

Audited Financial Statements

For the year ended 30 September 2011

TETRAD

HOLDINGS LIMITED

1

CHAIRMAN'S STATEMENT

ECONOMIC OVERVIEW

The board is pleased to present the financial results of the group for the year ended 30 September 2011. The year 2011 was yet another year of stability in the political and economic environment since the formation of the unity government in 2009 and the introduction of the multi-currency system. The medium term policy launched by the government this year offered another opportunity of economic stability through the guaranteed use of the multi-currency system until end of 2015. During the period under review, the growth of the banking sector however was constrained by lack of liquidity and high interest rates in the market. The much anticipated offshore lines of credit continued to trickle in, but remained inadequate to meet the financial needs of the market. This resulted in the banks offering borrowers short-term expensive funds hampering the growth of the whole economy.

In the 2012 national budget presented in November this year, inflation was at an annual average of 4.5% despite the rise in food prices that followed the re-imposition of import duty on basic foodstuffs. Interest rates have remained high, averaging between 15%-30% due to lack of liquidity in the market. The absence of an effective lender of last resort has also paralyzed the operation of the inter-bank market. Direct foreign investment has not increased significantly owing to perceived and actual country risk and on a generally weak global economy. The Minister of Finance has proposed to make available a US\$100 million fund for the Reserve Bank to facilitate its operations as the lender of last resort.

Financial sector deposits were estimated at US\$3,3 billion as at the end of September 2011. An estimated US\$2 billion is thought to be circulating outside the formal banking sector. This phenomenon is attributed to the large portion of economic activity that occurs outside the formal sector.

GDP growth is forecast at 9.3% for 2011 and 9.4% for 2012. Whilst high GDP growth figures have been recorded since 2009 when the country was coming from a low base, a faltering global economy will make further growth much harder to achieve. The mining and tourism sectors are expected to lead growth in 2012.

FINANCIAL PERFORMANCE

Group

The group achieved a profit after taxation of US\$1,750,534 compared to US\$942,432 achieved last year representing an 86% growth in earnings. The growth in earnings was largely supported by strong performance by the properties division as well as the financial services division.

Tetrad Investment Bank Limited

During the period under review, the bank made a profit after taxation of US\$756,233 compared to a loss of US\$1,430,924 achieved in the previous period. The bank's net interest income increased by 1,518% from US\$169,794 recorded in the prior year to US\$2,747,498 in the current year due to an increase in advances to customers by 106% funded by deposits which increased by 75%. Total revenue included fair value adjustment on investment properties amounting to US\$1,500,000 while total expenses included impairment on owner occupied properties amounting to US\$211,507. Total costs at US\$5,405,797 grew by 86% from US\$2,911,196 in the previous financial year. Despite inflationary pressures cost to income ratio was reduced from 172% in 2010 to 87% in 2011.

Total assets stood at US\$65,385,905 up from last year's figure of US\$42,996,219. The bank's capital was US\$13,059,720 up from last year's figure of US\$12,687,392. The bank was adequately capitalized during the whole period under review.

TFS Management Company (Private) Limited

The asset management company posted a profit after taxation of US\$146,377 compared to a loss for last year amounting to US\$155,825. This division has done Tetrad Group proud for being voted the best asset manager in the country for three consecutive quarters during the period under review. Funds under management were at US\$37,059,444 up from US\$26,491,035 achieved in the previous period.

Tetrad Properties (Private) Limited

This division achieved a profit after taxation amounting to US\$2,055,156 during the period under review compared to US\$1,938,193 achieved last year. Rental income increased by 30% from US\$1,305,941 last year to US\$1,693,188 in the current year due to improved efficiencies in property management. Fair value adjustment on investment properties declined from US\$2,141,523 achieved last year to US\$819,644 in the current year.

Total investment properties as at 30 September 2011 stood at US\$10,768,000 up from US\$8,556,200 last year.

Tetrad Hail Insurance (Private) Limited

The insurance business achieved a profit after taxation amounting to US\$189,231 during the period under review compared to US\$148,683 made last year. This result was achieved despite an abnormally heavy hail season which resulted in a loss ratio in excess of 100%. Plans are at an advanced stage to develop and launch other insurance products in the new financial year.

OUTLOOK

We are confident that the coming year presents yet another opportunity for Zimbabwe to achieve further growth. The availability of affordable long term funding remains a key driver of the required economic growth. Maintenance of a stable political environment is expected in order to instill confidence to international financiers.

Inflation is expected to be stable at 4.5% on a yearly average, despite the surge in prices experienced in the market recently. A successful farming season as expected next year, will help improve liquidity in the market.

APPRECIATION

I would like to extend my sincere gratitude to my fellow directors, management and staff for their continued determination to see that Tetrad succeeds. The group is now on a firm foundation to grow and expand operations taking advantage of the opportunities offered by the current stable economic and political environment. Lastly but not least, I wish to thank all our clients, shareholders and other stakeholders for their continued support.

M. Moyo

Chairman

7 December 2011

CONSOLIDATED INCOME STATEMENT For the year ended 30 September 2011

Notes	Tetrad Holdings Limited - Consolidated		Tetrad Investment Bank Limited		TFS Management Company (Private) Limited	
	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$
Interest and discount income	7,170,161	1,817,187	8,139,458	2,369,492	59,965	46,818
Interest expense	(5,096,921)	(1,943,928)	(5,391,960)	(2,199,698)	-	(14,474)
Net interest income / (loss)	2,073,240	(126,741)	2,747,498	169,794	59,965	32,344
Insurance premium income	1,081,982	634,638	-	-	-	-
Fee and commission income	2,317,918	2,366,824	1,854,458	1,318,195	802,698	649,792
Other operating income	4,227,476	2,941,867	110,547	8,181	300,831	151,975
Net gain/(loss) on financial assets designated at fair value through profit or loss	88,700	270,483	-	-	34,823	(26,188)
Fair value adjustments on investment properties	2,319,644	2,341,523	1,500,000	200,000	50,000	-
Total operating income	12,108,960	8,428,594	6,212,503	1,696,170	1,248,317	807,923
Operating and administrative expenses	(9,803,706)	(6,125,859)	(5,405,797)	(2,911,196)	(1,123,869)	(1,148,692)
Insurance benefits and claims paid	(641,175)	(398,437)	-	-	-	-
Allowance for credit losses	(427,552)	(1,081,428)	(305,157)	(844,742)	-	-
	(10,872,433)	(7,605,724)	(5,710,954)	(3,755,938)	(1,123,869)	(1,148,692)
Profit / (loss) before taxation	1,236,527	822,870	501,549	(2,059,768)	124,448	(340,769)
Income tax credit	514,006	119,562	254,684	628,844	21,929	184,943
Profit / (loss) for the period	1,750,534	942,432	756,233	(1,430,924)	146,377	(155,826)
Attributable to:						
Non controlling interest	(49,360)	-	-	-	-	-
Owners of the parent	1,799,894	942,432	756,233	(1,430,924)	146,377	(155,825)
Profit attributable to shareholders	1,750,534	942,432	756,233	(1,430,924)	146,377	(155,825)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 September 2011

Profit / (loss) for the year	1,750,534	942,432	756,233	(1,430,924)	146,377	(155,826)
Other comprehensive income						
Available for sale securities	3,553,669	2,383,907	(225,000)	(75,000)	-	-
Revaluation of property, plant and equipment	290,058	286,504	64,258	66,302	-	7,702
Income tax related to components of other Comprehensive income	(379,787)	(172,569)	963	(16,323)	-	(1,983)
Other comprehensive income (deficit) for the year net of tax	3,463,979	2,497,842	(159,779)	(25,021)	-	5,719
Total comprehensive income / (loss) for the year	5,214,514	3,440,274	596,453	(1,455,945)	146,377	(150,107)
Attributable to:						
Owners of the parent	5,263,874	3,440,274	-	-	-	-
Non controlling interest	(49,360)	-	596,453	(1,455,945)	146,377	(150,107)
	5,214,514	3,440,274	596,453	(1,455,945)	146,377	(150,107)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2011

