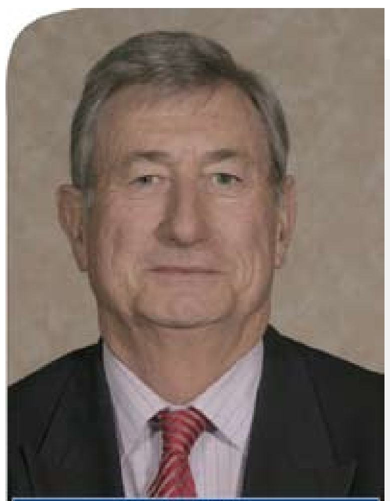
CBZ HOLDINGS LIMITED

Unaudited Interim Results

for the half year ended 30 June 2009

CBZ Group | CBZ Bank Limited, CBZ Asset Managers, CBZ Properties, CBZ Securities, Optimal Insurance, CBZ Building Society, Transcontinental

Chairman's Statement



Mr. R V Wilde
Group Chairman

Introduction

I am pleased to present the first set of Financial results under the multi currency regime. The period under review was characterized by a number of positive developments among them were:

- Introduction of the multi currency system;
- Liberalisation of the exchange control regime;
- Formation of the inclusive government and
- Engagement of the international community.

These milestones have had a positive impact on the performance of the economy with the rate of inflation declining to sub zero levels and a gradual improvement in the industrial capacity utilization. It also resulted in increased financial intermediation by the financial sector.

The positive change in the operating environment is reflected in the notable results achieved by the Group as highlighted herein below.

Financial Highlights

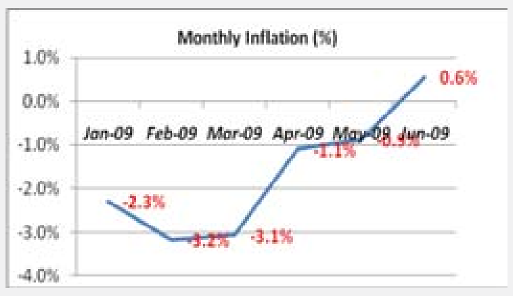
Profit before taxation	$ 5.4 million
Profit after taxation	$ 4.3 million
Basic earnings per share (cents)	0.626
Non Interest income to Total income	77%
Cost to income ratio	59%
Total Assets	$256.4 million
Total Shareholders Funds	$ 50.6 million

Operating Environment

The formation of the inclusive government, the improved political atmosphere and the liberalisation of the economy resulted in the restoration of confidence in the banking sector. The sector saw its deposit levels increasing from a level of $416 million in March 2009 to $705 million by the end of June 2009. The utilization of the payment systems such as the RTGS greatly improved during the period under review. In response to the improved environment, the industrial capacity utilisation increased from less than 20% in February 2009 to approximately 40% by the end of June 2009.

Inflation

Soon after the introduction of the multicurrency system, the Central Statistical Office started publishing inflation figures based on the foreign currency prices. Below is an analysis of the inflation trend over the period under review.



The decline in the food inflation levels, following the friendly import laws on basic commodities, has largely contributed to the decline in the overall rate of inflation.

The rate of inflation is expected to stabilise as industrial capacity utilisation improves, thus unlocking the supply side of the economy.

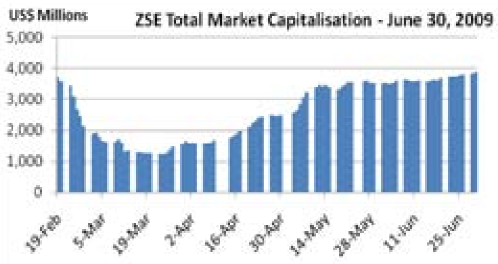
Capital market

The stock market resumed trading on 19 February 2009 after it had ceased trading in November 2008. Upon resumption, trading was relatively low as liquidity challenges continued to weigh down on the economy. However, as confidence in the financial system improved, activity on the market picked up with the benchmark industrial shares index closing at 154.4 points representing a 54% growth while the mining shares index rose to close at 271.7 points representing a 172% growth.

While share prices have remained on the low side, total market capitalisation rose to US$3.9 billion by the end of June 2009.

Outlook

Management believes that the political and economic stability that is emanating from the formation of the inclusive government and the use of the multi currency system will continue to have a positive impact on the industrial sector resulting in improved production. In a bid to boost investors' confidence in the Zimbabwean economy, the Government and other stakeholders held investor conference road shows that helped the parties find common ground in addressing the ills of the country and map a way forward.



In addition, once the inclusive government has addressed most of the major teething problems surrounding it, there should be unity of purpose that should witness an increase in production resulting in the much awaited economic recovery through an increase in investor confidence. Engagement of the international community is set to bear fruits as lines of credit and other budgetary support pledged materialise. It is imperative that the country builds on the positive economic policy responses and continue to improve the investment climate to attract positive net investment into all sectors of the economy and most notably in infrastructural development.

Appreciation

My appreciation goes to all stakeholders, the Boards of the Group companies, our valued customers, Management and Staff for their support in achieving these good results.

RV Wilde

RV WILDE
CHAIRMAN

CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2009

		Historical Cost	
		Jun-09	Jun-08
	Note	US$	US$
Interest income	3	3,968,250	-
Interest expense	3	(696,218)	-
Net interest income		3,272,032	-
Non interest income	4	11,093,866	-
Underwriting income	5	21,927	-
Total income		14,387,825	-
Operating expenditure	6	(8,485,757)	-
Operating Income		5,902,068	-
Charge for impairment losses on advances		(463,662)	-
Share of associate profits / (loss)		(23,586)	-
Profit before taxation		5,414,820	-
Taxation	7	(1,128,933)	-
Profit for the year		4,285,887	-
Attributable to:			
Equity Holders of parent		4,294,825	-
Minority interests		(8,938)	-
		4, 285,887	-
Earnings per share (cents)			
Basic	8	0,626	-
Headline		0,625	-
Fully diluted		0,625	-

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2009

Profit for the half year		4,285,887	-
Other comprehensive income			
Gains/(losses) on property revaluations	7.2	(25,684,588)	-
Fair value adjustment on AFS financial instruments	7.2	-	-
General provision for bad debts		-	-
Income tax relating to components of other comprehensive income	7.2	3,826,947	-
Other comprehensive income for the year half net of tax		(21,857,641)	-
Total comprehensive income for the half year		(17,571,754)	-
Attributable to:			
Equity Holders of parent		(17,562,816)	-
Minority interests		(8,938)	-
		(17, 571,754)	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

		Historical Cost	
		Jun-09	Jun-08
	Note	US$	US$
ASSETS			
Balances with banks and cash	10	106,775,099	50,202,285
Advances	11	85,656,505	16,860,849
Technical assets	12	273,606	185,600
Other assets	13	6,676,267	3,075,109
Investments	14	2,037,420	1,005,618
Investments in associate	14	157,203	105,788
Investment properties	15	10,475,000	16,806,137
Property and equipment	17	44,317,488	57,877,243
Deferred taxation	22	298	-
Intangible assets	16	17,403	9,953
TOTAL ASSETS		**256,386,289**	**146,128,582**
EQUITY AND RESERVES			
Share capital	18	-	-
Capital reserves		40,011,147	61,868,788
Treasury shares	18	-	-
Available for sale reserve		-	-
Revenue reserves	18	10,570,400	6,275,575
Equity and reserves attributable to equity holders of the parent		50,581,547	68,144,363
Minority interests	18	(8,938)	-
Total equity and reserves		50,572,609	68,144,363
LIABILITIES			
Deposits	19	186,296,407	63,683,944
Technical liabilities	20	473,623	350,201
Other liabilities	21	8,764,935	771,769
Deferred taxation	22	9,887,510	13,178,305
Current taxation payable		391,205	-
TOTAL LIABILITIES		205,813,680	77,984,219
TOTAL LIABILITIES AND EQUITY AND RESERVES		**256,386,289**	**146,128,582**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2009

Historical Cost

	Share capital	Treasury shares	Capital Reserve	Available for sale reserve	Revenue reserves	Minority interests	Total
2008	US$	US$	US$	US$	US$	US$	US$
Balance at the beginning of the year	-	-	61,868,788	-	6,275,575	-	68,144,363
Share capital issued	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-
Net purchase of Treasury shares	-	-	-	-	-	-	-
Dividends paid							
Balance at the end of the period.	**-**	**-**	**61,868,788**	**-**	**6,275,575**	**-**	**68,144,363**
2009							
Balance at the beginning of the year	-	-	61,868,788	-	6,275,575	-	68,144,363
Share capital issued	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-
Total comprehensive income	-	-	(21,857,641)	-	4,294,825	(8,938)	(17,571,754)
Net purchase of treasury shares	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Balance at the end of the period.	**-**	**-**	**40,011,147**	**-**	**10,570,400**	**(8,938)**	**50,572,609**

CONSOLIDATED CASHFLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2009

	Historical Cost	
	Jun-09	Jun-08
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,414,820	-
Non cash items:		
Depreciation	296,672	-
Fair value adjustment	(1,740,429)	-
Impairment losses on advances	463,662	-
Share of associate company's loss	23,586	-
Unearned premium	283,517	-
Claims provision (IBNR)	3,460	-
Profit on sale of property and equipment	(5,833)	-
Operating profit before changes in operating assets and liabilities	4,739,455	-
Changes in operating assets and liabilities		
Deposits	122,612,463	-
Advances to customers	(69,259,319)	-
Other assets	(3,976,141)	-
Other liabilities	8,116,591	-
	57,493,594	-
Returns on investment and servicing of finance		
Dividends paid	-	-
Taxation		
Corporate tax paid	(201,875)	-
Net cash inflow/(outflow) from operating activities	62,031,174	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments	633,625	-
Purchase of investment properties	-	-
Purchase of intangible asset	(7,450)	-
Proceeds on disposal of property and equipment	21,600	-
Purchase of property and equipment	(6,106,135)	-
Net cash outflow from investing activities	(5,458,360)	-
Treasury shares	-	-
Net cash inflow from financing activities	-	-
Net increase in cash and cash equivalents	56,572,814	-
Cash and cash equivalents at beginning of year	50,202,285	-
Cash and cash equivalents at 30 June 2009	106,755,099	-

1. GROUP ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies applied consistently by the Group.

1.1 BASIS OF PREPARATION

Historical cost convention

The consolidated financial statements are prepared on the historical cost basis except for certain financial instruments and investment properties, which are stated at fair value and freehold land and buildings, which are stated at open market values.

The financial statements are presented in United States Dollars (US$) which was adopted by the Group as the functional currency on 1 March 2009.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company, its subsidiaries and associate company. Subsidiary undertakings are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights and is able to exercise control of the operations. The results of subsidiaries acquired or disposed of during the year are incorporated from the dates control was acquired and up to the date control ceased.

The financial statements of the subsidiaries and associate company are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses; profits and losses resulting from intra-group transactions that are recognised in assets and liabilities are eliminated in full.

Minority interests represent the portion of profit and net assets that is not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are 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 is recognised as goodwill.

