



NICOZDIAMOND INSURANCE LIMITED

A member of **FIRST MUTUAL HOLDINGS LIMITED**



Motor | Business | Home | Farming | Engineering | Marine | Liabilities | Travel | Golfers

CHAIRMAN'S STATEMENT

ECONOMIC OVERVIEW

The economic environment for 2020 can be categorised into two distinct parts. The first part of the year was a continuation of the volatility witnessed in 2019 after the currency reforms. Year on year inflation continued to rise, peaking at 837.53% in the month of July while the local currency continued to deteriorate on the parallel market in spite of attempts to fix the interbank rate in March 2020. Following a raft of measures which included the introduction of a foreign exchange auction system, partial return to a multi-currency regime and a more concerted effort to reign in money supply. The second half of the year saw relative stability of the exchange rate and a gradual easing of year on year inflation which closed the year at 348.6%. The COVID-19 pandemic had a devastating impact on the economy as the country endured protracted periods of lockdown and depressed economic activity. According to the Ministry of Finance the economy contracted by 10.4% in 2020 though its expected to recover by 4.2% in 2021.

MONETARY DEVELOPMENTS

The Reserve Bank of Zimbabwe transitioned from the interbank system to a Dutch auction system in order to improve transparency in the allocation of foreign currency. The rate which had been fixed at ZWL 25 to the US Dollar moved to 81.78 as at 31 December 2020. A Monetary Policy Committee ("MPC") was put in place to oversee the monetary policy of the bank leading to a more stringent money supply regime.

HYPERINFLATIONARY REPORTING

The country continued to operate in a hyperinflationary environment and as result the pronouncement issued by the Public Accountants and Auditors Board ("PAAB") in 2019 continued to apply and as a result, International Accounting Standard ("IAS") 29 - Financial Reporting in Hyperinflationary Economies has been used in the preparation of the group and the company's financial statements. The financial statements prepared in line with this requirement are the primary financial statements and the historical financial statements have been provided for information purposes.

SUSTAINABILITY

Sustainability is a core value of the First Mutual Group, which NicozDiamond is part of. It provides considerable integrated thinking on how to manage economic, environmental and social impact through shared values with stakeholders. The Group included a sustainability report in the current year annual report for the year ended 31 December 2020. The report was prepared in line with the Global Reporting Initiatives ("GRI") standards. The Group will continue to take constructive steps of aligning business values with sustainability while building shared values with stakeholders for long term business success.

DIAMOND COMPANHIA DE SEGUROS

On 1 December 2020, NicozDiamond completed the acquisition of a controlling stake in Diamond Companhia de Seguros ("Diamond Seguros"), a general insurance company that is registered and domiciled in Mozambique. Prior to that Diamond Seguros was an associate company in the books of NicozDiamond. The effective date of consolidating Diamond Seguros in the books of NicozDiamond was 1 December 2020.

NICOZDIAMOND IN THE COMMUNITY

NicozDiamond is acutely aware of its responsibility to contribute towards uplifting the lives of the less privileged in the communities in which it operates. This is done through a corporate social responsibility programme that strives to deliver sustainable, life-changing benefits to those it touches, rather than merely being a financial handout. For the period under review, NicozDiamond committed most of its corporate social responsibility budget to support Midlands Children's home in Gweru by donating mealie meal and face masks to the 85 children and 15 staff members at the home. NicozDiamond also supported and participated in the First Mutual Health Virtual Pink marathon whose primary objective was to raise funds for the Cancer Association of Zimbabwe. NicozDiamond also extended financial aid to Emerald Hill Children's home in its fundraising initiative to raise funds for the children's daily needs. In addition, NicozDiamond contributed to the First Mutual Group initiatives to assist vulnerable communities with food packs at the onset of the lockdown. NicozDiamond is passionate about providing industrial experience to the youth through its student attachment & graduate trainee programmes as well supporting tertiary institutions through various programmes. NicozDiamond is committed to the success and growth of its CSR programme and all employees have responded positively to it, participating through volunteering in various initiatives. NicozDiamond looks forward to many more years of making a positive contribution to the lives of those in need.

FINANCIAL PERFORMANCE

**The financial commentary below is based on historical numbers.*

In 2020, the Gross Premium Written ("GPW") grew by 669% driven by new business and revaluation of insurance portfolios in response to inflationary pressure and as a result Net Earned Premium ("NEP") increased by 680%. The Group had an investment profit of \$13.3 million on the listed portfolio and fair value gain of \$649 million driven by inflationary adjustments. The regulatory capital of NicozDiamond strengthened by 401% to close the year at \$328.5 million (2019: \$65.6 million) compared to the required \$37.5 million (2019: \$2.5 million).

The Group's total assets grew by 632% as at 31 December 2020 compared to 31 December 2019. The growth is mainly attributable to the fair value gain on investment property and listed equities.

NEW LEGISLATIVE AND REGULATORY DEVELOPMENTS

A number of significant new pieces of legislation have been enacted recently, not least of which is the Companies and Other Business Entities Act [Chapter 24:31]. In addition, various directives have been issued by the regulators, particularly the Zimbabwe Revenue Authority (ZIMRA) and Insurance and Pensions Commission ("IPEC"). The company does not compromise on regulatory compliance and continues to put in place measures to ensure continued compliance as appropriate.

