

TA HOLDINGS LTD

An Investment Holding Company



ANNUAL REPORT 2008



TA Holdings Limited is an investment company focused on the pursuit of superior returns generated from investments on the great continent of Africa



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Group Profile and Directors

TA Holdings is an investment company. The Group's interests consist of investments in short term insurance, life assurance, hotels and agrochemicals. The company was founded in 1935 as Tobacco Auctions Limited (hence TA). It was listed on the Zimbabwe Stock Exchange in 1964. The Group has a small corporate head office which is responsible for making investment decisions and other capital allocation decisions for the Group. Managers of the investee companies have operational decision-making autonomy and accountability. This gives them the authority which should result in optimal performance of the investments they manage.

DIRECTORS

1. S S Mutasa (Executive Chairman)
2. D B McDevitt (Chief Operations Officer)
3. H A G Bhadella (Non-executive Director) +•
4. F Daniels (Non-executive Director) +
5. R N Gordon (Non-executive Director) *
6. O Majuru (Executive Director)
7. V L Ndlovu (Non-executive Director) +*
8. B P Nyajeka (Executive Director)
9. M T Sachak (Executive Director)
10. S Randeree (Non-executive Director)

Member of:

- *Remuneration Committee*
- + *Audit and Risk Committee*
- * *Assets & Liabilities Committee*

HEADS – INVESTEE COMPANIES

M Sachak -	Chief Executive - Insurance
H M Munyati -	Chief Executive Officer - Trans Industries
O Majuru -	Chief Executive Officer - Cresta Hospitality Holdings
E K Moyo -	Managing Director - Zimnat Lion Insurance
L Magorimbo -	Managing Director - Zimnat Life Assurance
O Matingo -	General Manager - Grand Reinsurance
D A Nganunu -	Managing Director - Botswana Insurance Company
G Kihuguru -	Managing Director - Lion Assurance Uganda
Dr R Dhafana -	Managing Director - Zimbabwe Fertiliser Company
J Mhunduru -	General Manager - Sable Chemical Industries
S Mutangadura -	Chief Operating Officer – AON
F Ngwenya -	Operations & Business Development Director - Cresta Zimbabwe
J Jones -	Country Director - Cresta Zimbabwe
T Makaya -	Chief Operating Officer - Cresta Marakanelo - Botswana
A Dhlamini-	Managing Director - FMI Securities

SENIOR MANAGEMENT- CORPORATE OFFICE

D McDevitt -	Executive Director (Chief Operating Officer)
B P Nyajeka -	Executive Director (Finance)
P Masamba -	Group General Counsel
F Taruvinga -	Group Financial Controller



Group Investments and Principal Activities

The following are the investments that TA has direct and indirect shareholding:

Name of Company	Effective	
	Shareholding	Principal activity
AON (Pvt) Limited	30.3%	Insurance brokers
Botswana Insurance Company (Pty) Ltd	62.5%	Short-term insurers
Cresta Hospitality (Pvt) Ltd	100%	Hospitality & Leisure
Cresta Hotels (Pty) Ltd	100%	Hospitality & Leisure
Cresta Marakanelo (Pty) Ltd	40%	Hospitality & Leisure
Grand Reinsurance (Pvt) Ltd	100%	Reinsurers
Lion Assurance Uganda Ltd	58.3%	Short-term insurers
Metonic Investments (Pty) Ltd	100%	Investment company
Neural (Pty) Ltd	100%	Investment company
Sable Chemical Industries (Pvt) Ltd	51%	Manufacturer of nitrogenous fertilizer
TA Investments and Consultants (Pvt) Ltd	100%	Investment company
Trans Industries (Pty) Ltd	100%	Investment company
FMI Securities (Pvt) Ltd	46.55%	Stockbroking
Zimbabwe Fertiliser Company (Pvt) Ltd	22.5%	Manufacturer & distributor of fertilizer & pesticides
Zimnat Lion Insurance Co. Ltd	85%	Short-term insurers
Zimnat Life Assurance Co. (Pvt) Ltd	100%	Life assurers
Zimnat Asset Management Co. (Pvt) Ltd	100%	Asset management company

Local Investments

Foreign Investments

Registered Office and Corporate Information

Registered Office

14th Floor, Kopje Plaza
1 Jason Moyo Avenue
Harare

Transfer Secretaries

Corpserve (Pvt) Ltd
2nd Floor, Intermarket Centre
Cnr First Street/ Union Avenue
Harare

Auditors

Ernst & Young Chartered
Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way / Kwame Nkrumah Avenue
Harare

Principal Lawyers

Atherstone & Cook
7th Floor Mercury House
24 George Silundika
Harare

Bankers

Stanbic Bank
Park Lane Branch
77 Park Lane
Harare

ZB Bank
Zimbank House
45 Speke Avenue
Harare



Chairman's Statement

To say one day, to our grandchildren, that we lived through Zimbabwe in 2008 will be one of those folklore stories that will keep the kids at the edge of their beds for endless nights. I sincerely hope that those of you who could were able to keep some treasured bank notes.

When this era began in earnest around 2001 I remember remarking to some of my team that we needed to make sure that when this period was over we should be stronger on the other side of it than we were then. I would like to tell you my fellow partners, that TA is immeasurably stronger now than it has been through this troubled period. From the operations report you will see the operational strength that has begun to take root throughout our organization.

I feel it is incumbent on me to talk around the government of national unity recently installed in Zimbabwe, as this will fundamentally drive our immediate future, if not our medium term to long term aspirations. I believe we, as business, should embrace this opportunity wholeheartedly and assist where we can to make it a success. During this period, whether it lasts for 18 months, 2 years or 5 years, we have to try and assist in the redefinition of our country's core principles. This should be driven by a united team rather than one party whose expressions focus on the sectarian needs of the party's members. From a business perspective I would like to push for the changing of the paradigm of how we as a country choose to be competitive. I believe we should not tinker around with nice models but focus on what it is that is going to make us globally competitive as a destination. These are some of my thoughts.

I believe we have the following key advantages. Our people, our people, our people. Through this, we have such a great environment in which to live in. We have an incredible base capacity of educated human capital as well a very good entrepreneurial class. If we are going to win in the global race to provide our citizenry with an excellent standard of living, with the ability to dream and realize their dreams, we need to create the following:

- A very peaceful environment where everyone, Zimbabweans of any creed, colour, race and religion feel proud to be Zimbabweans. One where everyone who has tasted Zimbabwe from outside wants to belong to Zimbabwe and is allowed to.
- We need to create a tax structure that attracts capital and then keeps it working within our country. I want to advocate for only three taxes in Zimbabwe.
 - Personal tax at 10 percent flat after a threshold that allows

those below a certain band to earn and save.
- A corporate tax rate of 10percent, period. And, finally, value added tax of 8percent.

We should not create any other tax instrument. If this is done coupled with the current relaxed exchange controls, over time we will generate more tax revenue for the state than it could with the current structures.

- An environment where capital and production of everything is driven by the private sector, both local and international firms. We should not fear competition. We will be the main beneficiaries of an open economy, especially if more and more people try to come and live in our blessed country.

“During this period, whether it lasts for 18 months, 2 years or 5 years, we have to try and assist in the redefinition of our country's core principles.”

As we move forward, we are very excited about the future of Sable Chemicals. I know you have heard me say these words time and time again, but I believe for the first time in 5 years we have been allowed to breathe again and this time I have a sense this will be sustainable. We have some very exciting plans and they will unfold as the year goes on. It will take us about 4 years

to bring Sable back to beyond where it was when it was most productive. During the first part of 2009, we had a tragic loss of three lives at the plant and 8 serious injuries to our team there. We owe it to them to make Sable the most important organization in this country.

One of the reasons that we have grown from strength to strength is our human capital. We have a very strong bench and I believe one of our key goals is to create a model to make sure that, not only do we keep that which we have, but that we strengthen the base through training, as well as to attract more talent to augment it. I believe that there is a global pool of talent that will come back as well as come to join the rebirth of Zimbabwe and we are well placed to attract our fair share of the best talent that will come.

We were hit very hard on the investing side of our business. This is partly because of the closure of the Zimbabwe stock market in November 2008 the global meltdown, the effects of which we did not fully anticipate. More critically however, it was because while we were transitioning from one structure of management of our funds to another, we did not act quickly enough and we lost significant momentum. However, I am very confident of the quality and sustainability of our assets and the team we have put in place. But it is another lesson on the cost of speed of execution.

For the last 5 years or so we have not invested outside of our

Chairman's Statement

core investments. I believe this year this will change. There has never been a period in Zimbabwe during my time when assets were this cheap. The opportunity of choosing a great asset and adding it to our portfolio is significant at this time. We will come to you as shareholders and inform you of this during May if not earlier.

In our current investments there are exciting developments which will take place in 2009. From the hotels to the insurance businesses. We believe that both of these businesses have now grown to a point where they can have their own global structures. A global holding company for the hotels is being created and this will eventually lead to a listing of some of its assets probably on the Botswana bourse. Similarly in the insurance group we are working extremely hard to achieve a quantum shift in the size of our – group, and then consolidate a new holding company for the insurance businesses which will allow us in due course to then become a very strategic investor in the continental business.

I want to take this time to thank my Board, which continues to give me and the rest of my team wise counsel as we steer this wonderful vessel through incredibly choppy waters. I want to thank my immediate team that continues to amaze me with their dedication and commitment. I am very very proud to be part of this team. Our staff has stuck with us through thick and thin and continue to do so. I am looking forward to the time when we will be able to reward them for having given so much of themselves throughout this period. I want to thank them.



Shingai Mutasa
Chairman

11 March 2009



Review of Investments

INTRODUCTION

Despite increasingly difficult conditions throughout the economies of countries we have invested in TA Holdings weathered the volatility with a robust operational performance. The negative impact of equity values was offset by the strength of free cash generation affording us the time to sit out the recessionary impact on an excellent equity portfolio.

Thomas Jefferson said “The care of human life and happiness and not their destruction is the first and only legitimate object of good government.” We believe that our continent is witnessing the birth of such an ideal and the result is that the Africa will present the best investment opportunities in the future.

Zimbabwe

The reality of Zimbabwe our primary investment destination and home is that change in the political environment has arrived and whilst the character of that change is yet to be defined, the year ended with the possibility of greater economic emphasis being the driving ethos of recovery. We need to find small success stories this year to rebuild confidence both internally and externally and this responsibility belongs to all who have an invested interest in this most wonderful of countries.

The sooner we initiate sound monetary and fiscal policies the quicker the recovery.

The repeal of price control regulations cannot happen soon enough. In the case of Sable the inability to finance plant refurbishment and repair had become a serious safety issue by the end of 2008. Sadly, despite repeated calls on the issue of safety the impact of limited capacity to effect necessary repairs to the plant saw an explosion in our electrolytor plant that tragically has left two valued colleagues deceased and eight people injured. At the time of writing we still had two of the injured in ICU in South Africa. This tragedy that caused the loss of our most valuable resource, people, provides valuable lessons, the most pertinent being that human life should never again be sacrificed by political expediency or poor political policy. We pray that this lesson has been learnt by all. The most encouraging news is that through twinning and tolling arrangements Sable has returned an encouraging profit result for 2009 and the free cash generated is being invested in repairs and refurbishment with zealous enthusiasm.

Regional conditions

The effect of exchange rate volatility had a negative effect on the US dollar translation of results within the region, and in particular, on investments held in South Africa and Botswana. The weakness of the Rand saw stocks on the JSE and BSE decline in some cases by over 50% driven by both a decline in local denominated values and then exaggerated by the translation.

The inflationary effects on what are predominately import-led economies is yet to be felt and will provide real revenue challenges in all the operations in which we are invested.

Business review

The generation of excellent operational results was pleasing as this has been the prime focus of the last four years. Outside of LAC in Uganda

every company now generates free cash over and above its working capital requirement removing the need to panic when balance sheet investments suffer value downturns.

The investment performance was disappointing as it negatively impacted on excellent operational results. The collapse of Bear Sterns who managed the administration of the offshore investment portfolio and the subsequent employment of the Royal Bank of Canada was administratively complicated and despite sell orders being advised by investment committees’ costly delays resulted.

The suspension of the ZSE on the 17th of November 2008 froze the value of shares in Zimbabwean dollar terms at a time when the escalation rate of inflation was exponential and the resultant reported values do not reflect the true value of the portfolio. We believe that the portfolio is strong and expect a recovery in values to occur in 2009 as Zimbabwe focuses on turning its economic fortunes around.

The external portfolio also represents strength and whilst the JSE and regional bourses have experienced significant downturns we remain confident that recovery will be possible in 2009.

A key strategy in 2008 was the build up of a cash war chest and the interest premiums earned will continue to rise in 2009. We are reviewing short trade opportunities within portfolios and we have already registered some success in 2009.

INVESTMENTS REVIEW- Full year to December 2008

Inflation statistics(as at 31 December 2008)

*Zimbabwe Inflation

Year-on-year: Unavailable from the Central Statistics Office

*Botswana Inflation

Year-on-year 12.6% USD Exchange Rate: 1 USD: Pula 7.51

*Uganda Inflation

Year-on-year 12.1% USD Exchange Rate: 1 USD: 1,966 Shillings

*South Africa Inflation

Year-on-year 10.3% USD Exchange Rate: 1 USD: 9.46 Rand

Convenience Translation

Z\$ results were converted to US\$, using an exchange rate that each investee company used in carrying out transactions during the year or a rate that is relevant to its industry.

AGRO-CHEMICALS

SABLE CHEMICALS

AN Production: 62,568 tonnes vs. 113,721 tonnes (2007)
Ammonia Production: 23,929 tonnes vs. 45,373 tonnes (2007)
Turnover: US\$25.01 million vs. Dec 07: US\$340,000
Cost of Sales: US\$11.38 million vs. Dec 07: US\$209,000

PBT US\$13.04 million vs. Dec 07: US\$41,000
Net Profit/(Loss): US\$9.04 million vs. Dec 07: US\$22,000

Review of Investments

Comments

- The company produced 62,568 tonnes of AN (26% plant capacity) compared to 113,721 tonnes (47% plant capacity) for 2007. The disappointing production volume was caused mainly by shortage of critical inputs such as electricity, coal, magnesium oxide and spares. In addition, frequent electrolytor unit breakdowns due to an inability to fund critical repair and refurbishment further hampered production.
- The supposed delivery of critical foreign currency support was at best haphazard.
- Imported ammonia was 5,516 tonnes as compared to 6,894 tonnes for 2007. This was due mostly to poor service delivery by the National Railways of Zimbabwe.
- The advent of twinning arrangements and toll manufacturing to finance imported ammonia resulted in correct revenue levels being generated. The benefit of this saw a welcome return to profitability and whilst the cash generated is still sitting in debtors, repair and refurbishment programs have already been initiated.
- A full safety review has been completed by two independent bodies and whilst the outcome indicates that no fault can be leveled against either the company or its employees we are undertaking a full safety equipment review with a view to restricting injury in the event of an accident. We expect this investment to be incurred immediately.

Future

- The advent of the new unity government and the approval by its cabinet of the economic recovery program includes the move for fertilizer pricing to be monitored as opposed to controlled. This is a most welcome development as it affords the company the opportunity to make and implement long term sustainability objectives.
- The imported price of ammonia has decreased substantively and every effort will be made to secure supply. This will enable Sable to price competitively and participate in the necessary deflationary cost of agricultural production in Zimbabwe.
- The unrealistic cost of electricity renders local production of ammonia uncompetitive but will not derail either the necessary refurbishment program underway or, if import supply security of ammonia can be realized, the promised production deliverables given to authorities.
- Sable will be a key focus area for the next three years as it looks to re-establish its supply security to Zimbabwe, improve and increase production output and expand into products that can be made from existing production processes.

ZFC LIMITED

Revenue:	US\$2.94 million vs. Dec 07:US\$3.72 million
Gross Profit	US\$1.03 million vs. Dec 07:US\$160,470
Admin. Costs	US\$371,261 vs. Dec 07:US\$107,683
PAT	US\$735,647 vs Dec 07:US\$36,433
Cash Position	US\$481,132 vs. Dec 07:US\$25,134

Comments

- Revenue recorded fell by 21% in the twelve months from year to date Dec 2007.
- Raw material availability impeded supply resulting in lower sales volumes. However demand for product remains high
- An improved profit position resulted from participation in the twinning and toll production of fertilizer.

