TA HOLDINGS LTD

an investment holding company

annual report
2010

Contents

TA Holdings Limited is an investment holding company. The Group's main interests consist of investments in insurance, 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 Company has a small corporate 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

S S Mutasa	(Non-executive Chairman)
G Sainsbury	(Chief Executive Officer)
V L Ndlovu	(Non-executive Director)+*
S Randeree	(Non-executive Director)
H A G Bhadella	(Non-executive Director)+•
F Daniels	(Non-executive Director) +
R N Gordon	(Non-executive Director)*
J Vezey	(Non-executive Director)
O Majuru	(Executive Director)
B P Nyajeka	(Executive Director)
M T Sachak	(Executive Director)
C B Thorn	(Executive Director)

Member of:

- • Remuneration Committee
- + Audit and Risk Committee
- * Investments Committee

HEADS – INVESTEE COMPANIES

M Sachak	Chief Executive Officer	–	Insurance &
	Acting Managing Director	–	Zimnat Lion
O Majuru	Chief Executive Officer	–	Cresta Hospitality Holdings
J Murehwa	Chief Executive Officer	–	TA Chemicals &
	Acting Managing Director	–	Sable Chemical Industries
M Javangwe	Managing Director	–	Zimnat Life
O Matingo	Managing Director	–	Grand Reinsurance
D A Nganunu	Managing Director	–	Botswana Insurance Company
G Alande	Managing Director	–	Lion Assurance Company
Dr R Dafana	Managing Director	–	Zimbabwe Fertiliser Company
S Mutangadura	Managing Director	–	AON Zimbabwe
C B Thorn	Executive Chairman	–	Cresta Hospitality (Pvt) Ltd
T Makaya	Managing Director	–	Cresta Marakanelo – Botswana

SENIOR MANAGEMENT – CORPORATE OFFICE

G Sainsbury	Chief Executive Officer
B P Nyajeka	Chief Finance Officer
C B Thorn	Executive Director
C Shoniwa	Head of Group Reporting
E K Moyo	Group General Counsel

Group investments & principal activities

NAME OF COMPANY	EFFECTIVE SHAREHOLDING	PRINCIPAL ACITIVITY
Zimbawe Investments		
AON Zimbabwe	30%	Insurance brokers
Cresta Hospitality (Pvt) Ltd	100%	Hospitality and leisure
FMI Securities (Pvt) Ltd	23%	Stockbroking
Grand Reinsurance (Pvt) Ltd	100%	Reinsurance
PG Industries Zimbabwe	15%	Building materials
Sable Chemical Industries Ltd	51%	Maufacturer of nitrogenous fertiliser
Zimbabwe Fertiliser Company Ltd	22%	Maufacturer & distributor of fertiliser and pesticides
Zimnat Asset Management Co (Pvt) Ltd	100%	Asset management company
Zimnat Life Assurance Company Ltd	100%	Life assurers
Zimnat Lion Insurance Company Ltd	100%	Short-term insurers
Outside Zimbabwe Investments		
Botswana Insurance Company (Pty) Ltd	62%	Short-term insurers
Cresta Hospitality Holdings Ltd	100%	Hotel management
Cresta Hotels (Pty) Ltd	100%	Hotel management
Cresta Marakanelo (Pty) Ltd	35%	Hospitality and leisure
FMI Capital Management Inc	51%	Financial Services
Lion Assurance Company Ltd	54%	Short-term insurers
Metonic Investments Ltd	100%	Investment holding company
Neural (Pty) Ltd	100%	Insurance management
TA Investments and Consultants Ltd	100%	Investment holding company
Trans Industries (Pty) Ltd	100%	Investment holding company
Quest Ventures (Pty) Ltd	100%	Investment holding company

Registered office & corporate information

REGISTERED OFFICE:	**14th Floor, Kopje Plaza** 1 Jason Moyo Avenue Harare
SECRETARIES:	**TA Management Services (Pvt) Ltd** 14th Floor, Kopje Plaza 1 Jason Moyo Avenue Harare
TRANSFER SECRETARIES:	**Corpserve (Pvt) Ltd** 2nd Floor, ZB Centre Cnr. First Street/Kwame Nkrumah 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 Avenue Harare
BANKERS:	**Stanbic Bank** Park Lane Branch 77 Park Lane Harare **ZB Bank** ZB House 45 Speke Avenue Harare

Dear Partners

2010 has been a major milestone year for me as well as for TA Holdings. Firstly I have resigned as the executive chairman after 12years at the helm. I have also listed Masawara Plc. which has become the largest shareholder of TA Holdings. In this statement I will give you details on the rationale behind these actions and why I think it will benefit TA.

Of all the major decisions I made in the last year, the most critical was the decision to step down as Executive Chairman of our group. This was a decision I made for myself a while ago and felt it was the correct move for both TA and me. The search for the new CEO took some time as the CEO search committee waded through a significant number of résumés. It was clear once we received Gavin's that he would be a great fit for the organization. We are fortunate that Gavin Sainsbury agreed to join us.

The results for the year 2010 were bad. When I reflect on the reasons for the poor performance of 2010 and to a point 2009, I believe there are three principal reasons for this poor performance:

Firstly, some poor investing decisions made over the last three years; secondly, high corporate costs; and thirdly, my inability to convince government timeously that Sable requires a solution that is driven with the national interest at heart. To appreciate the enormity of these reasons, it is worth repeating my description of the functions of the TA head office in my Chairman's Statement in TA's 2000 Annual Report. I wrote:

"an investment holding company in an emerging market like TA must perform the following functions to provide value to its shareholders: (i) propound to, and propagate through, its subsidiaries and associates the highest standards of corporate governance and disclosure so that association with that investment holding company is deemed to be a mark of excellence and integrity; (ii) be an active and constant monitor, through representation on the board of directors of the companies in which it invests, of the operating performance of its investments and a source of strategic advice and guidance; (iii) be expert at investing start-up capital, restructuring or closing poor businesses, and liquidating in whole or in part, successful investments; and (iv) ensure that each associate or subsidiary exceeds a minimum threshold return on capital employed so that the shareholders of TA, its subsidiaries and associates can receive a minimum real annual compounded growth rate in earnings per share."

The unstated premise of this quotation is that strong investing acumen will be resident in the TA head office and it will have an ability to select astutely excellent operating executives for the companies in which it is invested. After all, operating executives, not employees of the TA head office, make the daily decisions out of which annual profits are accumulated. Poor investing decisions call into question the first unstated premise. Continuing operating losses in some of our insurance subsidiaries contradict the second premise justifying TA's head office.

Our analytical process suffered from the virus of optimism. For example, our investment in PG Industries has not lived up to our expectations regarding the speed of recovery in the Zimbabwean building industry after the adoption of the US Dollar. We did not appreciate how scarce money would prove to be in an economy devoid of US Dollar savings and a lender of last resort. Working capital has proved to be much more expensive than we budgeted. Why in 2009 and 2010 and not earlier? Our investment teams in the past had a useful tension between optimists like me and some pessimists. The presence of pessimists diminished after 2007 and TA suffered from its diminishing ability to challenge the perspectives of the optimists.

Individuals are not born excelling in operations. Many of us who are not exposed to the numerous daily occasions for decision making which provide daily opportunities to earn a profit or incur a loss fail to appreciate the delicate cocktail of personal traits that form an excellent operator. Those traits include a profound knowledge of the technical details of that operator's company products linked to a capacity to modify those details to anticipate changing customer preferences or needs; a daily focus on minute items of cost and expense and vigorous enforcement of realistic budgets. In the case of Zimbabwean insurance, for example, it is useful to anticipate, and price for, likely changes in claims experience following from the transition from hyperinflation to low inflation. Building cooperation, disseminating best practices, and stimulating commercial exchanges among subsidiaries located in different African countries has been an important objective for the hotel and insurance groups of TA. I do not think we have earned an adequate return so far on the investments we made to build intra-group cooperation and activity.

Looking over my tenure as Executive Chairman, I have been able to build teams of excellent operators mainly when I have had the support of an operating officer. There have been a few periods when I have had to do duty as an operating officer. Unfortunately, the outcome has been uniform and loss-making. 2010 was indubitable confirmation of this unpalatable truth. The solution was to find a Chief Executive Officer with a track record of operating excellence. That quality is essential for TA to thrive in a Zimbabwe of low inflation while continuing to grow outside Zimbabwe.

Finally, although I am convinced about the investment case for Sable, I believe we have not been aggressive enough in convincing government and our shareholders of the need to act with haste to realize the benefits of Sable for Zimbabwe. Over the last year, I have been very encouraged by the position of government in respect of Sable Chemicals. For the first time since 2003 I feel we, the business sector and the political sector, share some common objectives. We both fundamentally believe in the strategic imperative that is Sable Chemicals to our economy. Further, we are both clear that the current way we manufacture our ammonia is not sustainable and that we must move from electrolysis to coal gasification. More importantly we are receiving excellent support in the migration from electrolysis to coal gasification. The challenge is the relationship during the transition period. By the early part of the third quarter of 2011, Sable would have completed its feasibility study and we will embark on looking at the options for the financing of such a project.

Having said this, I believe the challenges are clear and the fundamentals of the group are solid. The rest of the group performed reasonably well. The best performer was BIC in Botswana. Through this business we have been able to recapitalize our Zimbabwean insurance assets. More importantly the team has continued to execute well on our chosen business model for the insurance sector, namely that of profitable underwriting. As you know, back in 2005 we chose this as our key operating model and I believe that in BIC more than any other insurance company in the group, the results of adopting that model have been seen and the decision vindicated.

The ending of hyperinflation was always a known paradigm, the challenge was to predict the date. During this period, our strategy was to protect our balance sheet so that when hyperinflation ended, we would have a company to run. The challenge within the insurance group is that at the end of hyper-inflation, the industry was virtually in start-up mode, allowing new and nimble-footed entrants to get traction which would have been difficult to do before hyperinflation.

On the hotel side, we are seeing the resurgence of the business as multi lateral and business travelers begin the re-engagement with the Zimbabwean economy. The challenge is the investment needed to bring back the units into first class shape. We believe this is a worthwhile investment and likely to be very profitable in the years to come.

It would be unfair of me not to inform you my partners of my new executive role. For a long time I have been wanting to consolidate my personal and public assets into one vehicle which would allow me to have total focus within one group in a way that would align my interests completely with my partners, who would have invested their capital and trust under my stewardship. Over the last four years or so I had tried to convince the board of TA to consolidate my interests within the TA group, by bringing in my interests in the Joina City, and then using that platform to bring in other properties in the group and creating a strong property owning and development company. Unfortunately on both occasions the board felt this would bring too much conflict and decided against the idea.

There have been some partners who have expressed unhappiness at my formation of Masawara outside of TA and felt that I had abandoned the ship. This could not be further from the truth. One of my interests was actually to monetize my assets so that I would be able to participate in a more significant way in TA by having the money to buy more of the company. Our first attempt to raise capital did not allow us to raise enough to implement that part of the strategy. Going forward it will be an integral part of our strategy.

In a previous statement I stated very clearly that I did not believe that TA, as a group, was in need of fresh capital especially to kick start the post hyper-inflationary era. I still believe that there is significant capacity in the Group to restructure its balance sheet to create adequate investment cash for its businesses.

2011 will be a very exciting year for TA as Gavin takes executive responsibility and some of the initiatives he has already began to introduce begin to bear fruit. He will also relook at some of the investment decisions we made in the past. A tremendous amount of work will be done in respect of Sable and as you can imagine, a successful Sable will have an immense impact on TA.

I would like to take this opportunity to thank you, my fellow shareholders, the board, the TA team, all TA employees, for having given me the opportunity to lead this marvelous group of companies as an executive. I am convinced the best of TA is yet to come and it will be because of the excellent team that exists within the group.

Thank you

Shingai

Review of investments

Overview

2010 was a disappointing year for TA Holdings. The Group incurred a loss after tax of $5,1 million, largely due to under performance by its Zimbabwe investments mainly Zimnat Lion Insurance Company, PG Industries (Zimbabwe) Limited, Sable Chemical Industries Limited and ZFC Limited.

Commentary on Group Results

Geographical Sectors

	Zimbabwe		Outside Zimbabwe		Group	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Operating (loss)/profit	(1,933,687)	(2,438,302)	311,954	1,757,331	(1,621,733)	(680,971)
Investment income	660,292	1,797,386	1,211,702	732,844	1,871,994	2,530,230
Net finance costs	(449,413)	(59,556)	(2,037)	(215,837)	(451,450)	(275,393)
Share of associates (losses)/profit	(4,170,161)	(3,237,174)	(261,901)	1,154,142	(4,432,061)	(2,083,032)
(Loss)/profit before tax	(5,892,969)	(3,937,646)	1,259,718	3,428,480	(4,633,250)	(509,166)
Income tax credit/(expense)	761,656	684,105	(1,248,181)	(1,582,933)	(486,525)	(898,828)
(Loss)/profit after tax	(5,131,313)	(3,253,541)	11,537	1,845,547	(5,119,775)	(1,407,994)
Attributable to:						
Equity holders of the parent	(5,131,313)	(3,253,541)	(1,234,804)	747,321	(6,366,116)	(2,506,220)
Non controlling interests	-	-	1,246,341	1,098,226	1,246,341	1,098,226
	(5,131,313)	(3,253,541)	11,537	1,845,547	(5,119,775)	(1,407,994)

Business Sectors

Insurance

	2010	**2009**
	US$	**US$**
Underwriting profit	**530,905**	**3,969,636**
Investment income	3,196,880	2,038,504
Profit before tax	3,727,785	6,008,140
Income tax expense	(558,057)	(1,258,540)
Profit after tax	3,169,728	4,749,600

Hotels

Operating profit/(loss)	**155,851**	**(1,863,777)**
Share of associate profit	756,236	1,154,142
Profit/(loss) before interest and tax	**912,087**	**(709,635)**
Interest expense	(109,169)	(29,249)
Profit/(loss) before tax	802,918	(738,884)
Income tax credit	222,075	7,633
Profit/(loss) after tax	1,024,993	(731,251)

Agrochemicals

Share of associate (losses)/profit		
Sable Chemicals	(4,150,872)	(4,178,961)
ZFC	(160,027)	877,041
	(4,310,899)	**(3,301,920)**

Other Investments

Share of associate(losses)/profits		
PG Industries	(2,516,643)	-
Other Investments	140,737	64,746
	(2,375,906)	**64,746**
Corporate (after tax)	(2,627,692)	(2,189,169)
Loss after tax	**(5,119,775)**	**(1,407,994)**

Commentary

Insurance

The insurance sector investments achieved a profit after tax of $3,2 million against the $4,7 million achieved in 2009. The decline in profitability was largely as a result of:

- Underwriting losses at Zimnat Lion Insurance Company Limited (Zimnat Lion) and Lion Assurance Company of Uganda (LAC).
- 42% decrease in underwriting profits at Botswana Insurance Company (BIC).

Below are the salient features of operating performance of each investee company:

Zimnat Lion Insurance Company (100% effective interest)

	2010	**2009**
	US$	**US$**
Gross earned premiums	11,002,237	8,319,607
Underwriting loss	(974,591)	(144,436)
Investment income	123,335	1,074,690
(Loss)/profit before tax	(851,256)	930,254
Claims ratio	53%	49%
Expense ratio	74%	72%

The underwriting loss was mainly due to:

- Increase in competition in the market which resulted in rate under cutting.
- High claims ratios (increased from 49% in 2009 to 53% in 2010) mostly on the motor business.
- Increased overhead costs which were not commensurate with the increase in business.

The investment income declined during the period under review due to lower fair value gains on equity investments. In addition fair value gains on investment properties decreased from $0,6 million in 2009 to $0,1 million in 2010.

Zimnat Life Assurance Company (100% effective interest)

(a) Shareholder funds

	2010	**2009**
	US$	**US$**
Gross earned premiums	2,376,044	1,328,386
Underwriting (loss)/profit	(180,188)	597,661
Investment income	612,752	639,020
Profit before tax	432,564	1,236,681
Claims ratio	42%	54%
Expense ratio	73%	52%

The underwriting loss was mainly due to increase in expense ratio from 52% in 2009 to 73% in 2010.