Compliance Statement

i) Compliance with IFRSs

On 29 January 2009 and on 2 February 2009, the Fiscal and Monetary Authorities authorised the use of multiple foreign currencies for trading in Zimbabwe. This resulted in a change in the functional currency for the Group's reporting. It has been impractical to adhere to the IFRS's prescribed procedures on change of functional currency due to the foregoing.

a) It was not practical to produce the aforesaid financial statements in compliance with the requirements of IAS 29 because of the unavailability of a reliable accepted price index.

b) All transactions and balances that are in the currency of a hyperinflationary economy should be adjusted for the effects of inflation before conversion to the alternative presentation currency using the spot foreign exchange rate at the date of conversion.

c) In addition, IAS 21 requires the application of the closing spot foreign exchange to the closing inflation-adjusted figures. There was no reliable quoted spot foreign exchange rate applicable on a uniform basis for accurate reporting in Zimbabwe at the date of the change in functional currency.

d) Therefore these financial statements do not contain full comparative information due to the limitations in financial reporting that were pervasive to the Zimbabwean economic environment during 2008.

ii) Compliance with legal and regulatory requirements

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

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates are discussed herein. These policies have been consistently applied to all the years presented.

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management made certain judgements and estimates that have a significant effect on the amounts recognised in the financial statements as stated below:

Change in functional currency

Following guidance issued by ICAZ, the PAAB and other professional bodies on the position pertaining to this issue, the Group adopted the following in reconstruction of the opening balance sheet.

Assets

a) Assets carried at fair value were carried at their fair values in the new functional currency as at the change over date.

b) Assets carried at historical cost less depreciation or amortisation were valued at deemed cost.

Liabilities

a) Liabilities carried at fair value were carried at their fair values in the new functional currency as at the change over date.

b) Liabilities carried at historical cost less depreciation or amortisation were valued at deemed cost.

Equity

The statement of financial position was completed by recognising a capital reserve as the residual of assets less liabilities. The Group treats this reserve as a non distributable reserve until clarity has been obtained on the legal position with respect to the treatment of share capital.

Fair value measurement principles

The fair value of financial instruments is based on their market price at the balance sheet date before deducting transaction costs. If a market price is not available, the fair value of an instrument is estimated using the discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is market related at the balance sheet date for an instrument with similar terms and conditions.

Loans issued at discounted rates

Staff loans issued at lower than market rates have been fair valued at inception. The rates used are those of similar loans and receivables issued in an arms length transaction. The average term of the loans has been determined based on the history of the repayment period.

Impairment losses on loans and advances

The Group reviews individually significant loans and advances at each balance sheet date to assess whether an impairment loss should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cashflows when determining the impairment loss. In estimating these cashflows, the Group makes judgements about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Estimation of property and equipment useful life

The determination of estimated useful life for property and equipment is carried out at each reporting date.

Estimation of property and equipment residual values

The residual values of property and equipment are determined at each reporting date.

Valuation of equity investments

The value of investments in equities listed on the Zimbabwe Stock Exchange (ZSE) has been determined by reference to the prices as published on the balance sheet date.

Liquidity

The Group manages its liquidity by maintaining an adequate ratio of net liquid assets to customer liabilities.

Financial instruments

Financial instruments are initially recognised in the balance sheet at cost. Subsequent to initial recognition, financial instruments are measured at fair value with the exception of instruments that do not have a market price that is quoted in an active market and whose fair value cannot be reliably measured. In this case the financial instrument is subsequently measured at cost less impairment losses.

Available for sale financial instruments are carried at fair value based on their market price at balance sheet date. The fair value adjustment is adjusted for through the statement of changes in equity.

1.3 INVESTMENT IN ASSOCIATES

The Group's investment in associates is accounted for in accordance with the equity method. An associate is an entity in which the Group has significant influence but in which the entity does not exercise indirect or direct control.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any change.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group.

Profits and losses resulting from intra-group transactions are eliminated to the extent of the interest in the associate.

1.4 INVESTMENT PROPERTIES

a) Recognition criteria

Investment properties are those properties held for earning rental income and / or for capital appreciation. Some of these properties are partly occupied by the Group for its business activities. To this extent, the Group's own use does not exceed 20%.

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.

Investment properties are stated at fair value which has been determined based on valuations performed by independent professional valuers.

b) Transfers to and from investment properties

Transfers are made to or from investment property only when there is a change in use. If an investment property becomes more than 20% owner occupied, it is reclassified as property, plant and equipment in accordance with IAS 16 and its fair value at the date of its classification becomes its cost for accounting purposes for subsequent recording.

c) Derecognition

Investment properties are derecognised when either 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. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

1.5 PROPERTY AND EQUIPMENT

Property and equipment are stated at gross carrying amount excluding costs of day-to-day servicing less accumulated depreciation and where applicable accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Gross carrying amount represents either cost or in the case of revalued property, at the date of its undertaking.

An item of property and equipment is derecognised upon disposal or when no 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.

Valuations are done by a professional valuer.

Property and equipment are depreciated over their estimated useful lives on a straight line basis such that the cost or valuation of the assets are reduced to their estimated residual values. The estimated useful lives at the end of this reporting period are:

Buildings	40 years
Computer and other equipment	5 years
Furniture	10 years
Leasehold improvements	10 years
Motor vehicles	3 – 5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The asset's residual values useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end.

Freehold land and buildings are shown at open market value while subsequent additions between valuation dates are shown at cost.

Any revaluation surplus is credited to the asset revaluation reserve included in reserves in the balance sheet except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss except where a deficit directly offsets a previous surplus on the same asset. This is directly offset against the surplus in the asset revaluation reserve.

1.6 FOREIGN CURRENCIES

The presentation and functional currency is United States Dollar (US$). Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at balance sheet date. All exchange differences are taken to profit and loss.

1.7 TAXATION

Deferred taxation

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

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

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

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised except:

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

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

Current taxation

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

Capital gain tax

Deferred tax arising on valuation of property and equity investment is computed at the applicable capital gains tax rates ruling at the balance sheet date.

Value added tax

Revenue, expenses, and assets are recognised net of Value Added Tax (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 the acquisition of the asset or as part of the expense item as applicable , and;
- receivables and payables that are stated with the amount of VAT included.

1.8 FINANCIAL ASSETS

Initial Recognition

A financial instrument is a contract that gives rise to both a financial asset of one and a financial liability of another enterprise. Financial instruments held by the Group include balances with banks and cash, money market assets, advances, investments and deposits.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets as appropriate. When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and where allowed and appropriate re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depend on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, where applicable, are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on investments held for trading are recognised in income. (These include certain investments and money market assets).

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held- to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification but other long-term investments that are intended to be held to maturity such as bonds are included. Held-to-maturity instruments are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal payments plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and amounts paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are recognised or impaired as well as the amortisation process. (These include certain investments and money market assets).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired as well as through the amortisation process. (These include advances, technical assets, and other assets).

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis and other pricing models. (These include certain investments and money market assets).

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 at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with the Central Bank and other Banks.

Treasury Shares

Where the Group purchases its own equity, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity until they are cancelled. Where such shares are subsequently sold or reissued any consideration received is included in shareholders' equity. No gain or loss is recognised in income or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

1.9 FINANCIAL LIABILITIES

Initial recognition

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

Subsequent measurement

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

Financial liabilities held for trading

Financial liabilities held for trading, comprising financial instruments other than derivatives are recorded in the balance sheet at fair value. Changes in fair value are recognised in 'Net trading income'. Interest expense is recorded in 'Net trading income' according to the terms of the contract or when the right to the payment has been established. (These include money market deposits).

Financial liabilities designated at fair value through profit or loss

Financial liabilities at fair value through profit or loss are recorded in the balance sheet at fair value. Interest incurred is accrued in interest expense according to the terms of the contract. (These include money market deposits).

Other financial liabilities are at amortised cost. (These include demand deposits, call deposits, savings and other deposits and foreign currency account balances).

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised where:

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

Where the Group has transferred its rights to receive cash flows from an asset 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 pay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where 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 profit or loss.

1.10 IMPAIRMENT

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a 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 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 changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost

The carrying amount of the asset shall be reduced either directly or through use of an allowance account if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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 in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

If an available-for-sale asset is impaired an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value less any impairment loss previously recognised in profit or loss is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Other 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 makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset 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 market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

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 recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimate 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 profit or loss unless the asset is carried at the revalued amount in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount less any residual value on a systematic basis over its remaining useful life.

The Group complies with the regulatory guideline in respect of its impairment policy and considers those guidelines when assessing impairment in accordance with the requirements of International Accounting Standard (IAS 36 – Impairment).

1.11 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 and the risks and rewards have passed to the Group.

Trading Income

The Group includes profits or losses and fair value adjustments on held for trading financial instruments both realised and unrealised in income as earned.

Interest Income

Revenue is recognised in the income statement on an accrual basis using the effective interest rate method, that is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Commission and fee income

The Group recognises commission and fee income on an accruals basis when the service is rendered.

Services rendered

The Group recognises revenue for services rendered to customers based on the estimated outcome of the transactions. When the outcome can be reliably estimated, transaction revenue is recognised by reference to the stage of completion of the transaction at the balance sheet date. The stage of completion is measured based on the amount of work performed. When the outcome cannot be reliably estimated, revenue is recognised only to extent of the expenses incurred that are recoverable.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

Premiums

Premiums written relate to business incepted during the year.

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, generally calculated on the 1/365 basis.

Basis of accounting for underwriting activities

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

Claims

Claims represent the ultimate cost (net of salvage recoveries) of settling all claims arising from events that have occurred up to the balance sheet date. Claims incurred but not reported are claims arising out of events which have occurred by the balance sheet date but have not yet been reported at that date.

Unexpired risk provision

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

Liability adequacy test

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

Insurance and investment contracts

The company issues contracts that transfer insurance risk and / or financial risk.

Insurance contracts are those that transfer significant insurance risk. Significant insurance risk is defined as the risk of the company paying benefits on the occurrence of an insured uncertain event.

Investment contracts are those that transfer financial risk with no significant insurance risk.

Insurance contracts are classified as short term and include motor, fire, accident, engineering, farming and marine. Premium is recognised over the term of the contract on a proportionate basis. Claims are charged to the income statement based on an estimated liability for compensation. These claims are not discounted as settlement generally occurs within a reasonable period of the claim.

Technical Assets

These comprise reinsurance receivables and deferred acquisition costs.

Reinsurance contracts held

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

The benefits to which the company is entitled under its reinsurance contracts are recognised as reinsurance assets. The assets consist of short term balances due from re-insurers (classified as reinsurance receivables). The amounts recoverable are measured consistently in accordance with the terms of the reinsurance contracts.

Acquisition Costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned. Commission receivable relating to the unexpired potion of a risk is recognized at the balance sheet date calculated on a 1/365 basis.

1.12 EMPLOYEE BENEFITS

Employee benefits are the consideration given by the Group in exchange for services rendered by employees. In summary such benefits are:

a) Short-term benefit

b) benefits earned by employees under normal employment terms including salaries, wages, bonuses and leave pay. These are expensed as earned and accordingly provisions are made for unpaid bonuses and leave pay.

c) Post-employment benefits

i) Retirement benefits from the National Social Security Authority which is a defined contribution fund. Costs applicable to this scheme are determined by the systematic recognition of legislated contributions.

ii) The Group operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The pension plan is generally funded by payments from the Group taking account of the recommendations of independent qualified actuaries. The costs are charged to the income statement as incurred.

