9 435	11 565	-18%
Life assurance	7 277	6 824	7%
Health insurance	28 069	26 046	8%
Property and casualty	16 709	16 153	3%
Net premium earned	54 575	53 600	2%
Underwriting result	11 250	13 185	-15%
Rental income	3 232	3 520	-8%
Investment profit	12 983	451	2 779%
Operating profit	1 642	4 226	-61%
Profit before income tax	4 880	2 558	91%
Profit for the period	4 284	2 633	63%

##### STATEMENT OF CASH FLOWS HIGHLIGHTS

	UNAUDITED 30-Jun-17 US\$000	UNAUDITED 30-Jun-16 US\$000	Change %
Cash generated from operating activities	6 753	8 302	-19%
Cash and cash equivalents	34 299	16 905	103%

#### FINANCIAL POSITION & PERFORMANCE ANALYSIS

##### Statement of financial position

The Group's total assets grew to US\$247.6 million as at 30 June 2017 from US\$229.7 million as at 31 December 2016. Notable growth came from debt securities contributing US\$9.1 million and equity securities, driven by positive fair value movements on the ZSE amounting to US\$10.8 million. There were no significant movements in the fair values of the investment property portfolio.

##### Statement of comprehensive income

Consolidated GPW for the six months to 30 June 2017 at US\$61.5 million (2016: US\$60.6 million) went up 1% compared to the same period in 2016. The slight increase in GPW is a result of growth in the health business, life assurance and property and casualty insurance segments that was offset by the 18% decline in pensions business driven by a slump in single premiums. The decrease in single premiums is in line with the general slow down on retrenchments in the country in 2017 compared to the experience in 2016.

Consolidated rental income went down 8% from US\$3.5 million in 2016 to US\$3.2 million in 2017 due to downward rental review pressure from tenants. The average rental per square metre decreased from US\$7.02 in 2016 to US\$6.94 in 2017. This contributed to an increase in the occupancy rate from 72% to 73%. Significant efforts have been made by management in the period under review to improve the ambience of the properties with property expenses going up 88% compared to the same period in 2016.

Operating profit, a measure of the Group's performance before factoring in the investment performance, went down 61% from US\$4.2 million to US\$1.6 million. The major contributing factors to the lower operating profit were higher claims, particularly in agriculture under the reinsurance segment, as well as a higher claims ratio in health insurance.

The Group had an investment profit of US\$13.0 million in the period to 30 June 2017 compared to a profit of US\$0.5 million in 2016. The favourable out-turn in 2017 is mainly attributed to an increase in the fair values of counters held by the Group on the ZSE. The Group also increased its held to maturity investments which resulted in an increase in interest income.

Overall, the Group achieved a profit for the period of US\$4.3 million (2016: US\$2.6 million). The profit attributable to equity holders of the parent for the six months to June 2017 was US\$4.0 million (2016: US\$3.2 million).

##### Statement of cash flows

Cash and cash equivalents increased significantly when compared to the comparative period after deliberate management efforts to restructure money market investments to shorter maturities as a risk management initiative and to ensure availability of funds to cater for short-term operational obligations such as claims and reinsurance commitments.

#### FIRST MUTUAL IN THE COMMUNITY

The Group continues to impact positively on the future of young Zimbabweans with educational assistance through the First Mutual Foundation. The Foundation is celebrating three years of partnering World Education Inc. Bantwana and has since launched a Scholarship Fund to assist the less privileged with university scholarships. The Foundation has unveiled a bursary worth US\$80 000 to the Reformed Church University over a four year period. In total the Foundation assists more than a 100 children in primary and secondary schools countrywide as well as some physically handicapped students at tertiary level.

The Group, through its Employee Corporate Social Responsibility initiatives, assisted victims of the Tsholotsho flooding disaster through groceries and clothes.

#### CAPITAL RAISE AND ACQUISITION OF NICOZDIAMOND INSURANCE

On 31 August 2017, the shareholders approved the acquisition of up to the entire issued share capital of NicozDiamond Insurance Company Limited ("NDIL") and a US\$17.3 million Rights offer. The acquisition will enhance the Group's market share in the short-term insurance industry while the capital raise will be utilised to recapitalise some Group businesses, repay borrowings and complete the NDIL transaction.