(b) Policyholder funds

An actuarial valuation as at 31 December 2010 showed that the fund had an actuarial surplus of $0,8 million of which $0,1million was transferred to shareholders funds.

Grand Re (100% effective interest)

	2010	**2009**
	US$	**US$**
Gross earned premiums	2,993,855	1,417,768
Underwriting profit	37,887	9,161
Investment (loss)/income	(75,795)	159,378
(Loss)/profit before tax	(37,908)	168,539
Claims ratio	43%	49%
Expense ratio	32%	32%

- The increase in the underwriting profit is mainly as a result of reduction in the claims ratio from 49% in 2009 to 43% in 2010 arising from reduced claims in the

fire and engineering classes.
- The investment income declined during the period under review due to unrealised losses arising on the fair valuation of equity investments.

Botswana Insurance Company (BIC) (62% effective interest)

	2010 US$	2009 US$
Gross earned premiums	28,835,382	35,179,672
Underwriting profit	2,059,191	3,573,158
Investment income	2,176,845	453,241
Profit before tax	4,236,036	4,026,399
Claims ratio	51%	43%
Expense ratio	30%	27%

The decrease in the underwriting profit was largely due to:
- An increase in the claims ratio from 43% in 2009 to 51% in 2010 principally as result of high claims in the motor classes.
- Increase in the provision of doubtful debts arising from annual policies that are paid monthly.

The investment income increased during the period under review due to unrealised gains on the fair value of equity investments.

Lion Assurance Company of Uganda (LAC) (54% effective interest)

	2010 US$	2009 US$
Gross earned premiums	4,669,884	4,350,291
Underwriting loss	(411,394)	(65,907)
Investment income/(loss)	359,743	(287,826)
Loss before tax	(51,651)	(353,733)
Claims ratio	59%	39%
Expense ratio	65%	53%

The underwriting loss incurred by the company worsened during the year mainly due to:
- Constrained premium growth due to high levels of competition in this market.
- Increase in claims ratios mainly in the motor and marine classes.
- Expenses growth which was above the growth in premiums.

The investment income increased during the period under review due to unrealised gains on the fair value of equity investments.

Hotels

Cresta Zimbabwe (100% effective interest)

	2010 US$	2009 US$
Revenue	9,946,972	5,875,226
Operating profit/ (loss)	33,082	(1,515,414)
Occupancy rates	58%	40%
RevPAR	35	25

- The increase in occupancies was mainly driven by increased business from Non-Governmental Organisations (NGOs).
- The Revenue per Available Room (RevPar) has increased driven by the improvement in occupancies and improved average room rates.

Cresta South Africa (Management of hotels, 100% effective interest)

	2010 US$	2009 US$
Operating profit/ (loss)	122,769	(348,363)

Included in prior year were once off rebranding costs

Cresta Marakanelo Limited Botswana (35% effective interest)

	2010 US$	2009 US$
Share of profits for the year	756,236	1,154,142
Occupancy rates	65%	67%
RevPAR	60	59

The decline in profits at Cresta Marakanelo was largely due to:
- Occupancy rates declined during the year mainly as a result of :
  Reduced occupancies during the World Cup 2010 in South Africa.
  Strengthening of the Rand and Pula against the Dollar had a negative impact on tourist arrivals into Botswana.

Agrochemicals

Group's share of results – (Loss)/Profit after tax:

	2010 US$	2009 US$
Sable Chemicals	(4,150,872)	(4,178,961)
ZFC	(160,027)	877,041
Total	(4,310,899)	(3,301,920)

Sable Chemicals (51% effective interest)

	2010	2009
Production volumes (tonnes)	89,625	41,959
Capacity utilisation	37%	19%
Average No of available electrolytors	10	6
Effective No of electrolytors	7	4

- The company incurred a loss after tax of $8,1 million during the year under review (Group's share - $4,1million). The loss for the year was after taking into account provision for doubtful debts ($1,1 million), impairment losses on stores ($0,6 million) and finance costs ($1,5 million).

- The company recognises that the use of electrolysis to produce fertiliser is no longer sustainable and that it needs to migrate to alternative technologies in order to produce a competitive product. In this regard the company has engaged consultants to conduct a feasibility study on coal gasification, the technology that the company envisages as the solution to becoming regionally competitive. This process will, however, take time, and in the intervening period it is critical that the company receives a viable electricity tariff to enable it to continue in operation. Negotiations with the relevant authorities are at an advanced stage to review the tariff to a breakeven level.

- Production volumes at Sable Chemicals increased by 113% largely as a result of more electrolytors being brought into operation. However, production levels were still below budget due to plant breakdowns in the early part of the year, and lower than planned for ammonia imports as a result of logistical problems for imports via South Africa. Consequently imports have been routed through Mozambique with far greater success.

ZFC Limited (22% effective interest)

	2010	2009
Production volumes (tonnes)	107,138	74,497
Capacity utilisation	35%	28%

- Margins were constrained by the following;
  - Increased costs of imported raw materials.
  - Increased production costs and plant power cuts.
  - Increased competition from imported finished goods.

Other Investments

Group's share of results - (Loss)/Profit after tax:

	2010 US$	2009 US$
PG Industries Zimbabwe	(2,516,643)	-
Other investments	140,737	64,746
Aon Zimbabwe	201,425	84,475
FMI Securities	(60,688)	(19,729)
Total	(2,375,906)	64,746

Investment in PG Industries Zimbabwe Limited (PG) (15% effective interest)

Group's share of PG's results is made up of:

	2010 US$
Share of loss for 9 months (April-December 2010)	(1,018,137)
Fair value loss (for the period January-March 2010)	(1,324,886)
Impairment loss	(173,620)
Total	(2,516,643)

- Quest Ventures (Pty) Limited (100% subsidiary) is a Botswana registered company through which T A has an effective 15% interest in PG. PG became an associate company of Quest (as defined under International Accounting Standard – IAS 28) with effect from 1 April 2010.

- The book value of PG as at 31 December 2010 was $2,004,798 versus a market value of $1,740,370 (based on PG share price of 2.4 cents per share on the Zimbabwe Stock Exchange).

Statement of Financial Position

Shareholders' equity decreased from $62,6 million to $48 million mainly due to losses incurred during the year and impairment of the Sable Chemicals' plant. Given the impending change of technology noted above, the Board of Sable took a decision to fully impair the value of the electrolysis plant ($12 million). A further impairmenTAmounting to $5 million was made in respect of other plant and machinery. The Group's share of impairment of assets at Sable, net of tax, amounted to $7 million.

Cashflow

The Group generated cash from operations amounting to $1,7 million (2009- $4 million) during the year, mainly from operations outside Zimbabwe. Cash generation in Zimbabwe was adversely affected by an increase in receivables at the operating companies.

Outlook

The Group is confident about the future. The underlying Investments are sound but we recognise that there is much work to be done particularly in our Zimbabwe businesses. Our focus therefore will be to ensure that the Zimbabwe investments return to profitability and contribute positively to group results. In this regard, a great deal of attention will be placed on enhancing cost control and working capital management at all operating companies.

To increase revenue generation in the Zimbabwe Insurance investments, $3,5 million will be injected into the local insurance companies following approval of the financing structures by the regulatory authorities in October 2010.

In the Zimbabwe hotel investments the refurbishment of the Cresta Lodge in Zimbabwe should commence during the second quarter following finalisation of the financing arrangements. This should allow the company to significantly improve its product offering and consequently it's RevPar.

At Botswana Insurance Company, the motor book is currently being restructured to reduce the claims ratio and enhance profitability. In addition, various strategies are being pursued in order to reduce the incidence of default on annual premiums paid monthly.

Cresta Marakanelo will continue to aggressively pursue its growth strategy and enhance profitability of its units, particularly Mowana Lodge.

Whilst the results from Sable Chemicals are disappointing, the future prospects for this company are positive in the medium term, once the transformation to coal gasification technology takes place. The feasibility study to investigate the viability of this is currently underway and results are expected by the end of the first half of the year which will give clarity on the potential of this investment. However, as indicated above, continuation of operations at the company in the short term is wholly dependent on receiving a viable electricity tariff. Your board remains confident that this will be the case.

PG has recently had a successful capital raising exercise and is expected to return to an improved performance in 2011.

These Initiatives should ensure that the group posts a much improved result in 2011.

Gavin Sainsbury
Chief Executive Offier
TA Holdings
15 March 2011

OUTSIDE ZIMBABWE INVESTMENTS	2010 US$ 000	2009 US$ 000	2008 * US$ 000	2007 * US$ 000	2006 * US$ 000
Total revenues	30,549	27,407	15,071	27,959	27,153
Total expenses	(29,250)	(24,917)	(15,286)	(20,198)	(20,797)
Profit /(loss) before interest/tax	1,524	2,490	(215)	7,761	6,356
Net finance (costs)/income	(2)	(216)	212	(563)	(675)
Share of associated companies (loss)/profit	(262)	1,154	1,793	1,096	113
Profit before tax	1,260	3,428	1,790	8,294	5,794
Income tax expense	(1,248)	(1,583)	(1,316)	(1,480)	(518)
Profit after tax	12	1,845	474	6,814	5,276
(Loss)/profit attributable to parent company	(1,234)	747	633	4,516	3,545
Profit/(loss) attributable to non-controlling interests	1,246	1,098	(159)	2,298	1,731
	12	1,845	474	6,814	5,276

ZIMBABWE INVESTMENTS	2010 US$ 000	2009 US$ 000	2008 US$ 000	2007 US$ 000	2006 US$ 000
Total revenues	21,601	14,385	1,707	8,972	10,424
Total expenses	(22,874)	(15,026)	(593)	(789)	(2,753)
(Loss)/profit before interest/tax	(1,273)	(641)	1,114	8,183	7,671
Net finance costs	(449)	(60)	(1)	(136)	(12)
Share of associated companies (loss)/profit	(4,170)	(3,237)	4,779	46	617
(Loss)/profit before tax	(5,893)	(3,938)	5,892	8,093	8,276
Income tax credit/(expense)	762	684	(997)	(1,845)	(1,369)
(Loss)/profit after tax	(5,131)	(3,254)	4,895	6,248	6,907
(Loss)/profit attributable to parent company	(5,131)	(3,273)	4,778	5,800	6,388
Profit attributable to non-controlling interests	-	19	117	448	519
	(5,131)	(3,254)	4,895	6,248	6,907

Consolidated	2010 US$ 000	2009 US$ 000	2008 US$ 000	2007 US$ 000	2006 US$ 000
Total revenues	52,150	41,792	16,778	36,931	37,577
Total expenses	(51,900)	(39,942)	(15,879)	(20,987)	(23,550)
Profit before interest/tax	250	1,849	899	15,944	14,027
Net finance (costs)/income	(451)	(275)	211	(699)	(687)
Share of associated companies (loss)/profix	(4,432)	(2,083)	6,572	1,142	730
(Loss)/profit before tax	(4,633)	(509)	7,682	16,387	14,070
Income tax expense	(487)	(899)	(2,313)	(3,325)	(1,887)
(Loss)/profit after tax	(5,120)	(1,408)	5,369	13,062	12,183
(Loss)/profit attributable to parent company	(6,366)	(2,525)	5,411	10,316	9,933
Profit/(loss)attributable to non-controlling interests	1,246	1,117	(42)	2,746	2,250
	(5,120)	(1,408)	5,369	13,062	12,183

RATIO ANALYSIS

Share Performance	2010	2009	2008	2007	2006
Basic earnings per share (US$)	(0.03)	(0.01)	0.03	0.06	0.06
Earnings yield (%)	(14.79)	(1.47)	13.40	8.70	42.86
Dividend per share (US$)	-	-	-	0.002	0.002
Price/Earnings Ratio PER	(6.67)	(67.91)	7.67	11.50	2.33
Market Price at year end (US$)	0.21	0.58	0.23	0.69	0.14
Market Capitalisation ($,000)	34,618	95,611	37,267	111,542	22,911
Number of Shares in Issue At 31 December	164,845,910	164,845,910	162,029,524	161,845,774	161,845,774

Financial Performance	2010	2009	2008	2007	2006
Return on shareholders' equity (%)	(13,25)	(4.19)	19.47	36.70	40.46
Profit before tax margin (%)	(8.88)	(1.22)	45.79	43.17	37.33
Effective tax rate (%)	(10.50)	(176.53)	30.11	20.29	13.41
Net asset value per share (US$)	0.29	0.37	0.17	0.17	0.15
Gearing Ratio	4.19	4.67	4.93	9.00	16.00
Current Ratio	1.00	0.99	0.54	0.79	0.68

DEFINITIONS

Basic Earnings per share	Profit after tax/number of ordinary shares
Earnings yield	Basic Earnings per share/market price per share * 100
Price earnings ratio	Market price at year end/basic earnings per share
Market capitalisation	Market price at year end* number of ordinary shares
Return on shareholders equity	Profit attributable to parent company/shareholders equity
Operating profit margin	Profit before tax/total revenues
Net asset value per share	Shareholders equity/number of ordinary shares
Gearing ratio	Total borrowing/shareholders equity*100
Current ratio	Current assets/current liabilities

* Zimbabwe dollar (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.

Report of the Directors

The directors have pleasure in presenting to shareholders for their consideration and approval the audited financial statements of the Group for the year ended 31 December 2010.

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

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 and in the manner required by the provisions of the Zimbabwe Companies Act (Chapter 24:03). This responsibility includes designing, implementing and maintaining internal controls 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.

These financial statements which have been prepared under the historical cost convention, (except for investment properties, land and buildings and financial instruments that have been measured at fair value) are in agreement with the underlying books and records and have been properly prepared in accordance with the Group's Accounting Policies and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the Companies (Financial Statements) Regulations, 1996 (SI 62/96 as amended by SI 33/99), which are the relevant regulations made under the Companies Act.

Share Capital
Authorised:
The authorised share capital of the Company during the year ended 31 December 2010 remained unchanged, and stood as follows:

223 071 861 ordinary shares of $0.01 each;
27 005 771 non-redeemable, non-cumulative, participating, convertible preference shares of $0.01 each; and
194,716 convertible redeemable preference shares of $0.01 each.

Issued:
The issued ordinary share capital remained the same at 164 845 910 ordinary shares of $0.01 each and also the preference share capital remained unchanged at 27 005 771 non-redeemable, non-cumulative, participating, convertible preference shares of $0.01 each.

Results
The results for the year are set out in the financial statements on Pages 14 to 62.

Dividends
No dividend was declared in the year ended 31 December 2010.

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 2010 appear on Page 2. At 31 December 2010 the directors held the following direct and indirect beneficial interests in the shares of the Company:

	2010 Direct	2010 Indirect	2009 Direct	2009 Indirect
SS Mutasa	Nil	33 274 826	Nil	46 039 393
HAG Bhadella	430	305 000	430	305 000
F Daniels	46 800	1 814 953	46 800	5 456 329
RN Gordon	Nil	Nil	Nil	Nil
O Majuru	Nil	Nil	Nil	Nil
VL Ndlovu	Nil	Nil	Nil	Nil
BP Nyajeka	31 046	5 005	31 046	5 005
S Randeree	Nil	Nil	Nil	Nil
MT Sachak	31 046	2 160 763	31 046	2 160 763
G Sainsbury	Nil	Nil	Nil	Nil
J Vezey	Nil	Nil	Nil	Nil

The indirect beneficial interests of Messrs S Mutasa and F Daniels are held through Masawara Plc and its subsidiaries.

TA Holdings Limited 1979 Share Purchase Trust

Number of ordinary shares held by the trust on 1 January 2010	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 2010	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 approve the remuneration of the auditors and to appoint auditors for the ensuing year.

By Order of the Board
T A Management Services

Harare
15 March 2011

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 recognised 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 in 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, the key risks to which the business is exposed, and measures to eliminate or minimize the impact of such risks, capital expenditure and the appointment of certain key executives.

The Board currently comprises twelve (12) Directors - five (5) executive and seven (7) non-executive. 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.

Investment Committee

The Investment Committee's primary functions include:

- consider, review, and where necessary, approve strategic investments or recommend them for approval to the Board; and
- review and recommend strategies in respect of the Company's portfolio investments.