Notes	Tetrad Holdings Limited - Consolidated			Tetrad Investment Bank Limited			TFS Management Company (Private) Limited		
	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$
ASSETS									
Cash and cash equivalents	2,331,957	6,039,358	2,478,628	2,939,844	5,672,930	1,876,139	121,619	670,293	19,754
Trading securities	964,053	1,189,736	196,954	-	-	-	523,518	315,749	110,163
Loans and advances to customers	41,916,938	20,922,517	7,345,162	44,389,942	21,740,742	7,465,181	-	-	-
Investment securities	22,713,767	18,310,098	10,687,757	1,200,000	1,425,000	1,500,000	-	-	-
Investment properties	18,768,000	15,056,200	18,935,000	8,000,000	6,500,000	6,300,000	350,000	-	-
Deferred taxation	466,994	-	-	402,113	402,113	238	138,321	115,717	244
Property plant and equipment	5,802,100	5,454,222	5,381,141	3,751,605	4,163,071	4,226,831	27,424	308,000	290,000
Intangible assets	385,215	412,566	553,323	206,581	412,566	553,323	-	-	-
Other assets	5,458,700	3,028,788	285,637	2,512,540	517,857	170,849	82,797	73,588	60,050
Due from other group companies	-	-	-	1,983,278	2,161,941	-	-	-	-
Total assets	98,807,724	70,413,484	45,863,601	65,385,905	42,996,219	22,092,561	1,243,680	1,483,346	480,211
LIABILITIES									
Money market liabilities	52,132,633	30,249,470	9,565,126	51,278,519	29,236,403	9,565,125	-	-	-
Due to other group companies	-	-	-	-	-	82,450	449,392	820,339	114,360
Other liabilities	2,489,292	1,058,382	440,114	423,330	194,366	212,946	-	15,772	-
Taxation payable	-	161,040	118,233	-	-	-	-	-	-
Deferred taxation	1,190,543	1,019,072	1,254,883	624,337	878,058	1,087,954	20,892	20,217	90,712
Total liabilities	55,812,302	32,487,963	11,378,355	52,326,186	30,308,827	10,948,475	470,285	856,329	205,071
SHAREHOLDERS' EQUITY									
Ordinary shares	2,761,134	2,761,134	-	2,498,362	2,498,362	-	63,667	63,667	-
Share Premium	-	-	-	10,501,638	10,501,638	-	721,333	721,333	125,000
Non distributable reserve	25,970,156	25,970,156	30,117,771	705,892	705,892	10,705,892	11,870	11,870	164,168
Available for sale securities reserve	11,183,535	8,016,160	5,754,355	377,250	600,000	675,000	-	-	-
Revaluation reserve	532,699	236,036	(1,386,481)	61,045	49,229	-	-	-	-
Regulatory reserve	(172,970)	-	-	(172,970)	-	-	-	-	-
Accumulated earnings/ (loss)	2,741,929	942,035	(398)	(911,496)	(1,667,729)	(236,806)	(23,475)	(169,853)	(14,028)
Total shareholders' equity	43,016,589	37,925,521	34,485,247	13,059,720	12,687,392	11,144,086	773,395	627,017	275,140
Non-Controlling Interests	(21,167)	-	-	-	-	-	-	-	-
Total equity and liabilities	98,807,724	70,413,484	48,863,601	65,385,905	42,996,219	22,092,561	1,243,680	1,483,346	480,211

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 30 September 2011

Notes	Tetrad Holdings Limited - Consolidated		Tetrad Investment Bank Limited		TFS Management Company (Private) Limited	
	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$
Cash flow from operating activities						
Profit / (loss) before taxation	1,236,527	822,870	501,549	(2,059,768)	124,448	(340,769)
Adjustments for:						
Depreciation and amortisation	905,815	760,051	745,194	679,947	1,612	9,473
Impairment on Property, Plant & Equipment	211,507	-	211,507	-	-	-
(Profit)/loss on disposal of equipment	4,733	(8,042)	4,733	(7,458)	-	-
Bad Debts written Off	60,376	-	-	-	-	-
Profit on disposal of investment properties	(398,181)	(1,291,333)	-	-	-	-
Fair value adjustment:						
- Held for trading securities	(88,700)	(270,483)	-	-	(34,823)	26,188
- Investment properties	(2,319,644)	(2,341,523)	(1,500,000)	(200,000)	(50,000)	-
Impairment on loans and advances	427,552	-	305,157	-	-	-
Operating cash flow before working capital changes	39,986	(2,328,458)	268,141	(1,587,279)	41,238	(305,107)
Changes in operating assets and liabilities						
Increase in loans and advances	(21,534,567)	(13,577,355)	(23,127,327)	(14,275,561)	(370,947)	705,980
(Increase) / decrease in inter-company balances	-	-	178,663	(2,244,391)	-	-
(Increase) / decrease in trading securities	314,382	(722,298)	-	-	-	-
Increase in other assets	(2,009,426)	(2,743,151)	(1,653,813)	(347,006)	(1,877)	(13,538)
Increase in money market liabilities	21,883,163	20,684,345	22,042,115	19,671,278	-	-
Increase / (decrease) in other liabilities	1,430,745	618,268	219,498	(18,580)	(15,772)	15,772
Net cash generated from operations	63,907	1,931,351	(2,072,723)	1,198,471	(347,358)	403,108
Taxation						
Corporate taxation paid	(322,344)	(246,012)	-	-	-	(1,024)
Net inflow from operating activities	(258,437)	1,685,339	(2,072,723)	1,198,471	(347,358)	402,084
Cash flow from investing activities						
Proceeds from sale of vehicles, plant and equipment	3,800	74,251	3,800	20,250	-	-
Purchase of vehicles, plant and equipment	(1,429,428)	(656,775)	(664,162)	(357,772)	(28,370)	(19,771)