Future

- The advent of the new unity government and the approval by its cabinet of the economic recovery program includes the move for fertilizer pricing to be monitored as opposed to controlled. This will be highly beneficial to ZFC
- The improved profitability of 2008 does not reflect the opportunities within Zimbabwe and we expect a far better performance, particularly in volume performance in 2009

HOTELS

CRESTA HOTELS (PTY) LTD (SA CHH Head Office)

Revenue:	R15.14 million Vs. Dec 07: R9.06 million
Operating expenses:	R8.82 million Vs. Dec 07: R6.05 million
Operating profit:	R6.32 million Vs. Dec 07 R3.14 million
PAT:	R4.61 million Vs. Dec 07: R3.09 million
Cash position:	R1.59 million Vs. Dec 07: R3.76 million

Comment

- The company recorded an increase in revenue of 67% from (R9.06 million) December 2007. This was mostly due to the higher fees generated through improved operational performance at all hotels in which management contracts are held.
- Total operating expenses grew by 46% from (R2.57 million) December 2007 due to staff growth, an investment in brand research and an improved web site.
- Profit after tax was 49% up on December 2007 YTD.
- Cash position went down 58% from prior year as growth was financed.

Future

- The fees from the Cresta Marakanelo contract are likely to be even higher during next year's World Cup due to expected higher revenues.
- Improved revenue streams are expected from the opening of a 150 room Cresta in Nigeria, increasing to a total of 450 rooms in three locations by the end of 2010.
- Expansion of both rooms, conference and spa facilities in existing contracts will provide the primary impetus for sustained performance in the future
- The new and exciting brand logo and positioning of Cresta will be launched in 2009
- Cresta Marakanelo is expected to be listed on the Botswana Stock exchange in the fourth quarter of 2009.

CRESTA HOSPITALITY (PVT) LTD

Revenues:	US\$1.07 million vs. Dec07: US\$345,101
Occupancies:	43.52% vs. Dec07: 54.62%
Investment Income:	US\$19,141 vs. Dec 07: US\$64,318
Total Expenses:	US\$272,609 vs. Dec 07: US\$172,968
Net Profit After Tax:	US\$580,813 vs. Dec07: US\$83,843
Cash Position:	US\$252,555 vs. Dec07: US\$32,523

Comment

- Revenue for the period grew by 211% from Dec 2007. About 60% of the revenue came in the last two months of 2008 following the acquisition of the FOLIWARS license in November 2008. The ability of the company to charge in forex greatly enhanced cost-



Review of Investments

recovery and profitability in the highly volatile hyperinflationary environment prevailing in Zimbabwe.

- Investment income came off by 70% as cash was utilized in securing improved utility supply security and refurbishment.
- Occupancies came off 11% in YTD December 2008 and this is attributed to the decrease in business confidence within Zimbabwe
- Net profit went up 593% from December 2007 and consequently the cash position improved by 677% to US\$252,555

Future

- The expansion of the Churchill Hotel by 50 rooms will be complete in 2009
- An extensive refurbishment to the value of US\$7 million, financed by both internal resource and through borrowings will be initiated in 2009.
- Expansion opportunities within Zimbabwe are a key result area for 2009.

CRESTA MARAKANELO (PTY) LTD (Half Year Results to Dec 08)

Revenues-:	P85.9 million vs. Dec 07: P72 million
Occupancies:	69.8% vs. Dec 07: 63.8%
Average Room Rate:	P497.10 vs. Dec 07: P460.81
Overhead Expenses:	P39.57 million vs. Dec 07: P35.16 million
Establishment expenses:	P15.67 million vs. Dec 07: P13.02 million
PAT:	P19.12 million vs. Dec 07: P12.09 million
Cash Position:	P12.47 million vs. June 08 (Full Year): P6.23 million

Comment

- Revenues recorded grew by 19.3% from year ended Dec 2007 attained by improved average room rates and occupancy volumes
- Occupancies recorded a commendable increase to 69.8% from 63.8% prior year.
- The cash position at half year to December 2008 was 100% up on the comparative period
- A year-on-year improvement of 58% on profit after tax.
- The refurbishment program undertaken by the company has clearly paid dividends and the company is well on track to take advantage of the increased tourist arrivals in Southern Africa with the approach of the 2010 World Cup in South Africa.

Future

- The expansion of Reilly's Hotel in Maun is underway with the delivery of 50 new rooms during 2009 and the refurbishment of the existing rooms expected to be complete by mid 2010.
- The new state of the art conference facility at the Cresta Lodge in Gaborone will be complete by June. Fully equipped with multi media facilities the facility is already fully booked for the second half of this year. New gym facilities will be opened adjacent to the centre in June. The room refurbishment will begin in the second half and completed by mid 2010.
- The company is expected to list on the Botswana stock exchange in the fourth quarter of 2009.

INSURANCE

Zimnat Life

Life Fund

Total Revenue:	US\$21,789 vs. Dec07: US\$13.03 million
Investment Income:	US\$16,978 vs. Dec07: US\$12.87 million
Expenses:	US\$10,921 vs. Dec07: US\$181,938
Surplus for the year:	US\$10,868 vs. Dec07: US\$12.35 million
Cash position:	Nil vs. Dec07: US\$10,356

Comment:

- The massive depreciation of the Zimbabwe dollar saw US dollar revenue plummet from US\$13 million at YTD December 2007 to a mere US\$21,789 in YTD December 2008.
- Investment income fell from US\$12.87 million (YTD December 2007) to US\$16,978 in YTD December 2008. The accelerated hyperinflation in 2008 decimated the value of the financial assets held by the fund.
- The surplus for the year was US\$10,868 as compared to US\$12.35 million in YTD December 2007
- Cash resources were nil because the company did not have an FCA but instead held its cash as equities on the ZSE.

Future

- The advent of the US dollar unit as the primary currency of the country will bring short term liquidity challenges but long term revenue stream security.
- The negative translation of the 2008 results does reflect the security of either the assets held within the fund or the shareholders asset values that underpin the balance sheet.
- We expect a vastly improved reporting position in 2009.

Zimnat Lion

Gross Written Premium:	US\$65 vs. Dec07: US\$348,616
Net Earned Premium:	US\$12 vs. Dec07: US\$97,010
Underwriting profit:	US\$22,094 vs. Dec07: US\$3,966
PAT:	US\$781,643 vs. Dec07: US\$2,079,298
Cash Resources:	US\$354,922 vs. Dec07: US\$282,586

Comment:

- Gross written premium fell 536,232% from US\$348,616 in YTD December 2007 to US\$65 in 2008. This was mostly due to the punitive exchange rate used to convert the Zimbabwe dollar figures to US dollars in the YTD December 2008 accounts. Consequently, net earned premium fell from US\$97,010 in YTD December 2007 to US\$12 in YTD December 2008
- Underwriting profit was up 457% from prior year illustrating the commitment to underwriting excellence.
- Profit after Tax fell 62.4% from prior year to US\$781,643 mainly as a result of translation.
- The cash position improved by 26% to US\$354,922 from US\$282,586 year end 2007 as the company took advantage of the ability to charge and hold hard currency.

Future

- Primary assets need to be insured and the advent of the new economic order will enable local companies to compete with external companies in both price and claim service consistency.
- The concentration on underwriting excellence and the generation



Review of Investments

of free cash through operations will remain the key focus area for 2009.

- It is our intention to de-list this company in 2009.

BIC

Gross Written Premium:	P201.75 million vs. Dec 07: P197.12 million
Net Earned Premium:	P107.39 million vs. Dec 07: P97.45 million
Underwriting Profit:	P27.8 million vs. Dec 07: P4.45 million
Investment Income:	P10.11 million vs. Dec 07: P8.86 million
Retained Earnings:	P18.81 million loss vs. Dec 07: P10.81 million
Cash Position:	P15.04 million vs. Dec 07: P15.48 million

Comment:

- Gross Written Premium grew by 2.3% from Dec 2007.
- The reinsurance ratio at 40% was an improvement on the 46% recorded in the prior year whilst the claims ratio was down to 34% from 53% in 2007. The reduction in total claims came from reduction in the major lines of Fire, Motor and CAR/Engineering.
- The combined ratio of 74% is world class and is a reflection of the focus on underwriting excellence
- Investment income (interest) increased by 14% against prior year.
- The depreciation in value of equities on African Bourses and in particular the JSE was further eroded by a currency translation of around 35%. We remain convinced that the quality of the portfolio is excellent and as we have no cash pressure to liquidate we have decided to stay the course.

Future

- The business is in excellent shape and the concentration on driving revenue growth whilst maintaining underwriting disciplines will continue.
- We are currently not investing new money on the equities market and are building a cash reserve as we research opportunities.
- We believe that BIC has an excellent opportunity of combining a substantive operative growth that is complemented by a substantive improvement in investment performance.

LION ASSURANCE COMPANY

Gross Written Premium:	Sh6.7 billion vs. Dec 07: Sh4.6 billion
Net Earned Premium:	Sh3.9 billion vs. Dec 07: Sh2.5 billion
Underwriting Profit:	Sh347.3 million loss vs. Dec 07: Sh621.7 million loss
Investment Income:	Sh970.4 million vs. Dec 07: Sh2.5 billion
Profit/Loss After Tax:	Sh519 million vs. Dec 07: Sh1.9 billion
Cash Position:	Sh739 million vs. Dec 07: Sh351 million

Comment:

- Gross premium recorded an increase of 45% from Dec 2007.
- The underwriting position improved by 44% from a loss of Sh621.7 million to Sh347.3 million.
- The combined ratio improved significantly to 109% from the 125% recorded in 2007.
- Investment income was down 61% from prior year due to the fall in the value of investments on the Uganda Securities Exchange and the Nairobi Stock Exchange. Gains were however noted on the company's stocks on the Dar es-Salaam Securities Exchange.

Future

- We are confident that this investment will realize its first underwriting profit in 2009.
- We are researching the benefit of a composite license so that life insurance may be included in the portfolio.

Grand Re

Gross Written Premium:	US\$161,024 vs. Dec07: US\$53,450
Net Earned Premium:	US\$56,144 vs. Dec07: US\$22,175
Underwriting Profit:	US\$22,448 vs. Dec07: US\$1,565
Investment Income:	US\$72,736 vs. Dec07: US\$5,121,601
Profit After Tax:	US\$113,378 vs. Dec07: US\$4,349,129
Cash Resources:	nil vs. Dec07: US\$2,861

Comment:

- Gross Premiums recorded grew by 201% from Dec 2007.
- Underwriting profit was up 1334% on prior year. This is because the company did not pay any reinsurance in hard currency.
- The combined ratio (on Net Earned Premium) was 60% in 2008 as compared to 93% in 2007.
- Investment income came off by nearly 100% due to the write downs on the company's Zimbabwe Stock Exchange investment portfolio brought about by the equally massive depreciation of the Zimbabwe dollar in 2008
- As a direct result, the profit after tax for the company came down 97% in 2008

Future

- The company has reconfigured its business model as the license to trade in hard currency has been granted.
- We expect the consistency of an underwriting profit to be maintained.
- We will look at restructuring the balance sheet to create greater treaty liquidity during 2009 and if necessary re-look at the capital requirements of the company as we believe that re-insurance represents significant opportunity going forwards

AON ZIMBABWE

Net Brokerage Income:	US\$594146 vs Dec 07: 388,153
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Comment:

- Revenue moved onto a hard currency basis whilst expenses remained in Z\$.
- The net effect of the translation is to render both expenses and investment income meaningless
- The company has battled to comply with Zimbabwe regulations in respect of registration and this will be corrected in the first quarter of 2009

Future

- The company requires an aggressive market approach to win back lost business and to reclaim its dominance in the market
- We expect a greatly improved result in 2009.



Review of Investments

Cost and Inflation Pressures

Our ability to retain skills within Zimbabwe has never been more difficult as the generation of yesterday's revenue and cash becomes worthless within 24 hours in respect of its purchase power. Innovative remuneration schemes aimed at retaining value were deployed but the increased insecurity of meeting food, education and utility costs has forced every individual to review his or her commitment to formal employment in Zimbabwe.

Food bills within the region have also moved dramatically and the balance between cost and revenue is under severe strain. Fuel prices exacerbate the problem and whilst oil prices have gone down weakening exchange rates have dissipated any local benefit and the same challenges will remain present in 2009.

Acquisitions

TA Holdings maintains an acquisitive focused business model and our primary focus remains on opportunities that complement current strategic investments within insurance, the hospitality sector and the agro-chemical industry. We are particularly pleased with the ongoing maturity of our Botswana investments and will look to consolidate our presence further whilst using the strength of our off-shore balance sheet to finance future opportunity.

Regional opportunities abound in all of our strategic investments and as projects near fruition in 2009 the appropriate communications will be tabled.

People Development and Talent Retention.

Our ongoing commitment to the development and retention of our skills witnessed a full CPA review of all managerial staff at every level in 2008. This programme, which is ongoing, will during the course of 2009 enable us to create training courses that correctly assist development whilst ensuring that we place people in the primary position for the exploitation of their talents.

In Zimbabwe we have an aggressive University Graduate programme with up to 14 graduates being employed at any time within the group. We recognize that the mobility of these people is high but believe that if we do not invest in the development of skills now we will only have ourselves to blame in the future.

We have to contribute to the national goal of repositioning Zimbabwe as an attractive place to work and live. We need to participate in the extinguishment of poverty and to realign formal employment as a better long term prospect than the speculative informal sector. These lofty ideals are more than a necessity for without them the next generation of our leadership will only be contributors to the economy as the Diaspora.

We also believe that with the education standard of our people Zimbabwe can assist in the development of regional business both through the deployment of people and the formation of strong back office support for regional based investments.

Future

The future is ours to make. In Zimbabwe too many of us have forgotten that our primary leadership function is to weather the storms around us without excuse and to hand over to our next generation of leaders companies and economies that are stronger and more robust than when we inherited them.

We are looking at a variety of non-organic opportunities in business models that are sound, have strong balance sheets but have not weathered the storms of 2008 in respect of revenue and cash. We believe that this area will be the foundation of exponential growth.

Cost control initiatives have already been implemented as we take cognizance of possible weaker revenue streams. Our goal, through six sigma application, is to ensure that we remain as cost effective as possible.

Appreciation

We are blessed by the presence of an abundance of skills within all the Boards of our strategic investments both executive and non-executive. We extend our sincerest appreciation to all our non-executives board members who continue to invest their experience and time in our companies.

The greatest strength of our company remains the unsung heroes who bear the brunt of poor or failed economies, inequitable food inflation, poor transport infrastructures and expensive education costs, our incredible staff in all the countries we invest in. We remain absolute in our commitment that we will provide the opportunity for an improved quality of life to all employees and our appreciation as they walk with us in the attainment of this goal cannot be overstated.

To our Holding Company Board for their input, counsel and guidance our sincerest appreciation. It is a rare privilege to serve within such a dedicated and committed team.