The Committee consists of three (3) non-executive directors, namely Messrs RN Gordon (Chairman), F Daniels and VL Ndlovu, with the Chief Finance Officer, Executive Director in charge of Insurance and other senior officers of the Company attending *ex-officio.*

Remuneration Committee

The Committee is chaired by Mr HAG Bhadella. The Chairman and Chief Executive Officer 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 usually 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.

E K Moyo
For the Secretaries
Harare
15 March 2011

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TA HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying consolidated financial statements of TA Holdings Limited and its subsidiaries, which comprise the Group statement of financial position as at 31 December 2010, and the Group statement of comprehensive income, the Group statement of changes in equity and theGroup statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 61.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), and the statutory instruments SI 33/99 and SI 62/96, and for such internal control as the directors determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 controls 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 the directors, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TA Holdings Limitedand its subsidiaries as at 31 December 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the consolidated financial statements have, in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03), and the statutory instruments SI 33/99 and SI 62/96.

Ernst & Young

Ernst & Young

Chartered Accountants (Zimbabwe)

13 June 2011

Consolidated income statement

for the year ended 31 December 2010

	Note	2010 US$	Restated * 2009 US$
Continuing operations			
Income			
Gross premiums on insurance contracts	3.1	49,877,401	50,320,442
Premiums ceded to reinsurers on insurance contracts	3.2	(19,594,830)	(26,219,526)
Net premiums		**30,282,571**	**24,100,916**
Fees and commission income	4	7,845,334	7,153,192
Investment income	5	1,395,178	1,440,490
Realised gains/(losses)	6	568,985	(556,618)
Fair value (losses)/ gains	7	(92,169)	1,646,358
Hotel revenues	8	11,042,624	7,140,806
Other operating income	9	1,107,552	866,356
Total income		**52,150,075**	**41,791,500**
Expenses			
Insurance claims and loss adjustment expenses	10	(35,114,278)	(24,980,589)
Insurance claims and loss adjustment expenses recovered from reinsurers	10	19,977,888	14,252,647
Net benefits and claims		**(15,136,390)**	**(10,727,942)**
Finance costs	11	(451,450)	(275,393)
Hotel cost of sales	12	(4,840,845)	(4,285,071)
Operating and administrative expenses	13	(31,845,744)	(24,917,590)
Total benefits, claims and other expenses		**(52,274,429)**	**(40,205,996)**
(Loss)/ profit before share of profit of an associate		**(124,354)**	**1,585,504**
Share of losses of associates	32	(4,432,061)	(2,083,032)
Loss before tax from continuing operations		**(4,556,415)**	**(497,528)**
Income tax expense	15	(486,525)	(898,828)
Loss for the year from continuing operations		**(5,042,940)**	**(1,396,356)**
Discontinued operations			
Loss for the year from discontinued operations	18	(76,835)	(11,638)
Loss for the year		**(5,119,775)**	**(1,407,994)**
(Loss)/profit attributable to:			
Equity holders of the parent		(6,366,116)	(2,525,485)
Non-controlling interests		1,246,341	1,117,491
		(5,119,775)	**(1,407,994)**
Earnings per share			
Basic, loss for the year attributable to ordinary equity holders of the parent ($)	19	(0.04)	(0.02)
Diluted, loss for the year attributable to ordinary equity holders of the parent ($)	19	(0.03)	(0.01)
Earnings per share for continuing operations			
Basic, loss from continuing operations attributable to ordinary equity holders of the parent ($)	19	(0.04)	(0.02)
Diluted, loss from continuing operations attributable to ordinary equity holders of the parent ($)	19	(0.03)	(0.01)

* The amounts have been restated to separately disclose the discontinued operations (refer to note 18)

Consolidated statement of comprehensive income

for the year ended 31 December 2010

	Note	2010 US$	2009 US$
Loss for the year		**(5,119,775)**	**(1,407,994)**
Other comprehensive income			
Exchange differences on translating outside Zimbabwe operations	16	(174,572)	3,234,142
Net gain on available-for-sale financial assets	16	20,166	89,583
Revaluation of property, plant and equipment	16	250,336	6,974,686
Share of associated companies' other comprehensive losses	16	(6,997,556)	(6,031,288)
Income tax relating to components of other comprehensive income	17	(50,016)	(3,556,591)
Other comprehensive income for the year, net of tax		(6,951,642)	710,532
Total comprehensive income for the year, net of tax		**(12,071,417)**	**(697,462)**
Total comprehensive income attributable to:			
Equity holders of the parent		(14,290,821)	(3,459,418)
Non-controlling interests		2,219,404	2,761,956
		(12,071,417)	**(697,462)**

Consolidated statement of financial position

as at 31 December 2010

	Note	Group 2010 US$	Restated * Group 2009 US$	Restated * Group 1 January 2009 US$
EQUITY AND LIABILITIES				
Issued share capital	20	1,918,517	-	-
Non-distributabe reserves		21,865,797	22,530,986	21,127,795
Available for-sale financial assets reserve		26,298	85,104	-
Foreign currency translation reserve		985,694	1,956,579	-
Revaluation surplus		23,126,225	30,021,238	32,996,854
Treasury shares		(16,366)	(12,934)	-
Retained earnings		60,275	8,009,535	11,277,163
Reserves of a disposal group classified as held for sale	18	91,725	-	-
Equity attributable to equity holders of the parent		**48,058,165**	**62,590,508**	**65,401,812**
Non-controlling interests		10,133,673	8,702,286	7,305,470
Total equity		**58,191,838**	**71,292,794**	**72,707,282**
Non-current liabilities				
Borrowings	21	-	2,054,815	1,734,433
Deferred tax liability	22	3,970,627	4,737,580	2,175,504
Life assurance Policyholder's Fund	23	15,049,378	13,064,511	10,817,714
Total non-current liabilities		**19,020,005**	**19,856,906**	**14,727,651**
Current liabilities				
Borrowings	21	2,439,379	1,197,716	100,000
Insurance contract liabilities	24	37,701,478	65,256,228	40,248,678
Deferred revenue	25	2,146,541	1,147,574	1,050,928
Insurance payables	26	1,229,924	6,325,360	769,503
Accounts payables	27	5,598,328	6,454,882	6,819,661
Taxation	28	-	-	283,177
Life assurance Policyholder's Fund	23	391,251	54,000	-
Total current liabilities		**49,506,901**	**80,435,760**	**49,271,947**
Liabilities directly associated with assets classified as held for sale	18	163,253	-	-
		49,670,154	80,435,760	49,271,947
Total equity and liabilities		**126,881,997**	**171,585,460**	**136,706,880**
ASSETS				
Non-current assets				
Property, plant and equipment	29	15,371,733	15,422,007	8,945,469
Intangible assets	30	128,693	180,942	79,402
Investment properties	31	6,087,845	5,594,415	3,622,647
Investment in associates	32	28,507,728	37,651,506	45,218,587
Goodwill	33	1,096,978	1,313,846	2,033,605
Financial instruments	34	11,817,221	18,193,552	20,390,468
Deferred tax asset	22	110,988	-	-
Life assurance Policyholder's Fund	23	14,339,570	12,747,789	10,817,714
Total non-current assets		**77,460,756**	**91,104,057**	**91,107,892**
Current assets				
Inventories	35	298,300	220,000	136,067
Reinsurance receivables	24	15,269,518	46,608,633	30,286,765
Deferred acquisition costs	36	3,900,031	2,494,132	1,963,926
Insurance receivables	37	7,839,996	1,386,349	353,949
Accounts receivables	38	3,700,733	16,366,043	7,589,972
Cash and cash equivalents	40	17,056,625	13,035,524	5,268,309
Life assurance Policyholder's Fund	23	1,101,059	370,722	-
Total current assets		**49,166,262**	**80,481,403**	**45,598,988**
Assets classified as held for sale	18	254,979	-	-
		49,421,241	80,481,403	45,598,988
Total assets		**126,881,997**	**171,585,460**	**136,706,880**

* Refer to note 42.

S S Mutasa	**B P Nyajeka**	**E K Moyo**
Chairman	**Executive Director**	**Company Secretary**
15 March 2011	15 March 2011	15 March 2011

Consolidated statement of changes in equity

for the year ended 31 December 2010

	Issued Share Capital	Non Distributable Reserve	Retained Earnings	Available-for-sale financial assets reserve	Foreign Currency Translation Reserve	Revaluation surplus	Treasury Shares	Discontinued Operations (Note 18)	Total Ordinary Shareholders' Equity	Non-controlling interest	Grand Total
	$	$	$	$	$	$	$	$	$	$	$
Opening Balance (01.01.09)	-	**17,872,078**	**10,779,270**	-	-	**34,748,966**	-	-	**63,400,314**	**7,704,834**	**71,105,148**
Restatement of opening balances (note 43)		3,255,717	497,893			(1,752,112)		-	2,001,498	(399,364)	1,602,134
Opening Balance (Restated)	-	**21,127,795**	**11,277,163**	-	-	**32,996,854**	-	-	**65,401,812**	**7,305,470**	**72,707,282**
(Loss)/profit for the year	-	-	(2,525,485)	-	-	-	-	-	(2,525,485)	1,117,491	(1,407,994)
Other comprehensive income	-	-	-	85,104	1,956,579	(2,975,616)	-	-	(933,933)	1,644,465	710,532
Total Comprehensive income	-	-	**(2,525,485)**	**85,104**	**1,956,579**	**(2,975,616)**	-	-	**(3,459,418)**	**2,761,956**	**(697,462)**
Shares issued during the period	-	541,347	-	-	-	-	-	-	541,347	-	541,347
Transfer to reserves (Note 50)	-	861,844	(861,844)	-	-	-	-	-	-	-	-
Shares purchased during the period	-	-	(218,134)	-	-	-	(12,934)	-	(231,068)	(340,545)	(571,613)
Prior year adjustment	-	-	337,835	-	-	-	-	-	337,835	(247,050)	90,785
Dividends paid during the year	-	-	-	-	-	-	-	-	-	(777,545)	(777,545)
Closing Balance (Restated 31.12.09)	-	**22,530,986**	**8,009,535**	**85,104**	**1,956,579**	**30,021,238**	**(12,934)**	-	**62,590,508**	**8,702,286**	**71,292,794**
(Loss)/profit for the year	-	-	(6,366,116)	-	-	-	-	-	(6,366,116)	1,246,341	(5,119,775)
Other comprehensive income	-	`	-	(58,806)	(970,885)	(6,895,013)		-	(7,924,704)	973,063	(6,951,641)
Total Comprehensive income	-	-	**(6,366,116)**	**(58,806)**	**(970,885)**	**(6,895,013)**	-	-	**(14,290,820)**	**2,219,404**	**(12,071,416)**
Redenomination of share capital	1,918,517	(1,918,517)	-	-	-	-	-	-	-	-	-
Shares purchased during the period	-	-	-	-	-	-	(3,432)	-	(3,432)	-	(3,432)
Discontinued operations		(180,199)	88,474	-	-	-	-	91,725	-	-	-
Transfer to reserves (Note 50)	-	1,433,527	(1,433,527)	-	-	-	-	-	-	-	-
Sale of shares in subsidiary	-	-	(238,091)	-	-	-	-	-	(238,091)	35,642	(202,449)
Dividends paid during the year	-	-	-	-	-	-	-	-	-	(823,659)	(823,659)
Closing Balance (31.12.10)	**1,918,517**	**21,865,797**	**60,275**	**26,298**	**985,694**	**23,126,225**	**(16,366)**	**91,725**	**48,058,165**	**10,133,673**	**58,191,838**

Non-distributable reserve
The opening balance arose from the Group's conversion of the functional currency from Z$ to US$ on 1 January 2009. The balance included share capital, share premium and other reserves.

Available-for-sale financial assets reserve
Represents mark to market adjustments on available-for-sale financial instruments.

Foreign currency translation reserve
Relates to foreign currecy translation movement and is used to record exchange differences arising from the translation of the financial statements of outside Zimbabwe operations from their respective reporting currencies to the US$.

Revaluation reserve
Arises from the revaluation of the Group's property, plant and equipment and a share of revaluation reserves from associates.

Retained earnings
Relates to the distributable reserves for the Group. In the prior year, the opening balance related to the retained earnings of outside Zimbabwe subsidiaries.

Share capital
At the Annual General Meeting held on 12 May 2010, Shareholders approved the redenomination of share capital to 164,845,910 ordinary shares of $0.01 each and 27,005,771 non-redeemable, non-cumulative, participating preference shares of $0.01 each. As a result US$1,918,517 was transferred from the non-distributable reserve to issued share capital.

Consolidated statement of cashflows

for the year ended 31 December 2010

	Note	Group 2010 US$	Group 2009 US$
Operating activities			
Cash generated from operating activities	39	1,404,604	4,192,966
Tax paid	28	(2,088,407)	(2,478,552)
Net cashflows (used in)/from operating activities		**(683,803)**	**1,714,414**
Investing activities			
Increase in investment in associate companies	32.3	(3,027,195)	-
Capitalised cost for intangible asset		(21,910)	-
Purchase of property, plant and equipment	29	(641,448)	(238,003)
Rental income on investment properties		374,618	219,992
Purchase of investment property		-	(327,315)
Proceeds from sale of property, plant and equipment		81,036	105,052
Dividend received		1,419,671	1,205,883
Interest income from investments		710,912	1,220,498
Purchase of available-for-sale financial assets	34.9	(197,954)	(305,885)
Purchase of fair value through profit or loss financial assets	34.10	(11,111,171)	(8,729,549)
Purchase of held-to-maturity financial assets	34.7	(3,235,193)	(96,280)
Maturity of held-to-maturity financial assets		2,350,072	55,860
Proceeds from disposals of fair value through profit or loss financial assets		17,432,346	13,918,645
Proceeds from disposals of available-for-sale financial assets		1,309,115	72,106
Proceeds from disposal of investment property		472,500	-
Proceeds from disposal of investments		55,882	2,552,258
Net cash inflow from investing activities		**5,791,281**	**9,653,262**
Financing activities			
Purchase of treasury shares		(3,432)	(12,934)
Repayment of long-term borrowings	21	(2,054,815)	-
Finance costs paid		(451,450)	(275,393)
Proceeds from bank loans		-	320,382
Dividends paid to minority shareholders		(823,659)	(777,545)
Net cash used in financing activities		**(3,333,356)**	**(745,490)**
Net increase in cash and cash equivalents		1,954,122	10,622,186
Cash and cash equivalents at 1 January		11,837,808	5,168,309
Net effect of exchange rate changes on cash and cash equivalents		825,316	(3,952,687)
Cash and cash equivalents at 31 December	**40**	**14,617,246**	**11,837,808**
Cash and cash equivalents at the end of the period comprise of:			
Deposits and cash		17,056,625	13,035,524
Overdrafts and short term loans		(2,439,379)	(1,197,716)
Cash and cash equivalents at 31 December		**14,617,246**	**11,837,808**

1 Corporate information

TA Holdings Limited (the Company) is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange. The address of its registered office and principal place of business is disclosed on page 4 of this Annual Report. The principal activities of the Company and its subsidiaries are described on page 3.

The Group financial statements consolidate those of the Company, its subsidiaries and discretionary trust investments and the Group's interest in associates (together referred to as the Group). The consolidated financial statements of the Group for the year ended 31 December 2010 were approved for issue by the board of directors on 15 March 2011.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, land and buildings, and financial instruments that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (USD), which is the Company's functional and presentation currency.

The financial statements comprise the statements of financial position, Income Statements, Statements of comprehensive income, Statements of changes in equity, and Statements of cashflows and notes to the consolidated financial statements.

2.1.1 IFRS 1 First time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First time Adopters.

The Group is resuming presentation of IFRS financial statements after early adoption of Revised IFRS1: "First-time adoption of International Financial Reporting Standards" issued on 20 December 2010. The Group failed to present IFRS financial statements for the financial year ended 31 December 2009 due to the effects of severe hyperinflation as defined in Revised IFRS1. The first amendment replaces reference to a fixed date of '1 January 2004 'with 'the date of transition to IFRS', which eliminates the requirement to reconstruct transactions that occurred before the date of transition to IFRS. These amendments provide guidance for entities emerging from severe hyperinflation to resume presenting IFRS financial statements. An entity can elect to measure assets and liabilities at fair value and to use the fair value as the deemed costs in its opening IFRS statement of financial position. The Group elected to use the severe hyper inflation exemption.