1.13 CONTINGENCIES AND COMMITMENTS

Transactions are classified as contingencies where the Group's obligations depend on uncertain future events and principally consist of third party obligations underwritten. Items are classified as commitments where the Group commits itself to future transactions or if the items will result in the acquisition of assets.

1.14 INSTALMENT CREDIT AGREEMENTS

Leases, instalment credit and rental agreements are regarded as financing transactions. The capital amounts and capitalized interest less repayments are included under advances. Finance charges earned are computed at effective rates of interest inherent in the contracts.

1.15 SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) which is subject to risks and rewards that are different from those of the other segments. Segment income, expenses and performance, include transfers between business segments.

1.16 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 appropriate.

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

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

- no positive correlation in the movement of interest rates, exchange rates and inflation rates in line with the influence of market conditions;
- the ability of the markets to determine pricing levels had been negatively affected by the effects of inflation and regulatory influence.

Adoption of Future Reporting Standards

New standards, amendments and interpretations to the existing standards have been published that are

mandatory for the company accounting periods beginning on or after 1 January 2009 or later periods are as follows;

IAS 27 (Amended), Consolidated and Separate Financial Statements (effective from 1 July 2009)
The Group opted for early adoption of this standard.

IAS 39 (Amended), Financial Instruments: Recognition and Measurement (effective 1 July 2009)

These amendments are not expected to have a significant impact on the Group, for the 30 June 2009 reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2009

1. INCORPORATION AND ACTIVITIES

The consolidated financial statements of the Group for the half year ended 30 June 2009 were authorised for issue in accordance with a resolution of the directors on 27 August 2009.

The group offers commercial banking, asset management, insurance and other financial services and is incorporated in Zimbabwe.

2. PRESENTATION CURRENCY

The financial statements are presented in United States dollars which is the functional currency.

	Historical Cost	
	Jun-09	Jun-08
	US$	US$
3. Interest		
Interest and similar income		
Overdrafts	335,132	-
Loans	3,614,240	-
Mortgage interest	-	-
Staff loans	18,684	-
	3,968,056	-
Short-term money market assets	194	-
	3,968,250	-
Interest expense and similar charges		
Demand	82	-
Savings	255,034	-
Money market deposits	120,185	-
Foreign currency deposits	320,917	-
	696,218	-
4. Non-interest income		
Net income from trading securities	191,956	-
Fair value adjustments on financial instruments	1, 548,472	-
Net income from foreign currencies dealing	83,116	-
Commission and fee income	8,075,017	-
Profit on sale of assets	9,683	-
Other operating income	1,185,622	-
	11,093,866	-
5. Underwriting income (Net)		
Gross premium income	371,153	-
Reinsurance	(301,952)	-
Net written premium	69,201	-
Un earned premium	(39,004)	-
Net earned premium	30,197	-
Net commission	(4,615)	-
Net claims	(3,655)	-
	21,927	-
6. Operating expenditure		
Administration expenses	4,092,620	-
Audit fees	74,876	-
Depreciation	297,214	-
Amortisation of intangible assets	-	-
Staff costs	4,021,047	-
	8,485,757	-
Directors (key management)remuneration (included in staff costs)		
Fees for services as directors	18,789	-
	18,789	-
7 . Analysis of tax charge in respect of the profit for the half year:		
Current income tax charge	592,781	-
Deferred income tax	536,152	-
	1,128,933	-
7.1. Tax rate reconciliation		
Notional tax	30	-
Banking levy	5	-
Aids levy	.90	-
Permanent differences	(15,05)	-
Effective rate	20.85	-
7.2. Tax effects relating to comprehensive income		
Gross Revaluation Adjustment	(25,684,588)	-
Tax benefit / (Expense)	3,826,947	-
Net Revaluation Adjustment	(21.857,641)	-
Gross fair value adjustment on AFS financial assets	-	-
Tax benefit / (Expense)	-	-
Net fair value adjustment on AFS financial assets	-	-
Total taxation	3,826,947	-

8. Earnings per share

8.1. 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 in issue during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent 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 the conversion of all dilutive potential ordinary shares into ordinary shares

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

	'Jun-09	'Jun-08
Earnings	US$	US$
Basic earnings	4,285,887	-
Headline earnings	4,276,205	-
Fully diluted earnings	4,276,205	-
Number of shares used in calculations*		
Basic earnings per share (weighted)	684,144,546	684,144,546
Headline earnings per share (weighted)	684,144,546	684,144,546
Fully diluted earnings per share	684,144,546	684,144,546

8.2. Reconciliation between basic earnings and headline earnings

Historical	2009	2008
Basic earnings	4,285,887	-
Loss / (Profit) on sale of property and equipment	(9,682)	-
Headline earnings	4,276,205	-

	Historical Cost	
	Jun-09	Jun-08
	US$	US$
9. Dividends paid and proposed		
Interim dividend	-	-
Final dividend	-	-
	-	-
10. Balances with Banks and Cash		
Balance with the Reserve Bank of Zimbabwe		
Statutory Reserve	4,708,209	-
Current accounts	32,679,599	30,945,114
	37,387,808	30,945,114
Balance with other banks and cash		
Cash foreign	29,574,815	7,869,298
Nostro accounts	39,812,476	11,387,873
	106,775,099	50,202,285

The statutory reserve balance with the Reserve Bank of Zimbabwe is non-interest bearing. The balance is based on the value of liabilities to the public.

	Historical Cost	
	Jun-09	Dec-08
	US$	US$
11. Advances		
Overdrafts	10,582,101	2,069,868
Loans	74,686,160	14,608,676
Mortgage advances	53,755	10,514
	85,322,016	16,689,058
Interest accrued	878,275	171,791
Total gross advances	86,200,291	16,860,849
Impairment loss	(543,786)	-
	85,656,505	16,860,849

The five year Financial Sector Stabilisation Bond is held at amortised cost as there is no ready market for this paper and there is no similar paper in the market.

11.1. Sectoral analysis		
Private	1,989,077	389,065
Agriculture	26,634,828	5,209,795
Manufacturing	4,772,289	933,464
Distribution	42,263,057	8,266,689
Constructions	425,049	83,140
Transport	4,257,186	832,709
Services	2,608,993	510,321
Financial organizations	3,249,812	635,666
	86,200,291	16,860,849
11.2. Maturity analysis		
Demand	13,140	2,570
Within 1 month	10 745 282	1,983,516
Between 1 and 3 months	74,261,701	14,525,651
Between 3 months and 6 months	-	-
Between 6 months and 1 year	65, 714	12,854
Between 1 and 5 years	1,127,594	220,558
	86,200,291	16,860,849

Maturity analysis is based on the remaining period from 30 June to contractual maturity.

Advances are exposed to cash flow interest rate risk with the exception of statutory funded advances that are exposed to fair value interest rate risk.

	Historical Cost	
	Jun-09	Dec-08
	US$	US$
11.3. Loans to directors and employees		
Loans to directors		
Included in advances are loans to executive directors:-		
Balance at beginning of year	-	-
Advances made during the year	45,000	-
Repayment during the year	-	-
Balance at end of the period	45,000	-
Loans to employees		
Included in advances are loans to employees: -		
Balance at beginning of year	-	-
Advances made during the year	1,192,489	-
Effects of amortisation	-	-
Repayments during the year	(64,895)	-
Balance at end of period	1,127,594	-
11.4. Non performing advances		
Total advances on which interest is suspended	-	-
Impairment	-	-
Suspended interest	-	-
	-	-
11.5. Impairment of advances		
Balance at beginning of year	80 124	-
Charge for impairment loss	463 662	80 124
Interest in suspense	-	-
Amounts written off during the year	-	-
Other	-	-
Balance at end of year	543 786	80 124
Comprising:		
Specific impairments	-	-
Portfolio impairments	543 786	80 124
Suspended interest	-	-
	543 786	80 124
11.6. Collaterals		
Notarial general covering bonds	10, 920,822	-
Mortgage bonds	25,198,463	-
Stop order values	2,017,500	-
Export Proceeds, nagative pledge	30,460,037	-
	68,596,822	-
12. Technical assets		
Reinsurance receivables	241,863	164,067
Deferred acquisition costs	31,743	21,533
	273,606	185,600
13. Other assets		
Prepayments, debtors and deposits	213,549	98,361
Miscellaneous assets	6,462,718	2,976,748
	6,676,267	3,075,109
14. Investments		
Listed investments	1,083,763	534,917
Unlisted investments	953,657	470,701
	2,037,420	1,005,618
At cost	953,657	470,701
At fair value	1,083,763	534,917
	2,037,420	1,005,618
Portfolio analysis		
Trading	953,657	470,701
Available for sale	1,083,763	534,917
	2,037,420	1,005,618
14.1 Investment in associate company		
Opening balance	105,789	105,789
Acquisition	75,000	-
Reclassification to subsidiary	-	-
Share of loss for the period	(23,586)	-
Closing balance	157,203	105,789
Transcontinental Equity Growth Fund (Pvt) Limited-38.4%		
Shares at cost	75,000	-
share of post acquisition retained loss and reserves	(23,586)	-
	51,414	-
14.2 Investment in subsidiaries		
CBZ Bank Limited	100%	100%
CBZ Asset Management (Pvt) Limited	100%	100%
CBZ Building Society	100%	100%
Optimal Insurance company (Pvt) limited	58.5%	58.5%
CBZ Properties (Pvt) Limited	100%	100%

	Historical Cost	
	Jun-09	Dec-08
	US$	US$
15. Investment properties		
Opening balance	16,806,137	-
Fair valuation gain	(6,331,137)	16,806,137
Closing balance	10,475,000	16,806,137
16. Intangible assets		
Computer software		
At cost	17,403	9,953
Accumulated amortisation	-	-
	17,403	9,953
Movement in intangible assets		
Opening balance	9,953	9,953
Additions	7,450	-
Closing balance	17,403	9,953
17. Property and Equipment		
2009		
Cost/valuation		
Opening at 1 January 2009	58,052,482	-
Additions	6,106,134	-
Revaluation	(19,364,983)	57,877,243
Disposals	(72,148)	-
Transfers / Acquisitions	-	-
Balance at 30 June 2009	**44,721,485**	**57,877,243**
Accumulated depreciation		
Opening at 1 January 2009	175,238	-
Charge for the year	296,672	-
Disposals	(56,381)	-
Transfers / Acquisitions	-	-
Revaluation	(11,532)	-
Balance at 30 June 2009	**403,997**	**-**
Net book value at 30 June 2009	**44,317,488**	**57,877,243**
18.Share Capital		
Authorised		
1 000 000 000 ordinary shares		
Issued and fully paid		
684 144 546 ordinary shares		

Norminal values of shares issued before adoption of US$ as the functional currency are still subject of debate. Guidance from professional accounding bodies is to adopt nil values until a firm position has been reached