Audited Financial Statements

For the year ended 30 September 2011

TETRAD
HOLDINGS LIMITED

2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2011

	Share Capital \$	Share Premium \$	Available for sale securities reserve \$	Non distributable reserve \$	Rewulatory Reserve \$	Revaluation Reserve \$	Retained Earnings \$	Total \$	Non - controlling interest \$	Total \$
Tetrad Holdings Limited - Consolidated										
At 30 September 2011										
Balances as at 1 October 2010	2,761,134	-	8,016,160	25,970,156	-	236,036	942,035	37,925,521	-	37,925,521
Profit for the period	-	-	-	-	-	-	1,799,894	1,799,894	(49,360)	1,750,534
Minority interest	-	-	-	-	-	-	-	-	28,193	28,193
Other comprehensive income	-	-	3,553,669	-	-	290,098	-	3,843,767	-	3,843,767
Transfer from income	-	-	-	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	(386,293)	-	-	6,506	-	(379,787)	-	(379,787)
Revaluation surplus	-	-	-	-	-	-	-	-	-	-
Regulatory reserve	-	-	-	-	(172,970)	-	-	(172,970)	-	(172,970)
Available for sale securities reserve	-	-	-	-	-	-	-	-	-	-
Balances as at 30 September 2011	2,761,134	-	11,183,535	25,970,156	(172,970)	532,699	2,741,929	43,016,589	(21,167)	42,995,258
At 30 September 2010										
Balances as at 1 October 2009	-	-	5,754,355	28,922,792	-	-	(398)	34,676,749	-	34,676,749
Restatement of opening balances	-	-	-	(191,502)	-	-	-	(191,502)	-	(191,502)
Restated opening balance	-	-	5,754,355	28,731,290	-	-	(398)	34,485,247	-	34,485,247
Profit / (loss) for the period	-	-	-	-	-	-	942,433	942,433	-	942,433
Transfer from non distributable reserves to share capital	2,761,134	-	-	(2,761,134)	-	-	-	-	-	-
Other comprehensive income	-	-	2,383,907	-	-	-	-	2,383,907	-	2,383,907
Revaluation surplus	-	-	-	-	-	286,504	-	286,504	-	286,504
Deferred tax on revaluation surplus	-	-	(122,102)	-	-	(50,468)	-	(172,570)	-	(172,570)
Available for sale securities reserve	-	-	-	-	-	-	-	-	-	-
Balances as at 30 September 2010	2,761,134	-	8,016,160	25,970,156	-	236,036	942,035	37,925,521	-	37,925,521
Tetrad Investment Bank Limited										
At 30 September 2011										
Balances as at 1 October 2010	2,498,362	10,501,638	600,000	705,892	-	49,229	(1,667,729)	12,687,392	-	12,687,392
Non distributable reserves	-	-	-	-	-	-	-	-	-	-
Revaluation / Devaluation	-	-	-	-	-	15,029	-	15,029	-	15,029
Accumulated profit	-	-	-	-	-	-	756,233	756,233	-	756,233
Regulatory reserve	-	-	-	-	(172,970)	-	-	(172,970)	-	(172,970)
Available for sale securities reserve	-	-	(225,000)	-	-	-	-	(225,000)	-	(225,000)
Deferred taxation	-	-	2,250	-	-	(3,213)	-	(963)	-	(963)
Balances as at 30 September 2011	2,498,362	10,501,638	377,250	705,892	(172,970)	61,045	911,496	13,059,720	-	13,059,720
At 30 September 2010										
Balances as at 1 October 2009	-	-	675,000	10,705,892	-	-	(236,806)	11,144,086	-	11,144,086
Transfer from non distributable reserves to share capital	2,488,362	7,511,638	-	(10,000,000)	-	-	-	-	-	-
Issue of Shares	10,000	2,990,000	-	-	-	-	-	3,000,000	-	3,000,000
Non distributable reserves	-	-	-	-	-	-	-	-	-	-
Revaluation of property, vehicles and equipment	-	-	-	-	-	66,302	-	66,302	-	66,302
Deferred taxation	-	-	-	-	-	(17,073)	-	(17,073)	-	(17,073)
Accumulated loss	-	-	-	-	-	-	(1,430,923)	(1,430,923)	-	(1,430,923)
Available for sale securities reserve	-	-	(75,000)	-	-	-	-	(75,000)	-	(75,000)
Balances as at 30 September 2010	2,498,362	10,501,638	600,000	705,892	-	49,229	(1,667,729)	12,687,392	-	12,687,392
TFS MANAGEMENT COMPANY (PRIVATE) LIMITED										
At 30 September 2011										
Balances as at 1 October 2010	63,667	721,333	-	11,870	-	-	(169,853)	627,017	-	627,017
Non distributable reserves	-	-	-	-	-	-	-	-	-	-
Revaluation of property, vehicles and equipment	-	-	-	-	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	-	-	-	-	-
Accumulated profit	-	-	-	-	-	-	146,377	146,377	-	146,377
Balances as at 30 September 2011	63,667	721,333	-	11,870	-	-	(23,475)	773,395	-	773,395
TFS Management Company (Private) Limited										
At 30 September 2010										
Balances as at 1 October 2009	-	-	-	289,168	-	-	(14,028)	275,140	-	275,140
Transfer from non distributable reserves to share capital	58,667	226,333	-	(285,000)	-	-	-	-	-	-
Issue of shares	5,000	495,000	-	-	-	-	-	500,000	-	500,000
Non distributable reserves	-	-	-	-	-	-	-	-	-	-
Revaluation of property, vehicles and equipment	-	-	-	7,702	-	-	-	7,702	-	7,702
Deferred taxation	-	-	-	-	-	-	-	-	-	-
Accumulated loss	-	-	-	-	-	-	(155,825)	(155,825)	-	(155,825)
Balances as at 30 September 2010	63,667	721,333	-	11,870	-	-	(169,853)	627,017	-	627,017

Notes to the audited accounts for the year ended 30 September 2011

- 1.1 Basis of preparation**
The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments, other financial assets and liabilities held for trading, financial assets and liabilities at fair value through profit or loss and investment properties, which have all been measured at fair value. The consolidated financial statements are presented in United States dollars.
- 1.2 Statement of compliance**
The consolidated financial statements of Tetrad Holdings Limited are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- 1.3 Changes in accounting policies**
The Group's principal accounting policies are in all material respects consistent with those of prior year.
- 1.5 Significant accounting policies**
Land and buildings and motor vehicles are initially shown at cost, and subsequently at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings and motor vehicles.

Notes to the audited accounts for the year ended 30 September 2011 (continued)

	Tetrad Holdings Limited - Consolidated		Tetrad Investment Bank Limited		TFS Management Company (Private) Limited	
	Year ended 30 September 2011	Year ended 30 September 2010	Year ended 30 September 2011	Year ended 30 September 2010	Year ended 30 September 2011	Year ended 30 September 2010
	US\$	US\$	US\$	US\$	US\$	US\$
2.1 Interest and discount income						
Due from banks	492,876	143,482	492,876	143,482	-	-
Loans and advances to customers	6,677,285	1,673,488	7,646,582	2,226,010	-	-
Other	-	217	-	-	59,965	46,818
	7,170,161	1,817,187	8,139,458	2,369,492	59,965	46,818
2.2 Interest expense						
Due to banks	122,089	49,807	122,088	49,807	-	-
Due to customers	4,974,832	1,894,121	5,269,872	2,149,891	-	14,474
	5,096,921	1,943,928	5,391,960	2,199,698	-	14,474
3 Fee and commission income						
Credit related fees and commissions	562,860	1,283,584	861,420	1,159,113	-	-
Portfolio and other management fees	756,220	382,204	550,685	131,497	743,033	594,005
Commission received	893,845	633,997	-	-	-	-
Administration fees	104,993	67,039	442,353	27,585	59,665	55,787
	2,317,918	2,366,824	1,854,458	1,318,195	802,698	649,792
4 Insurance premium income						
Gross insurance premiums received	4,007,341	3,173,189	-	-	-	-
Premiums ceded to reinsurer	(2,925,359)	(2,538,551)	-	-	-	-
	1,081,982	634,638	-	-	-	-
5 Other operating income						
Rental income received	1,693,187	1,304,944	-	-	-	-
Income from Gold Business	1,191,506	106,409	-	-	-	-
Profit on disposal of shares	269,280	251,024	-	-	265,010	118,043
Dividend received	538,700	(37,475)	65,761	(1,881)	14,559	982
Dealing losses	65,762	6,020	-	-	-	-
Profit / (loss) on disposal of equipment	393,448	1,299,374	(4,733)	7,458	-	-
Other	75,593	11,571	49,519	2,604	21,262	32,950
	4,227,476	2,941,867	110,547	8,181	300,831	151,975
5.1 Income from Gold business						
Sale of goods	17,404,881	8,544,280	-	-	-	-
Cost of sales	(15,678,341)	(7,919,454)	-	-	-	-
Gross profit	1,726,540	624,827	-	-	-	-
Selling and distribution expenses	(719,898)	(487,145)	-	-	-	-
	1,006,642	137,682	-	-	-	-
Net gain - closing inventory	184,864	139,161	-	-	-	-
Total Income	1,191,506	276,842	-	-	-	-

	Tetrad Holdings Limited - Consolidated		Tetrad Investment Bank Limited		TFS Management Company (Private) Limited	
	Year ended 30 September 2011	Year ended 30 September 2010	Year ended 30 September 2011	Year ended 30 September 2010	Year ended 30 September 2011	Year ended 30 September 2010
	US\$	US\$	US\$	US\$	US\$	US\$
6 Operating expenses						
Staff costs	4,265,924	2,416,280	1,710,314	1,211,832	570,950	587,183
Administrative	4,519,742	2,874,001	2,896,513	979,371	527,990	517,687
Depreciation	905,488	760,052	745,134	679,947	1,612	9,473
Audit fees	112,552	75,526	53,836	40,046	23,316	34,349
	9,803,706	6,125,859	5,405,797	2,911,196	1,123,869	1,148,692
6.1 Staff costs						
Wages, salaries and profit share	2,987,713	1,821,459	1,320,760	860,624	410,148	454,738
Social security costs	58,424	58,424	83,789	27,352	-	-
Directors' emoluments	-	-	-	-	-	-
- fees	93,627	44,670	48,287	31,647	23,249	15,318
- other	-	-	-	-	-	-
Other staff costs	1,126,160	491,727	257,478	292,208	137,553	117,127
	4,265,924	2,416,280	1,710,314	1,211,831	570,950	587,183
7 Insurance claims and benefits paid						
Insurance claims paid	1,202,203	1,992,187	-	-	-	-
Claims ceded to reinsurer	(561,028)	(1,593,750)	-	-	-	-
	641,175	398,437	-	-	-	-
8 Income tax (credit)/expense						
Income tax / (tax benefit)	(305,689)	161,248	-	(401,875)	(22,605)	(114,448)
Capital gains tax	-	127,570	-	-	-	-
Deferred taxation	(208,317)	(408,381)	(254,684)	(226,969)	675	(70,495)
	(514,006)	(119,563)	(254,684)	(628,844)	(21,929)	(184,943)
8.1 Taxation paid						
At beginning of period	161,040	118,233	(402,113)	(238)	(115,717)	(244)
Charge for the year	(305,689)	288,818	-	(401,875)	(22,605)	(114,448)
At end of period	466,993	(161,040)	402,113	402,113	138,321	115,717
Taxation paid	322,344	246,011	-	-	-	1,024
8.2 Deferred taxation						
The movement on the deferred tax account is as follows:						
Balance at the beginning of the year	1,019,072	1,254,882	878,058	1,087,954	20,217	90,712
Income statement charge	(208,317)	(408,381)	(254,683)	(226,969)	675	(70,495)
Charge on other comprehensive income	379,787	172,570	(963)	17,073	-	-
	1,190,543	1,019,072</				