The effect of the application of this amendment is to render the opening statement of financial position, prepared on 1 January 2009 (date of transition to IFRS) IFRS compliant. The opening statement of financial position was reported in the prior year as not being compliant with International Accounting Standard (IAS) 21 (The Effects of Changes in Foreign Exchange Rates) and IAS 29 (Financial Reporting in Hyperinflationary Economies). The Group's previous functional currency, the Zimbabwe dollar (ZW$),was subjected to severe hyperinflation before the date of transition to IFRS because it had both of the following characteristics:

(a) a reliable general price index was not available to all entities with transactions and balances in the ZW$ and

(b) exchange ability between the ZW$ and a relatively stable foreign currency did not exist.

The Group changed its functional and presentation currency from the ZW$ to the United States dollar (US$) with effect from 1 January 2009.

2.1.2 Deemed cost exemption

The Group elected to measure all statement of financial position items (assets and liabilities) at fair value and to use the fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. Equity was a derived figure in the new functional currency being the difference between total assets and total liabilities.

2.1.3 Comparative financial information

The financial statements comprise three statements of financial position, two statements of comprehensive income, changes in equity and cash flows as a result of the retrospective application of the Amendments to IFRS 1. The comparative statements of comprehensive income, changes in equity and cash flows are for twelve months.

2.1.4 Insurance contracts

As permitted by IFRS 4 Insurance Contracts, the Group has applied relevant country insurance practices for its insurance contracts and investment contracts.

2.2 Basis of consolidation

2.2.1 Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2010.

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 when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.2.2 Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation: Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between NCI and the parent shareholders.

Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at 1 January 2010 have not been restated.

Associate companies are brought to account on the basis explained in note 2.5.14 below.

2.3 Changes in accounting policies and disclosures

2.3.1 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

IFRS 1 First-time Adoption of International Finance Reporting Standards: *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (Amendments to IFRS 1), issued in December 2010 and effective for a period ending on or after 1 July 2011, early adoption is permitted.

IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009

IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009

Improvements to IFRSs (May 2008)
Improvements to IFRSs (April 2009)

The adoption of the standards or interpretations is described below:

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Group in the current reporting period as the share option scheme is not yet effective.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on the financial position or performance of the Group.

Improvements to IFRSs

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the group.

Issued in May 2008

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position nor financial performance of the Group.

Issued in April 2009

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. The amendment had no impact on the disclosures in Note 8 Segment information.

IFRS 8 Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information in Note 41.

IAS 7 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will not have an impact on the presentation of investing activities in the statement of cash flows.

IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

Issued in April 2009
IFRS 2 Share-based Payment
IAS 1 Presentation of Financial Statements
IAS 17 Leases
IAS 34 Interim Financial Reporting
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement

IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 16 Hedge of a Net Investment in a Foreign Operation

2.3.2Standards issued but not yet effective
Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

IFRS 1 First-time Adoption of International Finance Reporting Standards: *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* (Amendments to IFRS 1), issued in December 2010 and effective for a period ending on or after 1 July 2011, early adoption is permitted.

The Group early adopted the Standard effective 31 December 2010.

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance.

Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: *Presentation – Classification of Rights Issues (Amendment)*

The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the Group.

Improvements to IFRSs (issued in May 2010)
The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011. The amendments listed below, are considered to have a reasonable possible impact on the Group:

IFRS 3 Business Combinations
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements

IFRIC 13 Customer Loyalty Programmes

The Group, however, expects no impact from the adoption of the amendments on its financial position or performance.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

2.4.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Sable Chemical Industries Limited (Sable)

(i) Going concern

Sable incurred a loss for the year of $8,1 million ($8,4 million, 2009) and the current liabilities exceed current assets by $1,037,501 as at 31 December 2010. These conditions indicate the existence of a material uncertainty which may cast significant doubt that the company will be able to continue as a going concern. The going concern of the company is dependent on the financial institutions agreeing to extend the repayment period for their loans and the company getting a viable electricity tariff.

The financial statements are prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

(ii) Impairment of plant and equipment

As at 31 December 2010, Sable fully impaired its electrolysis plant, following a decision made to move to an alternative source of hydrogen (for the production of ammonia), as at the current electricity tariff, it is unviable to be reliant on electricity. The full impairment of the electrolysis plant was $12 million and TA Holdings Limited's share of the impairment was $6,1 million ($4,9 million net of tax). The impairment is being allocated to the revaluation reserve, as the electrolysis plant had previously been revalued.

The recoverable amount of other items of plant and equipment was determined based on the fair value assessment performed by CB Richard Ellis (professional valuers). The impairment of other items of plant and equipment was $5 million and TA's share was $2,5 million ($2 million net of tax). The impairment is being allocated to the revaluation reserve, as these items of plant and equipment had previously been revalued.

(iii) Payable value of electricity tariff

The company recorded the electricity expense based on a tariff of 4.5c/kwh which management judged as being the tariff rate which the company should be billed at. The tariff used by management is based on the tariff as communicated to all parties by the Government. The standard tariff rate excluding Government support is 5.6c/kwh. The sensitivity to Group results of the electricity expense and the related impact on Group statement of financial position and consolidated income statement is as follows:

Details	4.5c/kwh	5c/kwh	5.6c/kwh
Increase on loss for the year ($)	-	629,280	932,295
Decrease in value of associates ($)	-	629,280	932,295

(b) PG Industries Zimbabwe Limited accounting

(i) Accounting treatment

TA Holdings has an effective shareholding of 15.17% in PG Industries Zimbabwe Limited (PG) through its subsidiary Quest Ventures (Pty) Limited. Quest Ventures has a 51% shareholding in Prestige Investments (Pvt) Limited and Prestige Investments has a 29.8% interest in PG.

As at 31 December 2009, Prestige Investments accounted for its investment in PG shares at Fair Value Through Profit and Loss (FVTPL) according to IAS 39: (Financial Instruments: Recognition and measurement).

Based on events which occurred in the financial year ended 31 December 2010, there is evidence that prove that Prestige Investments has significant influence over PG. As such the investment has been accounted as an associate with effect from 1 April 2010 (based on PG's financial year end).

(ii) Going concern

The company recorded a net loss of $7,573,067 (March 2010: $5,080,019) and its current liabilities exceed current assets by $905,423 including discontinued operations (March 2010: $4,344,548).

The country's economic sectors continue to be constrained by unreliable electricity supply, high labour cost, low investments, low credit facilities for working capital and increased competition from imports. The company has been affected, and may continue to be affected, by these conditions which give rise to a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and be unable to realize its assets and discharge its liabilities in the ordinary course of business. The company has embarked on several remedial actions that will see it operating as a going concern for the foreseeable future.

(c) Operating lease commitments-group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group, as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for them as operating leases.

2.4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Valuation of insurance contract liabilities

(i) Life insurance contract liabilities

The liability for life insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the consolidated income statement over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the consolidated income statement.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders.

Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

(ii) Non-life insurance (which comprises general insurance) contract liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast with absolute precision, future claims payable under existing insurance contracts. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. Overtime, the group has developed a methodology that is aimed at establishing insurance provisions that have an above-average likelihood of being adequate to settle its insurance obligations.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

(b) Fair value of financial assets determining using valuation techniques

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flows model and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk, and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics.

Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Goodwill impairment testing

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which goodwill is allocated.

(d) Deferred tax assets and liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(e) 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 statement of financial position date, generally calculated on the 1/365 basis after providing 16% for deferred acquisition costs (DAC).

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Actuarial assumptions — determination of policyholder liabilities

The policy holder liabilities in respect of the insurance contracts that are insured and administered by the company were determined using the Financial Soundness Valuation (FSV) Method. The FSV method gives a prudently realistic view of the overall financial position of the company. The method allows explicitly for the actual premiums that will be collected under the contracts and future experience that may be expected in respect to expenses, mortality, investment returns and other relevant factors.

(k) Valuation of property, plant and equipment and fair value of investment property (refer to note 51)

2.5 Summary of significant accounting policies

2.5.1 Insurance contracts

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

2.5.2 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the income statement.

Deferred revenue includes fee income from reinsurance contracts ceded which varies with and is related to obtaining new reinsurance contracts and renewing existing ones. The income is deferred over the period of the related reinsurance contract and is recognised as deferred revenue under current liabilities.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.5.3 Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. Insurance receivables are derecognised when the derecognition criteria for financial assets.

2.5.4 Deferred acquisition costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts, are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred.

Subsequent to initial recognition, DAC for life insurance are amortised over the expected life of the contracts as a constant percentage of expected premiums. DAC for general insurance are amortised over the period in which the related revenues are earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset amortisation is recorded in the income statement. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the income statement. DAC are also considered in the liability adequacy test for each reporting period.

DAC are derecognised when the related contracts are either settled or disposed of.

2.5.5 Reinsurance commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

2.5.6 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 statement of financial position date, an independent valuation of policy holder liabilities is carried out (as outlined in Note 23). 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.

2.5.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of the asset's or CGU recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

(a) Goodwill

Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. The Group performs its annual impairment test of goodwill as at 31 December.

The recoverable amounts of all cash generating units have been determined based on a value–in-use calculation. The calculation requires the Group to make an estimate of the expected future cash flows from each of the cash-generating units and discount these amounts using a suitable rate which reflects the risk of those cash flows in order to calculate the present value of those cash flows.

Previously recorded impairment losses for goodwill are not reversed in future periods.

When goodwill forms part of a cash-generating unit (or group of cash generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation to determine the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.5.8 Property, plant and equipment

Property, plant and equipment, including owner-occupied property, is initially stated at cost. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

For subsequent measurement the Group uses the revaluation model i.e. fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses in the valuation of all classes of property, plant and equipment serve for furniture and fittings which is carried at cost.

Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease on the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is provided on a straight line basis over the useful lives of the following classes of assets:

- Property: over 40 - 50 years
- Equipment: 3 to 10 years

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in the income statement as an expense.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

2.5.9 Service Stocks

Service stocks on hand at the beginning of the year are stated at fair value while purchases during the year are stated at landed cost. The fair value of service stocks is assessed at the end of the year and the difference between fair value and the carrying value is recorded as usage.

2.5.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(a) Computer Software

Costs associated with maintaining computer software are recognised as an expense as incurred. Costs that are directly attributable for the installation of identifiable computer software controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software costs recognised as assets are amortised over their useful lives, which does not exceed three years.

2.5.11 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.5.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009.

2.5.13 Business combinations and goodwill

(a) Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.5.14 Investment in an associate
The Group's investment in its associate is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.
The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the income statement. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss.

2.5.15 Financial assets

(a) Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated. Financial assets are classified as at fair value through profit or loss where the Group's documented investment strategy is to manage financial investments on a fair value basis, because the related liabilities are also managed on this basis. The available-for-sale and held to maturity categories are used when the relevant liability (including shareholders' funds) is passively managed and/or carried at amortised cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.
(b) Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. For investments designated as at fair value through profit or loss, the following criteria must be met:

The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis.

The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the income statement.

The Group evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

(ii) Available-for-sale financial assets
Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income and accumulated in the available-for-sale reserve, a separate component in equity until the asset is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, or the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

The Group evaluated its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Group is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances.

Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The reclassification to held to maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR (effective interest rate). Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement.

(iii) Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost, using the EIR method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(iv) Held to maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold until maturity. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment.

All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

After initial measurement, held to maturity financial assets are measured at amortised cost, using the effective interest rate method, less impairment. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(c) Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired

The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not 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 on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'finance cost' in the income statement.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system, which considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

(f) Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published bid values.

For financial instruments where there is not an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. Certain financial instruments are recorded at fair value using valuation techniques because current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit and liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded (Day 1 profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26.

2.5.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the consolidated cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2.5.17 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period 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 substantively enacted by the reporting date in the countries where the Group operates and generates taxable income. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The income tax charge is analysed between tax in respect of policyholders' returns and the balance which represents the tax on equity holders' returns. The income tax charge in respect of policyholders' returns reflects the movement in current and deferred income tax recognised in respect of those items of income, gains and expenses, which inure to the benefit of policyholders.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting 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:

When 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.

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 the temporary differences will not reverse in the foreseeable future.

Deferred 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 utilised except:

Where the deferred 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.

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 tax assets is reviewed at each reporting date and 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 tax assets are reassessed at each reporting 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 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 reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables that are stated with the amount of VAT included.

Outstanding net amounts of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.5.18 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

(a) Group as a lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

(b) Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.5.19 Foreign currency translation

The Group's consolidated financial statements are presented in USDs which is also the parent company's functional currency. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Tax changes and credits attributable to exchange differences on these items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(b) Group companies

The assets and liabilities of foreign operations are translated into USDs at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5.20 Insurance contract liabilities

(a) Life insurance contract liabilities

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability.

Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group. Adjustments to the liabilities at each reporting date are recorded in the income statement. Profits originated from margins of adverse deviations on run-off contracts are recognised in the income statement over the life of the contract, whereas losses are fully recognised in the income statement during the first year of run-off.

The liability is derecognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of related PVIF (Present value of in-force business) and DAC, by using an existing liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses.

In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows, option pricing models and stochastic modelling.

(b) Non-life insurance (which comprises general insurance) contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant nonlife insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

(c) 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 statement of financial position date. Unexpired risk surpluses and deficits, are aggregated where business classes are managed together.

(d) Salvage and subrogation reimbursements

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (i.e., salvage). The group may also have the right to pursue third parties for payment of some or all costs.

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can be reasonably be recovered from the disposal of the property.

2.5.21 Financial liabilities – initial recognition and subsequent measurement

(a) Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include net asset value attributable to unit holders, trade and other payables, borrowings, insurance payables and derivative financial instruments.

(b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. The Group has also designated net asset value attributable to unit-holders as at fair value through profit or loss upon initial recognition.

Gains or losses on designated or held for trading liabilities are recognised in the income statement.

(c) Interest bearing loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

(d) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(e) Classification of financial instruments between debt and equity

A financial instrument is classified as debt if it has a contractual obligation to:

Deliver cash or another financial asset to another entity.

Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

2.5.22 Insurance payables
Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

(a) Derecognition insurance payables
Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

2.5.23 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.

2.5.24 Provisions

(a) General
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable 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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounting using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(b) Onerous contracts
A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.5.25 Share-based payment transactions
Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity settled transactions').

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

(a) Equity-settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using an appropriate pricing model, further details of which are given in Note 19.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

(b) Cash-settled transactions
The cost of cash-settled transactions is measured initially at fair value at the grant date using a Black-Scholes model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

2.5.26 Equity movements

(a) Ordinary share capital
The Group has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

(b) Treasury shares
Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at cost. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other capital reserves. Voting rights related to treasury shares

are nullified for the Group and no dividends are allocated to them respectively.

(c) Dividends on ordinary share capital
Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

2.5.27 Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Gross premiums
Gross recurring premiums are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(b) Reinsurance premiums
Gross reinsurance premiums on life are recognised as an expense when payable or on the date on which the policy is effective. Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts.
Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.
Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

(c) Fees and commission income
Insurance policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

(d) Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the e

investments include gains and losses on financial assets and investment properties. Gains and losses also include the ineffective portion of hedge transactions. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

(i) Earned premiums
Earned premium is recognised as revenue to the extent that the net written premium relates to risks expired in the accounting period.

2.5.28 Benefits, claims and expenses recognition

(a) Gross benefits and claims
Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims, as well as changes in the gross valuation of insurance contract liabilities. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

(b) Reinsurance claims
Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

(c) 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 statement of financial position date and for the estimated administrative expenses that will be incurred after the statement of financial position 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 statement of financial position date.

2.5.29 Finance cost
Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

2.5.30 Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.5.31 Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(a) Raw materials
Purchase cost on a first in, first out basis

(b) Finished goods and work in progress:
Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.5.32 Events after the statement of financial position date
The financial statements are adjusted to reflect events that occurred between the statement of financial position date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the financial statements themselves.