	Jun-09	Dec-08
18.1. Revenue reserve		
Revenue reserve comprise:		
Holding company	355,592	156,619
Subsidiary companies	10,214,808	6,118,956
	10,570,400	6,275,575
18.2. Minority interests		
Minority interests comprise:		
Shares in subsidiary companies	-	-
Share of revenue reserve	(8,938)	-
	(8,938)	-
19. DEPOSITS		
Savings and other deposits	177,071,019	60,530,319
Money Market deposits	8,608,102	2,942,611
Accrued interest	617,286	211,014
	186,296,407	63,683,944
Deposits by source		
Banks	37,398,491	12,784,377
Money Market	8,608,102	2,942,611
Customers	140,289,814	47,956,956
	186,296,407	63,683,944
Sectoral analysis of deposits		
Historical cost		
Private	2,900,078	991,369
Agriculture	4,390,113	1,500,725
Mining	266,661	91,156
Manufacturing	185,360	63,364
Distribution	6,164,046	2,107,130
Transport	4,660,291	1,593,083
Communication	6,901,923	2,359,367
Services	125,631,827	42,946,241
Financial organizations	35,196,108	12,031,509
	186,296,407	63,683,944
Maturity analysis		
Repayable on demand	142,293,932	48,642,047
Within one month	8, 510,357	2,909,198
Between 1 and 3 months	4,097,590	1,400,729
Between 3 months and 1 year	31,394,528	10,731,970
	186,296,407	63,683,944

	Historical Cost	
	Jun-09	Dec-08
	US$	US$
20. TECHNICAL LIABILITIES		
Reinsurance payables	105,736	78,182
Gross outstanding claims	14,946	11,051
Gross unearned premium reserve	283,516	209,635
Deferred reinsuarance acquisition revenue	69,425	51,333
	473,623	350,201
21. OTHER LIABILITIES		
RBZ funded	-	-
Sundry creditors and accounts	8,764,935	771,769
	8,764,935	771,769
22. DEFERRED TAXATION		
Deferred tax liability		

Deferred tax related to items charged or credited directly to equity during the period is as follows:

Revaluation of property, plant and equipment	(3,491,418)	-
Fair value adjustment - on investment property	(335,529)	-
	(3,826,947)	-

The deferred tax included in the balance sheet and changes recorded in the income tax expense are as follows:

Fair value adjustments	478,478	-
Prepayments	-	-
Impairment allowance	-	-
Property and equipment	(2,063)	-
Other	59,737	-
	536,152	-
Opening balance	13,178,305	13,178,305
Total deferred tax liability	9,887,510	13,178,305

Deferred tax asset

The deferred tax included in the balance sheet and changes recorded in the income tax expense are as

Arising from assessed losses	298	-
23. CONTINGENCIES AND COMMITMENTS		
Contingent liabilities		
Guarantees	5,329,595	-
Irrevocable letters of credit	71,290,075	-
	76,619,670	-
24. FUNDS UNDER MANAGEMENT		
Pensions	53,208,064	-
Private	12,377,813	-
Unit Trust	468,583	-
Money Market	-	-
	66,054,460	-

25. SEGMENT INFORMATION

The group is comprised of the following operating units Banking, Building Society, Asset management, Short tern Insurance, and Property investments.

The following tables present revenue and profit information regarding the Group's operating segments for the half year ended 30 June 2009.

Historic Cost

Segment operational results

	Commercial Banking	Mortgage Financing	Asset Management	Short term Insurance	Property Investment	Other operations	Consolidated
30 June 2009							
Income							
Revenue from external customers	11,118,710	1,234,001	1,164,336	91,822	293,949	485,007	14,387,825
Inter segment revenue	5,146	-	-	-	-	(5,146)	-
Total Income	11,123,856	1,234,001	1,164,336	91,822	293,949	479,861	14,387,825
Results							
Profit before taxation	3,920,655	129,412	777,047	(19,731)	283,598	323,839	5,414,820
Consolidated							5,414,820
30 June 2008							
Income							
Income from external customers	-	-	-	-	-	-	-
Inter segment revenue	-	-	-	-	-	-	-
Total Income	-	-	-	-	-	-	-
Results							
Profit before taxation	-	-	-	-	-	-	-
Consolidated							-

Total Segment Assets

	Historical Cost	
	Jun-09	Dec-08
Commercial banking	219,768,997	97,465,875
Mortgage financing	22,599,130	35,137,496
Asset management	1,524,267	688,187
Short term insurance	1,232,328	567,186
Property investment	10,859,301	11,942,577
Total Segment Assets	255,984,023	145,801,321
Other operations	402,266	327,261
Total Segment Assets	256,386,289	146,128,582

26. Gap Analysis

June 2009

	Demand	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Non interest bearing	Total
Assets							
Balances with banks and cash	106,775,099	-	-	-	-	-	106,775,099
Money market assets	-	-	-	-	-	-	-
Advances	13,140	10,679,568	74,170,341	65,714	727,742	-	85,656,505
Technical assets	-	-	-	-	-	273,606	273,606
Other assets	5,822,060	-	-	-	-	854,207	6,676,267
Investments	-	-	-	-	2,037,420	-	2,037,420
Investments in associate	-	-	-	-	-	157,203	157,203
Investment properties	-	-	-	-	-	10,475,000	10,475,000
Property and equipment	-	-	-	-	-	44,317,488	44,317,488
Deferred taxation	-	-	-	-	-	298	298
Intangible assets	-	-	-	-	-	17,403	17,403
TOTAL ASSETS	112,610,299	10,679,568	74,170,341	65,714	2,765,162	56,095,205	256,386,289
Liabilities and equity reserves							
Deposits	142,293,932	8,510,357	4,097,590	31,394,528	-	-	186,296,407
Technical liabilities	-	-	-	-	-	473,623	473,623
Other liabilities	-	-	-	-	-	8,764,936	8,764,936
Deferred taxation	-	-	-	-	-	9,887,510	9,887,510
Current taxation payable	391,205	-	-	-	-	-	391,205
Equity & reserves	-	-	-	-	-	50,572,608	50,572,608
Total liabilities and equity and reserves	142,685,137	8,510,357	4,097,590	31,394,528	-	69,698,678	256,386,289
Interest rate repricing gap	(30,074,838)	2,169,211	70,072,751	(31,328,814)	2,765,162	(13,603,473)	-
Cummulative gap	(30,074,838)	(27,905,627)	42,167,124	10,838,310	13,603,472	-	-

Dec 2008

	Demand	Up to 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	Non interest bearing	Total
Assets							
Balances with banks and cash	50,202,285	-	-	-	-	-	50,202,285
Money market assets	-	-	-	-	-	-	-
Advances	16,860,849	-	-	-	-	-	16,860,849
Technical assets	-	-	-	-	-	185,600	185,600
Other assets	2,885,958	-	-	-	-	189,151	3,075,109
Investments	-	-	-	-	1,005,618	-	1,005,618
Investments in associate	-	-	-	-	-	105,788	105,788
Investment properties	-	-	-	-	-	16,806,137	16,806,137
Property and equipment	-	-	-	-	-	57,877,243	57,877,243
Deferred taxation	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	9,953	9,953
TOTAL ASSETS	69,949,092	-	-	-	1,005,618	75,173,872	146,128,582
Liabilities and equity reserves							
Deposits	48,642,047	2,909,198	1,400,729	10,731,970	-	-	63,683,944
Technical liabilities	-	-	-	-	-	350,201	350,201
Other liabilities	-	-	-	-	-	771,768	771,768
Deferred taxation	-	-	-	-	-	13,178,305	13,178,305
Current taxation payable	-	-	-	-	-	-	-
Equity & reserves	-	-	-	-	-	68,144,364	68,144,364
Total liabilities and equity and reserves	48,642,047	2,909,198	1,400,729	10,731,970	-	82,444,638	146,128,582
Interest rate repricing gap	21,307,045	(209,198)	(1,400,729)	(10,731,970)	1,005,618	(7,270,765)	-
Cumulative gap	21,307,045	18,397,847	16,997,118	6,265,148	7,270,765	-	-

26. RISK MANAGEMENT

26.1 INTRODUCTION

The Group subscribes to Risk Management principles and processes. The main focus being to identify, measure, monitor and control all risks inherent in the trading activities of the Group's operating units. The key objective is to safeguard the Group's reputation in the financial services market.

26.2 KEY RISKS REQUIRING SPECIAL MENTION

26.2.1 Credit Risk

This risk is defined as the inability or failure of counter-party to meet commitments with respect to lending, trading, hedging, settlement and other related financial obligations as and when they fall due.

Mitigation of this risk is achieved through strict adherence to the Group's Credit Policies and use of segregated credit generation, approval as well as monitoring and control processes. Minimum acceptable credit risk grade is derived through compulsory grading matrix undertaken at point of facilities request.

The Group has systems generated credit risk reports used for monitoring and control of the credit function on a daily, monthly and quarterly basis against approved limits, internal benchmarks and industrial standards. To cover its loans from unforeseen eventualities, the Group also takes security from its borrowing clients. The Group's loans review committees stretching to Board level have complete oversight of this risk.

26.2.2 Market Related Risks

These risks arise from the negative changes in market variables of interest rates, foreign exchange rates, equity prices and commodity prices, which can cause substantial variations in income and economic value of the Group if not properly managed.

Liquidity Risk

This arises from a mismatch of assets and liabilities cash flows, which can result in refinancing risk if liabilities have a shorter maturity profile than assets.

The Group has managed this risk through strict conformity to Asset and Liability management processes and requirements, which are driven by the relevant Management and Board Committees.

Interest Rate Risk

This is the risk that a change in the interest rates will have a negative effect on the Group's future cash flows or earnings where the repricing terms as well as the maturity structure of the funding liabilities and related assets are not properly matched.

This is adequately managed through Asset and Liability management processes.

Foreign Exchange Risk

This risk arises from the changes in exchange rates and originates from mismatches between the values of assets and liabilities denominated in different currencies and can lead to losses if there is an adverse movement in exchange rate where open positions either spot or forward, are taken for both on and off - balance sheet transactions.

The Group manages this risk by ensuring strict control of any exposure to exchange risk by its Treasury function through adherence to Asset and Liability management requirements and benchmarks.

26.2.3 Operational Risk

This risk arises from human error or fraud, inadequate or failed internal processes, systems, non-adherence to procedures or other external sources that result in the compromising of the Group's income or erosion of the Group's balance sheet value.

Operational risk is also adequately monitored by the Internal Audit function of the Group with appropriate oversight and intervention from the Board.

26.2.4 Strategic Risk

This is the risk that arises where the Group's strategy may be inappropriate to support its long term Corporate Goals due to underlying inadequate strategic planning process, weak decision making process as well as weak strategic implementation programs.

To mitigate this risk, Group Management Teams craft the strategy with guidance from the Board which is underpinned to Group Corporate Goals. Approval of the strategy is the responsibility of the Board whilst implementation is carried out by Management. Strategy and Goal congruency is reviewed monthly by Management and quarterly by the Board.

26.2.5 Regulatory risk

Regulatory risk which is defined as the failure to comply with applicable laws and regulations or supervisory requirements, or the exclusion of provisions of relevant regulatory requirements out of operational procedures, was managed and mitigated through:

- Comprehensive and consistent compliance policies and procedures that exist throughout the Group;
- A proactive and complete summary statement of the Group's position on ethics and compliance;
- A reporting structure of the Compliance Function that ensured independence and effectiveness, and
- Periodic compliance and awareness training targeting employees in compliance sensitive areas.