#### OUTLOOK

The economy is expected to continue on a growth trajectory driven mainly by mining due to the partial recovery in international commodity prices and agriculture on account of timeous support from both the Government and the private sector. The positive developments from the two sectors are expected to benefit the rest of the economy.

The Board remains confident that business process efficiencies and enterprise risk management initiatives that are being implemented will contribute positively to enhancing shareholder value. Further efforts being channelled towards improving business processes, working capital management and development of sustainable products relevant to our environment are also expected to deliver value to stakeholders.

#### DIRECTORATE

Subsequent to the period end, Mr Chakanyuka Nziradzemhuka was appointed as a non-executive director, effective 8 September 2017. On behalf of the Board, I welcome him and look forward to his positive contribution.

#### DIVIDEND

In view of the need to focus on strategic partner initiatives and improve the operations of Group companies, the directors recommend that no dividend be paid from the profits of the Group for the half year ended 30 June 2017.

#### APPRECIATION

On behalf of the Board of Directors, I would like to thank our clients, management and staff, the regulatory authorities and other stakeholders for their continued support and confidence in us to deliver sustainable value. I would like to also thank my fellow Directors for their continued support.

Oliver Mtasa  
Chairman

8 September 2017

### GROUP CEO'S REVIEW OF OPERATIONS

The Group continues to deliver on its core pillars of risk management, wealth creation and wealth management. This is becoming increasingly important in a dynamic environment characterised by shrinking disposable income and increasing customer discernment and demand for value for money. Our focus remains on availing economic dignity to our stakeholders by delivering value through innovation, service excellence, strategic partnerships, relevant products and capacitating our distribution channels driven by robust Information & Communication Technology ("ICT") channels.

Our strategic intent to be the first in our chosen markets has gained momentum through the acquisition of a major short-term insurance business. The acquisition and capital raise will strengthen the Group's position in a market where flight to quality has become more prevalent.

During the period under review, the Group achieved an improved financial performance of US\$4.3 million compared to a profit of US\$2.6 million in 2016, largely as a result of a positive investment portfolio out-turn relative to the same period in 2016.

The Group remains committed to heightening customer service, ICT process efficiencies, greater customer convenience and cost containment.

#### OPERATIONS REVIEW

Except where indicated, the commentary below refers to unconsolidated figures.

#### HEALTH INSURANCE

##### First Mutual Health Company (Private) Limited

GPW for the six months grew by 8% to US\$28.1 million (2016: US\$26.1 million) mainly attributable to an increase in corporate members as the First Mutual brand becomes more prominent in the market. Membership as at 30 June 2017 was 116 166 compared to 111 314 members as at 31 December 2016. The average monthly premium per member for the period of US\$39.36 was higher than the 2016 average monthly premium of US\$39.02. The total claims incurred to 30 June increased by 14% from US\$20.2 million in 2016 to US\$23 million, resulting in the claims ratio increasing to 82% (2016: 78%). The claims ratio of 82% in 2017 is in line with the long-term average claims ratio.

The Company continues to seek new business through provision of quality service, demonstrated claims paying ability, wellness campaigns, innovative products and competitive pricing to its members. The business successfully launched its mobile application during the period to improve customer convenience.

#### LIFE AND PENSIONS

##### First Mutual Life Assurance Company (Private) Limited

The business achieved a combined GPW of US\$16.7 million for both Life Assurance and Pensions and Savings businesses, a decline of 9% relative to the comparative period.

##### Pensions and Savings

The GPW of US\$9.4 million represented a decline of 18% from the prior year figure of US\$11.6 million. The decline was mainly due to the 41% fall in single premiums which normally arise when employees leave employment through either retirement, resignation or retrenchment. The decline in single premiums was partially offset by the increase in Individual Life Business cash accumulations that went up 16% compared to the same period in 2016. Claims and benefits at US\$7.1 million went down by 18% compared to 30 June 2016 due to a decrease in retrenchment claims and benefits.