2.5.33 Basis of segmentation
IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The group is an investment company, with interests in Zimbabwe and outside Zimbabwe. This is the way that management and Board of Directors considers information when making investment decisions and is the basis on which resources are allocated and performance is assessed by management and Board of Directors.

The Group generates revenue from two principal business activities which are insurance (general and life insurance) and hotels. The types of products and services from which each operating segment derives its revenues are as follows:

Zimbabwe investments – insurance and hotels

Outside Zimbabwe investments – insurance and hotels

		Note	Group 2010 US$	Group 2009 US$
3	**Income**			
3.1	**Gross premiums on insurance contracts**			
	Life insurance		2,376,044	1,328,386
	Non-life insurance		53,392,207	52,414,432
	Change in unearned premium provision		(5,890,850)	(3,422,376)
	Total gross premiums		**49,877,401**	**50,320,442**
3.2	**Premiums ceded to reinsurers on insurance contracts**			
	Life insurance		(271,313)	(257,263)
	Non-life insurance		(23,757,314)	(26,873,035)
	Change in unearned premium provision		4,433,797	910,772
	Total premiums ceded to reinsurers		**(19,594,830)**	**(26,219,526)**
	Total net premiums		**30,282,571**	**24,100,916**
4.	**Fees and commission income**			
	Policyholders' administration fees		875,592	789,013
	Re-insurance commission and fees received		6,969,742	6,364,179
	Total fees and commission income		**7,845,334**	**7,153,192**
5	**Investment income**			
	Rentals from investment properties		374,618	219,992
	Financial assets at fair value through profit or loss		772,548	523,103
	Interest income		462,900	69,828
	Dividend income		309,648	453,275
	Held to maturity financial assets' interest income		1,149	4,519
	Available-for-sale financial assets			
	Interest income		4,243	432,782
	Loans and receivables' interest income		242,620	260,094
	Total investment income		**1,395,178**	**1,440,490**
6	**Realised gains/(losses)**			
	Available-for-sale financial assets			
	Realised gains			
	Quoted equities		602,817	124,342
	Realised losses		(33,832)	(680,960)
	Quoted equities		(33,832)	(680,158)
	Debt securities		-	(802)
	Net realised gains / (losses)		**568,985**	**(556,618)**
7	**Fair value (losses)/gains**			
	Fair value (losses)/gains on financial assets at fair value through profit or loss		(538,325)	591,551
	Fair value gains of investment properties		446,156	1,054,807
	Net fair value (loss)/gain		**(92,169)**	**1,646,358**
8	**Hotel revenues**			
	Zimbabwe investments		9,651,697	5,881,650
	Outside Zimbabwe investments		1,390,927	1,259,156
	Total hotel revenues		**11,042,624**	**7,140,806**
9	**Other operating income**			
	Profit/(loss) on sale of property, plant and equipment		4,158	(15,376)
	Share of life fund actuarial valuation surplus	23	136,984	594,646
	Profit on sale of investment property		292,500	-
	VAT refund		292,000	-
	Motor pool income		150,989	-
	Sundry income		230,921	287,086
	Total other operating income		**1,107,552**	**866,356**

		Group 2010 US$	Group 2009 US$
10	**Net benefits and claims**		
10.1	**Gross benefits and claims paid**		
	Life insurance contracts	(886,791)	(577,815)
	Non-life insurance contracts	(35,593,265)	(4,661,778)
	Total gross benefits and claims paid	(36,480,056)	(5,239,593)
10.2	**Gross change in contract liabilities**		
	Change in life insurance contract liabilities	-	-
	Change in non-life insurance contract liabilities	(1,365,778)	(19,740,996)
	Total gross change in contract liabilities	**(1,365,778)**	**(19,740,996)**
	Insurance claims and loss adjustment expenses	**(35,114,278)**	**(24,980,589)**
10.3	**Claims ceded to reinsurers**		
	Life insurance contracts	2,584	21,456
	Non-life insurance contracts	19,888,233	13,372,700
	Total claims ceded to reinsurers	**19,890,817**	**13,394,156**
10.4	**Change in contract liabilities ceded to reinsurers**		
	Change in life insurance contract liabilities	-	-
	Change in non-life insurance contract liabilities	87,071	858,491
	Total change in contract liabilities ceded to reinsurers	**87,071**	**858,491**
	Insurance claims and loss adjustment expenses recovered from reinsures	**19,977,888**	**14,252,647**
	Net benefits and claims	**(15,136,390)**	**(10,727,942)**

		Note	Group 2010 US$	Group 2009 US$
11	**Finance costs**			
	Current borrowings			
	Interest expense on bank loans		168,210	259,674
	Interest expense on bankers' acceptances		281,203	15,719
	Non-current borrowings			
	Interest expense on bank loans		2,037	-
	Total finance costs		**451,450**	**275,393**
12	**Hotel cost of sales**			
	Zimbabwe investments		3,616,302	2,687,490
	Outside Zimbabwe investments		1,224,543	1,597,581
	Total hotel cost of sales		**4,840,845**	**4,285,071**
13	**Operating and administrative expenses include:**			
	Amortisation of intangible assets	30	76,299	81,266
	Depreciation on property, plant and equipment		650,180	615,723
	Fees and commission expenses		8,019,918	8,293,912
	Deferred acquisition expenses	29	1,194,365	(401,647)
	Amortisation of deferred expenses		(60,751)	(128,559)
	Employee benefits expense	14	10,513,737	7,437,801
	Auditors' remuneration - current year		532,314	354,497
	Directors' emoluments		210,493	163,703
	- for services as directors		37,500	29,353
	- for managerial services		172,993	134,350
14	**Employee benefits expense**			
	Wages and salaries		10,193,136	7,158,571
	Social security costs		132,974	14,783
	Pension costs		187,627	264,447
	Total employee benefits expense		**10,513,737**	**7,437,801**

		Note	Group 2010 US$	Group 2009 US$
15	**Income tax expense**			
15.1	**Current income tax charge for the year**			
15.1.1	**Current income tax**		1,414,482	1,893,343
	Total current tax		**1,414,482**	**1,893,343**
15.1.2	**Deferred tax**			
	Net temporary differences		(728,951)	(574,735)
	Carry forward of assessed loss		(199,006)	(419,780)
	Total deferred tax		(927,957)	(994,515)
	Total income tax expense		**486,525**	**898,828**
15.2	**Tax recorded in other comprehensive income**			
	Deferred tax		(50,016)	(3,556,591)
	Total tax charge to other comprehensive income		**(50,016)**	**(3,556,591)**
15.3	**Reconciliation of tax charge**			
	Loss before tax from continuing operations		(4,556,415)	(497,528)
	Loss from discontinued operations		(76,835)	(11,638)
	Loss before income tax		**(4,633,250)**	**(509,166)**
	Tax at Zimbabwe statutory rate of 25.75%		(1,193,062)	(131,110)
	Effects of :			
	Withholding tax on dividend income		(262,113)	(299,007)
	Impact of varying tax rates		718,742	154,561
	Inclusion of after tax loss from associates in profit before tax		1,141,256	833,572
	Expenses not deductible for income tax purposes		1,699,176	1,530,392
	Income not subject to income tax		(1,206,806)	(877,556)
	Differences arising from movements in unrealised gains and losses		27,515	496,072
	Differences arising from 8th schedule tax for life assurance		(116,110)	(262,837)
	Utilisation of previously unrecognised tax losses		(199,006)	(419,780)
	Income tax saving as a result of solvency reserve transfer		(123,067)	(125,479)
	Total tax charge for the year		**486,525**	**898,828**
16	**Components of other comprehensive income**			
	Exchange differences on translation of foreign operations		(174,572)	3,234,142
	Gains from available-for-sale financial assets		20,166	89,583
	Revaluation of property, plant and equipment	29	250,336	6,974,686
	Share of associated companies' other comprehensive Income		(6,997,556)	(6,031,288)
	Income tax relating to components of other comprehensive income		(50,016)	(3,556,591)
	Other comprehensive income for the year net of tax		**(6,951,642)**	**710,532**
16.1	**Available-for-sale financial assets**			
	Gains arising during the year		589,151	(467,035)
Less:	Reclassifications included in the income statement		(568,985)	556,618
	Net gains for available-for-sale financial assets		**20,166**	**89,583**

17 Income tax effects relating to other comprehensive income

	2010		
	US$	US$	US$
	Before tax amount	Tax (expense)/ credit	Net of tax amount
Group			
Exchange difference on translating Outside Zimbabwe operations	(174,572)	-	(174,572)
Available-for-sale financial assets	20,166	1,818	21,984
Revaluation of property, plant and equipment	250,336	(51,834)	198,502
Share of associated companies' other comprehensive losses	(6,997,556)	-	(6,997,556)
Total	**(6,901,626)**	**(50,016)**	**(6,951,642)**

Income tax effects relating to other comprehensive income

	2009		
	US$	US$	US$
	Before tax amount	Tax (expense)/ credit	Net of tax amount
Group			
Exchange difference on translating Outside Zimbabwe operations	3,234,142	-	3,234,142
Available-for-sale financial assets	89,583	(4,479)	85,104
Revaluation of property, plant and equipment	6,974,686	(3,552,112)	3,422,574
Share of associated companies' other comprehensive losses	(6,031,288)	-	(6,031,288)
Total	**4,267,123**	**(3,556,591)**	**710,532**

18 Discountinued operations

Renew It Automotive (Pvt) Ltd

On 2 July 2010, the Board of directors resolved to dispose of a 100% owned subsidiary, Renew It Automotive (Private) Limited (Renew It). The business of Renew It has been operating in competitive environment making it difficult for management to derive real growth and profitability from the business without injecting substantial capital in the business.
The disposal of Renew It is due to be completed by 30 June 2011 and as at 31 December 2010, final negotiations for the sale were in progress.
As at 31 December 2010 Renew It was classified as a disposal group held for sale and as a discontinued operation.
The results of Renew It for the year are presented below:

	2010 US$	2009 US$
Sales	638,483	412,291
Cost of sales	(317,439)	(194,375)
Gross Profit	**321,044**	**217,916**
Other income	2,428	21,514
Operating expenses	(425,647)	(266,645)
Net loss before tax	**(102,175)**	**(27,215)**
Income tax credit	25,340	15,577
Loss after tax	**(76,835)**	**(11,638)**

The major classses of assets and liabilities of Renew It Automotive (Pvt) Ltd classified as held for sale as at 31 December 2010 are as follows:

Non current assets	
Property, plant & equipment	155,299
Inventory	22,373
Accounts receivable	51,273
Other accounts receivable	2,016
Bank and cash	24,018
Assets classified as held for sale	**254,979**
Liabilities	
Accounts payable	11,487
Provisions	41,211
Deferred tax	18,935
Other accounts payable	91,621
Liabilities directly associated with assets classified as held for sale	**163,253**
Net assets directly associated with disposal group	**91,725**
The net cashflows generated by Renew It Private Limited are as follows:	
Operating	11,302
Investing	1,023
Financing	-
Net cash inflow	12,325
Earning per share:	
Basic loss for the year, from discontinued operation	(0.0005)
Diluted loss for the year, from discontinued operation	(0.0004)

19 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for dividend on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2010	**2009**
Net loss attributable to ordinary equity holders of the parent for basic earnings ($)	(6,366,116)	(2,525,485)
Interest on convertible preference shares ($)	-	-
Net loss attributable to ordinary equity holders of the parent adjusted for the effect of dilution ($)	**(6,366,116)**	**(2,525,485)**
Weighted average number of ordinary shares	164,845,910	164,845,910
Treasury shares purchased	(11,184)	(18,645)
Weighted average number of ordinary shares for basic earnings per share	164,834,726	164,827,265
Effect of dilution:		
Non redeemable, participating, convertible preference shares	27,005,771	27,005,771
Weighted average number of ordinary shares adjusted for the effect of dilution	**191,840,497**	**191,833,036**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

To calculate earnings per share amounts for the discontinued operation (see Note 18), the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above. The following table provides the profit/(loss) amount used:

Net loss attributable to ordinary equity holders of the parent from a discontinued operation for basic and diluted earnings per share calculations.	(76,836)	(11,638)
Net loss attributable to ordinary equity holders of the parent from a continuing operations for basic and diluted earnings per share calculations.	(6,289,280)	(2,513,847)

	2010 Number of Shares	2010 US$	2009 Number of Shares	2009 US$
20 Issued share capital - company				
Authorised				
Ordinary shares	223,071,861	2,230,719	223,071,861	-
Non-redeemable, non-cumulative, participating convertible preference shares	27,005,771	270,058	27,005,771	-
Cumulative convertible redeemable preference shares	200,000	2,000	200,000	-
	250,277,632	**2,502,777**	**250,277,632**	-

	2010 Number of Shares	2010 US$	2009 Number of Shares	2009 US$
Issued and fully paid				
Non-redeemable, non-cumulative, participating convertible preference shares				
At 31 December 2010	27,005,771	270,058	27,005,771	-
Ordinary shares of $0.01 each issued and fully paid				
At 31 December 2010	164,845,910	1,648,459	164,845,910	-
Total issued and fully paid	**191,851,681**	**1,918,517**	**191,851,681**	-
Unissued	58,425,951	584,260	58,425,951	-
Authorised	**250,277,632**	**2,502,777**	**250,277,632**	-

20.1 27 005 771 non-redeemable, non-cumulative, participating, convertible preference shares of $0.01 were issued to American International Underwriters Overseas Limited (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.

20.2 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.

20.3 At the Annual General Meeting held on 12 May 2010, shareholders approved the redenomination of share capital to 164,845,910 ordinary shares of $0.01 each (nil 2009) and 27,005,771 non-redeemable, non-cumulative, participating preference shares of $0.01 each (nil 2009). As a result, $1,918,517 was transferred from non-distributable reserve to issued share capital.

	2010	2009	2009 opening
	US$	US$	US$
21 Borrowings			
21.1 Non current borrowings			
Opening balance	2,054,815	1,734,433	1,734,433,
Repayments	(2,054,815)	-	-
Exchange rate movement	-	320,382	-
	-	**2,054,815**	**1,734,433,**
21.2 Current borrowings			
Group overdraft	847,033	100,000	100,000
Short-term loans	1,592,346	1,097,716	-
	2,439,379	**1,197,716**	**100,000**

21.3 Borrowings

The Bank borrowings represent the following:

(i) Bankers Acceptances of $900,000 with a discount rate of 19%, maturing in January 2011 with an option to rollover.
(ii) Overdraft facility of $850,000 with an interest rate of 10% plus LIBOR rate
(iii) Short term bank loan of $690,000 with interest rate of 14% for 6 months.

All borrowings are stated at amortised cost. For short–term borrowings and variable rate loans, it is assumed that the carrying value approximates fair value. All borrowings are unsecured.

21.4 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 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. No lender or other person dealing with the Company shall be concerned to see or enquire whether these limits are observed. As at 31 December 2010, the Company's borrowings were $1,450,446. Fifty percent of the Company's net asset value was $7,332,293.

	Note	Group 2010 US$	Group 2009 US$	Group 2009 opening US$
22 Deferred taxation				
At 1 January		4,737,580	2,175,504	2,175,504
Amounts recorded in the income statement	15	(927,957)	(994,515)	
Amounts recorded in equity	16	50,016	3,556,591	
Net deferred tax liability		**3,859,639**	**4,737,580**	**2,175,504**
Deferred tax liability				
Losses carried forward		(1,058,905)	(1,097,794)	2,175,504
Provisions and other temporary differences		5,142,729	5,458,684	-
Insurance related items		(385,573)	(36,410)	-
Unrealised gains on investment securities		272,376	413,100	-
Total deferred tax liability		**3,970,627**	**4,737,580**	2,175,504
Deferred tax asset				
Unrealised gains on investment securities		(110,988)	-	-
Total deferred tax asset		**(110,988)**	-	-
Net deferred tax liability		**3,859,639**	**4,737,580**	**2175,504**

23 Life Asurance Assets and Liabilities

The Group consolidates Zimnat Life as follows:

a) The Shareholder's Income statement is consolidated on a line by line basis (refer to note 23.2)
b) 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 23.2)
c) The Statement of financial position is consolidated.
d) The liabilities and assets of the assurance company are separately disclosed in the Group consolidated statement of financial position.

