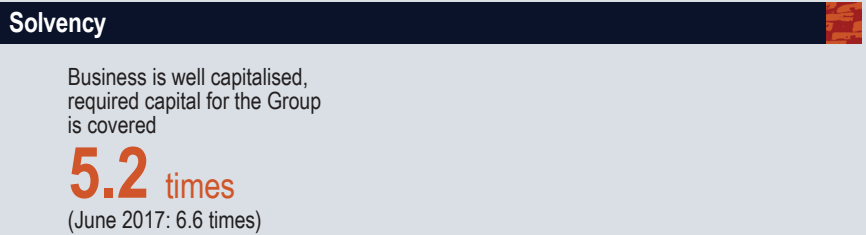
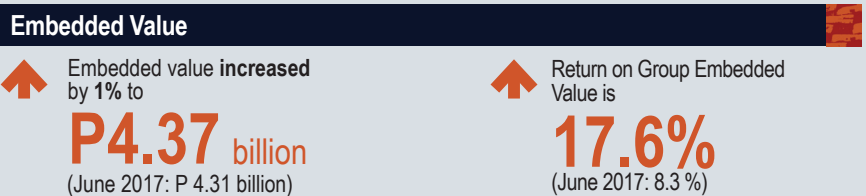
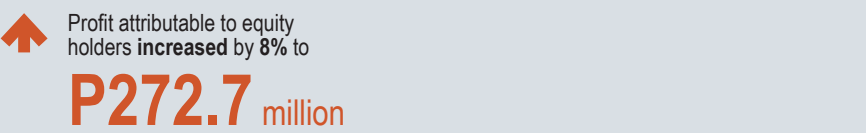
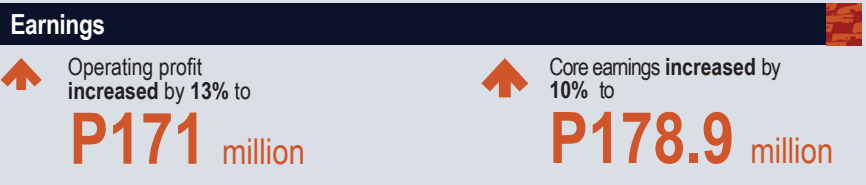
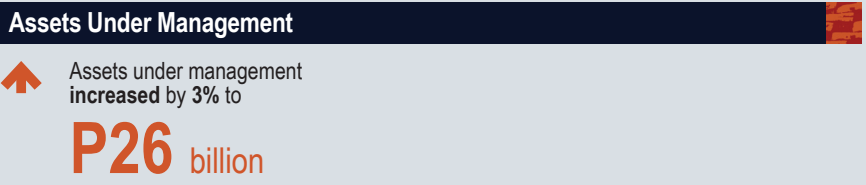
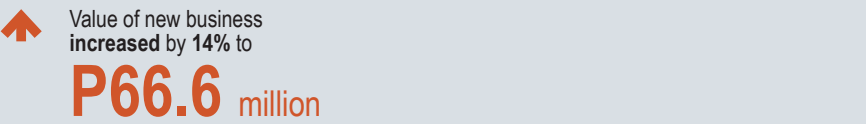
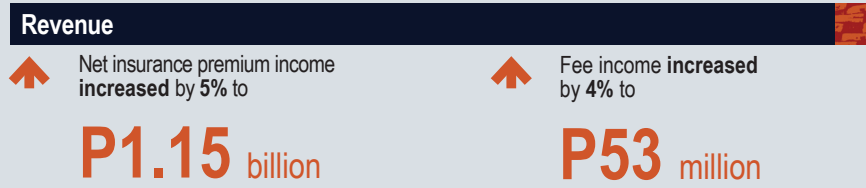


Botswana Insurance Holdings Limited

Abridged Unaudited Group Results for the six months ended 30 June 2018

The Directors hereby present the unaudited
abridged consolidated financial results of
Botswana Insurance Holdings Limited (BIHL) and
its subsidiaries (the ‘Group’) for the six months
ended 30 June 2018.

