



1 SECTORAL PERFORMANCE

1.1 Income Statement

	LOCAL Year ended 30 Jun 2009 US\$	FOREIGN Year ended 30 Jun 2009 US\$	GROUP Year ended 30 Jun 2009 US\$
Operating (loss)/profit	(1,246,290)	568,052	(678,238)
Realised investment income	115,586	632,556	748,142
Unrealised investment income - Equities	919,487	(1,728,429)	(808,942)
Net finance costs	853	361,430	362,283
Share of associated companies profits	(3,452,084)	694,478	(2,757,606)
Profit before tax	(3,662,448)	528,087	(3,134,361)
Taxation	5,272	(266,527)	(261,255)
Profit after tax	(3,657,176)	261,560	(3,395,616)
Profit for the financial year attributable to:			
Equity holders of parent company	(3,829,006)	237,848	(3,591,158)
Non-controlling interest	171,830	23,712	195,542
	(3,657,176)	261,560	(3,395,616)

1.2 Commentary

1.2.1 Foreign investments

Operating profit

- Foreign investments recorded an operating profit of US\$568,052.
- The profit was driven by underwriting profit at Botswana Insurance Company Limited (BIC) and operating profit at Cresta Hotels (Pty) Limited, South Africa (Cresta South Africa). Lion Assurance of Uganda (LAC) incurred an underwriting loss.
- Below are salient features of operating performance by each foreign investment:

BIC	2009	2008
Underwriting profit (\$)	902,899	1,220,355
Combined ratio	89%	84%
Expense ratio	26%	34%
Claims ratio	56%	39%

LAC	2009	2008
Underwriting loss (\$)	(40,138)	(220,330)
Combined ratio	103%	123%
Expense ratio	60%	65%
Claims ratio	32%	50%

Cresta South Africa	2009	2008
Operating profit (\$)	104,440	287,413

Corporate - Trans Industries	2009	2008
Operating loss	(399,149)	(522,447)

Investment losses

- \$1,095,871 loss on investments was recorded during the half year. The losses were largely due to unrealized losses incurred on portfolio investments held by BIC and LAC.
- The asset managers are reviewing the portfolio with a view to repositioning it to take full advantage of a recovery on the stock markets as the global credit crunch eases.

Associate companies

- The profit is made up of the Group's share of profits achieved at Cresta Marakanelo (Pty) Limited, Botswana (i.e. 40% of profits at Cresta Marakanelo).
- Cresta Marakanelo continues to perform well on the back of high occupancy levels which on overall increased to % from % in the comparative period last year. In addition the refurbishment programme is proceeding well. However, occupancy rates at Mowana Safari Lodge decreased from 57% last year to 51% in the current year. This was due to decreased arrival of overseas visitors.
- Below are salient features of operating performance of Cresta Marakanelo:

	2009	2008
Operating profit (* See note below)(\$)	1,736,195	2,047,022
Occupancy rates	65%	65%
Revenue per available room (REVPAR- \$)	72	69

* Note: Operating profit for 2009 was negatively affected by lower occupancies at Mowana (2009 - 51%, 2008 - 57%) where the company achieves higher margins.

1.2.2 Local investments

Operating loss

- Local investments incurred an operating loss of \$1,250,290 mainly as a result of operating losses incurred at Cresta Zimbabwe and a small underwriting loss at Zimnat Lion.
- The loss at Cresta Zimbabwe was mainly due to low occupancy rates (which averaged 31% during the period) and low room rates (\$14) achieved during the period under review. Consequently, the company's revenue was below costs. In addition, the loss was further increased by depreciation charges and provisions for leave pay.
- The underwriting losses at Zimnat Lion were largely due to depreciation charges on assets following a revaluation exercise of all property, plant and equipment. The revaluation was done for all assets in order to bring to book the US Dollar values of these assets following the dollarization of the economy. The increase in balance sheet size enabled the company to commence retaining some insurance risk instead of just acting as brokers for reinsurers.
- Below are salient features of operating performance of each investment company:

Zimnat Lion	2009
Underwriting loss (\$)	(35,482)
Combined ratio	110%
Claims ratio	51%

GrandRe	2009
Underwriting profit (\$)	40,144
Combined ratio	80%
Claims ratio	29%

Cresta Zimbabwe	2009
Operating loss	(1,009,126)
Occupancy rates	30%
Revenue per available room (REVPAR- \$)	14

Corporate - TA Holdings	2009
Operating loss	(241,826)

Investment income

- Investment income for the half year under review amounted to \$1,035,073. This arose from the fair valuation of quoted equities. The fair value is based on the increase in values during the period 19 February 2009 (when the Zimbabwe Stock Exchange was dollarized) to 30 June 2009 and b) \$302,000 actuarial surplus allocation to shareholder funds following the actuarial valuation of Zimnat Life as at 31 March 2009.
- Zimnat Asset Managers, who manage the bulk of the Group's portfolio of investments, had total funds under management of \$7.4 million as at 30 June 2009.