Audited Financial Statements

For the year ended 30 September 2011

TETRAD

HOLDINGS LIMITED

3

Notes to the audited accounts for the year ended 30 September 2011 (continued)

	Tetrad Holdings Limited - Consolidated			Tetrad Investment Bank Limited			TFS Management Company (Private) Limited		
	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$
9. Cash and cash equivalents									
Balances with banks and cash	683,734	579,914	492,756	683,734	579,914	139,903	121,619	670,293	19,754
Balances with Reserve Bank	1,146,902	5,035,250	196,976	1,146,902	5,035,250	492,756	-	-	-
Nostro balances	501,321	33,324	1,113,917	737,676	24,442	1,113,917	-	-	-
Other bank balances	-	390,870	674,979	371,532	33,324	129,563	-	-	-
	<u>2,331,957</u>	<u>6,039,358</u>	<u>2,478,628</u>	<u>2,939,844</u>	<u>5,672,929</u>	<u>1,876,139</u>	<u>121,619</u>	<u>670,293</u>	<u>19,754</u>
10. Trading securities									
Equity securities - at fair value:									
Quoted shares	573,858	388,631	196,954	-	-	-	523,518	315,749	110,163
Unit trusts	390,195	801,105	-	-	-	-	-	-	-
	<u>964,053</u>	<u>1,189,736</u>	<u>196,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523,518</u>	<u>315,749</u>	<u>110,163</u>
11. Investment securities									
Quoted equities	17,339,353	12,948,056	10,437,757	1,200,000	1,425,000	1,500,000	-	-	-
Unquoted equities	5,374,414	5,362,043	250,000	-	-	-	-	-	-
	<u>22,713,767</u>	<u>18,310,099</u>	<u>10,687,757</u>	<u>1,200,000</u>	<u>1,425,000</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
12. Loans and advances to customers									
Loans and advances	43,506,699	22,098,280	7,439,497	45,790,414	22,663,087	7,542,784	-	-	-
Less: allowance for losses on loans and advances	(1,589,761)	(1,175,763)	(94,336)	(1,400,472)	(922,345)	(77,603)	-	-	-
	<u>41,916,938</u>	<u>20,922,517</u>	<u>7,345,162</u>	<u>44,389,942</u>	<u>21,740,742</u>	<u>7,465,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
12.1 Maturity profile on loans and advances									
Due within 0-30 days	25,308,699	11,472,388	2,418,382	25,088,969	12,037,195	2,519,847	-	-	-
Due between 30-90 days	10,503,251	6,216,712	4,965,105	12,111,447	6,216,712	4,966,926	-	-	-
Due between 90-180 days	7,307,699	4,187,396	56,010	8,157,917	4,187,396	56,011	-	-	-
Due between 180-360 days	387,050	221,784	-	432,081	221,784	-	-	-	-
	<u>43,506,699</u>	<u>22,098,280</u>	<u>7,439,497</u>	<u>45,790,414</u>	<u>22,663,087</u>	<u>7,542,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
12.2 The movement on the provision can be summarised as follows:									
At beginning of period	1,175,763	94,336	-	922,345	77,603	-	-	-	-
Income statement charge	241,028	1,081,427	94,336	305,157	844,742	77,603	-	-	-
Impairment reserve	172,970	-	-	172,970	-	-	-	-	-
At end of period	<u>1,589,761</u>	<u>1,175,763</u>	<u>94,336</u>	<u>1,400,472</u>	<u>922,345</u>	<u>77,603</u>	<u>-</u>	<u>-</u>	<u>-</u>
Also refer to note 23.									
13. Intercompany balances									
Tetrad Holdings Limited	-	-	-	(667,948)	204,737	(190,336)	(75,545)	-	-
TFS Management Company (Private) Limited	-	-	-	457,266	819,993	112,199	-	-	-
Multiridge Finance (Private) Limited	-	-	-	270,897	211,027	86,225	1,625	(20,194)	1,565
Tetrad Properties (Private) Limited	-	-	-	355,710	109,104	(237,806)	31,841	23,600	-
Tetrad Hail Insurance	-	-	-	749,850	553,386	98,956	-	-	-
Plus Financial Company (Private) Limited	-	-	-	-	48,312	48,312	(3,727)	(3,727)	(3,727)
Gainwell Investments (Private) Limited	-	-	-	738,999	78,396	-	-	-	-
Tetrad resources (Private) Limited	-	-	-	44,277	-	-	-	-	-
Tetrad e-mail (Private) Limited	-	-	-	34,226	136,986	-	-	-	-
Tetrad Investment Bank Limited	-	-	-	-	-	-	(403,586)	(820,018)	(112,198)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,983,277</u>	<u>2,161,941</u>	<u>(82,450)</u>	<u>(449,392)</u>	<u>(820,339)</u>	<u>(114,360)</u>
14. Investment Properties									
Opening balance	15,056,200	18,935,000	-	-	-	-	-	-	-
Acquisitions	2,246,156	965,835	18,514,849	6,500,000	6,300,000	-	-	-	-
Transfers from PPE and group companies	-	248,842	-	-	-	5,851,200	300,000	-	-
Fair Value adjustment	2,319,644	2,341,523	420,151	1,500,000	200,000	448,800	50,000	-	-
Disposals	(854,000)	(7,435,000)	-	-	-	-	-	-	-
At end of period	<u>18,768,000</u>	<u>15,056,200</u>	<u>18,935,000</u>	<u>8,000,000</u>	<u>6,500,000</u>	<u>6,300,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>
15. Intangible assets									
Opening carrying amount	412,565	553,323	-	412,565	553,323	-	-	-	-
Purchase of intangible assets	179,361	64,148	553,625	(205,984)	(204,905)	(302)	-	-	-
Amortisation for the year	(206,712)	(204,905)	(302)	(205,984)	(204,905)	(302)	-	-	-
	<u>385,214</u>	<u>412,566</u>	<u>553,323</u>	<u>206,581</u>	<u>412,566</u>	<u>553,323</u>	<u>-</u>	<u>-</u>	<u>-</u>