23.1 Zimnat Life Fund statement of financial positions are presented below:

	Policyholders 2010 US$	Policyholders 2009 US$	Shareholders 2010 US$	Shareholders 2009 US$
Non current liabilities				
Equity	-	-	4,450,291	4,011,219
Life assurance fund	15,049,378	13,064,511	-	-
Borrowings	-	-	250,000	-
Deferred tax liability	-	-	203,982	188,368
Total non current liabilities	**15,049,378**	**13,064,511**	**4,904,273**	**4,199,587**
Current liabilities				
Accounts payable - other	391,251	54,000	595,102	190,544
Total current liabilities	**391,251**	**54,000**	**595,102**	**190,544**
Total equity and Liabilities	**15,440,629**	**13,118,511**	**5,499,375**	**4,390,131**
Assets				
Non current assets				
Property, plant and equipment	-	-	179,102	212,801
Investment properties	6,437,277	6,457,898	3,335,723	2,830,101
Financial assets	7,902,293	6,289,891	1,218,392	1,060,768
Total non current assets	**14,339,570**	**12,747,789**	**4,733,217**	**4,103,670**
Current assets				
Inventory	-	-	559	3,325
Accounts receivable - trade	69,566	50,984	329,544	60,302
Bank and cash	1,031,493	319,738	436,055	222,834
Total current assets	**1,101,059**	**370,722**	**766,158**	**286,461**
Total assets	**15,440,629**	**13,118,511**	**5,499,375**	**4,390,131**

23.2 Zimnat Life's income statements are presented below:

	Policyholder 2010 US$	Policyholder 2009 US$	Shareholder 2010 US$	Shareholder 2009 US$
Net premiums	3,161,333	1,489,885	2,104,730	1,071,123
Investment income	1,250,818	510,317	339,214	183,534
Fair value gains/(losses)	(17,931)	1,023,958	171,040	461,456
Other income	-	12,061	538,536	724,294
Total revenues	**4,394,220**	**3,036,221**	**3,153,520**	**2,440,407**
Claims	(1,365,615)	(188,044)	(884,207)	(556,359)
Operating and administration expenses	(420,864)	(421,647)	(1,891,857)	(926,952)
Total expenses	**(1,786,479)**	**(609,691)**	**(2,776,064)**	**(1,483,311)**
Profit before tax	**2,607,741**	**2,426,530**	**377,456**	**957,096**
Income tax expense	(55,118)	(28,999)	(23,164)	(67,790)
Profit after tax	**2,552,623**	**2,397,531**	**354,292**	**889,306**
Transfer to shareholder fund	(136,984)	(594,646)	136,984	594,646
Interim	-	(302,646)	-	302,646
Final	(136,984)	(292,000)	136,984	292,000
Surplus funds	**2,415,639**	**1,802,885**	**491,276**	**1,483,952**
Shareholder funds included in Group income statement	**-**	**-**	**491,276**	**1,483,952**

Actuarial Assumptions

Determination of Policyholder Liabilities:

The policy holder liabilities in respect of the insurance and investment contracts that are insured and administered by the company were determined using the Financial Soundness Valuation (FSV) Method. The FSV method gives a prudently realistic view of the overall financial position of the company. The method allows explicitly for the actual premiums that will be collected under the contracts and future experience that may be expected in respect to expenses, mortality, investment returns and other relevant factors. The last actuarial valuation was done on 31 December 2010.

		Note	Group 2010 US$	Group 2009 US$	Group 2009 Opening US$
24	**Insurance contract liabilities**				
24.1	**Gross insurance liabilities**				
	Claims reported and loss adjustment expenses		9,048,716	42,662,552	22,946,565
	Claims incurred but not reported		2,821,266	2,831,422	1,582,114
	Unearned premium		25,831,496	19,762,254	15,719,999
			37,701,478	**65,256,228**	**40,248,678**
24.2	**Recoverable from re-insurers**				
	Claims reported and loss adjustment expenses		(3,009,576)	(38,199,828)	(24,275,232)
	Claims incurred but not reported		(375,344)	(1,136,396)	(269,775)
	Unearned premium		(11,884,598)	(7,272,409)	(5,741,758)
			(15,269,518)	**(46,608,633)**	**(30,286,765)**
24.3	**Net insurance liabilities**				
	Claims reported and loss adjustment expenses		6,039,140	4,462,724	4,719,655
	Claims incurred but not reported		2,445,922	1,695,026	1,312,339
	Unearned premium		13,946,898	12,489,845	9,978,241
			22,431,960	**18,647,595**	**16,010,235**
25	**Deferred revenue**				
	At 1 January		1,147,574	1,050,928	1,050,928
	Movement for the year		915,917	(85,645)	-
	Foreign exchange adjustment		83,050	182,291	-
	Total deferred revenue		**2,146,541**	**1,147,574**	**1,050,928**
26	**Insurance payables**				
	Amounts payable on direct insurance business				
	Balance at 1 January		6,325,360	769,503	769,503
	Movement for the year		(5,626,032)	5,422,381	-
	Foreign exchange adjustment		530,596	133,476	-
	Balance at 31 December		**1,229,924**	**6,325,360**	769,503
27	**Accounts payable**				
	Trade payables		694,279	1,455,733	1,762,489
	Accrued expenses		4,837,654	4,462,271	2,001,810
	Other		66,395	536,878	3,055,362
	Total accounts payable		**5,598,328**	**6,454,882**	6,819,661
28	**Taxation**				
	At 1 January		(302,032)	283,177	283,177
	Amounts recorded in the income statement	15	1,414,482	1,893,343	-
	Payments made on account during the year		(2,088,407)	(2,478,552)	-
	At 31 December		**(975,957)** *	**(302,032)** *	283,177

* Shown under accounts receivables (note 38)

29 **Property, plant and equipment**

	Land and Buildings Freehold US$	Plant, Machinery & Vehicles US$	Furniture, Fittings, & Other US$	Total US$
Group 2010				
At 31 December 2010				
Deemed cost/valuation	13,091,924	1,368,546	961,537	**15,422,007**
Surplus on revaluation	250,336	-	-	**250,336**
Additions	-	276,605	364,843	**641,448**
Reclassification to investment properties	(215,000)	-	-	**(215,000)**
Disposals	-	(43,049)	(33,829)	**(76,878)**
Depreciation	(183,600)	(299,123)	(167,457)	**(650,180)**
Closing carrying amount	12,943,660	1,302,979	1,125,094	**15,371,733**
At 31 December 2010				
Cost or valuation	6,133,807	1,840,197	1,438,610	**9,412,614**
Surplus on revaluation	7,163,453	61,569	-	**7,225,022**
Accumulated depreciation	(353,600)	(598,787)	(313,516)	**(1,265,903)**
Net carrying amount	**12,943,660**	**1,302,979**	**1,125,094**	**15,371,733**
Group 2009				
At 1 January 2009				
Deemed cost/valuation	6,348,807	1,629,600	967,063	**8,945,470**
Surplus on revaluation	6,913,117	61,569		**6,974,686**
Additions	-	97,470	140,533	**238,003**
Disposals	-	(120,429)	-	**(120,429)**
Depreciation	(170,000)	(299,664)	(146,059)	**(615,723)**
Closing carrying amount	**13,091,924**	**1,368,546**	**961,537**	**15,422,007**
At 31 December 2009				
Cost or valuation	6,348,807	1,606,641	1,107,596	9,063,044
Surplus on revaluation	6,913,117	61,569	-`	6,974,686
Accumulated depreciation	(170,000)	(299,664)	(146,059)	**(615,723)**
Net carrying amount	**13,091,924**	**1,368,546**	**961,537**	**15,422,007**

Valuation of property, plant and equipment

The revaluation of property plant and equipment was carried out by independent professional valuers (Millenium Risk Management Consultants, Alpha and Omega Risk Management Consultants and CB Richard Ellis) for the year ended 31 December 2010, on the follwing basis:

Land and buildings
The gross replacement value approach was applied on the properties to come up with the cost of replacing the properties as at 31 December 2010. The gross replacement cost was then depreciated according to age, obsolescene, usage and condition to come up with depreciated replacement cost of the properties.

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 knowladgeably, prudently and without compulsion. In determining the open market value estimates of the properties, comparable market evidence was considered.

Plant, machinery, vehicles and furniture fittings
The gross replacement value approach was applied on the plant, machinery, motor vehicles and furniture and fittings to arrive at the values as at 31 December 2010. Where the valuations were carried out during the year the gross carrying amounts became the deemed costs at the beginning of the year.

		Group		
		Book Value 2010 US$	Book Value 2009 US$	Book Value 2009 opening US$
29	**Property, plant and equipment cont'd**			
29.1	**Breakdown of land and buildings**			
	Hotels properties:			
	Cresta Lodge - Mutare Road, Harare	6,400,000	6,250,000	2,716,536
	Cresta Oasis - Nelson Mandela Ave. (CBD), Harare	2,700,000	2,680,000	787,402
	Residential properties:			
	Block of flats Herbert Chitepo Ave, Harare	440,000	400,000	400,000
	Burnside suburb, Bulawayo	115,000	120,000	120,000
	Makuti House, Nyanga	-	215,000	215,000
	Belmont flat	35,000	20,000	20,000
	Commercial - Office Park:			
	Gaborone Business Park, Botswana	3,253,660	3,406,924	2,089,869
	Included in Property Plant and Equipment	**12,943,660**	**13,091,924**	**6,348,807**
30	**Intangible assets**			
	At 1 January	924,735	712,017	712,017
	Cost capitalised	21,910	176,610	
	New acquisitions	-	13,228	
	Foreign exchange adjustment	32,532	22,880	
	At 31 December	**979,177**	**924,735**	**712,017**
	Accumulated amortisation and impairment			
	At 1 January	743,793	632,615	632,615
	Amortisation	76,299	81,266	
	Impairment loss	-	-	-
	Foreign exchange adjustment	30,392	29,912	
	At 31 December	**850,484**	**743,793**	632,615
	Carrying amount	128,693	180,942	79,402
31	**Investment properties**			
	At 1 January	5,594,415	3,622,647	3,622,647
	Additions	-	327,315	-
	Transfers from property, plant and equipment	215,000	589,646	-
	Disposals	(180,000)	-	-
	Fair value gain	446,156	1,054,807	-
	Foreign exchange adjustment	12,274	-	-
	Closing balance as at 31 December 2009	**6,087,845**	**5,594,415**	**3,622,647**
31.1	**Breakdown of investment properties**			
	Commercial - Office Park:			
	TA Health Building - Hebert Chitepo Ave. (CBD), Harare	300,000	250,000	200,000
	AMC Building - Kwame Nkrumah Ave. (CBD), Harare	2,700,000	2,500,000	1,828,756
	Zimnat Life- Bulawayo	635,723	622,100	-
	Car park - Chinhoyi Street (CBD), Harare	-	180,000	
	Residential:			
	Capillano flats	50,000	50,000	50,000
	Makuti House, Nyanga	230,000	-	-
	Ruwa stand	35,000	35,000	30,000
	Northern suburbs, Harare	1,335,000	1,230,000	830,000
	Phakalane, Gaborone, Botswana	362,122	327,315	383,891
	Industrial:			
	Ware houses - Msasa, Harare	440,000	400,000	300,000
	Investment Properties	**6,087,845**	**5,594,415**	3,622,647

Note: CBD refers to Central Business District

Valuation of investment properties

The directors engaged an independent professional valuer, CB Richard Ellis, who carried out the revaluation, guided by a "desktop" assessment at 31 December 2010, on the following basis:

The implicit investment approach was applied on the commercial properties which is based on the principle that rentals and capital valuers 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 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.

		Group 2010 US$	Group 2009 US$	Group 2009 opening US$
32	**Investment in associates**			
32.1	**Summarised financial information in respect of the Group's associates is set out below:**			
	Current assets	84,663,485	42,382,998	43,300,517
	Non-current assets	94,368,849	89,936,057	106,094,533
	Current liabilities	(78,843,821)	(25,870,951)	(17,778,265)
	Non-current liabilities	(19,519,753)	(23,121,188)	(29,978,438)
	Net assets	**80,658,760**	**83,326,916**	**101,638,347**
32.2	**Share of associates' revenue and profits**			
	Revenue	**155,136,246**	**89,356,708**	-
	Losses	**(4,432,061)**	**(2,083,032)**	-
32.3	**Aggregate Group investment in associates**			
	Opening deemed cost	37,651,506	45,218,587	45,218,587
	Additions	3,027,195	-	-
	Share of associates other comprehensive income	(6,997,556)	(6,031,288)	-
	Share of losses	(4,432,061)	(2,083,032)	-
	Dividends paid	(1,110,023)	(1,205,883)	-
	Exchange Rate adjustment	368,667	1,753,122	-
	Carrying amount of investment in associates	**28,507,728**	**37,651,506**	45,218,587

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

Name of associate	Principal activity	Place of incorporation and operation	Ownership interest 2010	Ownership interest 2009
Sable Chemical Industries Ltd	Manufacturer of nitrogenous fertilizer	Zimbabwe	51%	51%
Zimbabwe Fertiliser Company Ltd	Manufacturer & distributor of fertilizer & pesticides	Zimbabwe	23%	23%
AON (Pty) Limited	Insurance brokers	Zimbabwe	30%	30%
Cresta Marakanelo (Pvt) Ltd	Hotel operations	Botswana	40%	40%
FMI Securities	Stockbroking	Zimbabwe	23%	47%
PG Industries Zimbabwe	Building materials	Zimbabwe	15%	15%

Cresta Marakanelo and PGIZ are listed, all other investments in associates are unlisted.

Sable Chemical Industries Limited
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.

Cresta Marakanelo
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.

Cresta Marakanelo will change its year end from 30 June to 31 December effective 31 December 2011.

FMI Securities
During the year, Securities Africa Limited invested in FMI Securities. This resulted in dilution of TA Holdings share in FMI Securities from 47% (2009) to 23% (2010) effective 1 March 2010.

PG Industries Zimbabwe
Based on events which occurred in the financial year ended 31 December 2010, there is evidence that prove that Prestige Investments has significant influence over PG. As such the investment has been accounted as an associate with effect from 1 April 2010.

The accounting consequence of the above treatment was:

Account for the fair value losses for the 3 months to 31 March 2010.
Account for Prestige Investments' share of profits from associate for 9 months to 31 December 2010.

Test the investment for impairment and account for any resultant impairment loss.

For the 12 months to 31 December 2010 the following had been effected:

Income statement
A total loss of $2,516,643 comprising of:

Fair Value loss (January - March 2010)	$1,324,886
Impairment loss of	$173,620
Share of losses (April - December 2010)	$1,018,137

To align all units' year ends with rest of the Group, the year end for Prestige Investments has been changed from 28 February to 31 December. A directors resolution and a members resolution was passed to approve the change of year end.

Accordingly PG has changed its year end from 31 March to 31 December with effect from 31 March 2010. This change was approved at the company's Annual General Meeting.