D B McDevitt
Chief Operating Officer
05/03/09



Five Year Income Statement Highlights (in US\$: Convenience Translation)

For the year ended 31 December 2008

	2008 US\$ 000	2007 US\$ 000	2006 US\$ 000	2005 US\$ 000	2004 US\$ 000
FOREIGN INVESTMENTS (in US\$)					
Total revenues	15,071	27,959	27,153	42,627	34,503
Total expenses	(15,286)	(20,198)	(20,797)	(34,256)	(25,242)
Profit before interest /tax	(215)	7,761	6,356	8,371	9,261
Net finance costs	212	(563)	(675)	(943)	(1,079)
Share of associated companies profit before tax	1,793	1,096	113	360	179
Profit before tax	1,790	8,294	5,794	7,788	8,361
Taxation	(1,316)	(1,480)	(518)	(2,064)	(1,538)
Profit after tax	474	6,814	5,276	5,724	6,823
Profit attributable to parent company	633	4,516	3,545	3,556	4,155
Profit attributable to minority interests	(159)	2,298	1,731	2,168	2,668
	474	6,814	5,276	5,724	6,823
LOCAL INVESTMENTS (in US\$)					
Total revenues	1,707	8,972	10,424	13,338	26,626
Total expenses	(593)	(789)	(2,753)	(6,861)	(24,903)
Profit before interest /tax	1,114	8,183	7,671	6,477	1,723
Finance costs	(1)	(136)	(12)	(19)	(252)
Share of associated companies profit before tax	4,779	46	617	557	1,969
Profit before tax	5,892	8,093	8,276	7,015	3,440
Taxation	(997)	(1,845)	(1,369)	(1,658)	(1,304)
Profit after tax	4,895	6,248	6,907	5,357	2,136
Profit attributable to parent company	4,778	5,800	6,388	4,808	1,714
Profit attributable to minority interests	117	448	519	549	418
Preference dividend	-	-	-	-	4
	4,895	6,248	6,907	5,357	2,136
CONSOLIDATED (in US\$)					
Total revenues	16,778	36,931	37,577	55,965	61,129
Total expenses	(15,879)	(20,987)	(23,550)	(41,117)	(50,145)
Profit before interest /tax	899	15,944	14,027	14,848	10,984
Net finance costs	211	(699)	(687)	(962)	(1,331)
Share of associated companies profit before tax	6,572	1,142	730	917	2,148
Profit before tax	7,682	16,387	14,070	14,803	11,801
Taxation	(2,313)	(3,325)	(1,887)	(3,722)	(2,842)
Profit after tax	5,369	13,062	12,183	11,081	8,959
Profit attributable to parent company	5,411	10,316	9,933	8,364	5,869
Profit attributable to minority interests	(42)	2,746	2,250	2,717	3,086
Preference dividend	-	-	-	-	4
	5,369	13,062	12,183	11,081	8,959
RATIO ANALYSIS					
Share performance					
Basic earnings per share (US\$)	0.03	0.06	0.06	0.05	0.04
Earnings yield (%)	13.04	8.70	42.86	125.00	133.33
Dividend per share (US\$)	-	0.002	0.002	0.003	-
Dividend cover (times)	-	30	30	16.67	-
Price/earnings ratio	7.67	11.50	2.33	0.8	0.75
Market price at year end per ordinary share (US\$)	0.23	0.69	0.14	0.04	0.03
Market capitalisation (\$000)	37,267	111,542	22,911	6,314	4,438
Financial performance					
Return on shareholders' equity (%)	19.47	36.70	40.46	41.44	40.71
Profit before tax margin (%)	45.79	43.17	37.33	26.53	17.97
Effective tax rate (%)	30.11	20.29	13.41	25.14	24.08
Net asset value per share (US\$)	0.17	0.17	0.15	0.12	0.09
Gearing ratio	4.93	9.00	16.00	24.00	56.00
Current ratio	1.02	0.79	0.68	0.93	0.52

DEFINITIONS

1. Basic earnings per share = Profit after tax/number of ordinary shares
2. Earnings yield = Basic earnings per share/market price per share x 100
3. Dividend cover = Basic earnings per share/dividend per share
4. Price earnings ratio = Market price at year end/basic earnings per share
5. Market capitalization = Market price at year end x number of ordinary shares
6. Return on shareholders equity = Profit attributable to parent company/Shareholders equity
7. Operating profit margin = Profit before tax/total revenues
8. Net after value per share = Shareholders equity/number of ordinary shares
9. Gearing ratio = Total borrowing/shareholders equity
10. Current ratio = Current assets/current liabilities



Five Year Financial Highlights Key Balance Sheet Items

(in US\$ Convenience Translation)

Key Balance Sheet Items

	2008	2007	2006	2005	2004
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
FOREIGN INVESTMENTS (US\$)					
Shareholders equity	16,256	17,790	10,855	13,621	13,901
Minority Interest	7,141	8,303	6,012	5,325	3,853
Total Borrowings	1,734	3,347	4,209	6,246	8,361
Property Plant and Equipment	1,860	2,354	2,168	2,830	3,854
Current assets	5,037	21,268	10,833	16,447	8,831
Current liabilities	16,981	27,721	16,915	14,098	16,978
LOCAL INVESTMENTS (US\$)					
Shareholders equity	11,532	10,316	13,693	6,560	517
Minority Interest	267	513	552	612	735
Total Borrowings	-	16	774	71	2,319
Property Plant and Equipment	4,371	4,378	5,873	6,144	2,438
Current assets	8,735	788	2,327	31,792	8,171
Current liabilities	8,586	143	2,486	37,733	15,511
CONSOLIDATED (US\$)					
Shareholders equity	27,788	28,106	24,548	20,181	14,418
Minority Interest	7,408	8,816	6,564	5,937	4,588
Total Borrowings	1,734	3,363	4,983	6,317	10,680
Property Plant and Equipment	6,231	6,732	8,041	8,974	6,292
Current assets	13,772	22,056	13,160	48,239	17,002
Current liabilities	13,487	27,864	19,401	51,831	32,489

NOTES:

1. Foreign Investments:

The US\$ figures are based on the audited financial statements.

2. Local Investments: Convenience translation as permitted by International Accounting Standards (IAS) 21 paragraph BC14

The Z\$ historical figures for 2008 were translated to US\$ based on the following translation method:

2.1 Income statement

Z\$ results were converted to US\$, using an exchange rate that each investee company used in carrying out transactions during the year or a rate that is relevant to its industry.

2.2 Balance sheet:

- a) **Valuation of equities:** the US\$ market value of the Zimbabwe Stock Exchange (ZSE) listed equities was determined as at the last day of trade that is 17 November 2008. The US\$ values were arrived at by converting the quoted Z\$ prices to US\$ using the Old Mutual Implied Rate (OMIR) as at 17 November 2008, which was \$646 quadrillion: US\$1.
- b) **Valuation of investment properties:** Directors valuations of investment properties were used based on the US\$ values as at 31 December 2007.
- c) **Current Assets and Liabilities:** Only US \$ denominated current assets and liabilities were taken. (Z\$ denominated balances were fully impaired).
- d) **Closing translation rate:** A rate of \$627 trillion to US\$1, being the Old Mutual Implied Rate (OMIR) computed using the Z\$ offer price (on the ZSE) of the Old Mutual share price at 31 December 2008, was used.

The Z\$ historical for 2007 and prior were converted to USD using the closing translation rates ruling at year end.



Report of the Directors

The directors have pleasure in presenting to shareholders for their consideration and approval the audited financial statements of the Company and of the Group for the year ended 31 December 2008.

Principal Activities

T A Holdings Limited is an investment company whose principal investments are in insurance, agro-chemicals, and hospitality and leisure.

Directors' Responsibility Relating To Annual Financial Statements

It is the directors' responsibility to prepare annual financial statements that present a true and fair view of the Company and the Group at the end of the financial year, and of the profits or loss for the year in accordance with International Financial Reporting Standards (IFRSs) and the provisions of the Zimbabwe Companies Act (Chapter 24:03).

Due to uncertainties in the adverse Zimbabwean economic environment during the year, these financial statements have not been prepared in conformity with IFRSs in that the requirements of International Accounting Standard (IAS) 29 "Financial Reporting in Hyperinflationary Economies" have not been complied with. The Group was restricted to producing historical cost accounts which were audited by the external auditors. The opinion in the independent auditors' report for the year ended 31 December 2008 on page 20 has been modified accordingly.

The existence of certain hyperinflationary conditions as defined by IAS 29 was formally identified in Zimbabwe by the Institute of Chartered Accountants of Zimbabwe in November 1999. The application of IAS 29 was made effective for financial statements for the periods beginning on or after 1 January 2000. The Directors recognize the need for the Company and the Group to comply with IFRS, however, the non-compliance with IAS 29 arises from the inability to reliably measure inflation due to the interaction of multiple economic factors which are pervasive to the Zimbabwean economic environment as explained in the Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements on page 18.

Given that inflation adjusted financial statements have not been prepared as required by IAS 29, the Group and Company Financial Statements are considered inherently unreliable. The Directors advise caution on the use of these financial statements for decision making purposes..

Share Capital

Authorised:

The authorised share capital of the Company during the year ended 31 December 2008 remained unchanged, and stood as follows:

- 222 994 229 ordinary shares;
- 27 005 771 non-redeemable, non-cumulative, participating, convertible preference shares; and
- 200 000 convertible redeemable preference shares.

Issued:

The issued ordinary share capital increased from 161 845 774 to 162,029,524 ordinary shares and the preference share capital remained unchanged at 27 005 771 non-redeemable, non-cumulative, participating, convertible preference shares.

Results

The results for the year are set out in the financial statements on Pages 21 to 52.

Dividends

No dividend was declared in the year ended 31 December 2008.

Corporate Governance

The Group's code on corporate practices and conduct is set out in the Statement on Corporate Governance and the directors have complied with it in all material respects.

Directors and Their Interests in Securities

The names of the directors of the Company during 2008 appear on Page 3. At 31 December 2008 the directors held the following direct and indirect beneficial interests in the shares of the Company:



Report of the Directors

	2008	2008
	Direct	Indirect
SS Mutasa	Nil	46 039 393
DB McDevitt	1 092 250	2 000 000
HAG Bhadella	430	305 000
F Daniels	46 800	5 456 329
RN Gordon	Nil	Nil
O Majuru	Nil	Nil
VL Ndlovu	Nil	Nil
BP Nyajeka	31 046	5 005
S Randree	Nil	Nil
MT Sachak	31 046	2 160 763

The indirect beneficial interests of Messrs S Mutasa and F Daniels are held by discretionary trusts.
Report Of The Directors

TA Holdings Limited 1979 Share Purchase Trust

Number of ordinary shares held by the trust on 1 January 2008	349 826
Number of ordinary shares transferred into the Trust during the year	Nil
Number of ordinary shares held by the trust at 31 December 2008	349 826

Litigation

The Directors are not aware of any pending litigation which might have a material impact on the Company's financial position.

Auditors

At the forthcoming Annual General Meeting, shareholders will be asked to determine the remuneration of the auditors and to appoint auditors for the ensuing year.

By Order of the Board
T A Management Services

P Masamba
for the Secretaries
Harare
10 March 2009



Corporate Governance

Good corporate governance is at the heart of the way in which the Directors of the Company discharge their duties. The Board subscribes to, and observes, the highest norms of corporate governance as dictated by internationally recognized codes such as the King Reports. These standards are expressed in the values that the Directors subscribe to, the governance structures that they have put place and the governance processes that they observe in conducting the affairs of the Company.

Values

The Board is always guided by the following core values:

- integrity;
- transparency;
- promoting the best interests of the shareholders, employees and other stakeholders of the Company; and
- compliance with the requirements of the legal and regulatory environment in which the Company operates.

Governance Structures

Board of Directors

The Board is the primary governance organ. One of its key functions is to develop, review and monitor the overall strategy and policies of the Company. It, therefore, considers and approves, among other things, all major investment decisions, capital expenditure and the appointment of certain key executives.

The Board currently comprises ten (10) Directors, five (5) executive ones and five (5) non-executive ones. The non-executive Directors are drawn from different spheres of economic life, bringing to the Board extensive and diverse expertise and experience which enrich the quality of the deliberations of the Board. All non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three (3) years in terms of the Company's Articles of Association. The appointment of new directors in between annual general meetings is initially approved by the Board, and subsequently confirmed by shareholders at the next annual general meeting.

In order to more fully discharge its duties, the Board has constituted standing committees to deal with specific areas.

Audit and Risk Committee

The Audit & Risk Committee is made up of three non-executive Directors, namely Messrs VL Ndlovu (chairman), HAG Bhadella and F Daniels, with the Group Finance Director attending *ex-officio*. The Committee essentially oversees integrity of the Company's financial reporting and the internal controls and risk management systems and processes. It reviews and approves all interim reports and the annual financial statements of the Company. It monitors and approves internal control policies and procedures. It also deliberates on the reports and findings of internal and external auditors. The external auditors have unfettered access to the Committee, as well as to the entire Board.

Assets & Liabilities Committee

Given that the Company is an investment company, this Committee is a key organ of the Company. The Committee currently consists of two non-executive directors, namely Mr RN Gordon and VL Ndlovu, with the Chief Operations Officer and Executive Director in charge of Insurance attending *ex-officio*. The committee is chaired by Mr Gordon.

The Committee reviews and monitors the performance of the Companies investments, its exposure to liabilities, the operational and other risks to which the Company, its business, assets and interests may be exposed to, and reviews policies aimed at managing such risks.

Remuneration Committee

The Committee is chaired by Mr HAG Bhadella. The Chief Operations Officer and Executive Chairman attend *ex officio*. The Committee determines the remuneration policy for executive directors and senior executives. The Committee seeks to ensure that the Company is competitive at the highest levels by attracting the best skills available to undertake particular roles in the management of the Company. The remuneration packages of senior executives include share-based schemes, to ensure that the interests of management are aligned with those of the Company and to guarantee long term commitment and performance.

Governance Processes

The Board of Directors meets at least once every quarter or as often as the circumstances may determine. The Committees also meet at the same intervals (or more frequently, if necessary) with meetings of all three committees preceding each regular board meeting. The Company's shareholders meet at least once every year, at the Annual General Meeting. The external auditors of the Company have unlimited access to the Audit & Risk Committee and the Board, and deliver their report at each annual general meeting. In appropriate circumstances, the Directors seek advice from relevant professionals on particular matters.

P Masamba
For the Secretaries
10 March 2009



Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

Responsibility

The directors are responsible for preparing the Annual Report and the Company and Group financial statements in accordance with applicable law and regulations and in compliance with International Financial Reporting Statements (IFRSs). The Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/99) require the directors to prepare group and parent financial statements for each financial year.

The Group and the Company financial statements are required by law and IFRSs to present fairly the financial position of the group and the parent company and the performance for that period.

In preparation of each of the group and parent company financial statements, the directors are required to:

- state whether they have been prepared in accordance with IFRSs; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business;
- select suitable accounting policies and then apply them constantly;
- make judgments and estimates that are reasonable and prudent;

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies Act. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Compliance with Companies Act (Chapter 24:03) and Statutory Instruments (SI 33/99 and SI 62/99)

These financial statements which have been prepared under the historical cost convention are in agreement with the underlying books and records and have been properly prepared in accordance with the accounting policies set out in note 3 of the financial statements, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant regulations made thereunder. These financial statements would form the basis of the adjustments required in terms of the requirements set out in IAS 29: "Financial Reporting in Hyperinflationary Economies"

Compliance with IFRSs

Preparation of financial statements in conformity with IAS 29: Financial Reporting in Hyperinflationary Economies

The Zimbabwean economy is recognized as being hyperinflationary for purposes of financial reporting. These financial statements have not been prepared in conformity with IFRSs in that the requirements of IAS 29 "Financial Reporting in Hyperinflationary Economies" have not been complied with. The Standard requires that financial statements that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date. The requirements of all other International Financial Reporting Standards have been complied with under the historical cost convention.

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting. These uncertainties include:

- The inflation indices have not been published since July 2008. Subsequent estimates by economists are wide ranging and high (over percentages of hundreds of trillions to quadrillions, in some cases). The use of foreign currency and multiple pricing also distorts the process of measuring inflation.
- Given the chronic hyperinflation, the time lapse between the balance sheet and reporting dates renders the financial information presented in the financial statements less useful and relevant for making economic decisions. Official inflation indices, when available, are only available at month-end periods. Therefore, the use of assumptions to determine inflation in the intervening periods renders the information presented susceptible to estimation errors.
- The difficulty in determining a representative basket of goods to use for determining the inflation indices;
- The unavailability of goods on the local market in Zimbabwe Dollars that can be used in populating the inflation model to determine the inflation index; and
- The existence of multiple prices for the same item which then requires a lot of subjectivity and judgment in determining the price that will be used to determine the inflation index.

In these circumstances, inflation adjusted financial statements are not prepared as required by IAS 29 as such financial statements are considered inherently unreliable.

The adverse uncertainties have been aggravated by:

- multiple exchange rates – during the year ended 31 December 2008 there were various rates applicable which varied significantly. If a transaction occurred at more than one rate was recorded at its nominal value, this would result in distortions in financial reporting;



Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

- multiple pricing - there were multiple prices for the same commodity/service, largely dependant on the mode of settling transactions from cheque/transfer, cash, fuel coupons, foreign currency etc. The effect is similar to that of the multiple exchange rates described above and would result in distortions in financial reporting;
- "dollarisation" - the introduction of licensed operators in foreign currency in the country and also the "basing" of most other transactions in foreign currency for most of the non-licensed operators, created challenges for the Group in determining its functional currency (as between the local currency and a foreign currency);

As a result of these uncertainties and inherent limitations, the directors advise caution on the use of these financial statements for decision making purposes.

Going concern

The Directors have assessed the ability of the company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

Significant assumptions and estimation uncertainties relating to assets and liabilities carried at fair value

Due to the prevailing hyperinflationary conditions in the Zimbabwean economy, there were significant price differentials in the pricing of similar assets and liabilities and this resulted in fair value determination difficulties. This was caused mainly by the following factors:

- no positive correlation in the movement of interest rates, exchange rates and inflation rates in line with the influence of market conditions;
- the ability of the markets to determine pricing levels had been negatively affected by the effects of inflation and regulatory influence; and
- the Zimbabwe Stock Exchange (ZSE) last traded on 17 November 2008.

These conditions have resulted in a high level of subjectivity in determining fair values and in the application of pricing models for the fair valuation of transactions, assets and liabilities.

The significant assumptions and the estimation uncertainties pertaining to items that are carried at fair value have been disclosed in note 4 to these financial statements.

In view of the preceding paragraphs, the independent auditors' report for the year ended 31 December 2008 on page 20 has been modified accordingly.