Key Highlights



Group Consolidated Income Statement

	6 months to 30 June 2018 P'000	6 months to 30 June 2017 P'000 Restated	Year to 31 December 2017 P'000
Revenue			
Net insurance premium income	1,154,140	1,103,851	2,320,046
Gross premium income - recurring	658,820	604,770	1,250,581
- single	520,033	511,486	1,100,679
Insurance premiums ceded to reinsurers	(24,713)	(12,405)	(31,214)
Investment income	402,965	(9,513)	719,019
Fee revenue	53,001	51,060	103,075
Investment income	368,521	341,010	637,890
Net profit on sale of associate	-	2,540	12,993
Net losses on financial assets held at fair value through profit or loss	(18,557)	(404,123)	(34,939)
Total revenue	1,557,105	1,094,338	3,039,065
Net insurance and investment contract benefits and claims	(1,064,723)	(631,531)	(2,027,157)
Gross insurance benefits and claims	(730,181)	(660,028)	(1,381,519)
Reassurance claims	3,655	4,647	6,992
Change in liabilities under investment contracts	(59,853)	265,889	(64,932)
Change in policyholder liabilities under insurance contracts	(278,344)	(242,039)	(588,217)
Change in contract liabilities ceded to reinsurers	-	-	519
Expenses	(294,084)	(299,689)	(660,457)
Sales remuneration	(147,807)	(154,918)	(336,294)
Administration expenses	(146,277)	(144,771)	(324,163)
Profit before share of profit of associates and joint ventures	198,298	163,118	351,451
Share of profit of associates and joint ventures	115,967	127,519	72,927
Profit before tax	314,265	290,637	424,378
Tax expense	(43,269)	(37,089)	(76,092)
Profit for the year from continuing operations	270,996	253,548	348,286
Discontinued operations			
Profit for the period from discontinued operations	1,408	(893)	1,041
Profit for the period	272,404	252,655	349,327
Profit attributable to:			
- Equity holders of the parent from continuing operations	271,341	252,328	348,016
- Equity holders of the parent from discontinuing operations	1,408	(893)	1,041
- Non-controlling interests	(345)	1,220	270
	272,404	252,655	349,327
Earnings per share (thebe) attributable to ordinary equity holders of the parent			
- Basic	98	92	127
- Diluted	97	91	126
Earnings per share (thebe) from continuing operations			
- Basic	97	92	126
- Diluted	96	91	125
Number of shares for calculating earnings per share			
Number of shares in issue	282,370,652	281,070,652	282,370,652

Group Consolidated Statement of Comprehensive Income

	6 months to 30 June 2018 P'000	6 months to 30 June 2017 P'000	Year to 31 December 2017 P'000
Profit for the period	272,404	252,655	349,327
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations	8,039	(14,936)	(33,589)
Total comprehensive income for the period	280,443	237,719	315,738
Total comprehensive income attributable to:			
- Equity holders of the parent	279,380	237,392	314,427
- Equity holders of the parent from discontinuing operations	1,408	(893)	1,041
- Non-controlling interests	(345)	1,220	270
	280,443	237,719	315,738

Note
The June 2017 comparative figures, where applicable, have been restated to account for the short-term insurance business as held-for-sale.

Group Consolidated Statement of Financial Position

	6 months to 30 June 2018 P'000	6 months to 30 June 2017 P'000 Restated	Year to 31 December 2017 P'000
ASSETS			
Property and equipment	154,688	181,229	155,350
Intangible assets	91,511	94,484	92,273
Investment property	114,205	110,165	112,101
Investments in associates and joint ventures	1,721,259	1,984,408	1,714,610
Long term reinsurance assets	2,417	2,936	2,417
Non-current assets held for sale	57,260	41,781	54,222
Financial assets at fair value through profit or loss	13,664,291	11,043,799	12,960,069
- Bonds (government, public authority, listed and unlisted corporates)	7,783,394	7,384,010	7,585,630
- Investment in property funds and companies	276,126	133,931	244,021
- Equity investments (local and foreign)	4,190,288	3,238,733	3,656,189
- Policy loans and other loan advances	482,857	80,882	496,229
- Money market instruments	931,626	206,243	978,000
Insurance and other receivables	303,608	213,484	290,858
Tax refund due	-	8,777	4,809
Related party balances	4,915	-	-
Cash, deposits and similar securities	165,323	912,317	184,254
Total assets	16,279,477	14,593,380	15,570,963
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	154,936	130,821	154,936
Non-distributable reserves	422,203	425,761	397,914
Retained earnings	2,328,668	2,401,278	2,388,707
Total equity attributable to equity holders of the parent	2,905,807	2,957,860	2,941,557
Non-controlling interests	16,477	21,802	16,823
Total equity	2,922,284	2,979,662	2,958,380
Liabilities			
Policyholder liabilities under:	12,874,693	11,188,448	12,218,341
- Insurance contracts	10,047,309	9,214,379	9,388,540
- Investment contracts	2,827,384	1,974,069	2,829,801
Deferred tax liability	12,860	18,347	9,702
Insurance and other payables	429,872	365,481	364,724
Non-life insurance contract liabilities	-	11,785	-
Tax payable	730	-	-
Related party balances	-	2,407	4,134
Liabilities classified as held for sale	39,038	27,250	15,682
Total equity and liabilities	16,279,477	14,593,380	15,570,963