26.2.6 Reputation risk

This is the risk that arises from the market perception of the manner in which the Group packages and delivers its products and services, how staff and management conduct themselves and how it relates to the general business ethics.

This risk was managed and mitigated through:

- Upgrading operating facilities to ensure that they remain within the taste of the Group's diversified clientele base.
- Ensuring that Staff subscribe to the Group's code of conduct and general business ethics on and after joining the Group.
- Stakeholders' feedback systems that ensured a proactive attention to the Group's reputation management.

26.2.7 Money-laundering risk

This is the risk of financial or reputational loss or liability suffered as a result of transactions in which criminal financiers disguise the origin of funds they deposit in the Banking subsidiaries of the Group and then use the funds to support illegal activities.

This risk is managed and controlled through:

- know Your Customer Procedures;
- knowledge management to facilitate learning and leveraging successes and failures;
- effective use of compliance enabling technology to enhance anti–money laundering program management, communication, monitoring, and reporting;
- development of early warning systems; and
- Integration of compliance into individual performance measurement and reward structures.

26.2.8 Risk and Credit Ratings

26.2.8.1 External Credit Rating

CBZ Bank Limited

Rating Agent	2009	2008	2007	2006	2005
Global Credit Rating Co. (Short Term)	-	-	-	-	A1
Global Credit Rating Co. (Long Term)	A	A	A+	A+	A

CBZ Building Society

Rating Agent	2009	2008	2007	2006	2005
Global Credit Rating Co. (Short Term)	-	-	-	-	-
Global Credit Rating Co. (Long Term)	-	BBB	BBB	BBB	BBB

26.2.8.2 Reserve Bank Ratings

CAMELS RATING MATRIX

	Composite	Capital Adequacy	Asset Quality	Manage ment	Earnings	Liquidity	Sensitivity to market risk
Bank	1	1	2	1	1	2	2
Building Society	2	1	2	3	2	2	3
Asset Management	3	3	-	3	2	3	-
Group	2	2	2	-	2	2	2

The Role of the Board of Directors

The Board actively embraces its responsibilities and brings its collective skills and experiences to bear in providing independent, objective and thoughtful oversight and guidance to the Group.

The Board is a watchdog for uncompensated risk and a guardian for compliance. Directors receive sufficient information to effectively address key compliance issues and business risks that can prevent the Group from achieving its strategic targets.

Directorate

The CBZ Holdings Limited Board was constituted during the year and is now separate from the Board of the Bank.

Board Committees

All subsidiaries have the requisite board committees as per the requirements of the Regulatory Authorities.

Board evaluation

Board members of all the Banking subsidiaries evaluate their individual and overall board performance formally on an annual basis. The directors understand the extent of their personal liability for the affairs of the companies on whose boards they sit.

Board Meetings

Board meetings were conducted in an atmosphere that encouraged open communication, meaningful participation, and timely resolution of issues. Sufficient time was provided during Board meetings for thoughtful discussion.

Board meetings of all the subsidiaries were well attended. This enabled Directors to both collectively and individually become and remain effective enhancers of Corporate Governance Performance.

CORPORATE GOVERNANCE STATEMENT

The quality of corporate governance practices is becoming an increasingly important factor in maintaining market confidence. CBZ Group is committed to and supports the principles contained in the Reserve Group of Zimbabwe (RBZ) Corporate Governance Guideline No. 01-2004/BSD.

DISCLOSURE POLICY

The Board is aware of the importance of balanced and understandable communication of the Group's activities to stakeholders and strives to clearly present any matters material to a proper appreciation of the Group's position. The interests and concerns of stakeholders are addressed by communicating information in a timely manner.

The Directors foster a mutual understanding of objectives shared between the Group and its institutional shareholders by meeting with and making presentations to them on a regular basis. The Board welcomes and encourages the attendance of private shareholders at general meetings and gives them the opportunity to have questions addressed.

The Group endeavours to ensure through its regular public dissemination of quantitative and qualitative information that analysts' estimates are in line with the Group's own expectations. The Group does not confirm, or attempt to influence, an analyst's opinions or conclusions and does not express comfort with analysts' models and earnings estimates.

CODE OF CONDUCT

The Group is committed to the highest ethical standards of business conduct and to fully complying with all applicable laws and regulations.

The directors and employees of the Group are all expected to comply with the principles and to act in terms of the code of conduct. There was close monitoring of both directors and employees in this regard and cases of non-compliance received appropriate disciplinary action which was enforced with consistency.

FINANCIAL CONTROL AND REPORTING

The Directors are responsible for ensuring that the Group maintains adequate records, and for reporting on the financial position of the Group and the results of the activities with accuracy and reliability. Financial reporting procedures are consistently applied within the Group and all financial and related information is constantly reviewed and remedial action taken, where necessary.

INTERNAL OVERSIGHT FUNCTIONS

The Board has overall responsibility for ensuring that the Group maintains a system of internal financial control to provide it with reasonable assurance regarding the reliability of the financial information used within the business and for publication, and to ensure that assets are safeguarded.

Internal Oversight Functions in the Group are integrated as follows:

- The Risk Division conducts the overall risk assessment within the Business Units and provides the resulting data in the form of risk matrices to Internal Audit and to the Compliance Function to use as a starting point for their analysis.
- Internal audit concentrates more on the financial risks highlighted on the risk matrices and on testing processes.

- Compliance assesses the significant regulatory risks highlighted by risk matrices, reviews and documents factors which aggravate the risk such as business volumes, considers the control environment, sets with Business Units the policy on managing that risk and, finally, monitors the risk that in fact ensues.

- The Legal Function focuses on the legal risks highlighted by the risk matrices.

Internal Oversight Functions offer independent objective assurance and consulting function designed to add value to and improve the Group's operations. They help the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and compliance processes.

FRAUD AND ILLEGAL ACTS

The Group does not engage in or accept or condone any illegal acts in the conduct of its business. The Directors' policy is to actively pursue and prosecute the perpetrators of fraudulent or other illegal activities, should they become aware of any such acts.

THE ROLE OF THE BOARD OF DIRECTORS

The board actively embraces its responsibilities and brings its collective skills and experiences to bear in providing independent, objective and thoughtful oversight and guidance to the Group.

The Group has an active and engaged board, which shapes and executes successful strategies. The board contributes to organisational performance through fulfilling the following five major responsibilities;

- The board approves the strategic direction of the Group. While the board does not create strategy, its approval sets the organization in motion. Consequently, directors are knowledgeable about the business (the central business issues and non-financial factors that drive the business) so that they can be able to identify winning strategies from risky or problematic ones. The Group has put in place systems and procedures to ensure that, directors are aware of the key issues and drivers of the business.

- The board ensures that resources are used most effectively and efficiently to achieve the strategy hence it oversees the financial actions of the Group. It sets fiscal policy and approves large capital expenditures. The Group has systems and structures in place to ensure that, once a strategic expenditure is approved, directors obtain sufficient feedback on whether the expenditure generated the desired benefits.

- The board counsels and advises the Chief Executive Officer (CEO). Board members are elected on the basis of their industry knowledge, functional acumen or strategic relationships they contribute to the Group.

- The board approves the hiring of senior executives, assess their performance and reward them appropriately. The directors are also actively involved in succession planning.

- The board is a watchdog for uncompensated risk and a guardian for compliance. Directors receive sufficient information to effectively address key compliance issues and business risks that can prevent the Group from achieving its strategic targets.

THE ROLE OF THE BOARD IN RISK MANAGEMENT

The board has a number of oversight responsibilities with respect to risk management. To ensure that this role is executed efficiently and effectively the board:

- has a general understanding of the types of risks to which the Group may be exposed and of the techniques used to measure and manage those risks;

- reviews and approves the overall risk philosophy and risk tolerance of the Group. Systems and procedures are in place to ensure that the board is aware of material changes to the Group's business strategies or risk tolerance levels and the limits within which individuals are authorized to act;

- reviews and approves significant policies or changes in policies for accepting, monitoring, managing and reporting on the significant risks to which the Group is exposed;

- monitors and ensures that management have a suitable and acceptable process for determining the Group's desired level of capital, taking into account risks assumed, and ensuring that capital management strategies are in place;

- requires from management timely and accurate reporting on significant risks faced by the institution, the procedures and controls in place to manage these risks, and the overall effectiveness of risk management processes. Systems and procedures are in place to ensure that the board is aware of, and is satisfied with, the manner in which material exceptions to policies and controls within the Group are identified and monitored, the nature of reporting to the board, and the consequences within the Group, when exceptions are identified;

- assures itself that the risk management activities of the Group, have sufficient independence, status and visibility and are subject to periodic reviews; and

- Includes in its reviews of changes in strategies or new business initiatives, a review of requisite/related changes in risk management and controls.

THE ROLE OF THE BOARD IN REGARD TO INTERNAL CONTROL MECHANISMS

Development and implementation of an adequate and sound system of internal controls is normally the responsibility of senior management. The board of directors, however, is ultimately responsible for ensuring that such a system is established and maintained. As part of this responsibility, the board regularly, reviews the system of internal controls to determine that it works as expected and that it remains appropriate.

Useful inputs into these reviews include:

- management reports on the operations and financial condition of the Group, the performance of risk management and other control systems during the period under review, and any significant non-compliance with controls, the Group's code of conduct, or with laws and regulations;

- internal and external audit opinions on the adequacy of controls for the Group as a whole and for individual business entities, and recommendations for improvements; liabilities, on the current and prospective position of the Group, and on matters that might have a material adverse impact on its financial condition;

- the audit report on the audited financial statements and all other reports of the external auditor, including the auditor's management letter;

- views, solicited by the board, of the Group's external and internal auditors and legal counsel; and

- The views and observations of the regulators on the Group.

THE ROLE OF THE BOARD IN REGARD TO INDEPENDENT OVERSIGHT FUNCTIONS

To assure itself that these functions are in a position to support it, the board:

- actively exercises its responsibility for recommending to shareholders a suitable nominee for appointment as external auditor;

- takes an active interest in the selection of heads of internal oversight functions;

- reviews the mandates and Group structures of the internal control functions, and approve any major changes thereto, and regularly reviews the scope of the proposed activities of these internal functions and of the external auditors;

- requires that those who are responsible for fulfilling these functions are independent from the operations under review and free of influences that may affect their ability to perform their responsibilities objectively;

- requires that the internal oversight providers and the external auditor have unrestricted access to the board;

- satisfies itself that those who are responsible for fulfilling these functions have the resources and authority required to perform their duties appropriately and receive support from senior management;

- satisfies itself that the remuneration provided to key individuals in these functions adequately reflects the importance of the function and that the incentives contained in these remuneration packages for the function are not inconsistent with its role and responsibilities;

- discusses key findings of the reports produced by these functions, understands how material disagreements are dealt with, and follow-up on any concerns raised by these functions; and

- Regularly reviews the nature of the function being carried out as well as the effectiveness and independence of those fulfilling these functions.

Appropriate board committees are in place to oversee these independent oversight functions.

BOARD STRUCTURE

The Board has a balanced mix of Executive, Non-Executive and Independent Non-Executive Directors. The roles of Chairperson of the Board and Chief Executive Officer are separated and held by different persons.

It has established and appointed committees with defined terms of reference, composition and reporting requirements. The committees have been established and appointed in light of:

- The need to increase the effectiveness of the Board by utilising the specialised skills of Board members.