Board Chairman
S.Mutasa

Audit and Risk Committee Chairman
V.Ndlovu



Report of the Independent Auditors



Chartered Accountants (Zimbabwe)
Angwa City
Cnr Julius Nyerere Way/
Kwame Nkrumah Avenue

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Harare
Tel: +263 04 750905 / 750979
Fax: +263 04 750707 / 773842

TO THE MEMBERS OF TA HOLDINGS LIMITED

We have audited the accompanying financial statements of TA Holdings Limited set out on pages 21 to 52, which comprise the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Director's Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Zimbabwe Companies Act (Chapter 24:03). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of adverse opinion on compliance with International Financial Reporting Standards

The Zimbabwe economy is recognised as being hyperinflationary for purposes of financial reporting. These financial statements have not been prepared in conformity with International Financial Reporting Standards in that the requirements of IAS 29, (Financial Reporting in Hyperinflationary Economies) have not been complied with. The Standard requires that financial statements that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date.

The non-compliance with IAS 29 arises from the non availability of the required inflation indices.

Adverse opinion on non-compliance with International Financial Reporting Standards

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraph, the financial statements do not give a true and fair view of the financial position of the group and company as at December 31 2008, and of the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and regulatory requirements

These financial statements have been properly prepared in accordance with the accounting policies set out in note 3, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 62/1996 and SI 33/1999).

Emphasis of matter

Without further qualifying our opinion, we draw your attention to Note 5 on page 33 to the financial statements, in respect of the following:

Going concern assumption

The operations of the local segment of the group, which are disclosed on note 38, have been significantly affected, and may continue to be affected for the foreseeable future, by the adverse effects of the country's unstable economic environment which has resulted in a significant downturn in economic activity. The ability of the company to continue operating as a going concern, in such an environment, is subject to continual assessment.

Fair value determination for transactions, assets and liabilities

The determination of fair values presented in the financial statements for the local segment of the group which is disclosed on note 38, is affected by the prevailing economic environment and may therefore be distorted. This may result in significant variations in fair values, depending on factors and assumptions used in the determination of the fair values.

The significant assumptions and the estimation uncertainties pertaining to items that are carried at fair value have been disclosed in Notes 4 and 5 on pages 32 and 33 to these financial statements.

Ernst & Young
Chartered Accountants (Zimbabwe)
Harare
10 March 2009



Consolidated Income Statement

For the year ended 31 December 2008

	Notes	Historical cost			
		Group		Company	
		2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions
Revenue					
Insurance					
Gross earned premiums		20,698,090,204	-	-	-
Outward reinsurance		(2,467,235,986)	-	-	-
Net earned premiums		18,230,854,218	-	-	-
Fee, Commission and other income	1	1,313,170,486	-	116,065	-
Realised investment income	2	56,125,261,243	-	144,422,652	-
Unrealised investment income	3	(58,023,226,112)	-	14,276,325	-
Hotel revenues		2,277,235,507	-	-	-
Total revenues		19,923,295,342	-	158,815,042	-
Expenses					
Insurance					
Claims incurred		(6,409,189,277)	-	-	-
Reinsurance recoveries		2,322,293,507	-	-	-
Net claims incurred		(4,086,895,770)	-	-	-
Hotel cost of sales		(64,225)	-	-	-
Operating and administrative expenses	4	(12,782,595,228)	-	(25,192,934)	-
Total Expenses		(16,869,555,223)	-	(25,192,934)	-
Profit before interest /tax		3,053,740,119	-	133,622,108	-
Finance costs	5	1,473,046,055	-	297,982,380	-
Share of associated companies profit	6	2,432,542,276	-	-	-
Profit before tax		6,959,328,450	-	431,604,488	-
Tax Expenses	7	(4,999,400,933)	-	(41,188,400)	-
Current income tax		(4,999,400,933)	-	(36,777,016)	-
Deferred tax		-	-	(4,411,384)	-
Profit for the year		1,959,927,517	-	390,416,088	-
Attributable to:					
Equity holders of parent company		2,844,193,910	-	390,416,088	-
Minority interests	9	(884,266,393)	-	-	-
Profit attributable to equity holders		1,959,927,517	-	390,416,088	-
Earnings per share (\$)					
Basic earnings per share	10	17,553,553	-	2,409,537	-
Diluted earnings per share	10	15,045,835	-	2,065,308	-

NOTE: Prior year figures are nil due to a combination of the debasing of the Z\$ currency of ten zeros by the Reserve Bank of Zimbabwe (RBZ) Governor effectively on 1 August 2008 and rounding off to the nearest trillion Z\$.



Consolidated Balance Sheet

For the year ended 31 December 2008

	Notes	Historical cost			
		Group		Company	
		2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions
EQUITY AND LIABILITIES					
Issued share capital	11	-	-	-	-
Share premium	11.4	-	-	-	-
Non distributable reserves	11.5	13,075,877,026	-	16,050,887	-
Treasury shares	11.6	-	-	-	-
Retained earnings	12	2,847,076,937	-	390,416,088	-
Equity attributable to equity holders of the parent		15,922,953,963	-	406,466,975	-
Minority interest	9	4,608,247,517	-	-	-
Total equity		20,531,201,480	-	406,466,975	-
Non-current liabilities					
Borrowings	13	1,088,599,971	-	-	-
Deferred tax liability	14	431,025,554	-	11,588,988	-
Life assurance fund non-current liabilities	15	4,732,166,692	-	-	-
Total non-current liabilities		6,251,792,217	-	11,588,988	-
Current liabilities					
Borrowings	13	518,001	-	57,566	-
Reinsurance payables	16	483,168,076	-	-	-
Gross outstanding claims	17	3,043,569,447	-	-	-
Gross unearned premium	18	4,612,332,248	-	-	-
Accounts payable	19	2,334,184,061	-	54,082,580	-
Income tax payable	20	897,295,168	-	36,777,016	-
Life assurance current liabilities	15	442,951,877	-	-	-
Total current liabilities		11,814,018,878	-	90,917,162	-
Total equity and Liabilities		38,597,012,575	-	508,973,125	-
ASSETS					
Non-current assets					
Property, plant and equipment	21	3,886,322,754	-	23,228,491	-
Investment properties	22	2,112,833,007	-	-	-
Investment in associates	6	4,214,735,798	-	-	-
Intangible assets	23	1,276,836,673	-	-	-
Financial assets - investments	24	12,631,854,928	-	14,276,326	-
Life assurance non current assets	15	4,952,145,893	-	-	-
Total non-current assets		29,074,729,053	-	37,504,817	-
Current assets					
Inventories	25	386,032	-	385,769	-
Reinsurance receivables	26	91,059,151	-	-	-
Deferred acquisition costs	27	72,080,110	-	-	-
Accounts receivable	28	6,179,240,357	-	470,056,210	-
Life assurance current assets	15	222,972,676	-	-	-
Cash and cash equivalents	29	2,956,545,196	-	1,026,329	-
Total current assets		9,522,283,522	-	471,468,308	-
Total assets		38,597,012,575	-	508,973,125	-



Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Notes	Historical cost			
		2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions
Cash generated from operations	33	9,395,093,755	-	(441,436,266)	-
Net interest paid		1,417,023,055	-	(344,390)	-
Tax paid		(3,595,238,930)	-	-	-
Net cash generated from operating activities		7,216,877,880	-	(441,780,656)	-
Investing activities					
Purchase of financial assets - investments		(71,197,285,062)	-	-	-
Other Loan investments		333,907,003	-	-	-
Purchase of property, plant and equipment - maintenance		(168,097,688)	-	-	-
Proceeds from sale of property, plant and equipment		416,034	-	-	-
Interest received		1,559	-	-	-
Dividends received		2,369	-	-	-
Proceeds from disposal of financial assets - investments		63,439,560,727	-	144,422,652	-
Net cash inflow from investing activities		(7,591,495,056)	-	144,422,652	-
Financing activities					
Acquisition of long term loans		1,088,160,625	-	-	-
Dividends paid to minority shareholders		(245,933,471)	-	-	-
Net cash from financing activities		842,227,154	-	-	-
Net effect of exchange rate changes on cash and cash equivalents		2,488,417,217	-	298,326,767	-
Net (decrease)/increase on cash and cash equivalents		2,956,027,195	-	968,763	-
Cash and cash equivalents at 31 December 2007		-	-	-	-
Cash and cash equivalents at 31 December 2008		2,956,027,195	-	968,763	-
Cash and cash equivalents at the end of the period comprise of:					
Deposits and cash		2,956,545,196	-	1,026,329	-
Overdrafts and short term loans		(518,001)	-	(57,566)	-
Cash and cash equivalents at 31 December 2008	29	2,956,027,195	-	968,763	-



Notes To The Financial Statements

1. Corporate information

TA Holdings Limited (the Company) is a company incorporated in Zimbabwe. The address of its registered office and principal place of business is disclosed on page 5 of this Annual Report. The principal activities of the Company and its subsidiaries are disclosed on page 4.

The Group financial statements consolidate those of the Company, its subsidiaries and discretionary trust investments (together referred to as the Group) and the Group's interest in associates.

The consolidated financial statements of the Group for the year ended 31 December 2008 were approved for issue by the board of directors on 10 March 2009.

2. Basis of preparation

The consolidated financial statements of the Group and the Company have been prepared on the historical cost basis, except for the revaluation of certain non-current assets and financial instruments.

2.1 Statement of compliance

(i) Compliance with IFRSs

The Zimbabwe economy is recognised as being hyperinflationary for purposes of financial reporting. These financial statements have not been prepared in conformity with International Financial Reporting Standards (IFRS) in that the requirements of IAS 29, (Financial Reporting in Hyperinflationary Economies) have not been complied with. The Standard requires that financial statements that report in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the balance sheet date.

The non-compliance with IAS 29 arises from the inability to reliably measure inflation due to the non publication of the inflation figures by the Central Statistical Office in Zimbabwe (CSO). The last inflation figures were published in July 2008. It is an offence to publish inflation figures that are not produced by the CSO.

(ii) Compliance with legal and regulatory requirements

These financial statements have been properly prepared in accordance with the accounting policies set out in note 3 below, and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/99).

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates are discussed in Note 4 on pages 32 to 33.

The policies have been consistently applied to all years presented.

2.2 Basis of consolidation

Subsidiaries are those entities controlled by the Company and the discretionary trust. Control exists when the Company and the trust have the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company and discretionary trust, using consistent accounting policies.

All intra group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Associate companies are brought to account on the basis explained in note 3.1 below.

3. Summary of significant accounting policies

3.1 Investment in associates

An associate is an entity over which the Group has significant influence but not control, through participation in financial and operating policy decisions of the investee (and that it is neither a subsidiary nor an investment in a joint venture).

The results and assets and liabilities are incorporated in these consolidated financial statements using the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the investors' share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee. The carrying amount of such investments is reduced to recognize any impairment in the value of individual investments.

The profit or loss on any transactions arising from transactions between the Group and associates are eliminated. The associates accounting policies are generally consistent with those of the Group. The associates have similar reporting periods and where this does not exist (one associate only) appropriate adjustments have been made.

In the companies financial statements investments in associates, which are held with a view to subsequent resale are accounted for as non-current assets held for sale.

3.2 Currencies

The Group's financial statements are presented in Zimbabwe Dollars (\$) which is the functional and presentation currency of the company. The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency) in terms of IAS 21.

- Transactions in currencies other than the entity's functional currency are initially recorded at the rates of exchange prevailing on the dates of the transactions.
- At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.
- Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. As at the balance sheet date non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate when the fair value was determined.
- Exchange differences arising on the translation of non monetary items carried at fair value are included in profit or loss for the period.



Notes To The Financial Statements

- For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Zimbabwe dollars using the exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising on translation of foreign operations, if any, are recognized in Equity (Translation Reserve). Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

3.3 Short term insurance business and reinsurance business

i) Short term insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, are classified as insurance contracts. Insurance risk does not include financial risk.

Short-term insurance is the providing of benefits under short-term policies which includes engineering, guarantee, liability, miscellaneous, motor, accident and health, property, transportation or a contract comprising a combination of any of those policies. Motor, property and personal insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

ii) Basis of accounting for underwriting activities

Underwriting results are determined on an annual basis whereby the incurred costs of claims, commission and related expenses are charged against the earned proportion of premiums.

iii) Premiums

- Gross premiums**
Gross premium relates to business incepted during the year and adjustment premiums on policies already in force net of cancellations and lapses. Gross written premium is recognized as revenue and accounted for as and when a policy on the related risks is prepared and premiums agreed.
- Outward reinsurance premiums**
Outward reinsurance premium is recognized and accounted for as and when the risk is transferred to reinsurers.
- Earned premiums**
Earned premium is recognized as revenue to the extent that the net written premium relates to risks expired in the accounting period.
- Unearned premium**
Unearned premium represents the proportion of premium written in the year that relates to unexpired terms of policies in force at the balance sheet date generally estimated on the 1/365 basis.

iv) Reinsurance contracts

Contracts entered into by the company with reinsurers whereby the company recovers losses on insurance contracts issued are classified as reinsurance contracts held.

The benefits to which the company is entitled under its reinsurance

contracts are recognized as reinsurance assets. The assets consist of short term balances due from reinsurers (classified as reinsurance receivables) and the amounts recoverable are measured consistently in accordance with the terms of reinsurance contracts. Reinsurance payables are primarily premiums payable for reinsurance contracts and are recognized as an expenses when due.

The company assesses its reinsurance assets for impairment on an annual basis at balance sheet date. If there is objective evidence that the asset is impaired, the carrying amount is reduced to the recoverable amount and the impairment loss recognized in the income statement.

v) Claims incurred

Claims incurred comprise the settlement and handling costs of paid and outstanding claims arising during the year and adjustment to prior year claims provisions. Outstanding claims comprise claims incurred up to, but not paid, at the end of the accounting period, whether reported or not.

vi) Outstanding claims

Provision is made for the estimated cost of claims net of anticipated recoveries under reinsurance arrangements notified but not settled at period end using the best information available at the time. Provision is also made for the cost of claims Incurred But Not Reported (IBNR) until after the balance sheet date and for the estimated administrative expenses that will be incurred after the balance sheet date in settling claims outstanding at that date.

Outstanding claims do not include any provision for possible future claims where claims arise under contracts not in existence at balance sheet date.

vii) Unexpired risk provision

An unexpired risk provision is made for any deficiencies arising when unearned premiums net of associated acquisition costs are insufficient to meet expected claims and expenses likely to arise after the end of the financial year from contracts concluded before that date. The expected claims are calculated having regard to events that have occurred prior to the balance sheet date. Unexpired risk surpluses and deficits, are aggregated where business classes are managed together.

viii) Deferred acquisition costs (DAC)

DAC are made up of commissions and other acquisition costs, that vary with and are related to securing new contracts and renewing existing contracts that are capitalized and shown as part of prepayments. These costs are amortized over the period in which the related premiums are earned. The carrying amount of the deferred acquisition costs is reviewed at each balance sheet date for any indication of impairment. Any impairment loss is recognized in the income statement when the carrying amount exceeds the recoverable amount.

ix) Liability adequacy test

At each balance sheet date the liability adequacy test is performed to ensure the adequacy of the outstanding claim liabilities net of DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration costs are used. Any deficiency is immediately charged to the profit and loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests. Any DAC written off as a result of this test is not reinstated.



Notes To The Financial Statements

3.4 Long term insurance business

i) Long term insurance contracts

Insurance contracts sold as long term business (with the exception of unit linked assurance contracts) are categorized into insurance contracts, contracts with a discretionary participation feature, or investment contracts.

For the Group's unit linked assurance business, contracts are separated into an insurance component and an investment component, and each component is accounted for separately in accordance with the accounting policy for that component.

Contracts under which the transfer of insurance risk from the policyholder to the Group is not significant are classified as investment contracts.

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk does not include financial risk. Financial risk is the risk of a possible future change in one or more specified variable(s) i.e. interest rate, security price, commodity price, foreign exchange rate, index of price or rate, a credit rating or credit index or other variable provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts with a discretionary participating feature are those under which the policyholder holds a contractual right to receive additional payments as a supplement to guaranteed minimum payments. These additional payments, the amount of which is at the Group's discretion, represent a significant portion of the total contractual payments and are contractually based on :

- The performance of a specified pool of contracts or a specified type of contract ,
- Realised and/ or unrealised investment returns on a specified pool of assets (Life fund assets).

ii) Life assurance fund non-current liabilities

Life assurance fund non-current liabilities are policyholders' liabilities computed by an independent actuary in accordance with the Financial Soundness Valuation methodology as set out in the guidelines issued by the Actuarial Society of South Africa. Under this method, the policyholders' liabilities are valued using realistic expectations of future experience with prescribed margins for prudence and deferral profit emergence.

iii) Profit allocation in the Life Assurance subsidiary company

The Board of Zimnat Life Assurance Company Limited (Life assurance Company), the life assurance subsidiary, in consultation with an independent actuary, have set the profit participation rules between shareholders and policyholders in that company.