16. Property, plant and equipment

	Tetrad Holdings Limited - Consolidated					
	Land and Buildings	Motor Vehicles	Computer Equipment	Plant and machinery	Office furniture and equipment	Total
	US\$	US\$	US\$	US\$	US\$	US\$
2011						
Cost						
At 1 October 2010	3,897,304	1,350,905	634,757	-	368,686	6,251,652
Additions	79,325	522,366	306,242	134,225	387,267	1,429,425
Devaluation	(285,000)	-	-	-	-	(285,000)
Disposals	-	(583,445)	-	-	-	(583,445)
Revaluation	267,059	-	-	-	-	267,059
At 30 September 2011	<u>3,958,688</u>	<u>1,289,826</u>	<u>940,999</u>	<u>134,225</u>	<u>755,953</u>	<u>7,079,691</u>
Accumulated depreciation						
At 1 October 2010	47,305	374,088	306,756	-	69,280	797,429
Charge for the year	98,549	205,635	290,186	3,395	101,339	699,103
Devaluation	(73,493)	-	-	-	-	(73,493)
Disposals	(23,099)	(122,352)	-	-	-	(145,451)
Revaluation	-	-	-	-	-	-
At 30 September 2011	<u>49,262</u>	<u>457,371</u>	<u>596,942</u>	<u>3,395</u>	<u>170,619</u>	<u>1,277,589</u>
Net carrying amount at 30 September 2011	<u>3,909,213</u>	<u>831,136</u>	<u>403,113</u>	<u>130,830</u>	<u>527,809</u>	<u>5,802,100</u>
2010						
Cost						
At 1 October 2009	3,932,304	1,081,255	536,218	-	183,571	5,733,348
Additions	24,371	348,750	98,539	-	185,115	656,775
Revaluation	195,229	-	-	-	-	195,229
Transfer to investment property	(248,842)	-	-	-	-	(248,842)
Disposals	(5,758)	(79,100)	-	-	-	(84,858)
At 30 September 2010	<u>3,897,304</u>	<u>1,350,905</u>	<u>634,757</u>	<u>-</u>	<u>368,686</u>	<u>6,251,652</u>
Accumulated depreciation						
At 1 October 2009	51,472	164,933	114,154	-	21,648	352,207
Charge for the year	92,866	222,046	192,602	3,395	47,632	555,146
Disposals	(91,275)	-	-	-	-	(91,275)
Revaluation	(5,758)	(12,891)	-	-	-	(18,649)
At 30 September 2010	<u>47,305</u>	<u>374,088</u>	<u>306,756</u>	<u>-</u>	<u>69,280</u>	<u>797,429</u>
Net carrying amount at 30 September 2010	<u>3,849,999</u>	<u>976,817</u>	<u>328,001</u>	<u>-</u>	<u>299,406</u>	<u>5,454,222</u>
2009						
Cost						
At 1 October 2008	3,607,390	1,282,350	512,093	-	165,410	5,567,243
Additions	230,521	168,000	24,125	-	18,161	440,807
Revaluation	94,393	(315,595)	-	-	-	(221,202)
Disposals	-	(53,500)	-	-	-	(53,500)
At 30 September 2009	<u>3,932,304</u>	<u>1,081,255</u>	<u>536,218</u>	<u>-</u>	<u>183,571</u>	<u>5,733,348</u>
Accumulated depreciation						
At 1 October 2008	-	-	-	-	-	-
Charge for the year	51,472	164,933	114,154	-	21,648	352,207
At 30 September 2009	<u>51,472</u>	<u>164,933</u>	<u>114,154</u>	<u>-</u>	<u>21,648</u>	<u>352,207</u>
Net carrying amount at 30 September 2009	<u>3,880,832</u>	<u>916,322</u>	<u>422,064</u>	<u>-</u>	<u>161,923</u>	<u>5,381,141</u>

Notes to the audited accounts for the year ended 30 September 2011 (continued)

16 Property, plant and equipment (continued)	Tetrad Investment Bank Limited				
	Land and Buildings	Motor Vehicles	Computer Equipment	Office furniture and equipment	Total
	US\$	US\$	US\$	US\$	US\$
2011					
Cost					
At 1 October 2010	2,850,000	975,612	602,474	265,259	4,693,344
Additions	-	233,634	93,579	336,949	664,162
Revaluation surplus/(Deficit)	(285,000)	-	-	-	(285,000)
Disposals	-	(425,250)	-	-	(425,250)
At 30 September 2011	<u>2,565,000</u>	<u>783,996</u>	<u>696,053</u>	<u>602,208</u>	<u>4,647,256</u>
Accumulated depreciation					
At 1 October 2010	214	177,903	290,905	61,252	530,273
Charge for the year	71,250	164,487	217,706	85,767	539,210
Revaluation	(71,464)	-	-	-	(71,464)
Disposals	-	(102,370)	-	-	(102,370)
At 30 September 2011	<u>-</u>	<u>240,020</u>	<u>508,611</u>	<u>147,020</u>	<u>895,648</u>
Net carrying amount at 30 September 2011	<u>2,565,000</u>	<u>543,976</u>	<u>187,442</u>	<u>455,188</u>	<u>3,751,605</u>
2010					
Cost					
At 1 October 2009	2,855,000	824,800	511,011	167,561	4,358,372
Additions	-	168,612	91,463	97,698	357,772
Revaluation surplus	(5,000)	-	-	-	(5,000)
Disposals	-	(17,800)	-	-	(17,800)
At 30 September 2010	<u>2,850,000</u>	<u>975,612</u>	<u>602,474</u>	<u>265,259</u>	<u>4,693,344</u>
Accumulated depreciation					
At 1 October 2009	214	-	110,433	20,894	131,541
Charge for the year	71,302	182,911	180,472	40,357	475,042
Revaluation	(71,302)	-	-	-	(71,302)
Disposals	-	(5,008)	-	-	(5,008)
At 30 September 2009	<u>214</u>	<u>177,903</u>	<u>290,905</u>	<u>61,252</u>	<u>530,272</u>
Net carrying amount at 30 September 2010	<u>2,849,786</u>	<u>797,709</u>	<u>311,569</u>	<u>204,007</u>	<u>4,163,071</u>
TFS Management Company (Private) Limited					
2011					
Cost					

Audited Financial Statements

For the year ended 30 September 2011

Notes to the audited accounts for the year ended 30 September 2011 (continued)

	Tetrad Holdings Limited - Consolidated			Tetrad Investment Bank Limited			TFS Management Company (Private) Limited		
	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$	Year Ended 30 September 2011 US\$	Year Ended 30 September 2010 US\$	Year Ended 30 September 2009 US\$
20 Share capital									
20.1 Tetrad Holdings Limited									
Authorised									
450 000 000 ordinary shares of zw\$0.00 each at 1 October 2010	-	-	-	-	-	-	-	-	-
Converted and consolidated to 450 000 000 ordinary shares of us\$0.01	4,500,000	4,500,000	-	-	-	-	-	-	-
450 000 000 ordinary shares of us\$0.01 each at end of period	4,500,000	4,500,000	-	-	-	-	-	-	-
Issued and fully paid									
276 113 424 ordinary shares of zw\$0.00 each at 1 October 2010	-	-	-	-	-	-	-	-	-
Converted to 276 113 424 ordinary shares of us\$0.01 each	2,761,134	2,761,134	-	-	-	-	-	-	-
276 113 424 ordinary shares of us\$0.01 each at 30 September 2011	2,761,134	2,761,134	-	-	-	-	-	-	-
20.2 Tetrad Investment Bank Limited									
Authorised									
1 000 000 000 ordinary shares of zw\$0.00 each at 1 October 2010	-	-	-	-	-	-	-	-	-
Converted and consolidated to 1 000 000 000 ordinary shares of us\$0.01	-	-	-	10,000,000	10,000,000	-	-	-	-
1 000 000 000 ordinary shares of us\$0.01 each at 30 September 2011	-	-	-	10,000,000	10,000,000	-	-	-	-
Issued and fully paid									
248 836 158 ordinary shares of zw\$0.00 each at 1 October 2010	-	-	-	-	-	-	-	-	-
Converted and consolidated to 248 836 158 ordinary shares of us\$0.01 each	-	-	-	-	2,488,362	-	-	-	-
1 000 000 ordinary shares of us\$0.01 each	-	-	-	2,498,362	10,000	-	-	-	-
249 836 156 ordinary shares of us\$0.01 each at 30 September 2011	-	-	-	2,498,362	2,498,362	-	-	-	-
20.3 TFS Management Company (Private) Limited									
Authorised									
1 000 000 000 ordinary shares of zw\$0.00 each at 1 October 2010	-	-	-	-	-	-	-	-	-
Converted and consolidated to 10 000 000 ordinary shares of us\$0.01	-	-	-	-	-	-	100,000	100,000	-
10 000 000 ordinary shares of us\$0.01 each at 30 September 2011	-	-	-	-	-	-	100,000	100,000	-
Issued and fully paid									
586 669 056 ordinary shares of zw\$0.00 each at 1 October 2010	-	-	-	-	-	-	-	-	-
Converted and consolidated to 5 866 690 ordinary shares of us\$0.01 each	-	-	-	-	-	-	-	58,667	-
500 000 ordinary shares of us\$0.01 each	-	-	-	-	-	-	63,667	5,000	-
249 836 156 ordinary shares of us\$0.01 each at 30 September 2011	-	-	-	-	-	-	63,667	63,667	-
21 Total Funds Under Management - Nominee Balance Sheet									
Unit trust funds	10,751,911	3,753,793	-	-	-	-	10,751,911	3,753,793	8,391,359
Portfolio management funds	26,307,533	22,737,242	-	-	-	-	26,307,533	22,737,242	22,404,714
	37,059,444	26,491,035	-	-	-	-	37,059,444	26,491,035	30,796,073
Represented by									
Cash and bank	5,811,663	3,467,502	-	-	-	-	2,791,557	3,467,502	517,990
Quoted equities	26,168,396	20,408,653	-	-	-	-	27,747,881	20,408,653	27,537,681
Money market investments	3,020,006	-	-	-	-	-	3,020,006	-	-
Unquoted equities	-	14,880	-	-	-	-	-	14,880	390,402
Properties	3,500,000	2,600,000	-	-	-	-	3,500,000	2,600,000	2,350,000
	37,059,444	26,491,035	-	-	-	-	37,059,444	26,491,035	30,796,073
TFS Management Company (Private) Limited provides asset management services to pension funds, trusts, institutions, companies and individuals whereby it holds, places and manages funds on behalf of clients. The company receives management fees for providing these services. Funds under management are not assets of the company and are not recognised on the balance sheet. The company is not exposed to any credit risk relating to funds under management.									
22 Capital Adequacy Ratios									
Share capital	2,761,134	2,761,134	-	2,498,362	2,498,362	-	-	-	-
Share premium	-	-	-	10,501,638	10,501,638	-	-	-	-
Regulatory reserve	(172,970)	-	-	(172,970)	-	-	-	-	-
Accumulated profit/(loss)	2,741,304	942,035	-	(911,497)	(1,667,729)	-	-	-	-
Less: Tier 1 capital allocated for market and operations risk	(577,491)	(774,801)	-	(577,491)	(774,801)	-	-	-	-
Less: Tier 1 capital allocated for properties and share price movements	-	-	-	-	-	-	-	-	-
Tier 1 capital	4,751,977	2,928,368	-	11,338,042	10,557,470	-	-	-	-
Revaluation reserve	532,699	236,036	-	61,045	49,229	-	-	-	-
Available for sale securities reserve	12,004,378	8,016,160	-	377,250	600,000	-	-	-	-
Non distributable reserve	25,970,156	25,970,156	-	705,892	705,892	-	-	-	-
Tier 2 capital (subject to limits as per Banking regulations)	12,537,077	8,252,196	-	1,144,187	1,355,121	-	-	-	-
Market risk capital									
RBZ discounts on assets	-	-	-	-	-	-	-	-	-
Operational risk capital	577,491	774,801	-	577,491	774,801	-	-	-	-
Tier 3 capital	577,491	774,801	-	577,491	774,801	-	-	-	-
Total capital base	17,866,545	11,955,365	-	13,059,720	12,687,392	-	-	-	-
Total risk weighted assets (RWAs)	58,403,860	12,874,825	-	59,486,931	7,384,235	-	-	-	-
Tier 1 ratio	8.14%	22.74%	-	19.06%	24.79%	-	-	-	-
Tier 2 ratio	21.47%	64.10%	-	1.92%	18.35%	-	-	-	-
Tier 3 ratio	0.99%	6.02%	-	0.97%	10.49%	-	-	-	-
Total capital adequacy ratio	30.59%	92.86%	-	21.95%	171.82%	-	-	-	-
23. Cautionary statement- RioZim Limited									
As at year-end the bank had an exposure to RioZim Limited in the form of bankers acceptances. The bank made a provision on this exposure at year-end of 1% based on regulatory guidelines, but there is a possibility that the provision may be inadequate if the shareholders and banks fail to resolve the RioZim Limited debt situation. The bank is currently in negotiations with the shareholders of RioZim Limited in order to come up with a solution to the debt position. Management are optimistic that the amount due from RioZim Limited will be recovered. Failure by management to recover the RioZim Limited debt by the AGM notice date could result in a possible restatement of the accounts or an audit qualification in respect to the impairment of the debt.									