- Need to provide support and guidance to management.

- Need to ensure effective and independent professional consideration of issues.

The Board has established and appointed all board committees as required by the Banking Act [Chapter 24:20] and the Corporate Governance Guideline No. 01- 2004/BSD. The terms of reference of each committee are defined.

The Board of Directors of the various units as at 30 June 2009 was constituted as tabulated below:-

CBZ Bank Limited	CBZ Building Society	CBZ Asset Management	Optimal Insurance
Mr R V Wilde	Mr C Malunga	Mr R P H Hacker	Mr AMT Mutsonziwa
Mr S G R Harnden	Mr W Leith	Mr S Turk	Mr J Whacha
Mr N Makuvise	Mr W K Lunt	Mr I H Harris	Mr N Makuvise
Dr. J P Mangudya	Mr K Mafukidze	Mr N Makuvise	Mr P Mundangepfupfu
Mr P Zimunya	Mr N J Makuvise	Mr L Ferguson	Mr C Malunga
Mr N Nyemudzo	Mr Dr. S Jogi	Mr.R Zirobwa	Mr S Choga
Dr R M Chimedza	Mr E Mombo	Mr A Kassim	Mr A Jakara
Mrs R Pasi	Mr C Chimutsa	Mr D Ndlela	
Mr E Mugamu	Mr Chimutsa	Mr W Wells	
Mr F B Chirimuuta	Mr N Mhlanga	Mr P Brien	
	Mr E Mombo	Mr J Smith	
	Mr C G Samkange		
	Mr P S Whata		
	Mr H Bvumburai		

APPOINTMENT, SELECTION, INDUCTION, TRAINING DEVELOPMENT, SUCCESSION OF DIRECTORS

The Board is involved in the selection of appointed directors. This selection process considers any deficiencies in the skills of current Board members. The composition of the Board fairly represents the diversity of skills.

The Board actively encourages good candidates to stand for Board appointments. New Board members are introduced to their duties with an appropriate induction process. Each board member is supplied with a Board manual and a copy of standing orders and regulations governing conduct of Board meetings. Every Board member is also supplied with a calendar of meetings showing dates of Board meetings, committee meetings and critical events of the Group. The directors are also provided with all relevant legislation and regulations. The Company Secretary manages the induction and training programme.

Board members understand the extent of their relationship with management and the separation of stewardship and management.

Where the ethical or professional conduct of any director is called into question such director is suspended pending investigations. Board members bind themselves to uphold honour and respect the Code of Ethics of the Group on first appointment and to resign where their actions are called into question

A succession plan is in place for the Chairperson and the Group Chief Executive Officer.

Board Meetings

Board meetings are conducted in a manner that encourages open communication, meaningful participation, and timely resolution of issues. Sufficient time is provided during Board meetings for thoughtful discussion. Board meetings are facilitated, but not overtly influenced by the Chairperson.

Board meetings provide directors with opportunities to share their knowledge discuss strategic tradeoffs and lend decision support. To benefit the Group Chief Executive Officer, directors are provided with financial and non-financial information that shows current and anticipated performance. Board meetings provide a forum to use this information to ask key questions, discuss central business issues and offer performance advice.

Board meetings were well attended. This enabled directors to both collectively and individually become and remain effective enhancers of corporate governance performance.

The detailed attendance of members of the board at board meetings is disclosed in the table attached hereunder.

CBZ BANK LIMITED BOARD COMMITTEE AND BOARD ATTENDANCE REGISTER 2009

	AUDIT	LENDING	LOANS REVIEW	REMUNERATION & TERMINATION	CORPORATE GOVERNANCE	NOMINATIONS	ASSETS & LIABILITIES BENEFITS	RISK	MAIN
R V Wilde	N/A	2	N/A	2	N/A	1	N/A	N/A	2
S G R Harnden	N/A	2	1	2	2	1	1	2	2
N J Makuvise	1	N/A	1	N/A	N/A	N/A	N/A	N/A	2
R Mabeza-Chimedza (Dr)	2	2	N/A	2	2	N/A	N/A	N/A	2
E Mugamu	2	N/A	2	N/A	N/A	1	1	2	2
R Pasi	2	1	1	N/A	2	N/A	N/A	2	2
F Chirimuuta	2	N/A	2	1	2	1	1	1	2
*J P Mangudya (Dr)	2	2	2	2	2	1	1	2	2
*P Zimunya	N/A	2	2	N/A	N/A	N/A	1	2	2
*N Nyemudzo	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2

* Executive Directors
Audit Committee Meetings held: 2
Lending Committee Meetings held: 2
Loans Review Committee Meetings held: 2
Remuneration & Termination Benefits Committee Meetings held: 2
Corporate Governance Committee Meetings held: 2
Nomination Committee Meetings held: 1
Assets & Liabilities Committee Meetings held: 1
Risk Committee Meetings held: 2
Main Board Meetings held: 2
N/A – Not a member

CBZ ASSET MANAGEMENT COMMITTEE & BOARD ATTENDANCE REGISTER 2009

	Audit	Corporate Governance	Remuneration & Nom's Committee	Investment	Risk	Main Board
R Hacker	N/A	2	2	2	N/A	2
I Harris	2	N/A	N/A	2	2	2
A Kassim	2	2	N/A	N/A	2	2
N Makuvise	N/A	1	2	N/A	2	2
D Ndlela	N/A	N/A	N/A	2	1	2
*J F Smith	2	2	2	2	2	2
*S Turk	2	2	2	2	2	2
W R Wells	N/A	N/A	N/A	2	2	2
R Zirobwa	2	2	2	N/A	N/A	2
*P Brien	N/A	N/A	N/A	2	N/A	2

*Executive Directors
During the second quarter the Audit Committee and Nominations and Remuneration Committee both held special committee meetings

Audit Committee Meetings held : 2
Corporate Governance Meetings :2
Remuneration Committee Meetings held :2
Investment Committee Meetings held :2
Risk Committee Meeting held :2
Board Committee Meeting held :2
N/A – Not a member

CBZ BUILDING SOCIETY

Board Member	24.02.09	1.04.09	28.04.09	28.07.09
C Malunga (Chairman)	✓	✓	✓	✓
W Leith (Vice Chairman)	✓	x	x	✓
*C Chimutsa	✓	✓	✓	✓
*H Bvumburai	✓	✓	✓	✓
N Makuvise	✓	✓	✓	✓
MD Frudd	✓	✓	x	r
Dr. S Jogi	✓	✓	✓	✓
G L I Lock	✓	x	✓	r
W K Lunt	✓	✓	✓	✓
K Mafukidze	✓	✓	✓	✓
N Mhlanga	x	✓	✓	✓
*E Mombo	✓	✓	✓	✓
R G Muirimi	✓	✓	✓	r
C G Samkange	✓	✓	✓	✓
P S Whata	✓	✓	✓	✓

Key
n/a - Not yet appointed
✓-present
x- absent
r- resigned/retired
* -executive director

STATEMENT OF COMPLIANCE
Based on the information set out in this corporate governance statement, the Board believes that throughout the accounting period under review, the Group complied with the requisite regulatory requirements.

As at 30 June 2009 the Group was not involved in any material litigation, dispute or arbitration proceedings which may have had a significant effect on its financial position.

Income statement for the half year ended 30 June 2009

	Note	2009 US$	2008 US$
Interest income	2	**3 962 946**	**-**
Interest expense	2	(692 957)	-
Net interest income		**3 269 989**	**-**
Non-interest income	3	7 853 867	-
Total income		**11 123 856**	**-**
Operating expenditure	4	(6 739 539)	-
Operating income		**4 384 317**	**-**
Charge for impairment losses on advances		(463 662)	-
Profit before taxation		**3 920 665**	**-**
Taxation	5	(593 079)	-
Profit for the half year		3 327 576	-

Statement of comprehensive income for the half year ended 30 June 2009

Profit for the half year	**3 327 576**	**-**
Gains/ (losses) on property revaluations	(8 339 831)	-
Fair value adjustment on AFS financial instruments	-	-
Other	-	-
Income tax relating to components of other comprehensive income	2 713 077	-
Other comprehensive income for the half year net of tax	(5 626 754)	-
Total Comprehensive income for the half year	**(2 299 178)**	**-**

Statement of financial position as at 30 June 2009

	Note		
ASSETS			
Balances with banks and cash	6	104 458 060	50 202 285
Advances	7	85 512 571	16 860 849
Other assets	8	5 822 060	2 885 958
Investments	10	108 414	109641
Investment properties		1 530 000	1 004 635
Property and equipment	9	22 337 892	26 402 507
TOTAL ASSETS		**219 768 997**	**97 465 875**
LIABILITIES			
Deposits	11	184 168 280	63 689 129
Other liabilities	12	6 896 938	451 917
Current tax payable		391 205	-
Deferred taxation		5 495 529	8 208 607
TOTAL LIABILITIES		**196 951 952**	**72 349 652**
EQUITY AND RESERVES			
Share capital		-	-
Share Premium		-	-
Capital Reserves		13 571 782	19 198 536
Revenue reserves		9 245 263	5 917 687
EQUITY & RESERVES		**22 817 045**	25 116 223
TOTAL LIABILITIES AND EQUITY AND RESERVES		**219 768 997**	97 465 875

CASHFLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Profit for taxation	3 920 655	
Non cash items:		
•Depreciation	222 827	-
•Fair value adjustment	-	-
•Impairment losses on advances	463 662	-
Operating profit before changes in operating assets and liabilities	4 607 144	-
Changes in operating assets and liabilities		
Deposits	120 479 150	-
Advances	(69 115 384)	-
Other assets	(2 936 102)	-
Other liabilities	6 445 021	-
	54 872 685	-
Returns on investment and servicing of finance		
Dividends paid	-	-
Corporate tax paid	(201 874)	-
Net cash inflow from operating activities	59 277 955	-

CASH FLOWS FROM INVESTING ACTIVITIES

Net change in investments	1 227	-
Purchase of property and equipment	(5 023 407)	-
Net cash outflow from investing activities	(5 022 180)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	54 255 775	-
Cash and cash equivalents at beginning of year	50 202 285	-
Cash and cash equivalents at 30 June 2009	104 458 060	-

	Share capital US$	Share premium US$	Capital Reserve US$	Available for sale reserve US$	Retained earnings US$	Total US$
2008						
Balance at beginning of year	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	
Total comprehensive income	-	-	19 198 536	-	5 917 687	25 116 223
Dividends paid	-	-	-	-	-	-
Balance as at **31 December 2008**	**-**	**-**	**19 198 536**	**-**	**5 917 687**	**25 116 223**
2009						
Balance at beginning of the year	-	-	19 198 536	-	5 917 687	25 116 223
Issue of shares	-	-	-	-	-	-
Total comprehensive income	-	-	(5 626 754)	-	3 327 576	(2 299 178)
Dividends paid	-	-	-	-	-	-
Balance as at 30 June 2009	**-**	**-**	**13 571 782**	**-**	**9 245 263**	**22 817 045**

CAPITAL ADEQUACY

The capital adequacy is calculated in terms of the guidelines issued by the Reserve Bank of Zimbabwe.