In terms of these rules shareholder assets and life assurance noncurrent assets (policyholder assets) in the Life Assurance company are managed separately, and net investment returns from such assets are credited to shareholder funds and policyholder funds respectively.

Shareholder funds are also credited with administration, investment and service charges for managing policyholder funds at rates set out in the Profit Participation Rules. These rates are reviewed annually by

the Life Assurance Company Board, in consultation with the independent actuary.

At balance sheet date, an independent valuation of policy holder liabilities is carried out (as outlined in Note 3.4 (ii) above). The value of policy holder liabilities is then deducted from the total value of policy holder assets. Any actuarial surplus (i.e. excess of assets over liabilities) is split between policy holders and shareholders as per recommendations from the independent actuary. The surplus allocated to shareholders is debited from the life assurance fund and credited to the shareholders' funds. If there is a deficit (policyholder liabilities in excess of policyholder assets) the total amount is debited against the shareholders' funds.

3.5 Revenue recognition (non insurance)

Revenue is measured at the fair value of the consideration received or receivable.

i) Sale of goods and services

Revenue from sale of goods and services represents amounts receivable for goods and services provided in the normal course of business, net of discounts and value added tax. Sales of goods and services are recognised when services are provided and goods are delivered and title has passed.

ii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

iii) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

iv) Commission and fee income from re-insurance contracts

Where business is re-insured, additional administrative costs are incurred and the re-insurer contributes towards these costs by way of re-insurance commissions. These commissions vary according to whether the premium ceded is gross or net. There are a number of business factors that may have an influence on commission receivable i.e. type of treaty, treaty results, acquisition costs and competition.

Fee income from re-insurance contracts (commission income), is recognised as revenue proportionally over the period of related coverage.

v) Rental income

Rental income from investment properties is recognized on a straight line basis over the term of the relevant lease.

vi) Hotel Revenue

This comprises sale of goods and services.

3.6 Financial assets

The Group classifies its investments into the following categories: financial assets at fair value through profit and loss, loans and receivables, held- to- maturity financial assets, available for sale financial assets and cash and cash equivalents. The classification depends on the purpose for which the financial assets were acquired.



Notes To The Financial Statements

On initial recognition, financial assets are recognised at fair value, and in the case of financial assets other than those at fair value through profit and loss, they are initially recognised at cost directly attributable to their acquisition.

Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

i) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading and those designated as at fair value through profit and loss at inception.

A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management in terms of the Group's long term investment strategy.

Financial assets designated as at fair value through profit and loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair basis to the Group's key management personnel and externally by the Group's investment advisor. The Group's investment strategy is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition as at fair value through profit and loss. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are included in the income statement in the period in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active or if they are unquoted, the Group establishes fair value by using valuation techniques. These include discounted cash flow analysis, use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, price earnings valuations and net asset values basis.

Financial assets at fair value through profit and loss are subsequently carried at fair value.

Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

ii) Loans and receivables (including reinsurance receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit and loss or available-for-sale. Receivables arising from insurance contracts (including reinsurance receivables) are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. Loans, trade and other receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Regular way purchases and sales of investments are recognised on trade date – the date on which the company commits to purchase or sell the asset.

iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the company's management has the positive intention and ability to hold to maturity. These are carried at amortised cost using the effective interest method. Gains and losses are recognized in income statement when the investments are derecognized or impaired, as well as through the amortisation process.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in equity are transferred to the income statement.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arms' length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

v) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other demand deposits and for the purpose of the cash flow statement it includes bank overdraft.

3.7 Impairment of financial assets

A financial asset is deemed to be impaired when its carrying amount is greater than its estimated receivable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements.

ii) Financial assets (All financial assets excluding available-for-sale)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:



Notes To The Financial Statements

(a) significant financial difficulty of the issuer or debtor; (b) a breach of contract, such as a default or delinquency in payments; (c) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; (d) the disappearance of an active market for that financial asset because of financial difficulties; or (e) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:

- adverse changes in the payment status of issuers or debtors in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Groups grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

ii) Financial assets available for sale

The Group assesses at each balance sheet date whether there is objective evidence of a significant or prolonged decline in the fair value of financial assets carried at fair value below their cost.

If any such evidence exists, the cumulative loss – measured as the

difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit and loss is recognised in the income statement. The impairment loss is reversed through the income statement; if in a subsequent period the fair value of the financial asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

3.8 Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment i.e. intangible assets, property, plant and equipment and investment properties. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement.

When an impairment loss subsequently reverses the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years.

A reversal of the impairment loss is recognised as income immediately unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as an increase in the revaluation reserve.

3.9 Financial liabilities

The Group's financial liabilities comprise of interest bearing loans and borrowings which are initially recognised at fair value plus directly attributable transaction costs. Subsequently, interest bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.11 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event and it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



Notes To The Financial Statements

3.12 Pensions and other post employment benefits

Retirement benefits are provided for Group employees through an independently administered defined contribution scheme including the National Social Security Scheme (NSSA). The cost of retirement benefits for the defined contribution fund is determined by the contribution paid and is charged to the income statement in the year to which it relates. The cost of retirement benefits applicable to the NSSA scheme is determined by the systematic recognition of legislated contributions.

3.13 Property, plant and equipment

i) Freehold properties

Freehold properties are measured at fair value less depreciation and any impairment charge subsequent to the date of revaluation. Depreciation is calculated on a straight-line basis over the useful life of the properties, which is between 40 years and 50 years. Valuations are performed frequently enough to ensure that the fair value of the revalued asset does not differ materially from its carrying amount. Any revaluation surplus is credited to the asset revaluation reserve and is included in the equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss except that a deficit directly offsetting a previous surplus on the same asset in which case the decrease is directly offset against the surplus in the asset revaluation reserve.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

ii) Plant, equipment and vehicles

Plant, equipment and vehicles are stated at cost, excluding the costs of day-to-day servicing less accumulated depreciation and accumulated impairment in value.

The residual value and useful life is assessed for property, plant and equipment. With the exception of motor vehicles all other assets have a \$nil residual value as there is no intention to dispose of the assets before the end of their useful life. Depreciation is calculated using the straight-line method so as to write-off their cost or revalued amounts to their estimated residual values over their estimated useful lives, as follows:

- Motor vehicles 4 - 5 years
- Furniture and fittings 10 years
- Residential furniture and fittings 5-6 years
- Computer equipment 3 years

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate. The residual value of an asset is the estimated amount that would currently be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in condition expected at the end of its useful life. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains and losses are included in the income statement.

iii) Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (three to five years).

Costs that are directly associated with the implementation and development of identifiable software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Computer software development costs recognised in assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

3.14 Investment properties

i) Recognition criteria

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

Fair value is determined by professional valuers at each reporting date on the basis of open market value which is the amount the property could be exchanged between knowledgeable, willing parties on an arms length transaction.

ii) Transfers to and from investment properties

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment in accordance with IAS 16 and its fair value at the date of the reclassification becomes the cost for accounting purposes.

iii) Derecognition

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses arising from the derecognition are recognised in profit or loss.

3.15 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities of the subsidiary at the date of acquisition. Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and is tested for impairment as part of the overall measurement of the carrying amount of investments in associates. Goodwill is tested annually, at balance sheet date, for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



Notes To The Financial Statements

3.16 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3.17 Inventories

Inventories are valued at the lower of cost where cost is determined on a first in first out basis, and estimated net realised value, which is the stated sellby price in the ordinary course of business, less estimated costs necessary to make the sale.

3.18 Taxes

i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

ii) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that reversal of the temporal differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

“where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures. Deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets at each balance sheet date are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority. Deferred capital gains tax arises on the revalued property. The capital gains tax liability is computed on the revaluation adjustment based on rates ruling on the balance sheet date.

3.19 Value added tax (VAT)

Revenue and expenses are recognised net of the amount of VAT. Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable, to the taxation authorities is included as part of receivables or payables in the balance sheet.

3.20 Borrowings and costs

i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

ii) Borrowing costs

Borrowing costs are recognized as an expense when incurred.

3.21 Treasury shares

Treasury shares are held at cost and are disclosed in equity. Profits and losses on sale of treasury shares are credited/charged to equity.

3.22 Share based payments

Cash-settled share-based payment transactions with employees:

The services received in cash-settled transactions with employees and the liability to pay for those services, are recognised at fair value as the employee renders services.

3.23 Segment reporting

Basis of segmentation

The group is an investment holding company, its interests consist of investments in short term insurance, life assurance, hotels and agrochemicals with diversification in both local and foreign operations. Segment result, assets and liabilities include items directly attributable to a segment as well as those items that can be allocated on a reasonable basis. Capital expenditure includes cash incurred on property, plant and equipment, investment



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properties and intangible assets.

The Group's operating businesses are managed and reported separately on geographical basis into Local Investments (covering operations located in Zimbabwe) and Foreign Investments (operations located outside Zimbabwe i.e. Botswana, Uganda and South Africa).

3.24 New or revised International Financial Reporting Standards (IFRSs) and/or International Financial Reporting Interpretations (IFRICs)

Adoption of future reporting standards:

New standards, amendments and interpretations to the existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods are as follows;

IAS 23 (Amendment), Borrowing Costs (effective from 1 January 2009).

IFRS 3 (Revised), Business Combinations (effective from 1 January 2009).

IAS 27 (Amended), Consolidated and Separate Financial Statements (effective from 1 July 2009).

IAS 1 (Revised), Presentation of Financial Statements (effective from 1 January 2009).

These amendments are not expected to have a significant impact on the Group, for the 31 December 2008 reporting period.

4. Significant accounting judgements and estimates

i) Significant accounting estimates are those, which involve complex or subjective judgements or assessments. The areas of the Group's business that typically require such estimates are non-life and life insurance contract provisions, determination of fair value for certain financial assets and liabilities, impairment charges, deferred acquisition costs and investment properties.

ii) Unearned premium reserves (UPR)

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, generally calculated on the 1/365 basis after providing 16% for deferred acquisition costs (DAC).

iii) Unearned risk reserve (URR)

URR is determined by reference to product line pure risk margins on net earned premiums less allocated expenses. Future claims trend is estimated from assessing product line profitability for the current year net of cash inflows attributable to policies in force. If net result is a loss URR is provided for fully.

vi) Deferred acquisition cost (DAC)

The level of commissions and other selling expenses is assessed in relation to the premium income generated and amortized in the same proportion with UPR.

v) Reinsurance asset impairment assessment Reinsurance assets are assessed for impairment by reviewing the rate at which reinsurers are settling reinsurance recoverable amounts. Reference is also made to the financial performance of counterparty reinsurers and the official credit ratings for all professionally rated insurers.

vi) Residual values of office equipment and furniture

The residual values for office equipment and furniture have been assumed to be nil, as the Group has no intention of disposing these assets.

vii) Useful lives of property, plant and equipment

The estimated useful lives of assets are determined as the period over which the assets are expected to be gainfully used by the Group. These are reviewed and adjusted if appropriate at each financial year-end.

viii) Investments in associates

During the year, Sable Chemicals (a 51% owned associate) and ZFC (a 22.5% owned associate) revalued property, plant and equipment and this resulted in a significant uplift in asset values and consequently an increase in the capital reserve. In accordance with the equity method of accounting (IAS 28), the financial statements should record the proportionate share of the increase in the capital reserve with a corresponding increase in value of investments of \$164,548 trillion for the investment in Sable(2007 : NIL) and \$2,813 trillion for the investment in ZFC (2007 : NIL). This uplift was not brought to account.

Owing to the hyperinflationary macro conditions as well as the impact of price control measures, directors believe both companies are not operating at a sufficient level of profitability and cashflows to carry out critical plant maintenance programmes. The viability of both companies is dependent on their ability to return to acceptable levels of profitability and cashflows. The current macro conditions as well as the controls over prices are out of the direct control of management therefore it is not possible to predict with any level of certainty the future profitability or cashflows of these companies. The full application of the equity method would have resulted in the investments in Associates being increased in total by \$167,361 trillion (2007 : NIL). Owing to the uncertainties noted, management are unable to realistically assess the fair value of these investments and have therefore considered it most prudent not to record any increase in the value of the investment arising from the revaluations of the property plant and equipment held by these associates

ix) Translation rates

The Group translated foreign investments financial statements from US\$ to the functional currency for reporting purposes using the translation rates disclosed in note 34 on page 48. There were multiple rates prevailing in the country at 31 December 2008 and management made a significant judgement to use the Old Mutual Implied Rate (OMIR) for translation. This judgement is consistent with prior years financial reporting. The OMIR is the rate arrived at by computing the ratio of the Old Mutual share price on the Zimbabwe Stock Exchange (ZSE) and that on the London Stock Exchange (LSE).

However, the ZSE ceased trading on 17 November 2008 thus there were no trading prices at 31 December 2008. Management estimated the OMIR using the ZSE Old Mutual share offer price on 31 December 2008 and that for the LSE as at the same date.

x) Assets carried at fair value

Due to the prevailing hyperinflationary conditions in the Zimbabwean economy, there are significant price differentials in the pricing of similar assets and liabilities and this has resulted in fair value determination limitations. This is caused mainly by the following factors:

- there is no positive correlation in the movement of interest



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rates, exchange rates and inflation rates in line with the influence of market conditions;

- the ability of the markets to determine pricing levels has been negatively affected by the effects of inflation and regulatory influence; and
- the Zimbabwe Stock Exchange (ZSE) last trading on 17 November 2008.

These conditions have resulted in a high level of subjectivity in determining fair values and in the application of pricing models for the fair valuation of the following assets:

a) Investment property and property (included in property, plant and equipment)

Investment property and property (included in property, plant and equipment) are stated at fair value, which has been determined based on valuations performed by directors as guided by reports from independent professional firms of valuers.

Owing to the following macro economic conditions in the Zimbabwean property market:

- absence of an active property market during the year;
- no comparable property sales were available on the official market hence no benchmarks were available;
- absence of other meaningful valuation techniques;
- impracticality to establish reliable inputs for any valuation technique due to some of the following factors:
 - highly volatile economic conditions in the country,
 - significant deterioration in the value of the Zimbabwe dollar against major trading currencies,
 - multiplicity of exchange rate,
 - no CPIs; and
- the effective dollarisation of the economy which rendered Z\$ property values meaningless as no transactions were carried out in Z\$

Market transactions in various segments of the market were not active during the year, therefore the directors determined property valuations for properties in Zimbabwe as the US\$ values as guided by reports from independent professional valuers at 31 December 2007 converted to ZW\$ using OMIR at 31 December 2008.

The professional valuers adopted the following methods and assumptions (per the December 2007 valuation reports):

Residential Property: active market by reference to recent property transactions of similar properties.

Commercial: office space and industrial: A level of subjectivity has been applied in determining market value owing to lack of market evidence arising from a relatively inactive market.

The area of judgement exercised is in respect of the impact of market fundamentals: exchange rates, inflation indices and interest rates; on property values as well as judgement in adjusting the limited property transactions in respect of location and condition to the subject property being valued.

Hotels: earning yield basis was used to determine the values and a discounted capitalisation factor of 4% was then applied to market rentals.

b) Financial assets at fair value through profit and loss

Management made a significant estimate in respect of the valuation of investment in equities listed on the ZSE that the Group held as at 31 December 2008. The value was estimated as the US\$ values of the counters on the ZSE, arrived at by converting the Z\$ quoted prices as at 17 November 2008 (last ZSE active trading date) converted to US\$ using the OMIR as at 17 November 2008 which was Z\$646 quadrillion : US\$1. At reporting date, 31 December 2008, the computed US\$ values at 17 November 2008 have been converted to Z\$, for reporting purposes, at the OMIR of \$627 trillion : US\$1 as at 31 December 2008.

After 31 December 2008, the Zimbabwean economy was effectively dollarised when the National Budget was presented to Parliament on 29 January 2009. On 19 February 2009, the ZSE resumed trading with pricing being quoted in US\$. Although these events occurred after the balance sheet date, they confirm that the equities that the Group was holding as at 31 December 2008 were effectively US\$ assets.

c) Actuarial Valuation

Owing to the adverse economic environment in Zimbabwe discussed in different parts of these financial statements resulting in impracticality to establish reliable inputs for valuation due but not limited to some of the following factors:

- Multiplicity of exchange rate,
- No inflation indices;

there was no actuarial valuation was done for Zimnat life.

Consequently there were no surpluses on the life assurance fund were transferred and credited to the shareholder funds.

5. Limitations of financial reporting in the general environment prevailing

The uncertainties in the adverse Zimbabwean economic environment during the year have resulted in limitations in financial reporting. These uncertainties and limitations include:

- The inflation indices have not been published since July 2008. Subsequent estimates by economists are wide ranging and high (over percentages of hundreds of trillions to quadrillions, in some cases). The use of foreign currency and multiple pricing, described below, also distorts the process of measuring inflation.