Notes to the audited accounts for the year ended 30 September 2011 (continued)

24. GROUP COMPANIES

Tetrad Holdings Limited is the holding company of the following wholly owned subsidiaries;

Tetrad Investment Bank Limited	Registered Merchant Bank
TFS Management Company (Private) Limited	Registered Asset Management company
Tetrad Properties (Private) Limited	Properties management company
Tetrad Hail Insurance (Private) Limited	Registered insurance company
Tetrad Resources (Private) Limited	Licensed gold processing & buying company
Multiridge Finance (Private) Limited	Registered Microfinance institution

25. RISK MANAGEMENT

Compliance

During the period under review, one incident of non compliance with deadlines for submission of directors' evaluation forms for year 2010 was recorded. The Group was cautioned by RBZ in this regard. Apart from this, Tetrad was largely in compliance with all applicable statutes, RBZ guidelines and banking regulations and adhered to the Group Code of Ethics. The Boards of the group companies, the Board Committees and the Directors continue to be evaluated annually and the last evaluation was for the period ended 31 December 2010.

Capital adequacy

Tetrad Holdings Limited continues to adequately support all its subsidiaries to ensure they operate with appropriate capital levels. As at 30 September 2011, both Tetrad Investment Bank Limited and TFS Management Company (Private) Limited had surpassed the minimum capital requirements as set by the Central Bank. (Also see capital adequacy section, note 22)

Risk Management

Successful risk identification, evaluation and management is critical to the success of the organization. To enhance risk management oversight, the group boards set up eight Board Committees namely Executive, Risk and Compliance, Assets and Liability Committee (ALCO), Information Technology (IT) Steering, Audit, Credit, Credit Review and Remuneration Committees to help them maintain effective oversight on risk management in the group. The principal risk areas are identified as counterparty or settlement, liquidity, interest rate, operational, regulatory, reputational, credit, foreign exchange, and strategic risks.

The first three of these risks are managed by ALCO which is a Board Committee that is chaired by an independent non-executive director. The Committee agrees on appropriate strategies, guidelines and exposure limits taking into account economic fundamentals and the impact of micro and macro policies on the markets. The financial standing of trading counterparties is reviewed on a periodic basis and their limits are adjusted accordingly. Interest rate volatility is mitigated through the use of limits on mismatch levels by ALCO and adherence to these, as well as efficient matching of investments with deposits, where this is possible. Credit risk oversight is given by the Credit and Credit Review Committees which meet to set credit policies, lending limits that ensure minimum default risk and review loan book quality.

The Board Risk and Compliance Committee has overall responsibility of enhancing the group boards' oversight on identification, measurement, monitoring and controlling the key risks that Tetrad faces in its operations. The Committee is chaired by an independent non-executive director and reports on all key risks to the boards on a quarterly basis.

Liquidity risk

This is the risk that Tetrad will be unable to meet obligations as they fall due or only be able to meet liquidity commitments at increased costs because of inability to liquidate assets or obtain adequate funding. The macro-economic environment may increase this risk, resulting in unmanageable mismatches between assets and liabilities.

Liquidity risk at Tetrad is managed through ALCO, which also has its oversight through the Treasury Strategy Committee which meets weekly to map liquidity and interest rate risk strategies within the guidelines of ALCO. Prudent cash-flow management techniques are used to monitor any maturity mismatches and corrective action is taken timeously.

The Credit and Credit Review Committees also enhance liquidity risk management through laying foundation for ensuring extension of loans to suitable, stable counterparties who have the capacity to timeously repay loans according to the contractual terms. This improves cashflow forecasting and management, thereby improving liquidity.

Credit Risk

This is the risk that one party to a financial transaction will cause financial loss to the other party by failing to discharge an obligation. The group's cash resources are principally invested with financial institutions that are considered to be stable by management. Furthermore, the group has minimised credit risk through the implementation of a prudent and conservative lending policy and strategy thus ensuring that facilities are only extended to thoroughly vetted counterparties who meet the minimum lending requirements of the Group. A well organised functional structure is in place to assume and manage credit risk and it incorporates the Board Credit Committee, Management Credit Committee and the Board Credit Review Committee.

Loan Book quality per sector as at 30 September 2011

Sector	A Grade	B Grade	C Grade	D Grade	E Grade	Total
Agriculture	\$1,294,155					\$1,294,155
Commercial	\$4,672,241	\$230,001	\$29,967			\$4,932,208
Construction	\$2,575,144					\$2,575,144
Distribution	\$7,188,329				\$456,370	\$7,644,699
Financial services	\$14,126,775					\$14,126,775
Individuals	\$1,139,938					\$1,139,938
Manufacturing	\$1,614,391					\$1,614,391
Mining	\$6,151,779			\$481,444		\$6,633,224
Other	\$5,574,905					\$5,574,905
Tourism	\$250,736					\$250,736
Transport	\$4,237					\$4,237
Total	\$44,246,281	\$230,001	\$29,967		\$937,814	\$45,790,414

Operational risk

Operational risk is the risk of direct and indirect loss to Tetrad due to deficiencies or errors in the bank's internal operations, which may be attributable to employees, the organization, control routines, processes or technology, or due to external events and relations.