##### Life Assurance

The shareholder risk business GPW, comprising Group Life Assurance and Individual Life Assurance products, grew by 7% to US\$7.3 million compared to US\$6.8 million for the same period in 2016. The increase in shareholder risk business was mainly driven by eFML, a mobile based funeral cash plan product launched in 2014.

#### PROPERTY AND CASUALTY INSURANCE

##### First Mutual Reinsurance Company Limited

##### Property and Casualty Segment

The GPW increased marginally to US\$10.6 million (2016: US\$10.5 million) largely as a result of increased agriculture business that was partially offset by the decline in regional business as the uncertainty around remittance of funds from Zimbabwe is having an adverse impact on the acquisition of regional business. Claims at US\$5.1 million increased from the prior figure of US\$2.5 million mainly due to high agriculture business claims resulting in a significantly higher claims ratio of 88% (2016: 42%). There was a surge in tobacco hail claims which affected the whole industry.

##### Life and Health Segment

GPW for the six months to 30 June 2017 at US\$1 million was 38% below 30 June 2016 at US\$1.6 million. The lower performance compared to prior year is a result of the strategic decision to scale down on regional health business that had high claims which led to operating losses for this class.

##### FMRE Property and Casualty (Proprietary) Limited (Botswana)

The GPW for the half year at US\$3 million (BWP30.8 million) was 15% above the 2016 figure of US\$2.6 million (BWP27.6 million). The local market contributed 58% (2016: 45%) of the business with the balance coming from the regional market. The growth in local business is a reflection of increased market confidence in the company.

##### TristarInsurance Company Limited

The GPW increased by 24% to US\$2.6 million compared to US\$2.1 million in 2016. The positive growth compared to prior year is mainly attributed to retention of the majority of the existing book and new business acquired due to increased market confidence.

#### PROPERTY

##### First Mutual Properties Limited (formerly Pearl Properties (2006) Limited)

Revenue for the period ended 30 June 2017 declined by 9% to US\$3.9 million (2016: US\$4.3 million) mainly due to rental income declining by 8% to US\$3.7 million (2016: US\$4 million). The decrease was driven by reduced rental rates across the property portfolio. The decrease in rental rates assisted in retaining clients and in improving the occupancy levels to 73% at 30 June 2017 (2016: 72%). Tenant arrears increased to US\$2.7 million (2016: US\$2.5 million).

#### WEALTH MANAGEMENT

##### First Mutual Wealth Management (Private) Limited

The business achieved investment fees of US\$0.7 million for the six months to 30 June 2017 compared to US\$0.6 million for same period in 2016. The favourable result compared to 2016 is reflective of the increased funds under management.

#### HUMAN CAPITAL DEVELOPMENT

We believe that our investment in human capital will help us achieve our business strategy. We therefore continue to invest in talent development and human capital through various developmental programmes.

#### LOOKING AHEAD

The Group will continue to focus on customer service excellence, system efficiencies and a prudent investment philosophy centred on committing resources into the property portfolio in order to enhance value for both policyholders and shareholders.

The Group, in anticipation of the acquisition of NDIL, aims to raise capital through a rights offer. The funds will be used to further capitalise insurance subsidiaries, including the acquired entity, in order to enhance the underwriting capacity of the subsidiaries. The funds will also be utilised to clear all legacy debts and other borrowings.

Douglas Hoto  
Group Chief Executive Officer

8 September 2017

# FIRST MUTUAL

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## Unaudited Abridged Financial Results for the six months ended 30 June 2017

Our focus,  
**bringing you  
economic dignity**

Go Beyond your expectations by partnering with us today.

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### CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

Note	UNAUDITED Group 30-Jun-17 US\$000	AUDITED Group 31-Dec-16 US\$000	UNAUDITED Company 30-Jun-17 US\$000	AUDITED Company 31-Dec-16 US\$000
<b>ASSETS</b>				
Property, plant and equipment	4	9 301	9 251	96
Investment property	5	124 567	124 302	-
Intangible assets		49	59	-
Investment in subsidiaries	6	-	-	33 257
Financial assets:				
- Equity securities at fair value through profit or loss	7	30 689	19 863	148
- Debt securities held to maturity	8	29 437	20 292	-
Deferred acquisition costs		1 313	1 086	-
Income tax asset		214	87	-
Inventory		240	283	24
Loans and receivables including insurance receivables	9	13 471	12 457	561
Non-current assets classified as held for sale	10	3 590	4 370	-
Cash and balances with banks	11	34 715	37 657	555
<b>TOTAL ASSETS</b>		<b>247 586</b>	<b>229 707</b>	<b>31 212</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent</b>				
Share capital		383	380	383
Share premium		8 172	7 958	8 172
Non-distributable reserves		2 168	2 074	280
Retained profits		18 027	13 812	17 279
<b>Total equity attributable to equity holders of the parent</b>		<b>28 750</b>	<b>24 224</b>	<b>26 114</b>
Non-controlling interests		51 584	51 651	-
<b>Total equity</b>		<b>80 334</b>	<b>75 875</b>	<b>22 251</b>
<b>Liabilities</b>				
Life insurance contract and investment contract with Discretionary Participating Features ("DPF") liabilities	12	110 406	101 695	-
Investment contract liabilities without DPF	13	12 360	8 532	-
Borrowings	14	3 712	4 309	1 971
Insurance contract liabilities - short term	15	24 295	20 921	-
Insurance liabilities - life assurance		2 006	2 067	-
Other payables	16	3 792	5 516	6 556
Deferred tax	17	10 681	10 788	-
Current income tax liabilities		-	4	-
<b>Total liabilities</b>		<b>167 252</b>	<b>153 832</b>	<b>8 527</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>247 586</b>	<b>229 707</b>	<b>31 212</b>

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

Note	UNAUDITED 30-Jun-17 US\$000	UNAUDITED 30-Jun-16 US\$000
<b>INCOME</b>		
Gross premium written	18	61 490
Reinsurance	18	(6 017)
<b>Net premium written</b>	<b>18</b>	<b>55 473</b>
Unearned premium reserve		(898)
<b>Net premium earned</b>		<b>54 575</b>
Rental income		3 232
Fair value adjustments - investment property		(90)
Gain on disposal of subsidiary		-
Investment profit	19	12 983
Fee income:		
- Insurance contracts		611
- Investment contracts		1 436
Other income		385
<b>Total income</b>		<b>73 132</b>
<b>EXPENDITURE</b>		
Insurance claims and loss adjustment expenses	20	(36 052)
Pension benefits	20	(1 284)
Insurance claims and loss adjustment expenses recovered from reinsurers	20	456
<b>Net insurance benefits and claims</b>	<b>20</b>	<b>(36 880)</b>
Movement in insurance contract liabilities		(10 544)
Investment gain on investment contract liabilities		(3 986)
Acquisition of insurance and investment contracts expenses		(4 219)
Administration expenses	21	(12 053)
Impairment allowances		(419)
Finance cost on borrowings		(151)
<b>Total expenditure</b>		<b>(68 252)</b>
<b>Profit before income tax</b>		<b>4 880</b>
Income tax (expense)/credit		(596)
<b>Profit for the period</b>		<b>4 284</b>
<b>Other comprehensive income</b>		
<b>Other comprehensive income to be reclassified to statement of comprehensive income in subsequent period</b>		
Exchange differences on translating foreign operations		83
<b>Other comprehensive income to be reclassified to statement of comprehensive income in subsequent periods</b>		<b>83</b>
<b>Total comprehensive profit for the period</b>		<b>4 367</b>
<b>Profit/(loss) attributable to:</b>		
Non-controlling interest		321
Equity holders of the parent		3 963
<b>Profit for the period</b>		<b>4 284</b>
<b>Comprehensive income/(loss) attributable to:</b>		
Non-controlling interest		(506)
Equity holders of the parent		4 046
<b>Total comprehensive income for the period</b>		<b>4 367</b>
Basic profit per share (US cents)		1.04
Diluted profit per share (US cents)		1.04

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital US\$000	Share premium reserves US\$000	Non-distributable reserves US\$000	Retained profits US\$000	Total equity for parent US\$000	Non-controlling interest US\$000	Total equity US\$000
<b>As at 1 January 2016</b>	<b>380</b>	<b>7 958</b>	<b>2 094</b>	<b>3 515</b>	<b>13 947</b>	<b>53 411</b>	<b>67 358</b>
Share based payments	-	-	13	-	13	-	13
Shareholder gain on acquisition of Pearl shares	-	-	-	1 448	1 448	(1 898)	(450)
Dividend declared and paid	-	-	-	-	-	(317)	(317)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>(33)</b>	<b>8 849</b>	<b>8 816</b>	<b>455</b>	<b>9 271</b>
Profit for the year	-	-	-	8 849	8 849	455	9 304
Other comprehensive loss	-	-	(33)	-	(33)	-	(33)
<b>As at 31 December 2016</b>	<b>380</b>	<b>7 958</b>	<b>2 074</b>	<b>13 812</b>	<b>24 224</b>	<b>51 651</b>	<b>75 875</b>
<b>As at 1 January 2017</b>	<b>380</b>	<b>7 958</b>	<b>2 074</b>	<b>13 812</b>	<b>24 224</b>	<b>51 651</b>	<b>75 875</b>
Share based payments	-	-	11	-	11	-	11
Shareholder gain on acquisition of First Mutual Properties shares	-	-	-	55	55	(98)	(43)
Issue of shares	3	214	-	-	217	-	217
Gain on disposal of treasury shares	-	-	-	197	197	-	197
Dividend declared and paid	-	-	-	-	-	(290)	(290)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>3 963</b>	<b>4 046</b>	<b>321</b>	<b>4 367</b>
Profit for the period	-	-	-	3 963	3 963	321	4 284
Other comprehensive income	-	-	83	-	83	-	83
<b>As at 30 June 2017</b>	<b>383</b>	<b>8 172</b>	<b>2 168</b>	<b>18 027</b>	<b>28 750</b>	<b>51 584</b>	<b>80 334</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Note	UNAUDITED 30-Jun-17 US\$000	UNAUDITED 30-Jun-16 US\$000
<b>Profit before income tax</b>	<b>4 880</b>	<b>2 558</b>
Total non-cash and separately disclosed items	2 139	6 429
<b>Operating cash flows before working capital changes</b>	<b>7 019</b>	<b>8 987</b>
Working capital changes	(266)	(685)
<b>Cash generated from operations</b>	<b>6 753</b>	<b>8 302</b>
Finance costs on borrowings	(151)	(274)
Interest received	1 555	1 256
Tax paid	(832)	(462)
<b>Net cash flows generated from operating activities</b>	<b>7 325</b>	<b>8 822</b>
<b>Net cash flows used in investing activities</b>	<b>(7 692)</b>	<b>(4 424)</b>
<b>Net cash flows used on financing activities</b>	<b>(884)</b>	<b>(959)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1 251)</b>	<b>3 439</b>
Cash and cash equivalents at the beginning of the period - 1 January	35 550	13 466
<b>Cash and cash equivalents at the end of the period</b>	<b>34 299</b>	<b>16 905</b>

### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

**1. Corporate information**  
The main business of First Mutual Holdings Limited ("the Company") and its subsidiaries (together the "Group") is the provision of life and funeral assurance, health insurance, short term insurance, reinsurance, property management and development and wealth management. 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 51% (2016: 51%) directly and an additional 20% (2016: 20%) indirectly through Capital Bank Limited (under liquidation). NSSA owns 84% (2016: 84%) of Capital Bank Limited.

The registered office is located at Second Floor, First Mutual Park, 100 Borrowdale Road, Borrowdale, Harare, Zimbabwe.

The financial statements of the Company and the Group for the period ended 30 June 2017 were authorised for issue in accordance by a resolution of the Directors at a meeting held on 8 September 2017.