Associates

- Associate companies incurred a loss of \$3,452,084 made up of:

	2009
	\$(Loss) / Profit
Sable Chemicals	(3,857,403)
ZFC	187,629
Aon	235,140
FMI Securities	(17,450)

- The losses at Sable Chemicals were a result of: a) low production levels emanating from 4 weeks' lost production during February 2009 following an electrolytor accident, reduced plant availability, and power cuts and b) increased electricity costs.

- Below are salient features of operating performance of:

Sable Chemicals	2009	2008
Production volume (tonnes)	22,326	29,770
Capacity utilization	18%	24%

ZFC	2009	2008
Fertiliser sales (tonnes)	16,011	17,286
Capacity utilization	22%	24%

2 BALANCE SHEET

Total assets

The Group had total assets of \$114 million as at 30 June 2009, of which 44% were local and 56% offshore.

The value of Sable and ZFC will be assessed and accounted for after a full revaluation of assets (by professional valuers) at 31 December 2009.

Borrowings

The total Group borrowings increased to \$5,336 million as at the end of the half year. All the borrowings were made by the companies outside Zimbabwe, and the increase was due to draw downs on loan facilities which were made to finance a joint venture investment, which is progressing to finality.

3 CASH FLOW

The Group managed to generate a positive cashflow of \$1,757 million in the period under review underpinned by a positive technical result of \$902,899 achieved at BIC. The Group had net cash balances amounting to \$8,632 million as at 30 June 2009 of which \$7,568 million was with the foreign investments and the balance was with the local investments.

4 PROJECTS

In the last statement to shareholders we advised shareholders that the Group was in a growth mode, and the following major group initiatives were highlighted:

- \$7 million refurbishment of Cresta hotels in Zimbabwe.
- \$8 million refurbishment of Sable Chemicals
- Restructuring of Grand Re to effect external treaty opportunities
- Maximise balance sheet strength of local insurance companies
- Cresta Hotels South Africa to open Cresta Allen in Nigeria,
- Negotiations relating to an investment in a regional Nigerian Insurance business and acquisition of a stake in a listed company in Zimbabwe.

We detail below progress on these initiatives:

- \$7 million refurbishment of Cresta hotels in Zimbabwe.**
The refurbishment budget has been increased to \$9.7 million to incorporate the funding for the completion of Churchill Arms, Bulawayo. Negotiations with financial institutions outside Zimbabwe for the funding underway.
- \$8 million electrolytor refurbishment of Sable Chemicals**
The company has reorganized its business model to use more imported ammonia (which is cheaper than producing its own). This will dramatically reduce electricity usage and ensure competitive pricing of fertilizers. The electrolytor refurbishment programme will be funded internally from cash generated from operations.
- Restructuring of Grand Re**
 - Grand Re was successfully credit rated by Global Credit Rating South Africa, during the half year under review. The company obtained a BBB rating which we believe is commendable given the fact that the company has been operating for just 4 years. The rating enables the company to establish external treaty programmes
 - A retrocession programme, with an external reinsurance company, is now in place.
 - The company has sufficient liquid reserves to meet capital requirements set by the Commissioner of Insurance.
- Maximise balance sheet strength of local insurance companies:**
 - TA bought out the minorities in Zimnat Lion which was subsequently delisted from the Zimbabwe Stock Exchange on 30 June 2009. The main purpose of the delisting was to make the company a wholly owned subsidiary so that the Group could inject liquid capital into the company to enable it to increase its underwriting capacity.
 - Both Zimnat Lion and Zimnat Life have adequate liquid reserves to meet the capital requirements set by the Commissioner of Insurance.
- Cresta Hotels to open Cresta Allen in Nigeria**
CHH has acquired 2 hotel management contracts in Nigeria: one in the Kwara State and the other in Lagos.
- Investments in a listed company in Zimbabwe**
Trans Industries, in partnership with another Botswana company has acquired a stake in PG Industries Zimbabwe Limited, through Quest Ventures (Pty) Limited, a Botswana registered company which Trans Industries own 51%.
- Investment in a regional insurance business**
Due diligence exercises have been completed and shareholders will be advised once all negotiations have been completed.