	June 2009 US$	Dec 2009 US$
Risk weighted Assets	102 249 101	-
Total qualifying capital	18 488 383	-
Tier 1	9 245 263	-
Share capital	-	-
Share premium	-	-
Revenue reserves	9 245 263	-
Tier 2	8 548 025	-
Revaluation reserve	8 004 239	-
General provisions	543 786	-
Tier 3	695 095	-
Capital allocated for market risk	87 365	-
Capital allocated to operations risk	607 730	-
Capital adequacy (%)	18.08	22.22
- Tier 1 (%)	9.04	15.25
- Tier 2 (%)	8.36	6.30
- Tier 3(%)	0.68	0.67

Regulatory capital consists of Tier 1 capital which comprises share capital, share premium and revenue reserves including current period profit. The other component of the regulatory capital is Tier 2 capital, which includes hidden reserves agreed to by Banking Supervision of the Reserve Bank of Zimbabwe, general provisions and revaluation reserves.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2009

	June 2009 US$	June 2008 US$
2.INTEREST		
Interest Income		
Overdrafts	334 477	-
Loans	3 613 622	-
Staff loans	14 847	-
	3 962 946	-
Interest expense		
Savings	255 354	-
Money market deposits	117 618	-
Foreign Currency Deposits	319 985	-
	692 957	-
3.NON-INTEREST INCOME		
Net income from foreign currencies dealings	82 896	-
Commission and fee income	7 770 971	-
	7 853 867	-
4.OPERATING EXPENDITURE		
Staff costs	3 289 589	-
Administration expenses	3 178 872	-
Audit fees	48 251	-
Depreciation	222 827	-
	6 739 539	-
Directors remuneration (included in staff costs)		
Fees for services as directors		-
Salaries and other benefits		-
		-
5. Analysis of tax charge in respect of the profit for the half year		
Current income tax charge	593 079	
Deferred income tax	-	
	593 079	
Tax Rate Reconciliation	**%**	
Notional Tax	30.00	-
Bank levy	5.00	-
Aids levy	0.90	-
Permanent differences	(20.77)	
Effective rate	15.13	-

	June 2009 US$	Dec 2008 US$
6.BALANCES WITH BANKS AND CASH		
Balance with the Reserve Bank of Zimbabwe	37 324 275	30 945 114
Statutory Reserve	4 644 676	-
Current accounts	32 679 599	30 945 114
Balances with other banks and cash	65 133 785	19 257 171
Cash foreign	27 342 935	7 869 298
Nostro accounts	39 790 850	11 387 873
	104 458 060	50 202 285
7.ADVANCES		
Overdrafts	10 852 101	-
Loans	74 595 981	11 649 372
	85 178 082	11 649 372
Interest accrued	878 275	5 211 477
Total gross advances	86 056 357	16 860 849
Impairment loss	(543 786)	-
	85 512 571	16 860 849
Sectoral analysis		
Private	1 832 003	358 941
Agriculture	26 634 828	5 218 508
Manufacturing	4 772 289	935 025
Distribution	42 263 057	8 280 516
Construction	425 049	83 279
Transport	4 257 186	834 102
Services	2 622 133	513 749
Financial organisations	3 249 812	636 729
	86 056 357	16 860 849

	June 2009 US$	Dec 2008 US$
Maturity analysis		
Demand	13 140	2 570
Within 1 month	10 679 568	1 983 516
Between 1 and 3 months	74 170 341	14 525 651
Between 3 and 6 months	-	-
Between 6 months and 1year	65 714	12 854
Between 1 year and 5 years	1 127 594	220 558
	86 056 357	16 860 849

Maturity analysis is based on the remaining period from 30 June to contractual maturity.

Impairment of advances		
Balance at beginning of year	80 123	-
Charge for impairment loss	463 663	80 123
Balance at end of year	543 786	80 123
Comprising:		
Specific impairments	-	-
Portfolio impairments	543 786	80 123
Suspended interest	-	-
	543 786	80 123
Non-performing advances		
Total advances on which interest is suspended	-	-
Impairment	-	-
Suspended interest	-	-
Covered by realisable security	-	-
	-	-
8. OTHER ASSETS		
Miscellaneous assets	5 789 992	2 885 958
Prepayments and Deposits	32 068	-
	5 822 060	2 885 958
9. INVESTMENTS		
Listed investments	108 414	109 641
	108 414	109 641
Portfolio analysis		
Trading	108 414	109 641
Available for sale	-	-
	108 414	109 641
10.PROPERTY AND EQUIPMENT		
Cost		
Opening balance	26 402 508	-
Revaluation Reserve	(8 876 727)	26 402 508
Additions	5 023 406	-
Closing balance	22 549 187	26 402 508
Accumulated depreciation		
Opening balance	-	-
Charge for the year	222 827	
Revaluation	(11 532)	-
Closing balance	211 296	-
	22 337 891	26 402 508
11.INVESTMENT PROPERTIES		
Opening balance	1 004 635	-
Fair valuation gain	525 365	1 004 635
Closing balance	1 530 000	1 004 635

12.DEFERRED TAXATION

Deferred tax related to items charged or credited directly to equity during the period is as follows:

Revaluation of property, plant and equipment	(2 713 078)	8 208 607
Fair value adjustment – available for sale		

The deferred tax included in the balance sheet and changes recorded in the income tax expenses are as follows:

Fair value adjustments	-	-
Impairment allowance	-	-
Property and equipment	-	-
Other	-	-
Total deferred tax (liability)/asses	(2 713 078)	-
Add:		
Opening balance per 2008 balance sheet	8 208 607	-
	5 495 529	8 208 607

13.DEPOSITS		
Savings and other deposits	174 942 892	54 172 972
Money market deposits	8 608 102	-
Foreign currency deposits	-	9 516 157
Accrued interest	617 286	-
	184 168 280	63 689 129
Deposits by source		
Banks	37 398 490	54 172 972
Money market	8 608 102	-
Customers	138 161 688	9 516 157
	184 168 280	63 689 129
Sectoral analysis of deposits		
Private	780 439	269 892
Agriculture	4 390 113	1 518 190
Mining	266 661	92 217
Manufacturing	185 360	64 101
Distribution	6 164 046	2 131 652
Transport	4 660 291	1 611 623
Communication	6 901 923	2 386 825
Services	125 623 339	43 443 100
Financial organisations	35 196 108	12 171 529
	184 168 280	63 689 129
Maturity analysis		
Repayable on demand	140 165 805	48 472 180
Within 1 month	8 510 357	2 943 054
Between 1 and 3 months	4 097 590	1 417 030
Between 3 months and 1 year	31 394 528	10 856 865
More than 1 year	-	-
	184 168 280	63 689 129

Maturity analysis is based on the remaining period from 30 June 2008 to contractual maturity

14. Contingent liabilities		
Guarantees	5 329 595	-
Irrevocable letters of credit	71 290 075	-
	76 619 670	-

INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2009

	Note	Historical Cost Jun-09 US$	Jun-08 US$
Interest income	3	2,173	-
Interest expense	3	(932)	-
Net interest income		1,241	-
Non interest income	4	1,232,760	-
Total		1,234,001	-
Operating expenditure	5	(1,104,589)	-
Operating Income		129,412	-
Charge for impairment losses on advances		-	-
Profit before taxation		129,412	-
Taxation	6	-	-
Profit for the half year		129,412	-

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2009

	Note	Jun-09	Jun-08
Profit for the half year		129,412	-
Other comprehensive income			
Gains/(losses) on property revaluations	6	(15,168,496)	-
Income tax relating to components of other comprehensive income	6	758,426	-
Other comprehensive income for the half year net of tax		(14,410,070)	-
Total comprehensive income for the half year		(14,280,658)	-
Attributable to:			
Equity Holders of parent		(14,280,658)	-
Minority interests		-	-
		(14,280,658)	-

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009

	Note	Historical Cost Jun-09 US$	Dec-08 US$
ASSETS			
Balances with banks and cash	8	2,300,064	-
Advances	9	91,360	-
Other assets	10	219,501	-
Investment properties	11	8,411,000	14,422,912
Property and equipment	12	11,577,205	20,714,584
TOTAL ASSETS		22,599,130	35,137,496
EQUITY AND RESERVES			
Share capital	13	-	-
Capital reserves		18,657,532	33,067,602
Revenue reserves	13	129,412	-
Total equity and reserves		18,786,944	33,067,602
LIABILITIES			
Deposits	14	2,119,639	-
Other liabilities	15	694,097	313,018
Deferred taxation	16	998,450	1,756,876
TOTAL LIABILITIES		3,812,186	2,069,894
TOTAL LIABILITIES AND EQUITY AND RESERVES		22,599,130	35,137,496

	Share capital US$	Share premium US$	Capital Reserve US$	Available for sale reserve US$	Retained earnings US$	Total US$
2008						
Balance at the beginning of the year	-	-	-	-	-	-
Share capital issued	-	-	-	-	-	-
Total comprehensive income	-	-	33,067,602	-	-	33,067,602
Dividends paid	-	-	-	-	-	-
Balance at the end of the period.	-	-	33,067,602	-	-	33,067,602
2009						
Balance at the beginning of the year	-	-	33,067,602	-	-	33,067,602
Share capital issued	-	-	-	-	-	-
Total comprehensive income	-	-	(14,410,070)	-	129,412	(14,280,658)
Dividends paid	-	-	-	-	-	-
Balance at the end of the period.	-	-	18,657,532	-	129,412	18,786,944

CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Historical Cost Jun-09 US$	Jun-08 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	129,412	-
Non cash items:		
Impairment losses on advances	-	-
Profit on sale of property and equipment	-	-
Operating profit before changes in operating assets and liabilities	129,412	-
Changes in operating assets and liabilities		
Deposits	2,119,639	-
Advances to customers	(91,360)	-
Other assets	(219,501)	-
Other liabilities	381,079	-
	2,189,857	-
Returns on investment and servicing of finance		
Dividends paid	-	-
Taxation		
Corporate tax paid	-	-
Net cash inflow/(outflow) from operating activities	2,319,269	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(19,205)	-
Net cash outflow from investing activities	(19,205)	-
Net increase in cash and cash equivalents	2,300,064	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at 30 June 2009	2,300,064	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2009

	Historical Cost Jun-09 US$	Jun-08 US$
3. Interest		
Interest and similar income		
Overdrafts	1,544	-
Loans	618	-
Mortgage interest	-	-
Staff loans	11	-
	2,173	-
Interest expense and similar charges		
Savings	-	-
Money market deposits	-	-
Other	932	-
	932	-
4. Non-interest income		
Commission and fee income	48,563	-
Other operating income	1,184,197	-
	1,232,760	-
5. Operating expenditure		
Administration expenses	584,480	-
Staff costs	520,109	-
	1,104,589	-
Directors (key management) remuneration (included in staff costs)		
Fees for services as directors	18,789	-
	18,789	-
6. Tax effects relating to comprehensive income		
Gross Revaluation Adjustment	(15,168,496)	-
Tax benefit / (Expense)	758,426	-
Net Revaluation Adjustment	(14,410,070)	-
Total taxation	758,426	-
7. Dividends paid and proposed		
Interim dividend	-	-
Final dividend	-	-
	-	-
8. Balances with Banks and Cash		
Balance with the Reserve Bank of Zimbabwe		
Statutory Reserve	63,532	-
Current accounts	-	-
	63,532	-
Balance with other banks and cash		
Cash foreign	2,236,532	-
Nostro accounts	-	-
	2,300,064	-

The statutory reserve balance with the Reserve Bank of Zimbabwe is non-interest bearing. The balance is based on the value of liabilities to the public.