Given the chronic hyperinflation, the time lapse between the balance sheet and reporting dates renders the financial information presented in the financial statements less useful and relevant for making economic decisions. Official inflation indices, when available, are only available at month-end periods. Therefore, the use of assumptions to determine inflation in the intervening periods renders the information presented susceptible to estimation errors.

In these circumstances, inflation adjusted financial statements are not prepared as required by the International Financial Reporting Standard (IAS 29) Financial reporting in Hyperinflationary Economies as such financial statements are considered inherently unreliable.

- The difficulty in determining a representative basket of goods to use for determining the inflation indices;
- The unavailability of goods on the local market in Zimbabwe Dollars that can be used in populating the inflation model to determine the inflation index; and
- The existence of multiple prices for the same item which then requires a lot of subjectivity and judgement in determining the price that will be used to determine the inflation index]
- The measurement of transactions in local currency is dependent



Notes To The Financial Statements

on the mode of settlement. As a result, there may be significant variations in the valuations of assets and liabilities.

Accordingly, such valuations may be inherently unreliable.

The uncertainties and limitations have been aggravated by:

- multiple exchange rates - there are various rates applicable which vary significantly (for instance the market "cash exchange rate" is less than 1% of the market "cheque exchange rate" or the United Nations exchange rate). If a transaction occurs at more than one rate and is recorded at its nominal value, this may result in distortions in financial reporting;
- multiple pricing - there are multiple prices for the same commodity/service, largely dependant on the modes of settling transactions from cheque/transfer, cash, fuel coupons, foreign currency etc. The effect is similar to that of the multiple exchange rates described above and may result in distortions in financial reporting;
- "dollarisation" - the introduction of licensed operators in foreign currency in the country and also the "basing" of most other transactions in foreign currency for most of the non-licensed operators, has created challenges for the company in determining its functional currency (as between the local currency and a foreign currency);

As a result of these uncertainties and inherent limitations, the directors advise caution on the use of these financial statements for decision making purposes.

The Directors have assessed the ability of the company to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Directors believe that under the current economic environment a continuous assessment of the ability of the company to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.



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	Group		Historical Cost		Company 2007 \$ Trillions
	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions	
Revenue					
1 Fee, Commission and other income					
Reinsurance commission received	656,114,786	-	-	-	-
Profit on sale of property, plant and equipment	7	-	-	-	-
Sundry income	657,055,693	-	116,065	-	-
	1,313,170,486	-	116,065	-	-
2 Realised investment income includes:	56,125,261,243	-	144,422,652	-	-
Gains on listed equities	56,125,257,315	-	144,422,652	-	-
Interest income	1,559	-	-	-	-
Dividend received - Financial Assets at Fair Value Through Profit and Loss	2,369	-	-	-	-
	56,125,261,243	-	144,422,652	-	-
3 Unrealised investment income					
Unrealised investment income includes:	(58,023,226,112)	-	14,276,325	-	-
Fair value gain - Financial Assets at Fair Value Through Profit and Loss	(60,136,059,119)	-	14,276,325	-	-
Fair value gain of investment properties	2,112,833,007	-	-	-	-
4 Operating and administrative expenses include:					
Depreciation					
- Freehold buildings	172,017,912	-	-	-	-
- Plant, machinery and vehicles	105,189,848	-	-	-	-
- Furniture, fittings and others	35,692,832	-	-	-	-
Staff costs	6,193,418,078	-	15	-	-
Auditors' remuneration	280,792,990	-	25,114,743	-	-
Directors' remuneration (Note 32.2)	-	-	-	-	-
5 Financing Costs					
Interest income	1,417,023,055	-	-	-	-
Exchange rate gains	56,023,000	-	298,326,770	-	-
Interest expense					
- bank borrowings	(344,390)	-	-	-	-
	1,473,046,055	-	297,982,380	-	-

NOTE: Prior figures are nil due to a combination of the debasing of ten zeros by the RBZ Governor effectively on 1 August 2008 and rounding off to the nearest trillion Z\$.



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6 Investment in associates

6.1 Details of the Group's associates are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Ownership interest		Published Fair Value	
			2008	2007	2008	2007
Sable Chemical Industries Ltd	Manufacturer of nitrogenous fertilizer	Zimbabwe	51%	51%	-	-
Zimbabwe Fertiliser Company Ltd	Manufacturer & distributor of fertilizer & pesticides	Zimbabwe	22.5%	22.5%	-	-
AON (Pty) Limited	Insurance brokers	Zimbabwe	30.3%	30.3%	-	-
Cresta Marakanelo (Pvt) Ltd	Hotel Operations	Botswana	40%	40%	-	-
FMI Securities	Stockbroking Zimbabwe	Zimbabwe	47%	0%	-	-
United Refineries Ltd	Cooking oil & soap manufacturer	Zimbabwe	0%	20%	-	-

6.2 All the above investments in associates are unlisted.

6.3 The group has no investments in associates in which it owns less than 20% of the ordinary share capital.

6.4 Although the Company holds more than 50% of the equity shares of Sable Chemical Industries Limited (Sable), it has no voting power in shareholder meetings. The Company exercises significant influence by virtue of its contractual right to appoint three directors to the board of directors of that company. The Company does not exercise control and therefore does not consolidate Sable.

6.5 The reporting dates of all associates is 31 December, except Cresta Marakanelo (Pty) Limited whose reporting date is 30 June. For entity reporting, financial statements to 31 December are prepared for Group reporting to TA Holdings Limited.

6.6 Summarised financial information in respect of the Group's associates is set out below:

	Historical Cost			
	Group 2008 \$ Trillions	Group 2007 \$ Trillions	Company 2008 \$ Trillions	Company 2007 \$ Trillions
Total assets	11,682,535,21	-	-	-
Total liabilities	6,069,593,025	-	-	-
Total revenue	18,400,890,761	-	-	-
Total net profit	6,069,845,940	-	-	-
6.7 Aggregate Group investment in associates				
Opening net book amount	-	-	-	-
Exchange Rate differences	1,858,034,803	-	-	-
Share of result before tax	2,432,542,276	-	-	-
Share of tax	(75,841,281)	-	-	-
Dividends paid	-	-	-	-
	4,214,735,798	-	-	-
Group carrying amount of associated companies				
Shares at cost	-	-	-	-
Share of post acquisition reserve	4,214,735,798	-	-	-
Total carrying amount	4,214,735,798	-	-	-
7 TAXES				
Income tax				
Group-current year	4,923,559,652	-	36,777,016	-
Associated companies	75,841,281	-	-	-
	4,999,400,933	-	36,777,016	-
Deferred tax				
Group	-	-	4,411,384	-
	4,999,400,933	-	41,188,400	-
7.1 TAX RATE RECONCILIATION				
Standard tax -%	30.9	30.9	30.9	-
Non taxable items	33.8	(22.4)	(19.9)	-
Use of prior year tax losses	-	-	-	-
Gain on monetary position	-	-	-	-
Deferred tax asset not recognised	7.2	5.4	-	-
Effective taxation rate	71.9	13.9	11.0	-

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	Group		Company	
	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions
8 DIVIDENDS				
No dividend was declared for the year ended 31 December 2008 (2007: \$ -)				
9 Minority interest				
At 1 January 2008	-	-	-	-
Share of current year profits	(884,266,393)	-	-	-
Surplus on revaluation of assets	23,081,202	-	-	-
Dividends paid	(245,933,471)	-	-	-
Exchange adjustments	5,715,366,179	-	-	-
At 31 December 2008	4,608,247,517	-	-	-
The Minority interest arises as the Company does not have 100% shareholding in:				
Company		Shareholding		
Botswana Insurance Company Limited		62.5%		
Lion Assurance of Uganda Limited		58.3%		
Zimnat Lion Insurance Company Limited		85.0%		
10 EARNINGS PER SHARE				
Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.				
Diluted earnings per share recognises the dilutive impact of convertible preference shares in the calculation of the weighted average number of shares.				
10.1 Basic earnings per share:				
Profit attributable to shareholders	2,844,193,910	-	390,416,088	-
Weighted average number of shares in issue	162,029,524	161,845,774	162,029,524	161,845,774
Basic earnings per share(\$)	17,553,553	-	2,409,537	-
10.2 Diluted earnings per share				
Profit attributable to shareholders (\$)	2,844,193,910	-	390,416,088	-
Weighted average number of shares in issue	162,029,524	161,845,774	162,029,524	161,845,774
Non redeemable, participating, convertible preference shares	27,005,771	27,005,771	27,005,771	27,005,771
Adjusted number of ordinary shares in issue	189,035,295	188,851,545	189,035,295	188,851,545
Diluted earnings per share(\$)	15,045,835	-	2,065,308	-



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	2008	2007	Historical cost 2008	2007
	Number of Shares	Number of Shares	\$ Trillions	\$ Trillions
11 Issued share capital - company and reserves				
<i>Authorised</i>				
Ordinary shares	250,000,000	250,000,000	-	-
Cumulative convertible redeemable preference Shares	200,000	200,000	-	-
	2008	2007	2008	2007
	Number of Shares	Number of Shares	\$ Trillions	\$ Trillions
<i>Issued and fully paid</i>				
Non-redeemable, non-cumulative, participating convertible At 31 December 2008	27,005,771	27,005,771	-	-
Ordinary shares of \$Nil each issued and fully paid (Trillions) At 31 December 2008	162,029,524	161,845,774	-	-
Total issued and fully paid	189,035,295	188,851,545	-	-
Unissued	60,964,705	60,964,705	-	-
Authorised	250,000,000	250,000,000	-	-

11.1 The non-redeemable, non-cumulative, participating convertible preference shares of \$Nil and the Ordinary issued share capital of \$Nil when rounded off to \$Nil is disclosed as \$Nil in the Statement of changes in shareholder's equity and on the Balance sheet.

11.2 27 005 771 non-redeemable, non-cumulative, participating, convertible preference shares of \$Nil were issued to AIOU on acquisition of AIG Zimbabwe (Private) Limited. The preference shares have the following rights:

- to convert to ordinary shares on an agreed basis;
- voting rights on a one to one basis with the ordinary shares;
- entitlement to non-cumulative dividends equal to the dividends that would be payable on ordinary shares adjusted for any dividend received from Sable Chemicals Limited;

- to appoint at least one director to the board of directors;
- to veto any amendment to the articles and memorandum of association of the company if such amendment would negatively affect the rights, privileges and conditions of the preference shares.

11.3 33.8 million of the unissued ordinary shares are under the control of the directors for an indefinite period but subject to the limitations of the Companies Act and the Zimbabwe Stock Exchange. The balance of the unissued ordinary shares is under the control of the members.

11.4 Share Premium

This reserve records the excess of the amount received for equity over its par value.

11.5 Nature and purpose of Non Distributable Reserve (NDR)

The NDR refers to foreign currency translation movements and is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

11.6 Treasury shares

The treasury shares reserve is used to record the shares bought back by the company. Also recorded here are shares sold to Executive Employees as disclosed in Note 36.

	2008	2007	2008	2007
	\$ Trillions	\$ Trillions	\$ Trillions	\$ Trillions
12 Retained earnings				
Holding company	383,238,486	-	390,416,088	-
Subsidiary companies	107,137,456	-	-	-
Associated companies	2,356,700,995	-	-	-
	2,847,076,937	-	390,416,088	-



Notes To The Financial Statements

	Historical Cost			
	Group 2008 \$ Trillions	2007 \$ Trillions	Company 2008 \$ Trillions	2007 \$ Trillions
13 Borrowings				
Current				
Banks Borrowings	518,001	-	57,566	-
	518,001	-	57,566	-
Non current				
Cummulative redeemable preference shares				
Opening balance	-	-	-	-
Raised during the period	1,088,160,625	-	-	-
Exchange rate movement	439,346	-	-	-
	1,088,599,971	-	-	-
Total borrowings	1,089,117,972	-	57,566	-

13.1 Bank Borrowings

The Bank borrowings represent the following:

A loan of \$518,001 trillion (2007:\$Nil) obtained under the Tourism funding from the Reserve Bank Bank of Zimbabwe and is repayable over a period of 270 Days at an interest rate of 25% p.a. The loan is secured by Cresta Hospitality (Private) Limited Zimbabwe's trade receivables and financial investments.

13.2 Cummulative redeemable preference shares

On 31 December 2003, Teledimo (Pty) Limited a subsidiary of Metonic Investments (Pty) Limited (the foreign investments holding company), issued 13,975,000 cumulative, redeemable preference shares of 1 Pula each. The shares are redeemable at their par value on 31 December 2013. Dividends on the preference shares are set at 8% of the par value/issue price and rank above ordinary dividends.

13.3 Carrying amount

The carrying amount of borrowings is as follows:

Banks Borrowings	1,089,117,972	-	57,566	-
	1,089,117,972	-	57,566	-
13.4 Fair Value				
The fair value of borrowings is as follows:				
Banks Borrowings	1,089,117,972	-	57,566	-
	1,089,117,972	-	57,566	-

13.5 Borrowing powers

In terms of the articles of association, the Board may from time to time, at its discretion, borrow or raise any sum or sums of money for the purpose of the Company and may secure the payment of any sum or sums of money so borrowed or raised, but so that the aggregate amount at any time owing by the company and its subsidiary companies(exclusive of inter-company borrowings) shall not except with the consent of an Ordinary Resolution of the Company in General Meeting, be equal to or greater than fifty percent (50%) of the inflation adjusted net asset value of the Company and its subsidiaries or in the event that the law or accounting practice in Zimbabwe ceases to require the preparation of inflation adjusted accounts, fifty percent (50%) of the net asset value of the Company and its subsidiaries from time to time. The Board shall procure that the aggregate amount at any time owing in respect of monies borrowed shall not exceed such afore said limit.



Notes To The Financial Statements

14 Deferred tax

Group

	2007 \$ Trillions	Exchange rate and other movements charged to profit/loss statement \$ Trillions	Charged to profit/loss statement \$ Trillions	Charged to equity \$ Trillions	2008 \$ Trillions
Historical cost					
Deferred tax liabilities					
Temporary differences arising from property plant and equipment	-	362,216,181	-	68,809,373	431,025,554
Deferred tax assets					
Temporary differences arising from tax losses	-	-	-	-	-
	-	362,216,181	-	68,809,373	431,025,554
Company					
Deferred tax liabilities					
Temporary differences arising from property plant and equipment	-	-	4,411,384	7,177,604	11,588,988
Deferred tax assets					
Temporary differences arising from tax losses	-	-	-	-	-
	-	-	4,411,384	7,177,604	11,588,988

15 Consolidation of Zimnat Life

The Group consolidates Zimnat Life as follows:

- The Shareholder's Income statement is consolidated on a line by line basis (refer to note 15.2.)
- The Policyholder's Income statement is not consolidated, instead a share of actuarial surplus attributable to shareholders based on an actuarial valuation is received by the Group and credited to the Income statement (Note 15.3).
- The balance sheet is consolidated.
- The liabilities and assets of the assurance company are separately disclosed in the Balance sheet.
Group financial statements.

15.1 Zimnat Life Fund balance sheet is presented below:

	Historical cost 2008 \$ Trillions	2007 \$ Trillions
Equity and liabilities		
Shareholders funds	-	-
Non current liabilities		
Life assurance fund	-	-
Deferred taxation	4,732,166,692	-
Total non current liabilities	4,732,166,692	-
Current liabilities		
Gross outstanding claims	-	-
Accounts payable trade	240	-
Accounts payable other	442,219,440	-
Taxation	732,197	-
Total current liabilities	442,951,877	-
Total equity and Liabilities	5,175,118,569	-
Assets		
Non current assets		
Property, plant and equipment	-	-
Investments in subsidiaries	-	-
Investment properties	4,313,325,512	-
Financial assets	638,820,381	-
Total non current assets	4,952,145,893	-
Current assets		
Inventories	40	-
Accounts receivable trade	221,361,548	-
Accounts receivable other	-	-
Bank and cash	1,611,088	-
Total current assets	222,972,676	-
Total assets	5,175,118,569	-



Notes To The Financial Statements

	Historical cost 2008 \$ Trillions	2007 \$ Trillions
15.2 Zimnat Life's income statement is presented below:		
Historical		
Premium less reinsurance	3,020,737	-
Unrealised investment income	4,947,363,518	-
Realised investment income	10,695,533,328	-
Other income	-	-
Total revenues	15,645,917,583	-
Claims	(3,489,210,484)	-
Operating and administration expenses	(7,423,778,211)	-
Total Expenses	(10,912,988,695)	-
Profit before tax	4,732,928,888	-
Taxation	(762,197)	-
Profit after tax	4,732,166,691	-
Transfer to shareholder fund	-	-
Surplus funds	4,732,166,691	-
Shareholder funds included in Group income statement	-	-

15.3 Actuarial Valuation:

Owing to the adverse economic environment in Zimbabwe discussed in different parts of these financial statements resulting in impracticality to establish reliable inputs for valuation due but not limited to some of the following factors:

- Multiplicity of exchange rate,
- No inflation indices;

there was no actuarial valuation done for Zimnat life. Consequently there were no surpluses on the life assurance fund that were transferred and credited to the shareholder funds.