5 OUTLOOK

The understated value of our Zimbabwe investments during this transition phase will, we believe, correct over the next eighteen months. The confidence of the Group in Zimbabwe is evidenced by the purchase of minority interests in Zimnat Lion, investment by Trans Industries in Quest (Pvt) Ltd and the resultant investment in PG Zimbabwe Limited.

We believe that attractive opportunities exist for expansion and acquisition in our strategic investment sectors, agro-chemical, hospitality and financial services.

We remain committed to the building of a Pan African business and thank our shareholders for the confidence and support in our journey.

6 UNAUDITED GROUP FINANCIAL STATEMENTS

6.1 Income Statement

	6 Months Ended 30 Jun 2009 US\$
Revenue	
Gross earned premiums	20,768,455
Outward reinsurance	(10,573,155)
Net earned premiums	10,195,300
Fees, commission and other income	1,432,124
Realised investment income	748,142
Unrealised investment income	(808,942)
Equities	(808,942)
Properties	
Hotel revenues	2,904,727
Total revenues	14,471,351
Expenses	
Insurance	
Claims incurred	(6,474,593)
Reinsurance recoveries	1,306,788
Net claims incurred	(5,167,805)
Hotel cost of sales	(1,402,222)
Other operating and administrative expenses	(8,640,362)
Total expenses	(15,210,389)
Profit before interest/tax	(739,038)
Net finance costs	362,283
Share of associated companies profits	(2,757,606)
Profit before tax	(3,134,361)
Taxation	(261,255)
Profit after tax	(3,395,616)
Attributable to:	
Equity holders of parent company	(3,591,158)
Non-controlling interest	195,542
Profit attributable to shareholders	(3,395,616)
Average number of shares	
Ordinary shares	163,953,053
Preference shares	27,005,771
Total	190,958,824
Earnings per share	
Basic earnings per share	(2.07) cents
Fully diluted earnings per share	(1.78) cents

6.2 Abridged Balance Sheet

	As at 30 Jun 2009 US\$
EQUITY AND LIABILITIES	
Shareholders' equity	34,784,992
Minority interest	7,665,729
Deferred tax	666,187
Borrowings	5,335,936
Unearned Premium Reserve	10,078,112
Current liabilities	44,600,042
Life fund liabilities	11,299,540
	114,430,538
ASSETS	
Property, plant and equipment	13,726,570
Investment properties	4,105,000
Available for sale investments	21,843,286
Other investments	13,139,299
Current assets	50,316,843
Life fund assets	11,299,540
	114,430,538

6.3 Abridged Cashflow

Net cash inflow from operating activities	1,325,772
Net cash paid in investing activities	(2,338,873)
Net cash received from financing activities	3,484,005
Net increase in cash and cash equivalents	2,470,904
Cash and cash equivalents at beginning of period	5,171,539
Effect of foreign currency translation	989,908
Cash and cash equivalents at end of period	8,632,351

6.4 Notes to the unaudited Group Financial Statements

Basis of preparation

The consolidated financial statements of the Group have been prepared in compliance with the "Draft Guidance: change in functional currency 2009" as circulated by the Institute of Chartered Accountants (ICAZ) to its members. The guidance took into account the financial reporting principles inherent International Financial Reporting Standards (IFRSs). Professional judgement was also used in the preparation of these financial results.

Presentation Currency

As a consequence of the dollarisation of the Zimbabwean economy, the Group changed its presentation currency from Z\$ to US\$, the effective date has been deemed to be 1 January 2009 for the Group.

Comparatives

The absence of inflation indices from the Central Statistics Office and the existence of multiple Z\$/US\$ exchange rates in the financial year ended 31 December 2008 restricted the Group from compiling comparatives through the process of hyper-inflating prior year results and applying an appropriate exchange rate to convert the numbers to US\$ comparatives. Alternative methods of deriving US\$ comparatives were deemed to be a process that would not meet the financial reporting objective of generating high quality, transparent information at a cost that does not exceed the benefits to users.

By order of the Board
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Secretaries
25 August 2009

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