	Jun-09	Jun-08
9. Advances		
Overdrafts	-	-
Loans	37,605	-
Mortgage advances	53,755	-
	91,360	-
Interest accrued	-	-
Total gross advances	91,360	-
Impairment loss	-	-
	91,360	-

The five year Financial Sector Stabilisation Bond is held at amortised cost as there is no ready market for this paper and there is no similar paper in the market.

	Jun-09	Jun-08
9.1. Sectoral analysis		
Private	91,360	-
Agriculture	-	-
Manufacturing	-	-
Distribution	-	-
Constructions	-	-
Transport	-	-
Services	-	-
Financial organizations	-	-
	91,360	-
9.2. Maturity analysis		
Demand	-	-
Within 1 month	-	-
Between 1 and 3 months	91,360	-
Between 3 months and 6 months	-	-
Between 6 months and 1 year	-	-
Between 1 and 5 years	-	-
	91,360	-

Maturity analysis is based on the remaining period from 30 June to contractual maturity.

Advances are exposed to cash flow interest rate risk with the exception of statutory funded advances that are exposed to fair value interest rate risk.

9.3. Loans to directors and employees

Loans to directors
Included in advances are loans to executive directors:-

	Jun-09	Jun-08
Balance at beginning of year	-	-
Advances made during the year	-	-
Repayment during the year	-	-
Balance at end of the period	-	-

Loans to employees
Included in advances are loans to employees: -

	Jun-09	Jun-08
Balance at beginning of year	-	-
Advances made during the year	37,606	-
Repayments during the year	-	-
Balance at end of period	37,606	-
10. Other assets		
Prepayments, debtors and deposits	1,257	-
Miscellaneous assets	218,244	-
	219,501	-
11. Investment properties		
Opening balance	14,422,912	-
Fair valuation gain	(6,011,912)	14,422,912
Closing balance	8,411,000	14,422,912

	Historical Cost Jun-09 US$	Dec-08 US$
12. Property and Equipment		
2009		
Cost/valuation		
Opening at 1 January 2009	20,714,584	-
Additions	19,205	-
Revaluation	(9,156,584)	
20,714,584		
Disposals	-	-
Balance at 30 June 2009	11,577,205	20,714,584
Accumulated depreciation		
Opening at 1 January 2009	-	-
Charge for the year	-	-
Revaluation	-	-
Balance at 30 June 2009	-	-
Net book value at 30 June 2009	11,577,205	20,714,584
13.Share Capital		
Authorised		
750 000 000 000 ordinary shares.		
Issued and fully paid		
75 000 000 000 ordinary shares.	-	-
13.2. Revenue reserve		
Revenue reserve comprise:		
Holding company	129,412	-
Subsidiary companies	-	-
	129,412	-
14. DEPOSITS		
Savings and other deposits	2,119,639	-
Money Market deposits	-	-
Accrued interest	-	-
	2,119,639	-
Deposits by source		
Banks	-	-
Money Market	-	-
Customers	2,119,639	-
	2,119,639	-
Sectoral analysis of deposits		
Historical cost		
Private	2,119,639	-
Agriculture	-	-
Mining	-	-
Manufacturing	-	-
Distribution	-	-
Transport	-	-
Communication	-	-
Services	-	-
Financial organizations	-	-
	2,119,639	-
Maturity analysis		
Repayable on demand	2,119,639	-
Within one month	-	-
Between 1 and 3 months	-	-
Between 3 months and 1 year	-	-
	2,119,639	-
15. OTHER LIABILITIES		
RBZ funded	-	-
Sundry creditors and accounts	694,097	313 018
	694,097	313 018
16. DEFERRED TAXATION		
Deferred tax liability		
Deferred tax related to items charged or credited directly to equity during the period is as follows:		
Revaluation of property, plant and equipment	(,457,829)	-
Fair value adjustment - on investment property	(300,597)	-
	(758,426)	-
Opening balance	1,756,876	1,756,876
Total deferred tax liability	998,450	1,756,876

Statement of Comprehensive Income

	Note	June 2009 US$	June 2008 US$
Interest income		4 019	-
Interest expense		(2 567)	-
Net interest income		1 452	-
Fee and commission income	12	255 482	-
Other operating income	13	907 402	-
Total income		1 164 336	-
Operating expenditure	14	(387 289)	-
Profit before taxation		777 047	-
Taxation	15	(294 739)	-
Profit for the period		482 308	-
Other comprehensive income		-	-
Total comprehensive income for the period		482 308	-

Statement of Financial Position

	Note	June 2009 US$	June 2008 US$
ASSETS			
Balances with banks and cash	2	-	3 614
Advances	3	65 714	-
Other Assets	4	103 769	-
Investments – at fair value through profit and loss	5	1 083 762	351 982
Intangible assets	6	17 403	9 953
Deferred taxation	7	298	-
Equipment	8	266 461	322 638
TOTAL ASSETS		1 537 407	688 187
EQUITY AND RESERVES			
Share capital	9	-	-
Capital reserves	10	682 880	682 880
Revenue reserve		482 308	-
Equity and reserves attributable to holders Of the parent		1 165 188	682 880
Minority interest		-	-
Total equity and reserves		1 165 188	682 880
LIABILITIES			
Bank overdraft	2	13 140	-
Other liabilities	11	64 042	5 307
Deferred taxation	7	295 037	-
Current taxation		-	-
Total liabilities		372 219	5 307
TOTAL LIABILITIES AND EQUITY AND RESERVES		1 537 407	688 187

Statement of Changes in Equity

	Share Capital	Capital Reserve	Revenue Reserve	Total
2008				
Balance at 1 January 2008	-	-	-	-
Total Comprehensive Income	-	682 880	-	682 880
Balance at 1 January 2009	-	682 880	-	682 880
2009				
Balance at 1 January 2009	-	682 880	-	682 880
Total Comprehensive Income	-	-	482 308	482 308
Balance at 30 June 2009	-	682 880	482 308	1 165 188

Statement of Cash Flows

	June 2009 US$	June 2008 US$
Cash flows from operating activities		
Profit before taxation	777 047	-
Non cash items:		
•Depreciation	46 667	-
•Fair value adjustment	(704 539)	-
•Profit on disposal of equipment	(9 684)	-
Operating profit before changes in operating assets and liabilities	109 491	-
Changes in operating assets and liabilities		
Loans and receivables	(65 714)	-
Investments	(27 241)	-
Other assets	(103 769)	-
Other liabilities	58 736	-
	(137 988)	-
Returns on investment and servicing of finance		
Dividends paid	-	-
Taxation		
Corporate tax paid	-	-
Net cash inflow from operating activities	(28 497)	-
Cash flows from investing activities		
Purchase of property and equipment	(2 407)	-
Intangible assets	(7 450)	-
Proceeds on disposal of equipment	21 600	-
Net cash inflow from investing activities	11 743	-
Net decrease in cash and cash equivalents	(16 754)	-
Cash and cash equivalents at beginning of year	3 614	-
Cash and cash equivalents at 30 June 2009	(13 140)	-

NOTES TO THE FINANCIAL STATEMENTS

	June 2009 US$	Dec 2008 US$
2. Balances with banks and cash		
Balances with banks	-	3 614
Bank overdraft	(13 140)	-
	(13 140)	3 614
3. Advances		
Staff loans	65 714	-
4. Other assets		
Management fees and commission	102 235	-
Other debtors	1 534	-
	103 769	-
5. Investments – at fair value through profit & loss		
Listed investments	1 083 762	351 982
At cost	351 982	351 982
Purchases	33 465	-
Disposals	(6 224)	-
Fair value adjustments	704 539	-
	1 083 762	351 982
Investments are held for trading		
6. Intangible assets		
Computer software at cost	9 953	9 953
Additions	7 450	-
	17 403	9 953
7. Deferred taxation		
Deferred taxation is calculated under the liability method.		
7.1 The movement on deferred tax is as follows		
Balance at 1 January	-	-
Charge to the income statement	295 037	-
Balance at 30 June	295 037	-
Deferred income tax assets are attributable to the following:		
Deferred income tax assets		
Assessed income tax loss	298	-
7.2 The movement on the deferred tax liability and asset is as follows:		
Balance at 1 January	-	-
Charge to the income statement	295 037	-
Balance at 30 June	295 037	-
Deferred tax income liabilities are attributable to the following:		
Deferred tax income liabilities		
Unrealized fair value gains	217 703	-
Income earned but not yet received	32 964	-
Accelerated tax depreciation	61 162	-
Accrued expenses	(16 792)	-
Total deferred tax liabilities net	295 037	-
8. Equipment		
2009		
Cost/Valuation		
Opening at 1 January 2009	497 876	-
Additions	2 407	-
Disposals	(67 755)	-
Closing at 30 June 2009	432 528	-
Accumulated depreciation		
Opening at 1 January 2009	175 238	-
Charge for the period	46 667	-
Disposals	(55 838)	-
Closing at 30 June 2009	166 067	-
Net book value at 30 June 2009	266 461	-

	June 2009 US$	June 2008 US$
9. Share capital	-	-
Authorised		
1 000 000 000 (2008 – 1 000 000 000)		
Issued and fully paid		
600 050 000 (2008 – 600 050 000)		
10. Capital reserves		
Arising from conversion of changes in the reporting functional currency to US Dollars from Zimbabwe Dollars	682 880	682 880
11. Other liabilities		
Provisions	16 536	-
Creditors	47 506	5 307
	64 042	5 307
12.Fee and commission income		
Management fees	228 924	-
NMI Commission	26 558	-
	255 482	-
13. Other operating income		
Net trading income	202 643	-
Fair value adjustments - equities	704 539	-
Other income	220	-
	907 402	-
14. Operating expenditure		
Administration costs	131 011	-
Audit fees	10 000	-
Non executive directors fees	4 600	
Depreciation	46 667	-
Staff costs (14.1)	195 011	-
	387 289	
14.1 Staff costs		
Salaries	77 702	-
Directors remuneration	-	-
for services as a director	1 800	-
salaries and other short term benefits	45 638	-
Social security costs	10 011	-
Other staff costs	59 860	-
	195 011	-
15. Income tax expense		
Current taxation	-	-
Deferred taxation	294 739	-
	294 739	-
15.1 The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:		
Profit before taxation	777 047	-
Notional tax on profits for the period at the statutory rate of 30.9%	240 108	-
Increase in taxation due to the following:		
Non taxable items	-	-
Non deductible items	54 631	-
Effective taxation charge	294 739	-
16. Funds under management		
Pensions	53 208 064	
Private Clients	12 377 813	
Unit Trusts	468 584	
Money Market	227 292	
Balances with banks	442 604	
	66 724 357	
17. Nominee Balance Sheet		
Assets		
Balances with banks / call deposits	442 604	
Money market	227 292	
Equities quoted	66 054 461	
	-	
Total assets	66 724 357	
Total capital		
Capital	-	
Liabilities		
Unit trust funds	468 584	
Portfolio management funds	66 255 773	
Total capital and liabilities	66 724 357	