Notes To The Financial Statements

	Historical Cost			
	Group 2008 \$ Trillions	2007 \$ Trillions	Company 2008 \$ Trillions	2007 \$ Trillions
16 Reinsurance payables				
Due to re-insurers	483,168,076	-	-	-
17 Gross outstanding claims				
Comprise:				
Claims reported by policy holders				
Balance at 1 January 2008	-	-	-	-
Net increase in provision	3,043,569,447	-	-	-
Balance at 31 December 2008	3,043,569,447	-	-	-
18 Gross provision for unearned premiums				
Comprise:				
Balance at 1 January 2008	-	-	-	-
Net movement during the year	4,612,332,248	-	-	-
Balance at 31 December 2008	4,612,332,248	-	-	-
19 Accounts payable				
Trade	1,044,303,035	-	-	-
Other	1,289,881,026	-	54,082,580	-
	2,334,184,061	-	54,082,580	-
20 Tax Liability				
Income tax liability	897,295,168	-	25,188,028	-
Capital gains tax	-	-	11,588,988	-
	897,295,168	-	36,777,016	-



Notes To The Financial Statements

21 Property, plant and equipment

	Land and Buildings Freehold \$ Trillions	Land and buildings Leasehold \$ Trillions	Plant, Machinery & Vehicles \$ Trillions	Furniture, Fittings, & Other \$ Trillions	Total \$ Trillions
Historical cost Group					
At 31 December 2008					
Exchange rate adjustments	1,406,406,192	-	121,792,389	30,680,184	1,558,878,765
Surplus on revaluation	2,472,662,920	-	-	-	2,472,662,920
Additions	-	-	86,020,701	82,076,987	168,097,688
Disposals-	-	-	-	(416,027)	(416,027)
Depreciation	(172,017,912)	-	(105,189,848)	(35,692,832)	(312,900,592)
Closing carrying amount	3,707,051,200	-	102,623,242	76,648,312	3,886,322,754
At 31 December 2008					
Cost or valuation	3,879,069,112	-	207,813,090	112,341,144	4,199,223,346
Accumulated depreciation	(172,017,912)	-	(105,189,848)	(35,692,832)	(312,900,592)
Net carrying amount	3,707,051,200	-	102,623,242	76,648,312	3,886,322,754
At 31 December 2007					
Cost or valuation	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net carrying amount	-	-	-	-	-
Company					
At 31 December 2008					
Revaluation	23,228,491	-	-	-	23,228,491
Closing carrying amount	23,228,491	-	-	-	23,228,491
At 31 December 2008					
Cost or valuation	23,228,491	-	-	-	23,228,491
Net carrying amount	23,228,491	-	-	-	23,228,491
At 31 December 2007					
Cost or valuation	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Net carrying amount	-	-	-	-	-



Notes To The Financial Statements

	Historical Cost			
	Group 2008 \$ Trillions	Group 2007 \$ Trillions	Company 2008 \$ Trillions	Company 2007 \$ Trillions
22 Investment properties				
At 31 December 2007	-	-	-	-
Disposals	-	-	-	-
Net gain from fair value adjustment	2,112,833,007	-	-	-
Reclassification	-	-	-	-
Closing balance as at 31 December 2008	2,112,833,007	-	-	-
22.1 Group Properties				
Group Properties are made up of:				
Investment Properties	2,112,833,007	-	-	-
Included in Property Plant and Equipment	3,707,051,200	-	23,228,491	-
Total Group Properties	5,819,884,207	-	23,228,491	-
22.2 Investment Properties				
Commercial - Office Park:				
TA Health Building - Hebert Chitepo Ave. (CBD), Harare	219,742,451	-	-	-
AMC Building - Kwame Nkrumah A (CBD), Harare	1,082,638,604	-	-	-
Car Park - Kwame Nkrumah A (CBD), Harare	37,090,080	-	-	-
Residential:				
City Apartments (CBD), Harare	15,449,522	-	-	-
Northern suburbs, Harare	614,025,802	-	-	-
Industrial:				
Ware houses - Msasa, Harare	143,886,548	-	-	-
Included in Property Plant and Equipment	3,707,051,200	-	23,228,491	-
Hotels:				
Cresta Lodge - Mutare Road, Harare	1,705,627,230	-	-	-
Cresta Oasis - Nelson Mandela Ave. (CBD), Harare	717,312,435	-	-	-
Residential:				
Block of flats Herbert Chitepo Ave, Harare	196,208,929	-	-	-
City Apartment, Baines Ave, Harare	23,228,491	-	23,228,491	-
Burnside suburb, Bulawayo	26,161,191	-	-	-
Broad Hurst Gaborone, Botswana	120,392,624	-	-	-
Commercial - Office Park:				
Gaborone Business Park, Botswana	918,120,300	-	-	-
Note: CBD refers to Central Business District				
22.3 Valuation of investment properties				

Valuation for properties in Zimbabwe was determined by a directors valuation as the US\$ values as guided by reports from independent professional valuers at 31 December 2007 converted to ZW\$ using OMIR at 31 December 2008. The independent professional valuer CB Richard Ellis as at 31 December 2007 had used the following valuation basis:

The revaluation has been carried out by an independent professional valuer, CB Richard Ellis guided by a desktop assessment carried out at 31 December 2007, on the following basis:

The implicit investment approach was applied on the commercial properties which is based on the principle that rentals and capital values are inter-related. Hence given income produced by a property, its capital value can be estimated. A discount rate derived from a market rate of 3% discounted for differences in location, size and quality was used to obtain an applicable rate of 3.5% and 4% for the two properties. This was applied on market rentals also adjusted for difference in location, size and quality. CB Richard Ellis used professional judgment to adjust the market evidence.

The residential property valuations were based on market values which were defined as the estimated amount for which a property could be exchanged between a willing buyer and a willing seller, both acting knowledgeably, prudent and without compulsion. In determining the open market value estimates of the properties, comparable market evidence was considered. This comprised of transactions where offers had been made but the transaction had not been finalised. Professional judgment was used to adjust the market evidence.

Notes To The Financial Statements

22.4 Insured Values

The insured values of the properties as at 31 December 2008 were as follows:

	Insured Values	
	2008	2007
	\$ Trillions	\$ Trillions
Residential:		
City Apartments (CBD), Harare	130,025,000,000	-
Northern suburbs, Harare	151,329,475,000,000	-
Industrial:		
Ware houses - Msasa, Harare	70,175,000,000	-
Hotels:		
Cresta Lodge - Mutare Road, Harare	13,986,975,000,000	-
Cresta Oasis - Nelson Mandela Ave. (CBD), Harare	3,900,750,000,000	-
Residential:		
Block of flats Herbert Chitepo Ave, Harare	20,050,000,000	-
Burnside suburb, Bulawayo	3,007,500,000	-
Broad Hurst Gaborone, Botswana	120,392,624	-
Commercial - Office Park:		
Gaborone Business Park, Botswana	943,472,032	-

Note: CBD refers to Central Business District

	Historical Cost			
	Group		Company	
	2008	2007	2008	2007
	\$ Trillions	\$ Trillions	\$ Trillions	\$ Trillions
23 Intangible assets				
Goodwill				
Balance as at 31 December 2007 as previously reported	-	-	-	-
Translation gain	1,276,836,673	-	-	-
	1,276,836,673	-	-	-
23.1 Prior year adjustment:				
Goodwill in subsidiaries home currency (Pula) is translated to holding company home currency (USD) in accordance with IAS 21. In prior years goodwill arising from the acquisition of subsidiaries was netted off against foreign currency translation reserves. With effect from the year ended 31 December 2007, goodwill is now being disclosed separately under intangible assets. Prior year figures have been restated accordingly.				
24 Financial assets - Investments				
Investments at fair value through profit or loss	10,990,789,227	-	14,276,326	-
	10,990,789,227	-	14,276,326	-
24.1 Unquoted investments				
Held to maturity	1,641,065,701	-	-	-
	1,641,065,701	-	-	-
Market value quoted investments	10,990,789,227	-	14,276,326	-
Directors' valuation of unquoted investments	1,641,065,701	-	-	-
Total Other investments	12,631,854,928	-	14,276,326	-
24.2 Movement in financial assets at fair value through profit and loss				
Translation adjustment	7,243,866,698	-	-	-
Additions	71,197,285,062	-	1	-
Disposals	(7,314,303,414)	-	-	-
Fair value adjustments	(60,136,059,119)	-	14,276,325	-
At the end of the year	10,990,789,227	-	14,276,326	-

24.3 Included in unlisted securities at fair value is an investment in Teledimo (Pty) Ltd by Botswana Insurance Company Employee Participation Scheme Trust. A Price Earnings valuation based on discounted average price earnings of comparable listed entities in South Africa was used to determine fair value. Significant assumptions used to establish the discount rate for valuation purposes were as follows:

- The underwriting cycle in South Africa between 2003 and 2007 was far better for insurance companies than in Botswana.
- Inflation and interest rate environment between 2003 and 2007 was benign in South Africa while it has been poor in Botswana.
- Unlisted minority share



Notes To The Financial Statements

	Historical Cost			
	Group		Company	
	2008	2007	2008	2007
	\$ Trillions	\$ Trillions	\$ Trillions	\$ Trillions
25 Inventories				
Consumables	386,032	-	385,769	-
	386,032	-	385,769	-
26 Reinsurance receivables				
Comprise				
Balance at 1 January 2008	-	-	-	-
Movement for the year	91,059,151	-	-	-
Balance at 31 December 2008	91,059,151	-	-	-

As at 31 December 2008, the analysis of reinsurance receivables that were past due and not provided for were as follows:

	Year	Total \$ Trillions	Neither past due nor impaired \$ Trillions	Past due but not impaired				
				<30 days \$ Trillions	30-60 days \$ Trillions	60-90 days \$ Trillions	90-120 days \$ Trillions	>120 days \$ Trillions
Historical	2008	91,059,151	-	-	-	91,059,151	-	-
	2007	-	-	-	-	-	-	-

	Historical Cost			
	Group		Company	
	2008	2007	2008	2007
	\$ Trillions	\$ Trillions	\$ Trillions	\$ Trillions
27 Deferred acquisition costs				
Comprise				
Balance at 1 January 2008	-	-	-	-
Movement during the year	72,080,110	-	-	-
Balance at 31 December 2008	72,080,110	-	-	-
28 Accounts receivables				
Trade	5,196,075,082	-	-	-
Other	983,165,275	-	470,056,210	-
	6,179,240,357	-	470,056,210	-
Trade receivables are non-interest bearing and are generally on 7-90 day's terms. As at 31 December 2008, trade receivables at nominal value of \$540,818,528 trillion (2007: \$Nil) were impaired and fully provided for.				
Movements in the provision for doubtful debts were as follows:				
As at January 2008	-	-	-	-
Charge for the year	3,215,631,184	-	-	-
Exchange rate loss	(2,674,812,656)	-	-	-
As at December 2008	540,818,528	-	-	-

As at 31 December 2008, the analysis of trade receivables that were past due and not provided for were as follows:

	Year	Total \$ Trillions	Neither past due nor impaired \$ Trillions	Past due but not impaired				
				<30 days \$ Trillions	30-60 days \$ Trillions	60-90 days \$ Trillions	90-120 days \$ Trillions	>120 days \$ Trillions
Historical	2008	5,196,075,082	3,398,582,196	-	-	-	1,797,492,882	-
	2007	-	-	-	-	-	-	-



Notes To The Financial Statements

	Historical Cost			
	Group		Company	
	2008	2007	2008	2007
	\$ Trillions	\$ Trillions	\$ Trillions	\$ Trillions
29 Cash and cash equivalents				
Cash and bank balances	2,956,545,196	-	1,026,329	-
Short term deposits	-	-	-	-
	2,956,545,196	-	1,026,329	-

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The fair value of cash and short-term deposits is:

	2,956,545,196	1,026,329
	2,956,545,196	1,026,329
	-	-
	2,956,545,196	1,026,329
	(518,001)	(57,566)
	2,956,027,195	968,763

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

Cash and bank balances	2,956,545,196	1,026,329
Short term deposits	-	-
Bank Overdrafts (note 13)	(518,001)	(57,566)
	2,956,027,195	968,763

30 Capital commitments		
Authorised and contracted for (in respect of property, plant and equipment)	-	-
Authorised but not contracted for	-	-
	-	-
31 Contingent liabilities and guarantees		
Limited Guarantees	-	-

- (i) The company has not been released from a guarantee given on behalf of a former subsidiary company, Cresta Pandu Ondangwa Hotel. The maximum potential liability amounts to ZAR7 million. However, a signed agreement to transfer the guarantee of ZAR7 million to the new owner of Cresta Pandu Ondangwa Hotel is in place and the company is seeking specific performance from the new owner.
- (ii) Trans Industries gave a USD50,000 guarantee for the payment of legal fees in the case between Cresta Hospitality Holdings and Calwall, Ghana.

32 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year.

	Historical Cost			
	Group		Company	
	2008	2007	2008	2007
	\$ Trillions	\$ Trillions	\$ Trillions	\$ Trillions
32.1 Key management personnel of the Group				
<i>Compensation</i>				
Short term employee benefits	15	-	-	-
Post employment pension and medical benefits	-	-	-	-
	15	-	-	-
<i>Loans to officers</i>				
Balance at 1 January 2007	-	-	-	-
Loans advanced	-	-	-	-
Loan repayments	-	-	-	-
Monetary adjustment	-	-	-	-
Balance at 31 December 2008	-	-	-	-
32.2 Non - executive directors				
Fees	-	-	-	-
For services rendered	-	-	-	-
	-	-	-	-

The non-executive directors do not receive pension entitlements from the Group.

32.3 Investments

Zimmat Life Assurance Company Limited committed in 1997 (before Mr. S Mutasa was appointed to the TA Board) to invest in Joina Centre, a commercial property development in Harare in which Mr Mutasa is a promoter and indirect investor. This commitment which was entered into in the normal course of business, amounts to 2.8% of the project.



Notes To The Financial Statements

	Historical Cost			
	Group 2008 \$ Trillions	Group 2007 \$ Trillions	Company 2008 \$ Trillions	Company 2007 \$ Trillions
33 Cashflows from operating activities				
Profit before tax	6,959,328,450	-	431,604,490	-
Adjusted for:				
Share of associated companies profits before tax	(2,432,542,276)	-	-	-
Depreciation charge and assets written off	312,900,592	-	-	-
Unrealised gains on equities	60,136,059,119	-	(14,276,325)	-
Fair value adjustment of investment properties	(2,112,833,007)	-	-	-
Investment income	(56,125,261,243)	-	(144,422,652)	-
Finance (income)/charge	(1,417,023,055)	-	344,390	-
Profit on disposal of subsidiaries, property, plant and equipment	(7)	-	-	-
Exchange rate loss	(56,023,000)	-	(298,326,770)	-
Operating cash flow before working capital changes	5,264,605,573	-	(25,076,867)	-
Increase in inventories	(386,032)	-	(385,769)	-
Increase in reinsurance receivables	(91,059,151)	-	-	-
Increase in deferred acquisition costs	(72,080,110)	-	-	-
Increase in accounts receivable	(6,179,240,357)	-	(470,056,210)	-
Increase in reinsurance payables	483,168,076	-	-	-
Gross outstanding claims	3,043,569,447	-	-	-
Increase in gross unearned premiums	4,612,332,248	-	-	-
Increase in accounts payable	2,334,184,061	-	54,082,580	-
Cash generated from operating activities	9,395,093,755	-	(441,436,266)	-

34 USD Translation rates

The following ZWD to the USD translation rates were used in the compilation of these financial statements:

Period	Z\$ Trillions: US\$ 1
October Average	1
November Average	11746
December Average	3734
Closing	628

35 Financial risk management

Financial risk management objectives and policies

The Group is exposed to financial risk through its financial assets and financial liabilities.

The Group's principal financial liabilities comprise bank loans and overdrafts, trade payable and other loans.

The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as equities, trade receivables and cash and short-term deposits, which arise directly from its operations.

The Group's policy is to manage financial risk separately through its operations subject to monitoring by the Board Asset and Liability Committee (ALCO). The policies for managing each of these risks are summarised below:

35.1 Foreign currency risk

As a result of significant investment operations in Botswana, Uganda and South Africa, the Group's balance sheet can be affected significantly by movements in the US\$/Z\$ exchange rate.