The bank follows a philosophy of pro-actively managing operational risk, optimizing the risk reward relationship and maintaining business continuity. This risk is also managed as part of routine operations by a system of internal controls requiring segregation of duties, training programs and internal audit reviews as well as use of operating policies and procedure manuals. A group operational risk management function supported by internal audit actively monitors and assesses the effectiveness of the framework put in place to manage operational risk on an on-going basis. The IT Steering Committee has oversight on information systems management and guides the planning, management and monitoring of all issues pertaining to information technology, both operational and strategic and also manages the disaster recovery capacity of the group.

The Board Risk and Compliance Committee also has oversight on operational risk through monthly and quarterly risk reports prepared by the Risk and Compliance Department.

Market risk

Market risk is the risk of potential negative impact on earnings as a result of unfavorable changes in the market value of assets and liabilities, resulting from movements in market prices. Market risk oversight rests with ALCO and Risk and Compliance Committees and is managed through the Treasury Strategy Committee within the guidelines of ALCO and Risk Committees as well as Reserve Bank of Zimbabwe guidelines. Policies for the management of the market risk are established by the board, which in turn delegates to the group's ALCO and Risk and Compliance Committees so that they monitor the adherence to policies and where necessary recommend changes of policy to the board.

Interest rate risk

This is the risk of loss of earnings or ultimately to capital due to adverse movements in interest rates. To maximize profitability, the group's objective is to manage the mismatch of its assets and liabilities in line with set ALCO limits. The management of interest rate risk exposure is monitored through a net gap analysis for which specific limits have been set for varying investment time intervals. ALCO and Risk Committees have oversight over interest rate risk management through the treasury strategy committee. A simple gap table for the interim period is shown here below

Audited Financial Statements

For the year ended 30 September 2011

TETRAD

HOLDINGS LIMITED

5

Notes to the audited accounts for the year ended 30 September 2011 (continued)

Interest Rate Repricing and Gap Analysis as at 30 September 2011 - Tetrad Investment Bank Limited

Assets	Up to 1 month	1 to 3 months	3 months to 1 year	Above 1 year	Non-interest bearing	Total
Balances with banks & cash	\$2,939,844	-	-	-	-	\$2,939,844
Money market assets & advances	\$23,688,497	\$12,111,447	\$8,589,998	-	-	\$44,389,942
Other assets	1,983,280	-	\$2,251,957	\$260,583	-	\$4,495,820
Investments	-	-	-	-	\$1,200,000	\$1,200,000
Investment Properties	-	-	-	-	\$8,000,000	\$8,000,000
Property and equipment	-	-	-	-	\$3,958,186	\$3,958,186
Taxation	-	-	-	-	\$402,113	\$402,113
Total Assets	\$28,611,621	\$12,111,447	\$10,841,955	\$260,583	\$13,560,299	\$65,385,905
Liabilities						
Deposits	\$5,575,376	\$36,562,514	\$9,140,629	-	-	\$51,278,519
Other liabilities	-	\$423,329	-	-	-	\$423,329
Deferred Taxation	-	-	-	-	\$624,337	\$624,337
Current Tax payable	-	-	-	-	-	-
Equity and reserves	-	-	-	-	\$13,059,720	\$13,059,720
Total liabilities & Equity	\$5,575,376	\$36,985,843	\$9,140,629	-	\$13,684,057	\$65,385,905
Interest rate						
Repricing gap	\$23,036,245	\$(24,874,396)	\$1,701,326	\$260,583	\$(123,758)	-
Cumulative gap	\$23,036,245	\$(1,838,151)	\$(136,825)	\$123,758	-	-

Foreign Exchange Rate risk

Foreign exchange risk is the risk to earnings or ultimately to capital arising from movements in foreign exchange rates. The bank makes use of dealer and counter-party position as well as stop loss limits as the basic management control tools for foreign exchange risk. There are also set ALCO benchmarks and regulatory requirements within which treasury is required to operate.

Foreign Currency Positions as at 30 September 2011

Assets	EUR	ZAR	GBP	Other foreign currencies
Balances with other banks and cash	55,942.68	1,866,093.98	28,000.83	5,570.00
Liabilities				
Deposits	-	268,541.51	-	-

Regulatory and Compliance risks

This is the risk that Tetrad does not comply with applicable rules, laws and regulations as well as supervisory requirements, as a result suffering penalty. The Compliance Officer as well as Internal Audit perform periodic and continuous reviews to monitor this risk. Adequate compliance policies and procedures have been put in place by the Boards to effectively manage this risk. The bank is subject to extensive supervisory and regulatory reviews and while the Executive remains responsible for overseeing the management of the bank's compliance risk, group compliance actively engages with management to pro-actively support the generation of legal, ethical and profitable business.

Legal risk

Legal risk is the risk that a transaction or contract cannot be consummated because of some legal barrier such as inadequate documentation, a regulatory prohibition on a specific counter-party, and the non-enforceability of contracts such as netting and collateral arrangements in bankruptcy. The Company Secretary with the aid of the Group legal advisers maintains and approves all existing and new legal documents for ensuring compliance with statutory laws and regulatory guidelines.

Reputational risk

Reputational risk is the risk of negative public opinion or perception leading to a loss in confidence and or severance of business relationships due to perception by the market that the group is not conducting its business in a sound manner. The Group manages reputational risk through its evaluation and control of the major risks as set out above. Furthermore, the Group has in place active customer complaints monitoring procedures for ensuring continuous improvement in the Group's service standards. All operations are guided by well documented and adequate policies and procedure documents.

26. DISCLOSURE OF ON-SITE EXAMINATION AND EXTERNAL CREDIT RATINGS

RESERVE BANK OF ZIMBABWE - ON SITE EXAMINATION RATINGS TETRAD HOLDINGS LIMITED

The last RBZ on-site examination for the Tetrad Group was conducted in September 2006 using financial information as at 31 August 2006. The ratings then were as follows:

Composite Rating as at 31 August 2006

Examination Ratings	Examination as at 31 August 2006
Composite Rating	3

The composite rating system uses a rating scale of 1 - 5 where '1' is strong, '2' is satisfactory, '3' is fair, '4' is weak and '5' is critical.

Summary of Risk Assessment System (RAS) (as at 31 August 2006.)

RAS Component	Latest RAS Ratings
Overall inherent Risk	Moderate
Overall Risk Management Systems	Weak
Overall Composite Risk	Moderate
Direction of Overall Composite Risk	Increasing

TETRAD INVESTMENT BANK LIMITED

Summary of CAMELS Ratings (as at 31.08.2006)

Camels Component	Latest Risk Based Supervision Ratings
Capital Adequacy	2
Asset Quality	2
Management	4
Earnings	2
Liquidity	3
Sensitivity To Market Risk	4
Composite Rating	3

TFS MANAGEMENT COMPANY (PRIVATE) LIMITED

Summary of CEFM Ratings (as at 31 August 2006.)

Camels Component	Latest Risk Based Supervision Ratings
Capital	2
Earnings	2
Funds under Management	3
Management	3
Composite Rating	2

CEFM is an acronym for Capital, Earnings, Funds under Management and Management. The CEFM rating system uses a rating scale of 1 - 5, where '1' is strong, '2' is satisfactory, '3' is fair, '4' is weak and '5' is critical.

Summary Risk Matrix (as at 31 August 2006.)

Type of Risk	Level of Inherent Risk	Adequacy of Risk Management	Overall Composite Risk	Direction of Overall Composite
Strategic	Moderate	Acceptable	Moderate	Increasing
Operational	High	Acceptable	Moderate	Increasing
Legal and Compliance	Moderate	Weak	Moderate	Stable
Reputation	Low	Acceptable	Low	Stable
Financial	High	Acceptable	Moderate	Stable
Overall	Moderate	Acceptable	Moderate	Stable

Summary Risk Matrix (as at 31 August 2006.)