Group Consolidated Statement of Changes in Equity

	Stated capital P'000	Non- distributable reserves P'000	Retained earnings P'000	Total equity attributable to equity holders of parent P'000	Non controlling interests P'000	Total equity P'000
For the 6 months ended 30 June 2018						
As at 1 January 2018						
Opening balances	154,936	397,914	2,388,707	2,941,557	16,822	2,958,379
Profit for the period	-	-	272,404	272,404	(345)	272,059
FCTR Movement	-	8,039	-	8,039	-	8,039
Dividend paid	-	-	(288,018)	(288,018)	-	(288,018)
Transfers from non-distributable reserves to retained earnings	-	15,874	(15,874)	-	-	-
IFRS 9 Transition adjustment	-	-	(37,647)	(37,647)	-	(37,647)
Other movements in reserves	-	376	9,096	9,472	-	9,472
Balances at 30 June 2018	154,936	422,203	2,328,668	2,905,807	16,477	2,922,284
For the 6 months ended 30 June 2017						
As at 1 January 2017						
Opening balances	130,821	444,269	2,341,425	2,916,515	20,582	2,937,097
Profit for the period	-	-	251,435	251,435	1,220	252,655
FCTR Movement	-	(14,936)	-	(14,936)	-	(14,936)
Dividend paid	-	-	(188,317)	(188,317)	-	(188,317)
Transfers from non-distributable reserves to retained earnings	-	10,208	(10,208)	-	-	-
Other movements in reserves	-	(13,780)	6,943	(6,837)	-	(6,837)
Balances at 30 June 2017	130,821	425,761	2,401,278	2,957,860	21,802	2,979,662

Group Consolidated Statement of Cash Flows

	6 months to 30 June 2018 P'000	6 months to 30 June 2017 P'000	Year to 31 December 2017 P'000
Cash generated from operations	653,983	529,461	1,182,883
Net cashflows utilised in investing activities	(685,439)	(399,840)	(1,805,384)
Net increase/(decrease) in cash and cash equivalents	(31,456)	129,621	(622,501)
Cash and cash equivalents at the beginning of the period	196,779	819,280	819,280
Cash and cash equivalents at the end of the period	165,323	948,901	196,779
Represented by:			
Cash deposits and similar securities	114,411	817,613	82,368
Funds on deposit	50,912	131,288	114,411
	165,323	948,901	196,779

Directors:
Batsho Dambe-Groth (Chairperson)
Catherine Lesetedi (Group CEO)
Gaffar Hassam ***
Chandra Chauhan
Genit van Heerde**
John Hinchliffe *
Mahube Mpugwa
Andre Roux **
Lieutenant General Tebogo Masire

*British **South African ***Malawian

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Khama Crescent PO Box 41015,
Gaborone



Group Embedded Value

DEFINITION OF EMBEDDED VALUE

The embedded value represents an estimate of the economic value of the company excluding the value attributable to future new business and the value attributable to minority interests. The embedded value comprises:

- The value of the shareholders' net assets;
- Fair value adjustments; and
- The value of the in-force business.

The value of in-force business is the present value of future after-tax profits arising from business in force at the valuation date, discounted at the risk discount rate, and adjusted for the cost of capital required to support the business.

The value of new business represents the value of projected after-tax profits at the point of sale arising from new policies sold during the period to 30 June 2018, accumulated to the end of the year at the risk discount rate. The value is adjusted for the cost of capital required to support the new business.