		Group 2010 US$	Group 2009 US$	Group 2009 opening US$
33	**Goodwill**			
	Cost			
	At 1 January 2009	1,313,846	2,033,605	2,033,605
	Exchange differences	(216,868)	(719,759)	-
	At 31 December	**1,096,978**	**1,313,846**	**2,033,605**
34	**Financial instruments and fair values of financial instruments**			
	The group's financial instruments are summarised by categories as follows:			
34.1	**Carrying value**			
	Held-to-maturity financial assets	934,404	40,420	-
	Loans and receivables	-	55,882	2,608,140
	Available-for-sale financial assets	535,988	1,642,191	1,406,412
	Financial assets at fair value through profit or loss	10,346,829	16,455,059	16,373,916
	Total carrying value of financial instruments	**11,817,221**	**18,193,552**	**20,388,468**
34.2	**Fair value**			
	Held-to-maturity financial assets	934,404	40,420	-
	Loans and receivables	-	55,882	2,608,140
	Available-for-sale financial assets	535,988	1,642,191	1,408,412
	Financial assets at fair value through profit or loss	10,346,829	16,455,059	16,373,916
	Total financial instruments	**11,817,221**	**18,193,552**	**20,390,468**
34.3	**Held-to-maturity financial assets**			
	Fair value			
	Debt securities	934,404	40,420	-
34.3.1	**Total held-to-maturity financial assets**	**934,404**	**40,420**	-
34.3.2	**Amortised cost**			
	Debt securities	934,404	40,420	-
	Total held-to-maturity financial assets	**934,404**	**40,420**	-
34.4	**Loans and receivables**			
34.4.1	**Amortised cost**			
	Other loans	-	55,882	2,608,140
	Total loans and receivables at amortised cost	-	**55,882**	2,608,140
34.4.2	**Fair value**			
	Other loans	-	55,882	2,608,140
	Total loans and receivables at fair value	-	**55,882**	2,608,140

	Group 2010 US$	Group 2009 US$	Group 2009 opening US$
34 Financial instruments and fair values of financial instruments cont'd			
34.5 Available-for-sale financial assets			
Fair value			
Debt securities	535,988	1,642,191	1,406,412
Total available-for-sale financial assets at fair value	**535,988**	**1,642,191**	**1,406,412**
34.6 Financial assets at fair value through profit or loss			
Listed equities	8,301,979	11,102,039	16,373,916
Unlisted equities	289,682	3,597,852	-
Debt securities	1,755,168	1,755,168	-
Total financial assets at fair value through profit or loss	**10,346,829**	**16,455,059**	**16,373,916**
34.7 Held-to-maturity			
At 1 January	40,420	-	-
Purchases	3,235,193	96,280	-
Maturities	(2,341,209)	(55,860)	-
At 31 December	**934,404**	**40,420**	**-**
34.8 Loans and receivables			
At 1 January	55,882	2,608,140	2,608,140
Maturities	(55,882)	(2,552,258)	-
At 31 December	**-**	**55,882**	**2,608,140**
34.9 Available-for-sale			
At 1 January	1,642,191	1,408,412	1,408,412
Purchases	197,954	305,885	
Disposals	(1,304,157)	(72,106)	
At 31 December	**535,988**	**1,642,191**	**1,408,412**
34.10 Fair value through profit or loss			
At 1 January	16,455,059	16,373,916	16,373,916
Purchases	11,111,171	8,729,549	-
Exchange Rate Movements	393,597	5,235,306	-
Disposals	(17,074,673)	(14,475,263)	-
Fair value gains recorded in income statement	(538,325)	591,551	-
At 31 December	**10,346,829**	**16,455,059**	**16,373,916**
Total carrying values			
At 31 December	**11,817,221**	**18,193,552**	**20,390,468**

Financial instruments and fair values of financial instruments cont'd

34.11 Determination of fair value and fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

	2010			
	US$	US$	US$	US$
31 December 2010	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Available-for-sale				
Listed equities	-	-	-	-
Unlisted debt (Government bond)	535,988	-	-	535,988
At 31 December	**535,988**	**-**	**-**	**535,988**
Fair value through profit or loss				
Listed equities	10,087,147	-	-	10,087,147
Unlisted equities		259,682	-	259,682
Debt securities	-	-	-	-
At 31 December	**10,087,147**	**259,682**	**-**	**10,346,829**
Total financial assets	**10,623,135**	**259,682**	**-**	**10,882,817**

	2009			
	US$	US$	US$	US$
31 December 2009	**Level 1**	**Level 2**	**Level 3**	**Total fair value**
Available-for-sale				
Listed equities	-	1,052,241	-	1,052,241
Unlisted debt (Government bond)	589,949	-	-	589,949
At 31 December	**589,949**	**1,052,241**	**-**	**1,642,191**
Fair value through profit or loss				
Listed equities	11,102,039	-	-	11,102,039
Unlisted equities	-	34,656	3,563,196	3,597,852
Debt securities	1,755,168	-	-	1,755,168
At 31 December	**12,857,207**	**34,656**	**3,563,196**	**16,455,059**
Total financial assets	**13,447,156**	**1,086,897**	**3,563,196**	**18,097,250**

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Classifications are accumulated for each class of instruments and the totals for each class are presented. The fair value hierarchy levels are explained below

Classification	**Input**
Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

34.12 Reconcilliation of movements in Level 3 financial instruments measured at fair value

The following table shows a reconcilliation of the opening and closing recorded amount of Level 3 financial assets and liabilities which are recorded at fair value

	Group 2010 US$	Group 2009 US$
Fair value through profit or loss		
Balance at 1 January	**3,563,196**	**3,221,564**
Total gains recognised in income statement	-	328,660
(Disposals)/purchases	(3,563,196)	12,972
Balance at 31 December	**-**	**3,563,196**

		Note	Group 2010 US$	Group 2009 US$	Group Opening 2009 US$
35	**Inventories**				
	Consumables		298,300	220,000	136,067
	There were no inventory write-offs during the year				
36	**Deferred acquisition costs**				
	DAC Insurance contracts				
	At 1 January		2,494,132	1,963,926	1,963,926
	Expenses deferred		1,466,650	658,765	-
	Amortised during the year		(60,751)	(128,559)	-
	At 31 December		**3,900,031**	**2,494,132**	**1,963,926**
37	**Insurance receivables**				
	Due from reinsurers		6,436,978	915,110	160,073
	Due from agents, brokers and intermediaries		1,403,018	471,239	193,876
	Total insurance receivables		**7,839,996**	**1,386,349**	**353,949**
38	**Accounts receivables**				
	Trade		1,833,326	14,260,191	7,164,895
	Other		891,450	1,803,820	425,077
	Taxation	28	975,957	302,032	-
			3,700,733	**16,366,043**	**7,589,972**

Trade receivables are non-interest bearing and are generally on 7 – 90 days' terms.

As at 31 December 2010, trade receivables with a nominal value of $349 247 (2009; $25,254) were impaired and fully provided for.

Movements in the provision for doubtful debts were as follows:

	Group 2010 US$	Group 2009 US$	Group Opening 2009 US$
As at January	25,254	-	-
Charge for the year	349,247	25,254	-
	374,501	**25,254**	-

As at 31 December 2010, the analysis of trade receivables that were past due and not provided for were as follows:

			Past due but not impaired					
	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90-120 days	>120 days	90-120 days
Year	US$	US$	US$	US$	US$	US$	US$	US$
2010	1,833,326	1,304,405	120,256	63,958	155,371	189,336	-	-

			Past due but not impaired					
	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days	90-120 days	>120 days	90-120 days
Year	US$	US$	US$	US$	US$	US$	US$	US$
2009	14,260,191	14,260,191	-	-	-	-	-	-

		Group 2010 US$	Group 2009 US$
39	**Cash generated from operating activities**		
	Loss before tax from continuing operations	(4,556,415)	(497,528)
	Loss from discontinued operations	(76,835)	(11,638)
	Loss before tax	(4,633,250)	(509,166)
	Non-cash items and separately disclosed items		
	Investment income	(1,395,178)	(1,440,490)
	Finance cost	451,450	275,393
	Realised gains/(losses)	(568,985)	556,618
	Impairment of investment property	-	5,000
	Fair value gains recorded in the income statement	92,169	(1,646,358)
	Share of associated companies losses before tax	4,432,061	2,083,032
	Depreciation of property, plant and equipment	650,180	615,723
	Share of life fund actuarial valuation	(136,984)	(589,646)
	Loss/(profit) on disposal of property, plant and equipment	(4,158)	15,376
	Profit on disposal of investment property	(292,500)	-
	Amortisation of intangible assets	76,299	81,266
	Movements in statement of financial position items		
	Increase in inventories	(78,299)	(83,932)
	(Increase)/decrease in reinsurance receivables	30,610,502	(46,463,604)
	Increase in deferred acquisition expenses	(1,275,824)	(2,408,170)
	Decrease/(increase) in insurance receivables	3,838,220	(1,386,349)
	Decrease/(increase) in accounts receivable	69,967	(7,237,962)
	(Decrease)/increase in insurance contract liabilities	(26,685,226)	64,486,725
	Increase/(decrease) in deferred revenue	1,082,014	(3,691,466)
	Decrease in insurance payables	(5,215,714)	(915,774)
	Increase in accounts payable	387,860	2,446,750
	Cash generated from operating activities	**1,404,604**	**4,192,966**

		Group 2010 US$	Group 2009 US$	Group 2009 opening US$
40	**Cash and bank balances**			
	Cash and bank balances	17,056,625	13,035,524	5,268,309
	Short term deposits	-	-	-
		17,056,625	**13,035,524**	**5,268,309**

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 carrying amounts disclosed above reasonably approximate fair value at statement of financial position date

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

Short term deposits	17,056,625	13,035,524	5,268,309
Bank Overdrafts	(847,033)	(100,000)	(100,000)
Acceptance credits and short term loans	(1,592,346)	(1,097,716)	-
Cash and cash equivalents for cashflow purposes	**14,617,246**	**11,837,808**	**5,168,309**

41 Segment Information

REPORTABLE SEGMENT INFORMATION	ZIMBABWE INVESTMENTS 2010 US$	OUTSIDE ZIMBABWE INVESTMENTS 2010 US$	CONSOLIDATED 2010 US$
Revenue			
Net Insurance earned premiums	7,823,652	22,458,919	30,282,571
Hotel revenue	9,651,697	1,390,927	11,042,624
Investment income	660,292	1,211,702	1,871,994
Fees,commission and other income	3,465,481	5,487,405	8,952,886
Total Revenues	**21,601,122**	**30,548,953**	**52,150,075**
Expenses			
Net Insurance claims incurred	(3,336,609)	(11,799,781)	(15,136,390)
Hotel cost of sales	(3,616,302)	(1,224,543)	(4,840,845)
Operating and administrative expenses	(15,921,606)	(16,000,973)	(31,922,579)
Depreciation	-	-	-
Total Expenses	**(22,874,517)**	**(29,025,297)**	**(51,899,814)**
Reportable segment profit before interest /tax	(1,273,395)	1,523,656	250,261
Interest expense	(449,413)	(2,037)	(451,450)
Share of associated companies profit before tax	(4,170,160)	(261,901)	(4,432,061)
Reportable segment profit before tax	(5,892,968)	1,259,718	(4,633,250)
Taxation	761,656	(1,248,181)	(486,525)
Reportable segment profit after tax	**(5,131,312)**	**11,537**	**(5,119,775)**
Equity holders of the parent	(5,131,312)	(1,234,804)	(6,366,116)
Non-controlling interests	-	1,246,341	1,246,341
Profit for the year	(5,131,312)	11,537	(5,119,775)
Segment Assets	38,795,910	59,578,359	98,374,269
Investment in Associates	17,031,992	11,475,736	28,507,728
Consolidated assets	**55,827,902**	**71,054,095**	**126,881,997**
Segment Liabilities	26,752,505	41,937,654	68,690,159
Capital expenditures	**290,169**	**169,789**	**459,958**

INFORMATION ABOUT PRODUCTS AND SERVICES:

Revenue for each service:	Hotels US$	Insurance US$	Consolidated US$
Year 2010	11,042,624	41,107,451	52,150,075

INFORMATION ABOUT GEOGRAPHICAL:

	Zimbabwe 2010 US$	Uganda 2010 US$	Botswana 2010 US$	South Africa 2010 US$	Group 2010 US$
Revenue	21,601,122	5,021,923	24,136,103	1,390,927	52,150,075
Non current assets	35,672,321	4,519,789	22,613,978	204,111	63,010,198
Capital Expenditure	290,169	19,782	240,971	29,416	459,958

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

41 Segment Information (continued)

REPORTABLE SEGMENT INFORMATION	ZIMBABWE INVESTMENTS 2009 US$	OUTSIDE ZIMBABWE INVESTMENTS 2009 US$	CONSOLIDATED 2009 US$
Revenue			
Net Insurance earned premiums	3,272,925	20,827,991	24,100,916
Hotel revenue	5,881,650	1,259,156	7,140,806
Investment income	1,797,386	732,844	2,530,230
Fees, commission and other income	3,432,670	4,586,878	8,019,548
Total Revenues	**14,384,631**	**27,406,869**	**41,791,500**
Expenses			
Net Insurance claims incurred	(1,878,390)	(8,849,552)	(10,727,942)
Hotel cost of sales	(2,687,490)	(1,597,581)	(4,285,071)
Operating and administrative expenses	(10,459,667)	(14,469,561)	(24,929,228)
Depreciation	-	-	-
Total Expenses	**(15,025,547)**	**(24,916,694)**	**(39,942,241)**
Reportable segment profit before interest /tax	**640,916)**	**2,490,175**	**1,849,259**
Interest expense	(59,556)	(215,837)	(275,393)
Share of associated companies profit before tax	(3,237,174)	1,154,142	(2,083,032)
Reportable segment profit before tax	**(3,937,646)**	**3,428,480**	**(509,166)**
Taxation	684,105	(1,582,933)	(898,828)
Reportable segment profit after tax	**(3,253,541)**	**1,845,547**	**(1,407,994)**
Equity holders of the parent	(3,272,806)	747,321	(2,525,485)
Non-controlling interests	19,265	1,098,226	1,117,491
Profit for the year	**(3,253,541)**	**1,845,547**	**(1,407,994)**
Segment Assets	33,875,464	100,058,489	133,933,953
Investment in Associates	28,954,532	8,696,975	37,651,507
Consolidated assets	**62,829,996**	**108,755,464**	**171,585,460**
Segment Liabilities	**23,345,403**	**74,569,322**	**97,914,725**
Capital expenditures	**102,762**	**135,241**	**238,003**

INFORMATION ABOUT PRODUCTS AND SERVICES:

Revenue for each service:	**Hotels US$**	**Insurance US$**	**Consolidated US$**
Year 2009	7,140,806	34,650,694	41,791,500

INFORMATION ABOUT GEOGRAPHICAL:

	Zimbabwe 2009 US$	Uganda 2009 US$	Botswana 2009 US$	South Africa 2009 US$	Group 2009 US$
Revenue	14,384,631	2,533,968	23,613,745	1,259,156	41,791,500
Non current assets	43,199,674	2,691,750	14,117,606	153,688	60,162,717
Capital Expenditure	135,241	15	99,660	3,087	238,003

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

42 Prior period adjustments

		Total Ordinary Shareholders' Equity US$	Non-controlling interest US$	Grand Total US$
Note 1	Opening balance as previously stated	63,400,314	7,704,834	71,105,148
		2,001,498	(399,364)	1,602,134
	Restatement of balances on conversion from Z$ to USD	1,503,605		1,503,605
	Consolidation of employee share trust (prior to 1 Jan 2009)	497,893	(399,364)	98,529
Restated opening balance as at 01 January 2009		**65,401,812**	**7,305,470**	**72,707,282**
Note 2	Closing balance as at 31 December 2009 (as previously stated)	60,251,175	9,348,700	69,599,875
	Restatement of balances on conversion from Z$ to USD (as per note 1)	1,503,605		1,503,605
	Consolidation of employee share trust prior to 1 Jan 2009 (as per note 1)	497,893	(399,364)	98,529
	Consolidation of employee share trust 2009	337,835	(247,050)	90,785
	Restated opening balance as at 31 December 2009	**62,590,508**	**8,702,286**	**71,292,794**

The $1,503,605 arose from errors relating to the conversion from Zimbabwe Dollars (Z$) to United States Dollars on 29 January 2009. The correction resulted in the restatement of creditors from $7,958,487 to $6,454,882.

An amount of $1,752,112 (refer to statement of changes in equity), relates to the reallocation of reserves from evaluation Surplus to Non-distributabe Reserves (All capital Reserves) emanating from errors in the opening statement of financial position.The $98,529 and $90,785 relates to the inclusion of an employee share trust not previously consolidated for prior 2009 and in 2009 respectively.

43. Contingent liabilities and guarantees

During 2007, the owners of Cresta Royale (Catwall Limited), Ghana, terminated the management contract with Cresta Hospitality Holdings (CHH).CHH sued the owners for loss of revenue on the basis that the termination of the contract was not procedural per the terms of the agreement.

Trans Industries (TI) gave a US$50 000 guarantee for the payment of legal fees, in the case between CHH and Catwall Limited.