The Group also has transactional currency exposures. Such exposure arises from normal trading activities as well as investments by an operational unit in currencies other than the unit's functional currency. Approximately 68% of the Group's total assets are denominated in currencies other than the functional currency of the holding company. Changes in the US\$ relative to the Zimbabwe Dollar has an impact on the Groups results and net assets. The Group requires all its investment companies in Zimbabwe to invest in Old Mutual shares to match any foreign currency exposures.

Changes in the exchange rate could have a significant impact on the Group profit before tax and on equity. The extent of sensitivity is shown in the table below.

35.2 Foreign currency risk table

There were multiple exchange rates prevailing in Zimbabwe at 31 December 2008 as shown below:

- OMIR at Old Mutual (OM) offer price on the ZSE; Z\$ 628 trillion: US\$ 1 (closing rate disclosed in note 34)
- OMIR at last ZSE trade date (5 December 2008); Z\$ 12 quadrillion: US\$ 1

The following table demonstrates sensitivity analysis using the above rates as possible translation rates for the purpose of consolidating foreign investments financial statements from US\$ to the functional currency for reporting purposes, with all other variables held constant.

2008 Translation Rate Description	100% Increase in OMIR at OM offer price	OMIR at last ZSE trade date
Translation Rate - Z\$:US\$ 1	1,2 quadrillion	12 quadrillion
Increase (Decrease) in Profit before Tax	7,538,827,121 trillion	13,331,966,698 trillion

2007

There is no impact on comparative 2007.



Notes To The Financial Statements

35.3 Credit risk

The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, and available-for-sale financial investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

35.4 Liquidity risk

The Group manages liquidity risk by maintaining adequate cash resources, banking facilities and by continuously monitoring forecast and actual cash flows.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2008:

2008	Within 3 months \$ Trillions	Between 4 and 12 months \$ Trillions	More than 12 months \$ Trillions	Total \$ Trillions
LIABILITIES				
Borrowings Long term	-	-	1,088,599,971	1,088,599,971
Borrowings short term	518,001	-	-	518,001
Reinsurance payables	-	483,168,076	-	483,168,076
Gross outstanding claims	-	3,043,569,447	-	3,043,569,447
Gross unearned premium	1,844,932,899	2,767,399,349	-	4,612,332,248
Accounts Payable	2,334,184,061	-	-	2,334,184,061
	<u>4,179,634,961</u>	<u>6,294,136,872</u>	<u>1,088,599,971</u>	<u>11,562,371,804</u>
ASSETS				
Financial assets	-	3,789,556,478	8,842,298,450	12,631,854,928
Inventories	-	386,032	-	386,032
Reinsurance receivables	-	91,059,151	-	91,059,151
Deferred acquisition costs	72,080,110	-	-	72,080,110
Accounts receivable	3,398,582,196	2,780,658,161	-	6,179,240,357
Cash and cash equivalents	2,956,545,196	-	-	2,956,545,196
	<u>6,427,207,502</u>	<u>6,661,659,822</u>	<u>8,842,298,450</u>	<u>21,931,165,774</u>
	<u>2,247,572,541</u>	<u>367,522,950</u>	<u>7,753,698,479</u>	<u>9,471,498,802</u>
2007				
LIABILITIES				
Borrowings Long term	-	-	-	-
Borrowings short term	-	-	-	-
Reinsurance payables	-	-	-	-
Gross outstanding claims	-	-	-	-
Gross unearned premium	-	-	-	-
Provision for unexpired risks	-	-	-	-
Accounts Payable	-	-	-	-
Taxation	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ASSETS				
Financial assets	-	-	-	-
Inventories	-	-	-	-
Reinsurance receivables	-	-	-	-
Deferred acquisition costs	-	-	-	-
Accounts receivable	-	-	-	-
Taxation	-	-	-	-
Cash and cash equivalents	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



Notes To The Financial Statements

35.6 Capital Management

The primary objective of the Group's capital management is to ensure that all its insurance companies maintain a strong credit rating and healthy capital ratios in order to support the business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2008 and 31 December 2007.

The Group monitors capital for its insurance companies by using solvency ratios, which is average shareholders' funds divided by net written premium. The Group policy is to keep the solvency ratios at above the statutory limit as follows:

	Policy	Actual Historical	
		31 December 2008	31 December 2007
Zimnat Lion	>25%	0%	0%
Grand Reinsurance	>25%	4%	0%
Lion Assurance, Uganda	>25%	40%	0%
Botswana Insurance Company	>20%	97%	0%

Capital includes convertible preference shares and equity attributable to the equity holders of the parent.

35.7 Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments as at 31 December 2008.

	Carrying Amount		Fair Value	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	\$ trillions	\$ trillions	\$ trillions	\$ trillions
Financial assets				
Cash	2,956,545,196	-	2,956,545,196	-
Available-for-sale investments	12,631,854,928	-	12,631,854,928	-
Other financial assets (non-current)	5,491,572,471	-	5,491,572,471	-
Financial liabilities				
Bank overdraft	518,001	-	518,001	-
Interest-bearing loans and borrowings:				
Floating rate borrowings	-	-	-	-
Fixed rate borrowings	1,088,599,971	-	1,088,599,971	-
Reinsurance payables	483,168,076	-	483,168,076	-
Gross outstanding claims	3,043,569,447	-	3,043,569,447	-
Gross unearned premium	4,612,332,248	-	4,612,332,248	-
Provision for unexpired risks	-	-	-	-

Market values have been used to determine the fair value of listed available-for-sale financial assets.



Notes To The Financial Statements

36 Share- based payments

During the year the Group had the following share -based payment arrangements:

Type of arrangement	Description of award
Executive Employee Share Purchase Scheme	The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration operational performance. Executive Employees can purchase TA Holdings Limited shares from the pool of shares held for treasury (Treasury pool). The Shares are sold at the ruling market share price as quoted on the ZSE on the date of purchase, utilising up to a maximum of 50% of the after tax net bonus.

The following describes the fair value of the shares sold by the Group during the year:

Year	Date of audit clearance	Number of shares sold	Share Price \$	Amount Received \$	Fair Value \$
2008	11 February	49,973	-	-	-
2007	5 March	119,570	-	-	-
	6 September	22,004	-	-	-

The share price, amount received and fair value are nil owing to the Z\$ currency debasing of ten zeros by the RBZ Governor effectively on 1 August 2008.

37 Non-adjusting event after the Balance sheet date

Financial assets - Investment at Fair Value Through Profit and Loss

Subsequent to 31 December 2008, the Zimbabwe Stock Exchange whose last active trading date was 17 November 2008 resumed trading on 19 February 2009 with shares being quoted in US \$.



Notes To The Financial Statements

38 Segment Information

Historical Cost

Reportable Segment Information	FOREIGN INVESTMENTS		LOCAL INVESTMENTS		CONSOLIDATED	
	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions
Revenue						
Net Insurance earned premiums	18,196,548,065	-	34,306,153	-	18,230,854,218	-
Hotel revenue	2,275,677,758	-	1,557,749	-	2,277,235,507	-
Investment and other income	(3,999,893,130)	-	3,415,097,188	-	(584,795,942)	-
Interest revenue	-	-	1,559	-	1,559	-
Total Revenues	16,472,332,693	-	3,450,962,649	-	19,923,295,342	-
Expenses						
Net Insurance claims incurred	(4,081,605,377)	-	(5,290,393)	-	(4,086,895,770)	-
Hotel cost of sales	-	-	(64,225)	-	(64,225)	-
Operating and administrative expenses	(13,886,085,491)	-	1,416,390,855	-	(12,469,694,636)	-
Depreciation	(172,017,912)	-	(140,882,680)	-	(312,900,592)	-
Total Expenses	(18,139,708,780)	-	1,270,153,557	-	(16,869,555,223)	-
Reportable segment profit before interest /tax	(1,667,376,087)	-	4,721,116,206	-	3,053,740,119	-
Interest expense	1,417,367,445	-	55,678,610	-	1,473,046,055	-
Share of associated companies profit before tax	2,217,261,080	-	215,281,196	-	2,432,542,276	-
Reportable segment profit before tax	1,967,252,438	-	4,992,076,012	-	6,959,328,450	-
Taxation	(4,058,575,508)	-	(940,825,425)	-	(4,999,400,933)	-
Reportable segment profit after tax	(2,091,323,070)	-	4,051,250,587	-	1,959,927,517	-
Parent company	(1,117,636,530)	-	3,961,830,440	-	2,844,193,910	-
Minority interests	(973,686,540)	-	89,420,147	-	(884,266,393)	-
Profit attributable to parent company	(2,091,323,070)	-	4,051,250,587	-	1,959,927,517	-
Segment Assets	25,589,325,606	-	8,792,951,171	-	34,382,276,777	-
Investment in Associates	4,075,295,883	-	139,439,915	-	4,214,735,798	-
Consolidated assets	29,664,621,489	-	8,932,391,086	-	38,597,012,575	-
Segment Liabilities	11,927,147,781	-	6,138,663,314	-	18,065,811,095	-
Capital expenditures	168,097,688	-	-	-	168,097,688	-

38.1 INFORMATION ABOUT PRODUCTS AND SERVICES:

Revenue for each service:

	Hotels \$ Trillions	Insurance \$ Trillions	Consolidated \$ Trillions
Year 2008	2,277,235,507	17,646,059,835	19,923,295,342
Year 2007	-	-	-

38.2 INFORMATION ABOUT GEOGRAPHICAL:

	Zimbabwe		Uganda		Botswana		South Africa		Group	
	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions	2008 \$ Trillions	2007 \$ Trillions
Revenue	3,450,962,649	-	429,011,396	-	13,767,643,539	-	2,275,677,758	-	19,923,295,342	-
Non current assets	10,451,983,886	-	2,691,359,475	-	15,915,514,541	-	15,871,151	-	29,074,729,053	-
Capital Expenditure	-	-	15,723,047	-	151,715,598	-	659,043	-	168,097,688	-

Note: Revenues attributed to countries based on subsidiary's area of domicile

Non current assets disclosed under information about geographical areas excludes financial instrument assets.

Shareholder Analysis

Classification Breakdown

	Issued shares held	%	No. of Shareholders	%
LOCAL COMPANIES	45,408,232	28.02%	236	3.41%
INVESTMENTS & TRUSTS	33,895,559	20.92%	171	2.47%
INSURANCE COMPANIES	27,295,788	16.85%	9	0.13%
NOMINEES LOCAL	25,375,350	15.66%	110	1.59%
NEW NON RESIDENT	13,633,995	8.41%	3	0.04%
LOCAL INDIVIDUAL RES	10,316,705	6.37%	6,054	87.38%
PENSION FUNDS	3,730,187	2.30%	27	0.39%
NON RESIDENTS	1,282,218	0.79%	247	3.57%
OTHERS	1,091,490	0.67%	71	1.01%
TOTALS	162,029,524	100%	6,928	100%

Size of Shareholding

Volume	Issued shares held	%	No. of Shareholders	%
1-5000	3,913,905	2.42%	6,537	94.36%
5001-10000	882,925	0.54%	122	1.76%
10001-25000	1,887,402	1.16%	116	1.67%
25001-50000	2,110,569	1.30%	60	0.87%
50001-100000	2,400,377	1.48%	35	0.51%
100001-500000	5,652,208	3.49%	32	0.46%
500001- 1000000	6,245,570	3.85%	9	0.13%
Above 1000000	138,936,568	85.75%	17	0.25%
TOTAL	162,029,524	100.0	6,928	100.00

Top 10 Shareholders

Rank Name	Issued shares held	%
TENCLEL INCORPORATED	27,220,511.00	16.80%
OLD MUTUAL LIFE ASSURANCE COMPANY ZIMBABWE LTD	24,899,241.00	15.37%
FMI INVESTMENTS (PVT) LTD	18,788,328.00	11.60%
EDWARDS NOMINEES (PVT) LTD NNR	13,410,098.00	8.28%
REMO NOMINEES PVT LTD NNR	13,018,000.00	8.03%
REMO NOMINEES (PVT) LTD	11,895,537.00	7.34%
OLD MUTUAL ZIMBABWE LIMITED	7,858,030.00	4.85%
BESHOG INVESTMENTS (PVT) LTD	5,244,307.00	3.24%
EDWARDS NOMINEES (PRIVATE) LIMITED	4,390,468.00	2.71%
LOCAL AUTHORITIES PENSION FUND	3,584,197.00	2.21%
TOTALS	130,308,717.00	80.42%



Notice to Shareholders

ANNUAL GENERAL MEETING

Notice is hereby given that the 74th Annual General Meeting of the ordinary members of TA Holdings Limited will be held at Cresta Jameson, Samora Machel Avenue, Harare at **1100 hours on Tuesday, 28th April 2009** to consider the following business:

1. ORDINARY BUSINESS

- 1.1** To receive, consider, and if deemed fit, adopt the audited annual financial statements of the Company, and the respective Reports of the Directors and of the Auditors, for the year ended 31 December 2008.
- 1.2** Directorate:
- (i) To approve the re-election, by a single resolution, of Messrs HAG Bhadella and S Randeree as Directors of the Company, who retire by rotation in terms of Article 100 of the Articles, and who being eligible offer themselves for re-election;
- (ii) To approve the remuneration of the directors for the past financial year.
- 1.3** To fix the remuneration for the auditors for the past audit and to re-appoint Messrs Ernst and Young as auditors until the conclusion of the next annual general meeting.

2. SPECIAL BUSINESS

To consider and, if deemed fit, to resolve, by way of **special resolution**, with or without modification the following:

2.1 Purchase of Own shares

That the Directors be and are hereby authorized, in terms of section 52(i) of the Company's Articles of Association, to purchase the Company's own shares, subject to the following terms and conditions:

- (i) the purchase price shall not be lower than the nominal value of the Company's shares and not greater than five percent (5%) above the weighted average trading price for such ordinary shares traded over five (5) business days immediately preceding the date of purchase of such shares by the Company;
- (ii) the shares to be purchased under this resolution shall not exceed ten percent (10%) of the ordinary shares of the Company in issue prior to the date of this resolution;
- (iii) this authority shall expire on the date of the Company's next annual general meeting.

In relation the aforesaid proposed resolution, the Directors of the Company state that:

- (a) all shares purchased pursuant to the aforesaid authority shall be utilized for treasury purposes;
- (b) if the maximum number of shares that can be purchased pursuant to the authority is purchased, the Directors believe that:
- (i) the Company will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of this notice;
- (ii) the assets of the Company will be in excess of the liabilities of the Company and the Group;
- (iii) there will be adequate ordinary capital and reserves in the Company for a period of 12 months after the date of this notice; and
- (c) there will be adequate working capital in the Company for a period of 12 months after the date of this notice.

3. GENERAL BUSINESS

To transact such other business as may be transacted at an annual general meeting.

Important Note

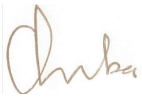
In terms of the Companies Act, a member entitled to vote at the above meeting, may appoint one or more proxies to attend the meeting, speak and vote in the member's stead. A proxy need not be a member of the Company.

Proxy forms must be lodged with the Secretaries at least forty eight (48) hours before the commencement of the meeting.

Notice to Shareholders

The Annual Report incorporating the Companies Annual Financial Statements, Directors' and Auditors report will be sent to members shortly. It will also be available on the Company's website www.ta-holdings.com.

By Order of the Board
TA Management Services (Private) Limited



P Masamba
for the Secretaries
Harare

2 April 2009

SHAREHOLDERS' DIARY 2008/9

Financial year end
Annual General Meeting

31 December 2009
April 2009

Reports and financial statements

Interim report
Annual results announcement
Annual report

August 2009
March 2010
April 2010



Proxy Form

I/We _____
of _____

Being a member/members of the above company, hereby appoint:

Mr./Mrs./Ms. _____

of Or failing him _____

of _____

or failing him _____

of _____

As my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 28 April 2009 at 15:00 hours and at any adjournment thereof

Signature _____ Signed this _____ Day _____ 2009

Note

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person appointed need not be a member.
2. Proxy forms should be lodged at the registered office of the Company by not later than 48 hours before the time of holding the meeting.
3. Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initiated by the signatory/signatures.
4. Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.



Change of Address Advice

Shareholders should of necessity keep the Transfer Secretaries advised of any change in name or address:

Shareholder's name in full (Block Letters)

New Address (Block Letters)

Email Address _____

Shareholders Signature _____



TA HOLDINGS LIMITED

14 th Floor, Kopje Plaza, 1 Jason Moyo Avenue

P O Box 3546, Harare, Zimbabwe



CORPSERVE (PVT) LTD

SHARE TRANSFER SECRETARIES

4th Floor, Intermarket Centre, Cnr. First Street / Union Avenue

P O Box 2208, Harare, Zimbabwe