Embedded Value for the period ended	6 months to 30 June 2018 P'000	6 months to 30 June 2017 P'000	Year to 31 December 2017 P'000
Embedded value results			
Shareholders' net assets after fair value adjustments	2,842,818	2,891,898	2,875,604
Shareholders' net assets, excluding goodwill	2,842,818	2,891,898	2,875,604
Fair value adjustments	-	-	-
Value of in-force	1,523,481	1,415,588	1,431,756
Value before cost of capital	1,510,358	1,441,957	1,500,004
Fair value adjustments	130,915	144,537	56,362
Cost of capital	(117,792)	(170,906)	(124,611)
Embedded value at end of period	4,366,299	4,307,486	4,307,359
Required Capital	544,147	439,732	529,539
Required Capital Cover	5.2%	6.6%	5.4%
Embedded value per share (Pula)	15.46	15.33	15.25
Embedded value earnings			
Embedded value at 30 June 2018	4,366,299	4,307,486	4,307,359
Embedded value at beginning of period	4,307,359	4,340,852	4,339,385
Change in embedded value	58,940	(33,366)	(32,026)
Movement in capital	17,171	21,353	(5,073)
Dividends paid	288,018	188,317	342,906
Embedded value earnings	364,129	176,304	305,807
Return on embedded value	17.6%	8.3%	7.0%
These earnings can be analysed as follows:			
Expected return on life business in force	66,715	69,231	126,292
Value of new business	73,084	61,253	159,368
Value at point of sale	66,649	58,388	148,516
Expected return to end of period	6,435	2,865	10,852
Operating experience variances	(6,983)	16,717	(38,224)
Mortality/Morbidity	19,085	17,531	18,253
Persistence	(20,758)	(16,372)	(14,059)
Expenses	(1,544)	107	(31,487)
Other	(3,766)	15,451	(10,931)
Operating assumption changes	(21,100)	9,917	112,003
Mortality/morbidity	-	-	19,180
Persistence	(12,405)	7,331	1,347
Expenses	(1,519)	-	35,918
Other	(7,176)	2,586	55,558
Embedded value earnings from operations	111,716	157,118	359,439
Investment variances	34,756	(14,145)	38
Economic assumption changes	-	-	33,285
Growth from life business	146,472	142,973	392,762
Return on shareholders assets	143,104	129,665	96,089
Investment Returns	(5,320)	8,891	(10,623)
Net profit non-life operations	148,424	120,774	106,712
Change in shareholders' fund adjustments	74,554	(96,334)	(183,042)
Changes in treasury share adjustments	(1,809)	11,716	2,798
Movement in present value of holding company expenses	15,156	16,261	19,331
Movement in fair value of incentive scheme shares	(19,488)	319	319
Movement in other net worth adjustments	80,695	(124,630)	(205,490)
Embedded value earnings	364,130	176,304	305,809
Fair value adjustments			
Staff share scheme	(18,026)	(36,252)	(33,182)
Group holding expenses	168,140	169,772	87,445
Non-life operations write-up to fair value	(136,203)	(116,715)	(116,715)
Reversal of cross holding adjustment	117,004	127,732	118,813
Total	130,915	144,537	56,361
Consisting of:			
Net asset value adjustments	-	-	-
Value of in-force business adjustments	130,915	144,537	56,361
Value of new business	73,084	61,253	159,368
Value at point of sale after cost of capital	66,649	58,388	148,516
Value at point of sale before cost of capital	70,328	60,823	154,753
Recurring premium	40,436	32,019	91,597
Single premium	29,892	28,804	63,156
Cost of capital at point of sale	(3,679)	(2,435)	(6,237)
Expected return to end of year	6,435	2,865	10,852

SENSITIVITY TO THE RISK DISCOUNT RATE

The risk discount rate appropriate to an investor will vary depending on the investor's own requirements, tax position and perception of the risks associated with the realisation of the future profits of the Botswana Insurance Holdings Limited Group. The sensitivity of the embedded value to the risk discount rate is set out below.

	6 months to 30 June 2018 P'000	6 months to 30 June 2017 P'000	Year to 31 December 2017 P'000
Risk Discount Rate	9%	10%	11%
Shareholder's net assets and fair value adjustments, excluding goodwill	2,842,818	2,842,818	2,842,818
Value of in-force business	1,991,027	1,435,020	1,523,481
Value before cost of capital	1,963,372	1,434,586	1,510,358
Fair value adjustments	130,915	130,915	130,915
Cost of capital	(103,260)	(130,481)	(117,792)
Embedded value	4,833,845	4,277,838	4,366,299
Value of one year's new business at valuation date	70,878	62,774	66,649
Value before cost of capital	74,104	66,837	70,328
Cost of capital	(3,226)	(4,063)	(3,679)

ECONOMIC ENVIRONMENT

Global growth expectations remained robust in the first half of the year, and in aggregate, most leading indicators were pointing to an expansion rather than a contraction. The International Monetary Fund in April affirmed global growth forecast to 3.9% in 2018 from 3.8% reported in 2017. The Fund linked its forecast to strong growth momentum, favorable market sentiment, accommodative financial conditions and expansionary fiscal policy in the United States. Notwithstanding the above, markets remained nervous about the path of growth due to a confluence of factors that included US-China trade war rhetoric, Brexit negotiations, rise of populism in Europe and the Iran nuclear deal.