**2. Statement of compliance**  
The Group's interim financial results have been prepared in accordance with IAS 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB") and in a manner required by the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Insurance Act (Chapter 24:07).

**3. Accounting policies**  
The principal accounting policies adopted in the presentation of these financial statements are consistent with those of the previous reporting period.

	UNAUDITED Group 30-Jun-17 US\$000	AUDITED Group 31-Dec-16 US\$000	UNAUDITED Company 30-Jun-17 US\$000	AUDITED Company 31-Dec-16 US\$000
<b>4 Property, plant and equipment</b>				
At 1 January	9 251	9 749	109	316
Additions	392	684	22	71
Disposals	-	(528)	-	(206)
Depreciation charge	(342)	(654)	(35)	(72)
<b>At 30 June</b>	<b>9 301</b>	<b>9 251</b>	<b>96</b>	<b>109</b>
<b>5 Investment property</b>				
At 1 January	124 302	122 027	-	-
Additions	-	-	-	-
Improvements to existing properties	355	427	-	-
Transfer from inventory	-	3 379	-	-
Fair value adjustments	(90)	(1 531)	-	-
<b>At 30 June</b>	<b>124 567</b>	<b>124 302</b>	<b>-</b>	<b>-</b>

Investment property known as 99 Jason Moyo Avenue with a carrying amount of US\$7.8 million at 30 June 2017 (2016: US\$7.8 million) was pledged as security on a loan of US\$2 million secured from National Social Security Authority ("NSSA") by the holding company.

	UNAUDITED 30-Jun-17 US\$000	AUDITED 31-Dec-16 US\$000	UNAUDITED 30-Jun-17 US\$000	AUDITED 31-Dec-16 US\$000
<b>6 Investment in subsidiaries</b>				
First Mutual Life Assurance Company (Private) Limited	-	-	13 040	11 253
First Mutual Health Company (Private) Limited	-	-	6 456	4 165
First Mutual Reinsurance Company (Private) Limited	-	-	7 591	9 119
FMRE Property & Casualty (Proprietary) Limited	-	-	3 253	2 893
First Mutual Wealth Management	-	-	861	715
TristarInsurance Company Limited	-	-	2 056	2 156
<b>Total</b>	<b>-</b>	<b>-</b>	<b>33 257</b>	<b>30 301</b>



# FIRST MUTUAL

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## Unaudited Abridged Financial Results for the six months ended 30 June 2017

Our focus,  
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Go Beyond your expectations by partnering with us today.