44. Related party disclosures

The Consolidated financial statements include the financial statements of TA Holdings Limited and the subsidiaries and associates listed on page 3 of the Annual Report. Balances and transactions between the TA Holdings Limited and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(a) Transactions with related parties

The Group enters into transactions with its associates and key management personnel in the normal course of business. The transactions from related parties are made at normal market prices.

Details of significant transactions carried out during the year with related parties are as follows:

Sale of	**2010 US$**	**2009 US$**
Insurance contracts to associates	2,313,314	2,117,408
Insurance contracts through an associate (broker)	7,462,558	4,998,301

(b) Balances with related parties

Receivables from and payables to related parties are as follows:

Receivables from related parties		
Associates (Insurance contracts)	297,706	65,398
Payables to related parties		
Associates (Insurance contracts)	144,026	245,660

Outstanding balances at the reporting date are unsecured and interest free. Settlement will take place in cash.

(c) Compensation of key management personnel

Key management personnel of the Group includes all directors, executive and non–executive, and senior management, as referred to on page 2. The summary of compensation of key management personnel for the year is as follows:

	2010 US$	**2009 US$**
Short-term employee benefits	537,232	509,337
Post-employment benefits	-	-
Other long-term benefits		-
Termination benefits	-	-
Share-based payment benefits	-	-
Total compensation	**537,232**	**509,337**

(d) Investment in associates

No restrictions are placed on the ability of the associates to transfer funds to the parent company in the form of cash dividends or for the repayment of payables when due.

No guarantees or collaterals were provided to the associates.

45 USD Translation rates

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

	Closing	Average
USD/GBP	1.5471	1.54633
BWP/USD	6.5777	6.91548
UGX/USD	2,320.00	2,199.96
UGX/BWP	371.021	329.929
ZAR/USD	6.6468	7.3441
ZAR/BWP	1.0490	1.1001
USD/EUR	1.3253	1.3279

BWP Botswana Pula
GBP British Pound Sterling
UGX Uganda Shillings
USD United States Dollar
ZAR South African Rand
EUR The Euro

(Source: Oanda.com)

46 Financial risk management

46.1 Risk management objectives and policies

The primary objective of the Group's risk management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

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 Investment Committee. The policies for managing each of these risks are summarised below:

46.2 Foreign currency risk

As a result of significant investment operations in Botswana, Uganda and South Africa, the Group's statement of financial position can be affected significantly by movements in the US$ to the other currencies 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 56% 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 other African currencies has an impact on the Groups results and net assets.

The Group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities, which mitigates the foreign currency exchange rate risk for the overseas operations. Thus the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance contract liabilities are expected to be settled.

The risk will have no effect on the profit after tax as the effect of the translation is recognised directly in the foreign currency translation reserve.

As at 31 December 2010, if the foreign currencies had weakened by 10% against the US$, with all other variables held constant the shareholders equity will decrease by US$1,640,893.

As at 31 December 2010, if the foreign currencies had strengthened by 10% against the US$, with all other variables held constant the shareholders equity will increase by US$1,640,893.

During the year, if the foreign currencies had weakened by 10% against the US$, with all other variances held constant, the profit after tax will decrease by $1,438,796.

During the year, if the foreign currencies had strengthened by 10% against the US$, with all other variances held constant, the profit after tax will increase by $1,438,796.

46.3 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.

46.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- Group market risk policy sets out the assessment and determination of what constitutes market risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Sets asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.
- Stipulates diversification benchmarks by type of instrument and geographical area, as the Group are exposed to guaranteed bonuses, cash and annuity options when interest rates falls.

46.5 Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Interest on floating rate instruments is re-priced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The Group has no significant concentration of interest rate risk.

As at 31 December 2010, if the interest rates increase by 5%, with all other variables held constant the profit after tax will decrease by US$121,969

As at 31 December 2010, if the interest rates decrease by 5%, with all other variables held constant the profit after tax will increase by US$121,969.

As at 31 December 2010, if the interest rates decrease by 5%, with all other variables held constant the shareholders equity will increase by US$121,969.

As at 31 December 2010, if the interest rates increase by 5%, with all other variables held constant the shareholders equity will decrease by US$121,969.

46.6 Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market. The Group has no significant concentration of price risk.

46.7 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 2010.

46.8 Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process

46.9 Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that

	Within 12 months US$	More than 12 months US$	Total US$
LIABILITIES 2010			
Borrowings short term	2,439,379	-	**2,439,379**
Insurance payables	1,229,924	-	**1,229,924**
Insurance contract liabilities	37,701,478	-	**37,701,478**
Deferred revenue	1,229,924	-	**1,229,924**
Accounts payable	5,598,328	-	**5,598,328**
	48,199,033		**48,199,033**
LIABILITIES 2009			
Borrowings long term	-	2,054,815	**2,054,815**
Borrowings short term	1,197,716	-	**1,197,716**
Insurance payables	6,325,360	-	**6,325,360**
Insurance contract liabilities	65,256,228	-	**65,256,228**
Deferred revenue	1,147,574	-	**1,147,574**
Accounts payable	7,265,673	-	**7,265,673**
	81,192,551	**2,054,815**	**83,247,366**

it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography,, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group

47 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 ended 31 December 2009 and 31 December 2010. The Group monitors capital for its insurance companies by using solvency ratio, which is average shareholders' funds divided by net written premium. The Group policy is to keep the solvency ratio at above the statutory limit as follows:

Company	Policy	2010	2009
Zimnat Lion	>25%	73%	30%
Grand Reinsurance	>25%	26%	31%
Lion Assurance Uganda	>25%	74%	69%
Botswana Insurance Company	>20%	99%	104%

48 Share-based payments

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

48.1 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.

There were no shares sold by the Group during the year ended 31 December 2010.

49 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.

50 Transfer to reserves

This relates to transfer of funds to statutory reserves by Lion Assurance Company of Uganda and Botswana Insurance Company (outside Zimbabwe insurance companies) as per Ugandan Insurance Act and the Insurance Industry Act of Botswana. The transfer is 5% and 15% of net profits after tax each year, respectively.

51 Revaluation of investment property, property, plant and equipment and fair value of investment property

In assessing the carrying amounts of property, plant and equipment management has considered the condition of the assets and their life span on an item by item basis and by placing fair market values that are obtainable from the sale of assets in a similar condition.

The fair value of property, plant and equipment as at 31 December 2010 was determined by professional valuers. Owing to the current macro-economic challenges prevailing in Zimbabwe, transactions in various segments of the property markets have not been active therefore the following methods and assumptions were adopted in the valuation process:

Land

Active market by reference to recent property transactions of similar properties, complemented by periodic property valuations done by Local Authorities for rating purposes.

Residential property

Active market by reference to recent property transactions of similar properties.

Commercial, office space and industrial property

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 particular property being valued.

Plant and equipment

By reference to observable prices in active markets or recent market transactions on arm's length terms. In the absence of market-based evidence of fair value because of the specialised nature of an item, lack of recent transactions, items rarely sold, or an inactive market, fair value was estimated using the depreciated replacement cost approach.

Company statement of financial position

as at 31 December 2010

		Company 2010 US$	Restated Company 2009 US$	Restated Company 1 January 2009 US$
EQUITY AND LIABILITIES				
Issued share capital		1,918,517	-	-
Non-distributable reserves		13,809,761	15,728,278	12,970,061
Revaluation reserve		9,500	-	-
Treasury shares		(16,366)	(12,934)	-
Accumulated loss		(1,056,826)	(547,443)	-
Total equity		**14,664,586**	**15,167,901**	**12,970,061**
Non-current liabilities				
Borrowings		-	-	-
Deferred tax liability		188,598	473,298	833,009
Total non-current liabilities		**188,598**	**473,298**	**833,009**
Current liabilities				
Borrowings		1,450,446	784,554	-
Accounts payables		827,784	311,622	497,098
Total current liabilities		**2,278,230**	**1,096,176**	**497,098**
Total equity and liabilities		**17,131,414**	**16,737,375**	**14,300,168**
ASSETS				
Non-current assets				
Property, plant and equipment		284,113	304,079	399,176
Investment properties		35,000	20,000	25,000
Investment in associates		5,038,279	5,038,279	5,038,279
Investment in subsidiaries	*	10,280,695	10,280,695	8,765,435
Financial assets at fair value through profit or loss		-	40,087	46,858
Total non-current assets		**15,638,087**	**15,683,140**	**14,274,748**
Current assets				
Inventories		1,323	1,935	25,420
Accounts receivables		1,457,483	1,046,467	-
Cash and bank balances		34,521	5,833	-
Total current assets		**1,493,327**	**1,054,235**	**25,420**
Total assets		**17,131,414**	**16,737,375**	**14,300,168**

S S Mutasa	**B P Nyajeka**	**E K Moyo**
Chairman	**Executive Director**	**Company Secretary**
15 March 2011	15 March 2011	15 March 2011

The principal information has been stated in the consolidated financial statements, therefore no cashflow, statement of changes in equity or income statement is provided for the company. The company's subsidiaries' information is shown below:

	Company 2010 US$	Company 2009 US$
*** Investment in subsidiaries**		
Aggregate Company investment in subsidiaries		
Opening deemed cost	**10,280,695**	8,765,435
Additions	-	1,515,260
Zimnat Lion	-	1,000,235
Zimnat Life	-	515,025
At 31 December	**10,280,695**	**10,280,695**
Aggregate Company investment in subsidiaries		
Grand Re	4,709,946	4,709,946
Zimnat Lion	2,447,429	2,447,429
Zimnat Life	3,123,320	3,123,320
Carrying amount of investment in subsidiaries	**10,280,695**	**10,280,695**

All the above susidiaries are unlisted and are 100% owned by TA Holdings Limited.
The Company has no investments in subsidiaries in which it ownes less than 50% of the ordinary share capital.
The reporting date of all the subsidiaries is 31 December.

Shareholder Analysis

TOP 10 SHAREHOLDERS

Rank	Name	Total Shares	%
1	FMI INVESTMENTS (PRIVATE) LIMITED	49,453,773	30.00%
2	OLD MUTUAL LIFE ASSURANCE CO. ZIM LTD	23,880,018	14.49%
3	REMO NOMINEES (PVT) LTD	14,170,763	8.60%
4	EDWARDS NOMINEES (PRIVATE) LIMITED NNR	13,567,852	8.23%
5	STANBIC NOMINEES (PVT) LIMITED NNR	10,828,006	6.57%
6	OLD MUTUAL ZIMBABWE LIMITED	7,858,030	4.77%
7	EDWARDS NOMINEES (PRIVATE) LIMITED	5,228,370	3.17%
8	WAUGHCO NOMINEES (PVT) LTD NNR	4,250,000	2.58%
9	LOCAL AUTHORITIES PENSION FUND	3,520,998	2.14%
10	TRIEDWARD INVESTMENTS (PVT) LTD	2,160,763	1.31%
		134,918,573	**81.85%**

SHARES SELECTED	**134,918,573**	**81.85%**
SHARES ISSUED	**164,845,910**	**100%**

ANALYSIS BY INDUSTRY

INDUSTRY	SHARES	%	HOLDERS	%
LOCAL COMPANIES	88,563,266	53.72%	357	2.84%
NOMINEES LOCAL	25,999,706	15.77%	99	0.79%
BANKS	16,636,257	10.09%	154	1.23%
NEW NON-RESIDENT	13,645,524	8.28%	12	0.10%
LOCAL INDIVIDUAL RES	10,450,723	6.34%	11,206	89.22%
INVESTMENTS & TRUSTS	4,436,441	2.69%	272	2.17%
PENSION FUNDS	2,189,996	1.33%	93	0.74%
NON-RESIDENTS	1,223,085	0.74%	227	1.81%
NOMINEES FOREIGN	908,631	0.55%	8	0.06%
OTHER ORGANISATIONS	335,473	0.20%	82	0.65%
FUND MANAGERS	265,850	0.16%	18	0.14%
INSURANCE COMPANIES	85,901	0.05%	10	0.08%
FORMER RESIDENT	54,360	0.03%	1	0.01%
FOREIGN COMPANIES	23,667	0.01%	3	0.02%
DECEASED ESTATES	16,795	0.01%	9	0.07%
UNDEFINED	6,739	0.00%	2	0.02%
EMPLOYEE SHARE TRUST	1,989	0.00%	5	0.04%
DIRECTOR	1,469	0.00%	1	0.01%
EXEC. SHARE TRUST	38	0.00%	1	0.01%
TOTAL	**164,845,910**	**100%**	**12,560**	**100%**

ANALYSIS BY DOMICILE

DOMICILE	SHARES	%	HOLDERS	%
ZIMBABWE	157,859,754	95.76%	9,102	72.47%
UNITED KINGDOM	944,807	0.57%	72	0.57%
SOUTH AFRICA	190,390	0.12%	129	1.03%
USA	97,647	0.06%	14	0.11%
AUSTRALIA	7,915	0.00%	9	0.07%
SPAIN	4,654	0.00%	2	0.02%
BOTSWANA	3,124	0.00%	2	0.02%
ZAMBIA	2,974	0.00%	4	0.03%
ISRAEL	2,965	0.00%	1	0.01%
ITALY	2,820	0.00%	2	0.02%
CANADA	1,501	0.00%	4	0.03%
KENYA	865	0.00%	1	0.01%
NAMIBIA	550	0.00%	1	0.01%
BRAZIL	380	0.00%	1	0.01%
SWAZILAND	186	0.00%	1	0.01%
INDIA	109	0.00%	1	0.01%
NEW ZEALAND	100	0.00%	1	0.01%
IRELAND, REPUBLIC OF	6	0.00%	1	0.01%
OTHER FOREIGN COUNTRIES	5,725,163	3.47%	3,212	25.57%
TOTAL	**164,845,910**	**100%**	**12,560**	**100%**

ANALYSIS BY VOLUME

VOLUME SHARES	%	HOLDERS	%	
1-5000	4,345,939	2.64%	12,126	96.54%
5001-10000	988,862	0.60%	137	1.09%
10001-25000	2,011,172	1.22%	125	1.00%
25001-50000	2,400,722	1.46%	69	0.55%
50001-100001	2,713,866	1.65%	40	0.32%
100001-200000	3,618,159	2.19%	26	0.21%
200001-500000	4,189,395	2.54%	13	0.10%
500001-1000000	4,280,639	2.60%	6	0.05%
1000001-999999999	140,297,156	85.11%	18	0.14%
TOTALS	**164,845,910**	**100%**	**12,560**	**100%**

Notice to Shareholders

Notice is hereby given that the 76th Annual General Meeting of the ordinary members of TA Holdings Limited will be held at Cresta Jameson, Samora Machel Avenue, Harare at 1400 hours on Wednesday, 29th June 2011 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 2010.

1.2 Directorate:

(i) To note the resignation of Messrs VL Ndlovu, MT Sachak, CB Thorn and O Majuru with effect from 29th June 2011;

(ii) Messrs G Sainsbury and J Vezey, who were appointed as Directors of the Company since the last Annual General Meeting retire in terms of Article 88 of the Articles of Association, and being eligible, offer themselves for re-election;

(iii) Messrs RN Gordon, HAG Bhadella and S Randeree retire by rotation in terms of Article 100 of the Articles of Association, and being eligible, offer themselves for re-election; and

1.3 To approve the remuneration of the directors for the past financial year in the sum of Thirty Seven Thousand Five Hundred and Nine United States dollars (US$37,509.00).

1.4 To approve the remuneration for the auditors for the past audit in the sum of Fifteen Thousand United States dollars (US$15,000.00) 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 matters:

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.

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

EK Moyo
for the Secretaries
Harare
1 June 2011

Proxy Form

I/We____

of____

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

Mr./Mrs./Ms.____

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 29th of June 2011 at 14:00 hours and at any adjournment thereof

Signature ____________________________ Signed this ______________________ Day__________2011

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

14th Floor, Kopje Plaza
1Jason Moyo Avenue
P.O. Box 3546
Harare
Zimbabwe

TA HOLDINGS LTD
an investment holding company

CORPSERVE (PVT) LTD
SHARE TRANSFER SECRETARIES

4th Floor, ZB Centre
Corner First Street / Kwame Nkruma Avenue
P.O. Box 2208
Harare
Zimbabwe

TA HOLDINGS LTD
an investment holding company