Local markets reflected the very challenging economic backdrop that has hindered business activity for years. High unemployment, low consumer discretionary income, restrictive policies that hinder investment and business activity have been major challenges facing Botswana economy.

First quarter GDP growth was reported at 4.8% compared to an increase of 0.9% recorded in the same quarter of 2017. All sectors of the economy exhibited growth during the period, however, the increase in GDP was particularly attributed to mining, transport and communications and finance and business services which increased by 12.1%, 6.5% and 5.4% respectively. Inflation, which began the year at 3.2%, fell to 2.8% in March before rebounding to 3.1% in June due to the downward revision of prepaid voice calls by mobile phone providers. Whilst the outlook for inflation remains stable, potential inflationary pressures from a weaker Pula, further administered price hikes and rally in international oil prices may change this outlook. The Bank of Botswana, given this benign inflation outlook, maintained its accommodative interest rate policy unchanged in the first half of the year in support of economic activity.

Looking ahead, higher global commodity prices, improving political landscape in the SADC region and planned public investments make the growth outlook in Botswana broadly positive. The local sentiment has been particularly positive following the new government promise to focus on creating employment and policy reviews. In addition, the increased spending indicated in this year's budget speech has been positively received.

ACCOUNTING POLICIES AND PRESENTATION

The accounting policies adopted for the period comply in all material respects with International Financial Reporting Standards (IFRS) and are presented in the manner required by the Botswana Insurance Industry Act (Cap 46:01) and the Companies Act of Botswana (Cap 42:01). These policies are consistent with those applied for the year ended 31 December 2017 except for impairment of financial assets which changed due to the adoption of the new IFRS 9 standard. The new standard became effective on 1 January 2018 and requires the recognition of expected credit losses (ECL) rather than incurred losses under IAS 39. The initial adoption of this standard impacted retained earnings.

FINANCIAL OVERVIEW

For the period ended 30 June 2018	6 months to 30 June 2018 P'000	6 months to 30 June 2017 P'000	% change	Year to 31 December 2017 P'000
Analysis of earnings	P'000	P'000 Restated	P'000	P'000
Operating profit	170,989	151,493	13%	332,871
Investment income on shareholders' assets	7,932	11,891	-33%	13,266
Core Earnings	178,921	163,384	10%	346,137
Profit on sale of associate	-	2,540	-100%	12,993
Share of profit of associates and joint ventures net of tax	115,967	127,511	-9%	72,927
Investment losses surpluses on shareholders assets	19,872	(4,018)	-595%	(7,950)
Profit before tax	314,760	289,417	9%	424,107
Tax	(43,419)	(37,089)	17%	(76,091)
Profit after tax	271,341	252,328	8%	348,016
Profit for the period from discontinued operations	1,408	(893)	-258%	1,041
Profit attributable to ordinary shareholders	272,749	251,435	8%	349,057
Minority shareholders' interest	(345)	1,220	-128%	270
Profit for the period	272,404	252,655	8%	349,327

Operating profit for the life business reported is 15% higher than the same period in 2017 due to operational earnings being higher especially for the annuity portfolio. The asset management business performed at 8% below prior year due to an increase in operational expenses. The general insurance business was positively affected by lower claims and operational costs. Share of profit of associates and joint ventures decreased by 8% due to the share of income from Letshego Holdings Limited (LHL) being lower owing to an increase in the company's effective tax rate and minority interest.

Investment income which comprises dividend income and interest income has reduced compared to prior year due to a significant reduction in excess assets some of which were sold and the proceeds were used to pay special dividends. The Group has a minimum return hurdle that non-strategic shareholder assets must achieve, failing which such assets are disposed off.

Embedded value

The Group's embedded value increased to P4.37 billion as compared to the P4.31 billion in June 2017. The embedded value allows for P288 million dividends paid during the period.