IMPACT OF COVID-19

The COVID-19 pandemic is still unfolding and therefore requires continuous monitoring and assessment. There has been global disruption in supply chains and increases in the cost of doing business due to the pandemic. The business was not spared from the disruptions caused by the COVID-19 pandemic. The impact included additional costs of doing business, suspension of channels that require physical interaction, changes in work routines and affordability challenges for clients as a result of restricted trading. The Group will retain resources to respond as necessary to the impact of the pandemic. We express our sympathy to the victims of the pandemic and their families. NicozDiamond is doing everything it can to protect the health of its clients, staff members and their families by adhering to the safety measures as detailed by the World Health Organisation (WHO).

DIRECTORATE

Mr A Makonese and Mr J Mapani joined the Board on 1 August 2020. On behalf of the Board, I would like to welcome them and look forward to their valuable contribution.

DIVIDEND

The Board resolved that a final dividend of ZWL116,173,800 for the year ended 31 December 2020, representing ZWL19 cents per share, be declared from the profits of the Company.

OUTLOOK

Although considerable headwinds continue to threaten the recovery of the Zimbabwean economy there is general consensus that the Zimbabwean economy will see a recovery in 2021 buoyed by a good agricultural season and strong commodity prices. Efforts by authorities to sustain economic stability will also add to prospects. The Group intends to continue leveraging on its diverse business portfolio as well as regional footprint to sustain a positive growth trajectory into the future. The Group is confident of the country's medium-term economic prospects and will thus continue to invest in its core businesses and complementary areas. We will retain our focus on balance sheet preservation and strive to ensure that our businesses achieve operating profits in a volatile environment. Continued efforts are being made to enhance our regional footprint with a view to increase our foreign currency earning potential.

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 period under review. We especially appreciate the commendable efforts by employees in the current difficult COVID-19 environment. Finally, I wish to thank my fellow board members for their support as well as their open and honest contributions.

Elisha K Moyo
Chairman
12 March 2021

MANAGING DIRECTOR'S REPORT

INDUSTRY OVERVIEW

The industry experienced nominal growth in Gross Premium Written ("GPW") attributable to insurance premiums closely tracking inflation following currency reforms. Motor, fire and engineering insurance business classes were the major sources of the sector's GPW contributing over 75% of the overall business written during the year. Collection of debtors remained a major challenge in the industry.

OPERATIONS REVIEW

Zimbabwe operations

**The review below is based on historical numbers.*

Gross premium at \$1.4 billion, grew by 664% compared to prior year thus registering growth ahead of inflation. The favourable growth from prior year was driven by asset revaluations in response to inflationary conditions, new business written and organic growth on the existing portfolio. Motor remained the dominant class followed by Fire and Accident.

Claims expenses which grew by 440% compared to 2019 were contained well within earned premium growth of 659%. The overall loss ratio for the business improved to 36% compared to 43% in 2019. Claims benefitted from COVID-19 induced movement restrictions which reduced claims incidence while reinsurance arrangements also limited the impact of hyperinflation in the first half of the year by capping losses.

The underwriting result at \$322 million, grew by 807% as a result of claims and operational expenses growth that were both contained below the growth in premium revenue.

Mozambique operations

Despite the COVID-19 pandemic, GPW grew by 21% compared to prior year driven by enhanced confidence subsequent to the recapitalisation of the business in 2019 and increased business from main supporting brokers.

Claims went down by 26% relative to prior year largely due to a favourable claims experience. The COVID-19 lockdown contributed to a low claim ratio together with measures put in place by management to control claims costs.

The Company recorded an underwriting profit of US\$153 000 in 2020 compared to an underwriting loss posted in 2019 of US\$135 000. The performance was spurred by an increase in Net Earned Premium and a reduction in claims costs.

Outlook

Notwithstanding the challenges arising from the COVID-19 pandemic, the Group remains in a strong position to service its chosen markets. The business will remain focused on generating cash backed operating profits through a disciplined underwriting approach and will seek to strengthen the balance sheet through diversification into regional operations.

Appreciation

My heartfelt gratitude goes to our stakeholders for the continued trust you have placed in our Group.

David Nyabadza
Managing Director
12 March 2021

DECLARATION BY GENERAL MANAGER FINANCE

The abridged audited financial statements which should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020 were prepared under the supervision of the General Manager Finance, Tendai D Madziwa, a member of the Institute of Chartered Accountants of Zimbabwe, and registered with Public Accountants and Auditors Board, as a public auditor, certificate number 0943.

Tendai D Madziwa
General Manager - Finance
12 March 2021

CAPITAL ADEQUACY

IFRS Basis

The Group had a historic IFRS capital of \$981.5 million (2019: \$152.4 million) as at 31 December 2020 compared to the required \$37.5 million (2019: \$2.5 million) representing 26.17 cover (2019 :60.96 cover).

SI 95 Basis

The company had a regulatory capital of \$328.5 million (2019: \$65.6 million) as at 31 December 2020 compared to the required \$37.5 million (2019: \$2.5 million) representing 8.76 cover (2019 :26.25 cover).

SOLVENCY POSITION

As at 31 December 2020, the Company had a solvency ratio of 58% (2019: 35%) based on the requirements of Statutory Instrument 95 of 2017 ("SI95"). This is above Insurance and Pensions Commission's ("IPEC") minimum solvency ratio requirement of 25%.