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

	UNAUDITED Group 30-Jun-17 US\$000	AUDITED Group 31-Dec-16 US\$000	UNAUDITED Company 30-Jun-17 US\$000	AUDITED Company 31-Dec-16 US\$000
<b>7 Financial assets at fair value through profit or loss</b>				
At 1 January	19 863	11 483	139	93
Purchases	2 350	3 497	-	-
Disposals	(2 800)	(906)	6	-
Fair value loss - quoted equities	11 276	5 789	3	46
<b>At 30 June</b>	<b>30 689</b>	<b>19 863</b>	<b>148</b>	<b>139</b>
<b>8 Debt securities held to maturity investments</b>				
At 1 January	20 292	14 730	-	-
Purchases	9 581	19 019	-	-
Maturities	(436)	(13 457)	-	-
<b>At 30 June</b>	<b>29 437</b>	<b>20 292</b>	<b>-</b>	<b>-</b>
<b>9 Loans and receivables including insurance receivables</b>				
Insurance receivables	8 636	8 088	-	-
Tenant receivables	832	831	-	-
Amounts due from Group companies	-	-	159	151
Other receivables	4 003	3 538	402	365
<b>Total</b>	<b>13 471</b>	<b>12 457</b>	<b>561</b>	<b>516</b>
<b>10 Non-current assets classified as held for sale</b>				
19.97% investment in Rainbow Tourism Group Limited	3 590	4 370	-	-
<b>Total</b>	<b>3 590</b>	<b>4 370</b>	<b>-</b>	<b>-</b>
<b>11 Cash and balances with banks</b>				
Money market investments with original maturities less than 90 days	27 385	26 709	-	-
Cash at bank and on hand	6 914	8 841	555	117
<b>Cash and cash equivalents</b>	<b>34 299</b>	<b>35 550</b>	<b>555</b>	<b>117</b>
Money market investments with original maturities more than 90 days	416	2 107	-	-
<b>Cash and balances with banks</b>	<b>34 715</b>	<b>37 657</b>	<b>555</b>	<b>117</b>
<b>12 Life insurance contract and investment contract with Discretionary Participating Features ("DPF") liabilities</b>				
At 1 January	101 695	90 743	-	-
Movement	8 711	10 952	-	-
<b>At 30 June</b>	<b>110 406</b>	<b>101 695</b>	<b>-</b>	<b>-</b>
<b>13 Investment contract liabilities without DPF</b>				
At 1 January	8 532	5 662	-	-
Movement	3 828	2 870	-	-
<b>At 30 June</b>	<b>12 360</b>	<b>8 532</b>	<b>-</b>	<b>-</b>
<b>14 Borrowings</b>				
At 1 January	4 309	5 548	2 018	2 157
Loan received	-	-	-	-
Loan repayment	(597)	(1 239)	(47)	(139)
<b>At 30 June</b>	<b>3 712</b>	<b>4 309</b>	<b>1 971</b>	<b>2 018</b>
Current	3 063	3 099	1 963	1 999
Non-current	649	1 210	8	19
<b>Total</b>	<b>3 712</b>	<b>4 309</b>	<b>1 971</b>	<b>2 018</b>
The borrowings are secured by two immovable properties stamped to cover US\$9.5 million (2016: US\$9.5 million). The borrowings have an average interest rate of 7% (2016: 9%).				
A loan facility amounting to US\$2 million, was sourced from the National Social Security Authority ("NSSA"), the ultimate parent company of the Group, to capitalise TristarInsurance Company Limited. The loan was granted on 31 December 2015 and had a tenure of 365 days. The repayment date was subsequently rolled forward, on the same terms, to 31 December 2017.				
	UNAUDITED Group 30-Jun-17 US\$000	AUDITED Group 31-Dec-16 US\$000	UNAUDITED Company 30-Jun-17 US\$000	AUDITED Company 31-Dec-16 US\$000
<b>15 Insurance contract liabilities - short term</b>				
Outstanding claims	4 511	2 632	-	-
Reinsurance	1 918	1 658	-	-
Losses incurred but not reported	5 609	5 474	-	-
Members savings pot	5 289	5 149	-	-
Premium received in advance	1 867	1 928	-	-
Unearned premium reserve	5 078	4 074	-	-
Commissions	23	6	-	-
<b>Total</b>	<b>24 295</b>	<b>20 921</b>	<b>-</b>	<b>-</b>
<b>16 Other payables</b>				
Amounts due to related parties	2 666	3 916	6 142	6 403
Other payables	2 666	3 916	389	425
Loans	-	-	5 753	5 978
Property business related liabilities	1 126	1 600	-	-
Other	-	-	414	540
<b>Total</b>	<b>3 792</b>	<b>5 516</b>	<b>6 556</b>	<b>6 943</b>
<b>17 Deferred tax</b>				
At 1 January	10 788	10 598	-	-
Recognised through statement of comprehensive income	(107)	190	-	-
<b>At 30 June</b>	<b>10 681</b>	<b>10 788</b>	<b>-</b>	<b>-</b>
<b>18 Net premium written</b>				
Pensions and savings			9 435	11 565
Life assurance			7 277	6 824
Health insurance			28 069	26 046
Property and casualty			16 709	16 153
<b>Gross premium written</b>			<b>61 490</b>	<b>60 588</b>
Less: Reinsurance			(6 017)	(6 435)
<b>Net premium written</b>			<b>55 473</b>	<b>54 153</b>
<b>19 Investment income/(loss)</b>				
Interest income			1 555	1 256
Dividend income			253	307
Net loss on disposal of investments			(101)	(140)
Fair value gain/(loss) on equities at fair value through profit or loss			11 276	(972)
<b>Total</b>			<b>12 983</b>	<b>451</b>

### 20 Net insurance claims and benefits

Insurance claims and loss adjustment expenses		
Health insurance	22 991	20 210
Life assurance	6 145	3 689
Property and casualty	6 916	3 828
<b>Total insurance claims</b>	<b>36 052</b>	<b>27 727</b>
Less: Insurance claims and benefits expenses recovered from reinsurers	(456)	(310)
<b>Net total insurance claims expense</b>	<b>35 596</b>	<b>27 417</b>
Pensions benefits	1 284	5 562
<b>Net insurance claims and benefits</b>	<b>36 880</b>	<b>32 979</b>

### 21 Profit before income tax is shown after charging:

Staff costs	6 610	7 042
Directors' fees - holding company	53	42
- group companies	129	127
Depreciation of property, plant and equipment	343	320
Amortisation of intangible assets	10	76
Audit fees	200	255

### SEGMENTAL RESULTS AND ANALYSIS FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Life and pensions US\$000	Property and casualty US\$000	Health US\$000	Property US\$000	Other US\$000	Total US\$000	Consolidation entries US\$000	Total consolidated US\$000
<b>As at 30 June 2017</b>								
Net premium earned	16 512	9 314	28 069	-	-	53 895	680	54 575
Rental income	-	-	-	3 704	-	3 704	(472)	3 232
Investment income and fair value adjustments on								
investment property	10 791	398	1 538	(334)	3 784	16 177	(3 284)	12 893
Other income and fee income	2 820	193	102	222	2 162	5 499	(3 067)	2 432
<b>Total income</b>	<b>30 123</b>	<b>9 905</b>	<b>29 709</b>	<b>3 592</b>	<b>5 946</b>	<b>79 275</b>	<b>(6 143)</b>	<b>73 132</b>
Total expenses	(27 204)	(11 631)	(26 224)	(2 204)	(1 931)	(69 194)	942	(68 252)
Total assets	138 591	24 112	21 338	141 609	35 650	361 300	(113 714)	247 586
Total liabilities	125 519	12 814	13 278	14 819	8 675	175 105	(7 853)	167 252
Cash flows generated from/(used in) operating activities	3 083	(363)	3 172	1 196	(401)	6,687	66	6 753
Cash flows (used in)/generated from investing activities	(3 588)	(517)	(3 176)	(179)	735	(6 725)	(967)	(7 692)
Cash (used in)/generated from financing activities	-	3	-	(550)	(112)	(659)	(225)	(884)
Profit/(loss) before income tax	2 121	(1 726)	3 485	1 311	3 610	8 801	(3 921)	4 880
<b>As at 31 December 2016</b>								
Net premium earned	38 116	17 389	52 209	-	-	107 714	(158)	107 556
Rental income	-	-	-	7 728	-	7 728	(996)	6 732
Investment income and fair value adjustments on investment property	6 870	816	1 499	(1 353)	10 659	18 491	(10 885)	7 606
Other income and fee income	5 843	383	465	579	3 458	10 728	(5 231)	5 497
<b>Total income</b>	<b>50 829</b>	<b>18 588</b>	<b>54 173</b>	<b>6 954</b>	<b>14 117</b>	<b>144 661</b>	<b>(17 270)</b>	<b>127 391</b>
Total expenses	(44 667)	(17 652)	(47 394)	(4 626)	(3 661)	(118 000)	1 466	(116 534)
Total assets	125 035	23 739	17 604	142 644	32 132	341 154	(111 447)	229 707
Total liabilities	113 782	10 670	12 404	15 864	9 166	161 886	(8 054)	153 832
Cash flows generated from operating activities	11 281	578	5 743	2 656	6	20 264	1 029	21 293
Cash flows (used in)/generated from investing activities	(5 924)	(236)	(2 708)	(144)	407	(8 605)	9 686	1 081
Cash (used in)/generated from financing activities	(260)	(100)	-	(1 100)	(409)	(1 869)	334	(1 535)
Profit before income tax	3 586	749	6 779	1 139	9 585	21 838	(10 981)	10 857

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