Value of new life business

The value of new life business increased by 14% to P66.6 million compared to the prior period. Value of new business improved due to good revenues from group schemes and term assurance policies written during the six months.

OVERVIEW OF OPERATIONS

For management purposes, the group is organised into three principal business areas based on their products and services and these make up the three reportable operating segments as follows:

- The life insurance segment which provides life insurance services to its customers through Botswana Life Insurance Limited, Botswana's leading life insurance company, a full subsidiary of the Group
- The asset management segment which provides asset management services to its customers through Botswana Insurance Fund Management Limited, a full subsidiary of the Group
- The general insurance segment which provides legal insurance to its customers through BIHL Insurance Company Limited, a full subsidiary of the Group
- BIHL also has associate holdings of 26.17% in Letshego Holdings Limited, 36.38% in Funeral Services Group (FSG), 50% in Botswana Insurance Company Limited and 25.1% in Nico Holdings Limited (Malawi)

Inter-segment transactions that occurred during 2018 and 2017 between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segmental income, segment expense and segment results will then include those transfers between business segments, which will then be eliminated on consolidation.

The transactions recorded in Other segment are from Unit Trust business, Holding Company and the Corporate Social Investment Trust.

SEGMENT RESULTS

For the period ended 30 June 2018	Life Business P'000	Asset Management P'000	General insurance P'000	Associates and joint ventures P'000	Other P'000	Inter Segmental P'000	Consolidated P'000
Premium revenue	1,154,140	-	-	-	-	-	1,154,140
Fee revenue	-	-	-	-	-	-	-
- Internal	-	616	-	-	-	(616)	-
- External	-	51,623	-	-	1,378	-	53,001
Investment income	269,062	98,596	-	-	245,587	(244,724)	368,521
Fair value gains and losses	(6,198)	(12,360)	-	-	-	-	(18,558)
Total net income	1,417,004	138,475	-	-	246,965	(245,340)	1,557,104
Policyholder benefits paid	(726,526)	-	-	-	-	-	(726,526)
Change in liabilities under investment contracts	-	(59,853)	-	-	-	-	(59,853)
Change in policyholder liabilities under insurance contracts	(278,344)	-	-	-	-	-	(278,344)
Administration expenses	(99,999)	(29,404)	-	-	(17,489)	616	(146,276)
Selling expenses	(147,807)	-	-	-	-	-	(147,807)
Profit before share of profit of associates and joint ventures	164,328	49,218	-	-	229,476	(244,724)	198,298
Share of profit of associates and joint ventures	-	-	7,283	108,684	-	-	115,967
Tax expense	(40,347)	(5,617)	-	-	(14,427)	17,122	(43,269)
Profit for the period from continuing operations	123,981	43,601	7,283	108,684	215,049	(227,602)	270,996
Profit for the period from discontinued operation	-	-	1,408	-	-	-	1,408
Profit for the period	123,981	43,601	8,691	108,684	215,049	(227,602)	272,404

For the period ended 30 June 2017	Life Business P'000	Asset Management P'000	General insurance P'000	Associates and joint ventures P'000	Other P'000	Inter Segmental P'000	Consolidated P'000
Restated							
Premium revenue	1,103,851	-	-	-	-	-	1,103,851
Fee revenue	-	-	-	-	-	-	-
- Internal	-	1,348	-	-	-	(1,348)	-
- External	-	45,412	-	-	5,648	-	51,060
Net profit on sale of associates	-	2,540	-	-	-	-	2,540
Investment income	257,105	81,309	-	-	172,518	(169,922)	341,010
Fair value losses	(56,218)	(347,905)	-	-	-	-	(404,123)
Total net income	1,304,738	(217,296)	-	-	178,166	(171,270)	1,094,338
Policyholder benefits paid	(655,381)	-	-	-	-	-	(655,381)
Change in liabilities under investment contracts	-	265,889	-	-	-	-	265,889
Change in policyholder liabilities under insurance contracts	(242,039)	-	-	-	-	-	(242,039)
Administration expenses	(97,635)	(24,367)	-	-	(24,109)	1,340	(144,771)
Selling expenses	(154,918)	-	-	-	-	-	(154,918)
Profit before share of profit of associates and joint ventures	154,765	24,226	-	-	154,057	(169,930)	163,118
Share of profit of associates and joint ventures net of tax	-	6,103	7,146	114,270	-	-	127,519
Income tax expense	(31,695)	(6,127)	-	-	(14,801)	15,534	(37,089)
Profit for the period from continuing operations	123,070	24,202	7,146	114,270	139,256	(154,396)	253,548
Profit for the period from discontinued operations	-	-	(893)	-	-	-	(893)
Profit for the period	123,070	24,202	6,253	114,270	139,256	(154,396)	252,655