Type of Risk	Level of Inherent Risk	Adequacy of Risk Management Systems	Overall Composite Risk	Direction of Overall Composite Risk
Credit	Moderate	Acceptable	Moderate	Stable
Liquidity	Moderate	Weak	Moderate	Increasing
Foreign Exchange	Low	Acceptable	Low	Stable
Interest Rate	Moderate	Weak	Moderate	Increasing
Strategic	High	Weak	High	Increasing
Operational	High	Weak	High	Increasing
Legal and Compliance	High	Acceptable	High	Increasing
Reputation	Low	Acceptable	Low	Stable
Overall	Moderate	Weak	Moderate	Increasing

Summary of Risk Assessment System (RAS) (as at 31 August 2006.)

RAS Component	Latest RAS Ratings
Overall inherent Risk	Moderate
Overall Risk Management Systems	Weak
Overall Composite Risk	Moderate
Direction of Overall Composite Risk	Increasing

Summary of Risk Assessment System (RAS) (as at 31 August 2006.)

RAS Component	Latest RAS Ratings
Overall inherent Risk	Moderate
Overall Risk Management Systems	Acceptable
Overall Composite Risk	Moderate
Direction of Overall Composite Risk	Stable

Notes to the audited accounts for the year ended 30 September 2011 (continued)

27. KEY

Composite Ratings

Composite rating '1' 'Strong'

Banking institutions in this group are sound in every respect and are most capable of withstanding the vagaries of business conditions and are resistant to outside influences such as economic instability in their trade area. They are in substantial compliance with laws and regulations and exhibit the strongest performance and risk management practices relative to their size, complexity and risk profile and give no cause for supervisory concerns.

Composite rating '2' 'Satisfactory'

Banking institutions in this group are fundamentally sound and are capable of withstanding business fluctuations and are in substantial compliance with laws and regulations. Overall risk management practices are satisfactory relative to their size, complexity and risk profile and as a result, supervisory response is informal and limited.

Composite rating '3' 'Fair'

Banking institutions in this group exhibit some degree of supervisory concern in one or more of the component areas and are less capable of withstanding business fluctuations and are vulnerable to outside influences.

Composite rating '4' 'Weak'

Banking institutions in this group generally exhibit unsafe and unsound practices or conditions. There are serious financial or managerial deficiencies that result in unsatisfactory performance. Failure is a distinct possibility if the problems and weaknesses are not satisfactorily addressed and resolved.

Composite rating '5' 'Critical'

Banking institutions in this group exhibit extremely unsafe and unsound practices or conditions and are of greatest supervisory concern. Immediate outside or other help is needed if the financial institution is to be viable. Institutions in this category pose a significant risk to the deposit insurance fund.

Overall Composite Risk

Low risk : Internal controls and risk management systems are strong and effectively mitigate much of the risks.

Moderate risk : Assigned to a moderate aggregate risk where the aggregate risk managementsystems appropriately mitigate risk. For a low aggregate risk, significant weaknesses in the risk management system may result in a moderate overall composite risk assessment.

High risk : The risk management systems do not significantly mitigate its high aggregate risk. Thus, a financial loss might occur that would have a significant negative impact on the BI's overall condition.

Direction of overall composite risk

Increasing : based on current information composite risk is expected to increase in the next 12months

Decreasing : based on current information composite risk is expected to decrease in the next 12months

Stable : based on current information composite risk is expected to be stable in the next year.

Level of Inherent Risk

High : functional area is significant or positions are large in relation to the banking institution's resources, where the volume of transactions, or where the nature of the functional area is inherently more complex than normal.

Moderate : positions are average in relation to the banking institution's resources and losses could be absorbed by the banking institution in the normal course of business.

Low : volume, size or nature of the functional area is such that the risk of loss is remote or, if a loss were to occur, it would have little negative impact on the banking institution's overall financial condition.

Adequacy of Risk Management Systems

Strong : Management effectively identifies, measures and controls all major types of risk posed by the relevant functional area or per inherent risk. The board and management participate in managing risk, including risk concentrations and ensure that appropriate policies and limits exist. The policies comprehensively define risk tolerance, responsibilities and accountabilities and are effectively communicated.

Acceptable : Risk management systems, although largely effective, may be lacking to some modest degree. Risks are generally being controlled in a manner that does not require more than normal supervisory attention. Management satisfactorily identifies, measures and manages risk, including risk diversification.

Weak : Risk management systems are inadequate or lacking in important ways, and, therefore, are a cause for more than normal supervisory attention. Internal control systems will be lacking in some important ways particularly as indicated by continued control exceptions or by failure to adhere to written policies and procedures.

28. EXTERNAL CREDIT RATINGS

GLOBAL CREDIT RATING COMPANY RESULTS : TETRAD INVESTMENT BANK

Security Class	Rating Scale	Currency	Rating	Date
Long term	National	USD\$	BB+	September 2011
Long term	National	US\$\$	BB+	September 2010
Long term	National	ZW\$	BBB-	September 2009

Long-term Investment Rating Scale

BBB- Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.

BB+

Below investment grade but capacity for timely repayment exists. Present or prospective financial protection factors fluctuate according to industry conditions or company fortunes. Overall quality may move up or down frequently within this category.

29. CORPORATE GOVERNANCE

Board Meetings

Board meetings for the three companies namely Tetrad Holdings Limited, TFS Management Company (Private) Limited and Tetrad Investment Bank Limited were held in terms of the Board Charter and in line with the regulatory requirements. Appropriate Board Committee meetings were also held with good attendance and in line with their terms of reference, attendance levels are captured in the board committee meetings table shown below. The Boards held a total of four meetings during the year and the levels of attendance were good as shown below.

TFS Management Company Private Limited

Name	07.12.2010	22.02.2011	17.05.2011	16.08.2011	% attendance
A. Kurauone (Chairman)	✓	✓	✓	✓	100
E. Mlambo	✓	Ap	✓	Ap	50
J. Conway	✓	✓	✓	✓	100
J. Girdlestone	✓	✓	✓	✓	100
E. Mungwariri	✓	✓	✓	✓	100
A. Fisher	Ap	✓	✓	✓	75
E. Chikaka	✓	Ap	✓	✓	75
V. Semwayo	✓	✓	✓	✓	100

Tetrad Investment Bank Limited

Name	08.12.2010	23.02.2011	18.05.2011	17.08.2011	% attendance
A. Chatikobo (Chairlady)	✓	✓	✓	✓	100
E. Mlambo	✓	✓	✓	✓	100
Z. Rusike	✓	✓	✓	✓	100
H. Orphanides	✓	✓	✓	✓	100
E. Chikaka	✓	✓	✓	✓	100
M. Moyo *	✓	✓	✓	✓	50
J. Bere	✓	✓	✓	✓	100
J.Gadzikwa	✓	✓	✓	✓	100

* Mr. M. Moyo resigned from the bank's board in May 2011 after appointment to the Tetrad Holdings board as Chairman.

Tetrad Holdings Limited

Name	08.12.2010	23.02.2011	18.05.2011	17.08.2011	% attendance
Z. Rusike (Chairman)	✓	✓	✓	✓	100
M. Moyo* (Chairman)	✓	✓	✓	✓	50
E. Mlambo	✓	✓	✓	✓	100
A. Kurauone	✓	✓	✓	✓	100
E. Chikaka	✓	✓	✓	✓	100
J. Maclean	✓	✓	✓	✓	100
G. Sebborn	✓	✓	✓	✓	100

Board Committee Meetings

	EXC 14M	RCC 4M	ALCO 4M	IT 4M	REM 4M	CR 5M	CRR 4M	AUD 3M
A. Kurauone			3					
J. Bere	12		4			4		
M. Moyo			4			5		
J. Maclean	13						4	
Z. Rusike				4	4			
H. Orphanides					4	5		
J. Gadzikwa								3
E. Chikaka	12		4	4	4	5		
E. Mlambo	12	3	4	4	4			
A. Fisher	14		4	4				
A. Chatikobo		4					4	3
E. Mungwariri		4						3
G. Sebborn		2						
J. Conway	14							
S. Mushosho	14		4					
T. Chimanda	14		4	4				
V. Semwayo	14							
R Dangarembwa	10		2					
M. Mago			3					
A. Muparuri			4					

Key: EXC - Executive Committee; RCC - Risk & Compliance Committee; IT - IT Steering Committee; REM - Remuneration Committee; CR - Credit Committee; CRR - Credit Review Committee; AUD - Audit Committee; ALM - Assets & Liability Management; 5M - Five Meetings; 4M - Four Meetings; 2M Two Meetings; Ap - Apologies

J. G. Conway
Company Secretary
05 December 2011