COMPREHENSIVE INCOME HIGHLIGHTS

| | Group | | | | Company | | | |
|--|--------------------|-----------|-----------|----------|--------------------|-----------|-----------|----------|
| | Inflation adjusted | | Historic | | Inflation adjusted | | Historic | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Gross premium | 2 072 217 | 2 009 819 | 1 453 384 | 189 035 | 2 063 080 | 2 009 819 | 1 444 247 | 189 035 |
| Net premium written | 933 176 | 939 562 | 563 873 | 84 164 | 930 514 | 939 562 | 561 211 | 84 164 |
| Movement in the unearned premium reserve | (108 579) | (184 450) | (35 883) | (16 455) | (119 642) | (184 450) | (46 946) | (16 455) |
| Earned premium | 824 597 | 755 112 | 527 990 | 67 709 | 810 872 | 755 112 | 514 265 | 67 709 |
| Net benefits and claims | (278 845) | (336 481) | (182 060) | (34 233) | (281 684) | (336 481) | (184 899) | (34 233) |
| Commission and acquisition expenses | (286 106) | (456 790) | (202 731) | (26 489) | (285 070) | (456 790) | (201 694) | (26 489) |
| Investment income | 15 173 | 20 670 | 11 924 | 1 694 | 7 543 | 13 267 | 4 734 | 1 062 |
| Profit/(loss) before income tax | 44 510 | 15 366 | 888 178 | 155 406 | (49 324) | (28 556) | 562 265 | 112 645 |
| Profit/(loss) for the year | 7 932 | (157 214) | 723 143 | 122 663 | (79 850) | (152 813) | 436 304 | 92 201 |

FINANCIAL POSITION HIGHLIGHTS

| | Group | | | | Company | | | |
|--------------------------------|--------------------|-----------|-----------|---------|--------------------|-----------|-----------|---------|
| | Inflation adjusted | | Historic | | Inflation adjusted | | Historic | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Total assets | 2 318 802 | 1 486 928 | 2 144 448 | 292 967 | 1 668 559 | 1 315 056 | 1 444 991 | 241 901 |
| Cash generated from operations | 648 351 | 246 815 | 378 962 | 22 395 | 626 148 | 247 259 | 371 253 | 22 323 |

| | INFLATION ADJUSTED GROWTH 2019 - 2020 | HISTORICAL GROWTH 2019 - 2020 |
|--------|---|-------------------------------------|
| GPW | 3% | 669% |
| NEP | 9% | 680% |
| PAT | 105% | 490% |
| Assets | 56% | 632% |

A+

Financial Strength Rating

GCR Ratings have affirmed the A+ Financial Strength Rating for NicozDiamond. It's what we mean when we say we are a cut above the best in the short-term insurance industry.

It also means peace of mind for our clients.

GCR
RATINGS

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

| ASSETS | Note | Group | | | | Company | | | |
|---|------|----------------------------|------------------|--------------------|----------------|----------------------------|------------------|--------------------|----------------|
| | | Audited Inflation adjusted | | Unaudited Historic | | Audited Inflation adjusted | | Unaudited Historic | |
| | | 2020 ZWL000 | 2019 ZWL000 | 2020 ZWL000 | 2019 ZWL000 | 2020 ZWL000 | 2019 ZWL000 | 2020 ZWL000 | 2019 ZWL000 |
| Non-current assets | | | | | | | | | |
| Property and equipment | 4 | 41 494 | 23 919 | 8 564 | 987 | 38 884 | 23 181 | 6 144 | 923 |
| Right-of-use-assets | | 1 559 | - | 433 | - | 36 137 | 22 766 | 10 819 | 1 547 |
| Investment properties | 5 | 753 176 | 606 685 | 753 176 | 135 244 | 412 536 | 406 033 | 412 536 | 90 514 |
| Intangible assets | | 22 598 | 33 714 | 669 | 1 019 | 22 598 | 33 714 | 669 | 1 019 |
| Investment in subsidiaries | | - | - | - | - | 19 188 | 9 657 | 2 375 | 250 |
| Investment in associates | 6 | 243 794 | 103 121 | 167 963 | 12 340 | 85 646 | 95 177 | 1 416 | 3 541 |
| Goodwill | | 15 735 | - | 15 735 | - | - | - | - | - |
| Financial assets at fair value through profit or loss | 7 | 137 427 | 131 171 | 137 427 | 29 108 | 137 427 | 131 171 | 137 427 | 29 108 |
| | | 1 215 783 | 898 610 | 1 083 967 | 178 698 | 752 416 | 721 699 | 1 444 991 | 126 902 |
| Current assets | | | | | | | | | |
| Inventories | | 5 468 | 2 100 | 2 726 | 368 | 4 858 | 2 100 | 2 117 | 368 |
| Non-current asset held for distribution | | 31 375 | - | 31 375 | - | 31 375 | - | 31 375 | - |
| Deferred acquisition costs | | 46 017 | 97 036 | 14 329 | 4 852 | 45 838 | 97 036 | 14 151 | 4 852 |
| Insurance receivables | 8 | 556 805 | 306 044 | 556 805 | 68 224 | 484 570 | 306 044 | 484 570 | 68 224 |
| Amounts due from related parties | | 6 604 | 12 939 | 6 604 | 2 884 | 9 423 | 15 770 | 9 423 | 3 516 |
| Current income tax assets | | 319 | 1 520 | 319 | 339 | - | 5 028 | - | 1 121 |
| Other receivables and prepayments | 9 | 100 711 | 20 659 | 92 603 | 4 605 | 91 035 | 20 988 | 82 925 | 4 285 |
| Debt securities investments at amortised cost | 10 | 138 071 | 23 122 | 138 071 | 5 154 | 44 842 | 23 122 | 44 842 | 5 154 |
| Cash and cash equivalents | | 217 649 | 124 898 | 217 649 | 27 843 | 204 202 | 123 269 | 204 202 | 27 843 |
| | | 1 103 019 | 588 318 | 1 060 481 | 114 269 | 916 143 | 593 357 | 873 605 | 114 999 |
| Total assets | | 2 318 802 | 1 486 928 | 2 144 448 | 292 967 | 1 668 559 | 1 315 056 | 2 318 596 | 241 901 |
| EQUITY AND LIABILITIES | | | | | | | | | |
| EQUITY | | | | | | | | | |
| Share capital | | 114 691 | 114 691 | 2 990 | 2 990 | 114 691 | 114 691 | 2 990 | 2 990 |
| Share premium | | 231 269 | 231 269 | 4 962 | 4 962 | 231 269 | 231 269 | 4 962 | 4 962 |
| Retained earnings/(accumulated losses) | | 43 992 | 149 865 | 766 340 | 147 300 | 231 269 | 231 269 | 4 962 | 4 962 |
| Foreign currency translation reserve | | 171 663 | (54 972) | 171 663 | (2 835) | - | - | - | - |
| Equity attributable to owners of parent | | 561 615 | 440 853 | 946 045 | 152 416 | 104 159 | 307 195 | 433 717 | 110 807 |
| Non-controlling interest | | 35 448 | - | 35 448 | - | - | - | - | - |
| Total equity | | 597 063 | 440 853 | 981 493 | 152 416 | 104 159 | 307 195 | 433 717 | 110 807 |
| LIABILITIES | | | | | | | | | |
| Non-current liabilities | | | | | | | | | |
| Lease liabilities | | 350 | - | 350 | - | 11 491 | 5 778 | 11 491 | 1 288 |
| Deferred tax liabilities | 11 | 183 680 | 187 969 | 157 111 | 32 942 | 130 719 | 137 661 | 109 809 | 21 317 |
| Share based payment liabilities | | 11 367 | 2 274 | 11 367 | 507 | 11 367 | 2 274 | 11 367 | 507 |
| | | 195 397 | 190 243 | 168 828 | 33 449 | 153 577 | 145 713 | 132 667 | 23 112 |
| Current liabilities | | | | | | | | | |
| Insurance liabilities | 12 | 1 287 832 | 804 316 | 755 617 | 95 618 | 1 178 243 | 804 316 | 646 027 | 95 618 |
| Amounts due to related parties | | 12 548 | 10 222 | 12 548 | 2 279 | 12 670 | 15 003 | 12 670 | 2 815 |
| Other payables and accruals | | 185 003 | 40 157 | 185 003 | 8 952 | 175 266 | 40 163 | 175 266 | 8 955 |
| Lease liabilities | | 88 | - | 88 | - | 3 772 | 1 529 | 3 772 | 341 |
| Share based payment liabilities | | 5 683 | 1 137 | 5 683 | 253 | 5 683 | 1 137 | 5 683 | 253 |
| Current income tax liabilities | | 35 189 | - | 35 189 | - | 35 189 | - | 35 189 | - |
| | | 1 526 343 | 855 832 | 994 128 | 107 102 | 1 410 823 | 862 148 | 878 607 | 107 982 |
| Total liabilities | | 1 721 739 | 1 046 075 | 1 162 955 | 140 551 | 1 564 400 | 1 007 861 | 1 011 274 | 131 094 |
| Total equity and liabilities | | 2 318 802 | 1 486 928 | 2 144 448 | 292 967 | 1 668 559 | 1 315 056 | 2 318 596 | 241 901 |

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| Inflation adjusted Group | Share capital ZWL000 | Share premium ZWL000 | Retained earnings ZWL000 | Foreign currency translation reserve ZWL000 | Total equity for parent ZWL000 | Non controlling interest ZWL000 | Total equity ZWL000 |
|--|----------------------|----------------------|--------------------------|---|--------------------------------|---------------------------------|---------------------|
| | | | | | | | |
| Balance as at 1 January 2019 | 114 477 | 218 701 | 273 580 | (24 667) | 582 091 | - | 582 091 |
| Total comprehensive loss for the year | - | - | (123 715) | (30 305) | (154 020) | - | (154 020) |
| Loss for the year | - | - | (157 214) | - | (157 214) | - | (157 214) |
| Other comprehensive income for the year | - | - | 33 499 | (30 305) | 3 195 | - | 3 195 |
| Transactions with owners in their capacity as owners: | | | | | | | |
| Issue of shares | 214 | 12 568 | - | - | 12 782 | - | 12 782 |
| Balance as at 31 December 2019 | 114 691 | 231 269 | 149 865 | (54 972) | 440 853 | - | 440 853 |
| Year ended 31 December 2020 | | | | | | | |
| Balance as at 1 January 2020 | 114 691 | 231 269 | 149 865 | (54 972) | 440 853 | - | 440 853 |
| Total comprehensive income for the year | - | - | 17 313 | 226 635 | 243 948 | 8 873 | 252 821 |
| Profit for the year | - | - | (525) | - | (525) | 8 457 | 7 922 |
| Other comprehensive income for the year | - | - | 17 838 | 226 635 | 244 473 | 415 | 244 888 |
| Dividend declared | - | - | (123 186) | - | (123 186) | - | (123 186) |
| Acquisition of subsidiary | - | - | - | - | - | 26 575 | 26 575 |
| Balance as at 31 December 2020 | 114 691 | 231 269 | 43 992 | 171 663 | 561 615 | 35 448 | 597 063 |
| Historical cost Group | | | | | | | |
| Year ended 31 December 2019 | | | | | | | |
| Balance as at 1 January 2019 | 2 965 | 3 487 | 17 174 | (885) | 22 741 | - | 22 741 |
| Total comprehensive income/(loss) for the year | - | - | 130 126 | (1 950) | 128 176 | - | 128 176 |
| Profit for the year | - | - | 122 663 | - | 122 663 | - | 122 663 |
| Other comprehensive income/(loss) for the year | - | - | 7 463 | (1 950) | 5 513 | - | 5 513 |
| Issue of shares | 25 | 1 475 | - | - | 1 500 | - | 1 500 |
| Balance as at 31 December 2019 | 2 990 | 4 962 | 147 300 | (2 835) | 152 417 | - | 152 417 |
| Year ended 31 December 2020 | | | | | | | |
| Balance as at 1 January 2020 | 2 990 | 4 962 | 147 300 | (2 835) | 152 417 | - | 152 417 |
| Total comprehensive income/(loss) for the year | - | - | 732 525 | 174 498 | 907 023 | 8 873 | 915 896 |
| Profit for the year | - | - | 714 687 | - | 714 687 | 8 457 | 723 144 |
| Other comprehensive income for the year | - | - | 17 838 | 174 498 | 192 336 | 416 | 192 752 |
| Dividend declared | - | - | (113 395) | - | (113 395) | - | (113 395) |
| Acquisition of subsidiary | - | - | - | - | - | 26 575 | 26 575 |
| Balance as at 31 December 2020 | 2 990 | 4 962 | 766 430 | 171 663 | 946 045 | 35 448 | 981 493 |

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| Inflation adjusted Company | Share capital ZWL000 | Share premium ZWL000 | Retained earnings ZWL000 | Total equity ZWL000 | Non-controlling interest ZWL000 | Total equity ZWL000 |
|---|----------------------|----------------------|--------------------------|---------------------|---------------------------------|---------------------|
| | | | | | | |
| Balance as at 1 January 2019 | 114 477 | 218 701 | 114 048 | 447 226 | - | 447 226 |
| Total comprehensive loss for the year | - | - | (152 813) | (152 813) | - | (152 813) |
| Loss for the year | - | - | (152 813) | (152 813) | - | (152 813) |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Transactions with owners in their capacity as owners: | | | | | | |
| Issue of shares | 214 | 12 568 | - | 12 782 | - | 12 782 |
| Balance as at 31 December 2019 | 114 691 | 231 269 | (38 765) | 307 195 | - | 307 195 |
| Year ended 31 December 2020 | | | | | | |
| Balance as at 1 January 2020 | 114 691 | 231 269 | (38 765) | 307 195 | - | 307 195 |
| Total comprehensive income for the year | - | - | (79 850) | (79 850) | - | (79 850) |
| Profit for the year | - | - | (79 850) | (79 850) | - | (79 850) |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Dividend declared | - | - | (123 185) | (123 185) | - | (123 185) |
| Balance as at 31 December 2020 | 114 691 | 231 269 | (241 801) | 104 160 | - | 104 160 |
| Historical cost Company | | | | | | |
| Year ended 31 December 2019 | | | | | | |
| Balance as at 1 January 2019 | 2 965 | 3 487 | 10 654 | 17 106 | - | 17 106 |
| Total comprehensive income for the year | - | - | 92 201 | 92 201 | - | 92 201 |
| Profit for the year | - | - | 92 201 | 92 201 | - | 92 201 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Issue of shares | 25 | 1 475 | - | 1 500 | - | 1 500 |
| Balance as at 31 December 2019 | 2 990 | 4 962 | 102 855 | 110 807 | - | 110 807 |
| Year ended 31 December 2020 | | | | | | |
| Balance as at 1 January 2020 | 2 990 | 4 962 | 102 855 | 110 807 | - | 110 807 |
| Total comprehensive income for the year | - | - | 436 305 | 436 305 | - | 436 305 |
| Profit for the year | - | - | 436 305 | 436 305 | - | 436 305 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Dividend declared | - | - | (113 395) | (113 395) | - | (113 395) |
| Balance as at 31 December 2020 | 2 990 | 4 962 | 425 764 | 433 717 | - | 433 717 |

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

| Income | Note | Group | | | | Company | | | |
|----------------------------|-----------|----------------------------|----------------|--------------------|---------------|----------------------------|----------------|--------------------|-------------|
| | | Audited Inflation adjusted | | Unaudited Historic | | Audited Inflation adjusted | | Unaudited Historic | |
| | | 2020 ZWL000 | 2019 ZWL000 | 2020 ZWL000 | 2019 ZWL000 | 2020 ZWL000 | 2019 ZWL000 | 2020 ZWL000 | 2019 ZWL000 |
| Income | | | | | | | | | |
| Gross premium | 13 | 2 072 217 | 2 009 819 | 1 453 384 | 189 035 | 2 063 080 | 2 009 819 | 1 444 247 | 189 035 |
| Premium ceded | 13 | (1 139 041) | (1 070 257) | (889 511) | (104 871) | (1 132 566) | (1 070 257) | (883 036) | (104 871) |
| Net premium written | 13 | 933 176 | 939 562 | 563 873 | 84 164 | 930 514 | 939 562 | | |

HISTORICAL COST GROUP

As at 31 December 2020

| | On demand and up to 6 months ZWL000 | 6 months to 1 year ZWL000 | 1 year to 3 years ZWL000 | Over 3 years ZWL000 | Total ZWL000 |
|--|-------------------------------------|---------------------------|--------------------------|---------------------|------------------|
| Financial assets | | | | | |
| Financial assets at fair value through profit or loss | - | - | 137 427 | - | 137 427 |
| Other receivables (excluding prepayments and statutory receivables) | 84 640 | - | - | - | 84 640 |
| Insurance receivable | 464 577 | 92 227 | - | - | 556 804 |
| Amounts due from related parties | 6 604 | - | - | - | 6 604 |
| Debt securities investments at amortised cost | - | 138 071 | - | - | 138 071 |
| Cash and cash equivalents | 217 649 | - | - | - | 217 649 |
| | 773 470 | 230 298 | 137 427 | - | 1 141 195 |
| Financial liabilities | | | | | |
| Lease liabilities (undiscounted amounts) | 72 | 72 | 283 | 153 | 580 |
| Insurance liabilities (excluding insurance provisions) | 589 742 | - | - | - | 589 742 |
| Amounts due to related parties | 12 561 | - | - | - | 12 561 |
| Other payables and accruals (excluding statutory liabilities, provisions and deferred revenue) | 70 284 | - | - | - | 70 284 |
| | 672 659 | 72 | 283 | 153 | 673 167 |
| Liquidity gap | 100 811 | 230 226 | 137 144 | (153) | 468 028 |
| Cumulative liquidity gap | 100 811 | 331 037 | 468 181 | 468 028 | - |

As at 31 December 2019

| | On demand and up to 6 months ZWL000 | 6 months to 1 year ZWL000 | 1 year to 3 years ZWL000 | Over 3 years ZWL000 | Total ZWL000 |
|--|-------------------------------------|---------------------------|--------------------------|---------------------|----------------|
| Financial assets | | | | | |
| Financial assets at fair value through profit or loss | - | - | 29 108 | - | 29 108 |
| Other receivables (excluding prepayments and statutory receivables) | 1 664 | - | 2 123 | - | 3 788 |
| Insurance receivables | 44 511 | 23 713 | - | - | 68 224 |
| Amounts due from related parties | 2 884 | - | - | - | 2 884 |
| Debt securities investments at amortised cost | - | 5 154 | - | - | 5 154 |
| Cash and cash equivalents | 27 843 | - | - | - | 27 843 |
| | 76 902 | 28 867 | 31 231 | - | 137 000 |
| Financial liabilities | | | | | |
| Insurance liabilities (excluding insurance provisions) | 63 816 | - | - | - | 63 816 |
| Amounts due to related parties | 2 279 | - | - | - | 2 279 |
| Other payables and accruals (excluding statutory liabilities, provisions and deferred revenue) | 2 837 | - | - | - | 2 837 |
| | 68 932 | - | - | - | 68 932 |
| Liquidity gap | 7 970 | 28 867 | 31 231 | - | 68 068 |
| Cumulative liquidity gap | 7 970 | 36 837 | 68 068 | 68 068 | - |

INFLATION ADJUSTED COMPANY

As at 31 December 2020

| | On demand and up to 6 months ZWL000 | 6 months to 1 year ZWL000 | 1 year to 3 years ZWL000 | Over 3 years ZWL000 | Total ZWL000 |
|--|-------------------------------------|---------------------------|--------------------------|---------------------|----------------|
| Financial assets | | | | | |
| Financial assets at fair value through profit or loss | - | - | 137 427 | - | 137 427 |
| Other receivables (excluding prepayments and statutory receivables) | 75 014 | - | - | - | 75 014 |
| Insurance receivables | 392 342 | 92 228 | - | - | 484 570 |
| Amounts due from related parties | 9 423 | - | - | - | 9 423 |
| Debt securities investments at amortised cost | - | 44 842 | - | - | 44 842 |
| Cash and cash equivalents | 204 202 | - | - | - | 204 202 |
| | 680 981 | 137 070 | 137 427 | - | 955 478 |
| Financial liabilities | | | | | |
| Lease liabilities (undiscounted amounts) | 2 704 | 2 704 | 10 814 | 3 355 | 19 578 |
| Insurance liabilities (excluding insurance provisions) | 516 962 | - | - | - | 516 962 |
| Amounts due to related parties | 12 670 | - | - | - | 12 670 |
| Other payables and accruals (excluding statutory liabilities, provisions and deferred revenue) | 66 180 | - | - | - | 66 180 |
| | 598 516 | 2 704 | 10 814 | 3 355 | 615 390 |
| Liquidity gap | 82 464 | 134 366 | 126 613 | (3 355) | 340 088 |
| Cumulative liquidity gap | 82 464 | 216 830 | 343 443 | 340 088 | - |

As at 31 December 2019

| | On demand and up to 6 months ZWL000 | 6 months to 1 year ZWL000 | 1 year to 3 years ZWL000 | Over 3 years ZWL000 | Total ZWL000 |
|--|-------------------------------------|---------------------------|--------------------------|---------------------|----------------|
| Financial assets | | | | | |
| Financial assets at fair value through profit or loss | - | - | 131 171 | - | 131 171 |
| Other receivables (excluding prepayments and statutory receivables) | 7 799 | - | 9 524 | - | 17 323 |
| Insurance receivables | 199 671 | 106 373 | - | - | 306 044 |
| Amounts due from related parties | 15 770 | - | - | - | 15 770 |
| Debt securities investments at amortised cost | - | 23 122 | - | - | 23 122 |
| Cash and cash equivalents | 123 269 | - | - | - | 123 269 |
| | 346 509 | 129 495 | 140 695 | - | 616 699 |
| Financial liabilities | | | | | |
| Lease liabilities | - | 1 529 | 5 778 | - | 7 307 |
| Insurance liabilities (excluding insurance provisions) | 286 271 | - | - | - | 286 271 |
| Amounts due to related parties | 15 003 | - | - | - | 15 003 |
| Other payables and accruals (excluding statutory liabilities, provisions and deferred revenue) | 12 805 | - | - | - | 12 805 |
| | 314 079 | 1 529 | 5 778 | - | 321 386 |
| Liquidity gap | 32 430 | 127 966 | 134 917 | - | 295 313 |
| Cumulative liquidity gap | 32 430 | 160 396 | 295 313 | 295 313 | - |

HISTORICAL COST COMPANY

As at 31 December 2020

| | On demand and up to 6 months ZWL000 | 6 months to 1 year ZWL000 | 1 year to 3 years ZWL000 | Over 3 years ZWL000 | Total ZWL000 |
|--|-------------------------------------|---------------------------|--------------------------|---------------------|----------------|
| Financial assets | | | | | |
| Financial assets at fair value through profit or loss | - | - | 137 427 | - | 137 427 |
| Other receivables (excluding prepayments and statutory receivables) | 75 014 | - | - | - | 75 014 |
| Insurance receivables | 392 342 | 92 228 | - | - | 484 570 |
| Amounts due from related parties | 9 423 | - | - | - | 9 423 |
| Debt securities investments at amortised cost | - | 44 842 | - | - | 44 842 |
| Cash and cash equivalents | 204 202 | - | - | - | 204 202 |
| | 680 981 | 137 070 | 137 427 | - | 955 478 |
| Financial liabilities | | | | | |
| Lease liabilities (undiscounted amounts) | 2 704 | 2 704 | 10 814 | 3 355 | 19 578 |
| Insurance liabilities (excluding insurance provisions) | 516 962 | - | - | - | 516 962 |
| Amounts due to related parties | 12 670 | - | - | - | 12 670 |
| Other payables and accruals (excluding statutory liabilities, provisions and deferred revenue) | 66 180 | - | - | - | 66 180 |
| | 598 516 | 2 704 | 10 814 | 3 355 | 615 390 |
| Liquidity gap | 82 464 | 134 366 | 126 613 | (3 355) | 340 088 |
| Cumulative liquidity gap | 82 464 | 216 830 | 343 443 | 340 088 | - |

As at 31 December 2019

| | On demand and up to 6 months ZWL000 | 6 months to 1 year ZWL000 | 1 year to 3 years ZWL000 | Over 3 years ZWL000 | Total ZWL000 |
|--|-------------------------------------|---------------------------|--------------------------|---------------------|----------------|
| Financial assets | | | | | |
| Financial assets at fair value through profit or loss | - | - | 29 108 | - | 29 108 |
| Other receivables (excluding prepayments and statutory receivables) | 1 344 | - | 2 123 | - | 3 467 |
| Insurance receivables | 44 511 | 23 713 | - | - | 68 224 |
| Amounts due from related parties | 3 516 | - | - | - | 3 516 |
| Debt securities investments at amortised cost | - | 5 154 | - | - | 5 154 |
| Cash and cash equivalents | 27 479 | - | - | - | 27 479 |
| | 76 850 | 28 867 | 31 231 | - | 136 948 |
| Financial liabilities | | | | | |
| Lease liabilities | - | 341 | 1 288 | - | 1 629 |
| Insurance liabilities (excluding insurance provisions) | 63 816 | - | - | - | 63 816 |
| Amounts due to related parties | 2 815 | - | - | - | 2 815 |
| Other payables and accruals (excluding statutory liabilities, provisions and deferred revenue) | 2 855 | - | - | - | 2 855 |
| | 69 486 | 341 | 1 288 | - | 71 115 |
| Liquidity gap | 7 364 | 28 526 | 29 943 | - | 65 833 |
| Cumulative liquidity gap | 7 364 | 35 890 | 65 833 | 65 833 | - |

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate information

The main business of NicosDiamond Insurance Limited (the "Company"), its associates and subsidiaries (together "the Group") is the provision of short-term insurance solutions and property investments. NicosDiamond Insurance Limited is an insurance company incorporated and domiciled in Zimbabwe and is wholly owned by First Mutual Holdings Limited. The registered office is located at 30 Samora Machel Avenue, Harare, Zimbabwe.

The consolidated financial statements are those of the Zimbabwean insurance operation NicosDiamond, the Mozambican short term insurance operation Diamond Seguros, the Malawian short term insurance operation United General Insurance Company, and the property companies Thirty Samora Machel and Marabou.

The company has a 45% interest in Clover Leaf Panel Beaters and 34% in United General Insurance Company which are treated as associates. The contribution from the associates is reflected through the share of associate line items on the Statement of Comprehensive Income. The consolidated financial statements for the year ended 31 December 2020 are for the Group consisting of the Company, its subsidiaries and associates. The consolidated financial statements of NicosDiamond Insurance Limited for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 12 March 2021.

2. Statement of Compliance

"These financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020, which have been audited by Ernst and Young Chartered Accountants (Zimbabwe). The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("the 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 Companies and Other Business Entities Act (Chapter 24:31) except for IAS 21, Effects of changes in foreign exchange rates. 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 insurance receivables and insurance liabilities that have been measured on a fair value basis. The accounting policies applied in the audited abridged financial results are consistent with the accounting policies in the prior year financial statements except for the following:

2.1 Inflation adjustment

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 31 December 2019 are as follows:

| Date | CPI | Conversion factor |
|-----------|---------|-------------------|
| 31-Dec-19 | 551.63 | 4.49 |
| 31-Dec-20 | 2474.51 | 1 |

3 Audit opinion

The abridged audited inflation adjusted financial results should be read in conjunction with the complete set of financial statements for the year ended 31 December 2020, which have been audited by Ernst & Young Chartered Accountants (Zimbabwe). A qualified opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard 21 (IAS 21) "The Effects of Changes in Foreign Exchange Rates", as well as valuation of investment properties. The auditors' report on the inflation adjusted consolidated financial statements is available for inspection at the Company's registered office. The engagement partner on the audit is Fungai Kuipa (PAAB Number 335).

| Note | Group | | | | Company | | | |
|---|--|--|--------------------------------|--------------------------------|--|--|--------------------------------|--------------------------------|
| | Audited Inflation adjusted 2020 ZWL000 | Audited Inflation adjusted 2019 ZWL000 | Unaudited Historic 2020 ZWL000 | Unaudited Historic 2019 ZWL000 | Audited Inflation adjusted 2020 ZWL000 | Audited Inflation adjusted 2019 ZWL000 | Unaudited Historic 2020 ZWL000 | Unaudited Historic 2019 ZWL000 |
| 4 Property, plant and equipment | | | | | | | | |
| Year ended 31 December 2020 | | | | | | | | |
| Opening net book amount | 23 918 | 23 203 | 986 | 600 | 23 182 | 22 295 | 923 | 571 |
| Additions | 17 401 | 3 116 | 6 172 | 550 | 17 401 | 3 116 | 6 172 | 504 |
| Acquisition of subsidiary | 2 469 | - | 2 469 | - | - | - | (2) | - |
| Disposals | (139) | - | (2) | - | (8) | - | - | - |
| Depreciation charge | (2 155) | (2 400) | (1 061) | (163) | (1 691) | (2 230) | (949) | (152) |
| | 41 494 | 23 919 | 8 564 | 987 | 38 884 | 23 181 | 6 144 | 923 |
| 5 Investment properties | | | | | | | | |
| As at 1 January | 606 685 | 326 554 | 135 244 | 11 720 | 406 033 | 158 540 | 90 514 | 5 690 |
| Disposals | - | (648) | - | (144) | - | (648) | - | (144) |
| Reclassification to NCAHFD | (31 244) | - | (31 244) | - | (31 244) | - | (31 244) | - |
| Fair value adjustments | 177 735 | 280 779 | 649 176 | 123 668 | 37 747 | 248 141 | 353 266 | 84 968 |
| | 753 176 | 606 685 | 753 176 | 135 244 | 412 536 | 406 033 | 412 536 | 90 514 |
| 6 Investment in associates | | | | | | | | |
| As at 1 January | 103 121 | 41 561 | 12 340 | 1 491 | 95 177 | 63 399 | 3 541 | 1 576 |
| Additions | - | 41 866 | - | 4 214 | - | 41 866 | - | 4 214 |
| Impairment of investment in associate | - | - | - | - | - | (10 088) | - | (2 249) |
| Share of profit for the year | (3 906) | 16 500 | (3 490) | 1 121 | - | - | - | - |
| Share of other comprehensive income for the year | 17 838 | 33 499 | 17 838 | 7 464 | - | - | - | - |
| Foreign exchange differences on translation of foreign operations | 137 596 | (30 305) | 152 130 | (1 950) | - | - | - | - |
| Transfer to investments in subsidiaries | (10 855) | - | (10 855) | - | (9 531) | - | (2 125) | - |
| | 243 794 | 103 121 | 167 963 | 12 340 | 85 646 | 95 177 | 1 416 | 3 541 |
| 7 Financial assets at fair value through profit or loss | | | | | | | | |
| As at 1 January | 131 171 | 204 605 | 29 108 | 7 337 | 131 171 | 204 605 | 29 108 | 7 337 |
| Additions | 42 869 | 54 206 | 32 189 | 7 052 | 42 869 | 54 206 | 32 189 | 7 052 |
| Disposals | (170 784) | (21 134) | (76 498) | (2 834) | (170 784) | (21 134) | (76 498) | (2 834) |
| Fair value adjustments realised in profit or loss | 134 171 | (106 506) | 152 628 | 17 553 | 134 171 | (106 506) | 152 628 | 17 553 |
| | 137 427 | 131 171 | 137 427 | 29 108 | 137 427 | 131 171 | 137 427 | 29 108 |
| 8 Insurance receivables | | | | | | | | |
| Due from policyholders (direct clients) | 25 863 | 13 880 | 25 863 | 3 094 | 14 257 | 13 | | |