SEGMENT ASSETS AND LIABILITIES

	Life Business P'000	Asset Management P'000	General insurance (discontinued operations) P'000	Other P'000	Inter Segmental P'000	Consolidated P'000
At 30 June 2018						
Total Assets	12,444,250	6,331,066	57,260	1,925,908	(4,479,007)	16,279,477
Total Liabilities	10,375,815	5,913,094	39,037	1,252,571	(4,224,054)	13,356,463

At 30 June 2017						
Total Assets	11,705,874	5,330,899	41,781	2,029,927	(4,515,100)	14,593,381
Total Liabilities	9,536,591	4,779,402	27,250	1,428,829	(4,158,354)	11,613,718

Life insurance business

Net Premium Income for the first half of 2018 grew by 5% from P1.1 billion in 2017 to P1.15 billion, with all income lines showing growth from prior year. Total New Business written grew 7% underpinned by strong single premium income performance. Recurring premium income grew by an impressive 9% from P605 million in June 2017 to P659 million in June 2018. This line represents a sustainable source of profits in the long term.

The value of new business, which represents the present value of future profits from new business premiums written during the period, increased by 14% from prior year on the back of impressive new business volumes from the group lines and term assurance policies. Operating profit grew 15% on prior year mainly because of good new business volumes from the group line, low new business strain and cost savings from the streamlining exercise carried out second half of last year. Operating profit increased from P142 million in June 2017 to P164 million in June 2018.

The streamlining project has continued to deliver the expected efficiencies into the first half of 2018. The newly launched life cover product, Poelo Whole of Life, continues to perform well into 2018. The product has a premium payback of 120% after 15 years.

The prospects for the economy remain mixed reflecting both international economic uncertainty as well as domestic challenges. Despite these challenges Management is focused on delivering sustainable growth and value to its stakeholders through innovation driven by commercial insights.

Asset management business

BIFM group's overall Operating Profit in the first half year showed a decline of 8% year on year. This is as a direct result of Zambia Operations not performing as expected due to unrealized activities that were anticipated to take place in the year 2018. BIFM Unit Trust on the other hand is showing a stagnant performance compared to prior year due to the adverse performance on the overall AUM. Despite the current difficult trading conditions, where we have witnessed several new entrants into the market and pension funds adopting new strategies of splitting mandates, BIFM has continued to show resilience and continued to gain market confidence and maintain its position as a leading Asset Management Company. Management continues to manage and control costs across all businesses to ensure good overall business performance. Total Assets Under Management including Zambia's P4.7 billion stands at P26 billion.

Short term insurance business

The business continued to face pressure on the topline resulting in an 8% decline in income compared to prior year. Despite the top line pressures, Legal Guard has achieved an operating profit of P1.8 million to June 2018 up from a P0.9 million loss for the same period last year. With the introduction of a new core operating system last year, the business has been able to provide an enhanced platform for claims administration which has resulted in turn in a decline in claims costs.

The main focus for the remainder of 2018 for the business is to continue to improve the top line performance which will be driven by implementation of the sales strategy devised during the year aimed at arresting and reversing the negative trends.

CAPITAL MANAGEMENT AND SOLVENCY

The Group remains well positioned in terms of capital management and solvency. This was taken into consideration by the board when resolving an interim dividend. The board has confidence in the Group's ability to maintain dividends at this level while ensuring that its capital position remains solid and aligned with future capital requirements across the Group, at sustained levels of Return on Group Equity Value. The Board will continue to review the levels of excess capital and the appropriateness of all investments in order to continue to deliver sustainable risk adjusted returns to the shareholders.

LOOKING AHEAD

We continue to focus on our key twin strategies of sustainable growth and profitability. However, uncertainty in the global markets is expected to continue to affect the results. We would like to thank all our Clients, Brokers, Agents, Staff and other Stakeholders for the on-going partnership and support and look forward to serving them in the future.

DIVIDEND DECLARATION

The Directors have resolved to award an interim dividend of 60 thebe per share (net of tax).

The important dates pertaining to the dividends are: