

## Statement of Financial Position

As at 31 December 2010

	Notes	31 Dec 2010 US\$	31 Dec 2009 US\$	1 Jan 2009 US\$
<b>Assets</b>				
Cash and cash equivalents	1	7,172,703	1,926,200	-
Loans and advances to customers	2	7,053,841	1,638,231	-
Inventory	3	2,207,731	1,393,620	1,493,256
Other assets	4	406,812	272,784	76,646
Investment properties	5	610,000	575,000	562,480
Property and equipment	6	3,798,834	3,583,174	4,054,472
<b>Total assets</b>		<b>21,249,921</b>	<b>9,389,009</b>	<b>6,186,854</b>
<b>Liabilities</b>				
Deposits	7.1	7,047,577	1,555,860	-
Other liabilities	7.2	2,538,829	604,723	47,076
<b>Total liabilities</b>		<b>9,586,406</b>	<b>2,160,583</b>	<b>47,076</b>
<b>Equity</b>				
Share capital		156,125	63,328	-
Share premium		9,985,434	6,269,472	-
Non distributable reserves		839,778	839,778	6,139,778
Revaluation reserves		153,262	-	-
General reserves		81,633	20,064	-
Accumulated surplus		447,283	35,784	-
<b>Total equity</b>		<b>11,663,515</b>	<b>7,228,426</b>	<b>6,139,778</b>
<b>Total equity and liabilities</b>		<b>21,249,921</b>	<b>9,389,009</b>	<b>6,186,854</b>

## Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	31 Dec 2010 US\$	31 Dec 2009 US\$
Interest income	8	1,376,662	69,079
Interest expense	9	(344,392)	(8,143)
<b>Net interest income</b>		<b>1,032,270</b>	<b>60,936</b>
Revenue property sales		3,209,325	1,776,438
Cost of sales		(2,045,970)	(967,393)
<b>Gross profit property sales</b>		<b>1,163,355</b>	<b>809,045</b>
Fees and commission income		2,213,608	977,468
Fees and commission expense		(22,673)	(8,029)
<b>Net fees and commission income</b>		<b>2,190,935</b>	<b>969,439</b>
Fair value gain on investment properties	5	35,000	12,520
Other income	10	50,522	126,015
<b>Total income</b>		<b>4,472,082</b>	<b>1,977,955</b>
Impairment loss on financial assets		(2,964)	-
Operating expenses	11	(3,996,050)	(1,922,107)
<b>Surplus for the year</b>		<b>473,068</b>	<b>55,848</b>
<b>Other comprehensive income</b>			
Gain on revaluation of properties	6	153,262	-
<b>Total comprehensive income for the year</b>		<b>626,330</b>	<b>55,848</b>

## Statement of Changes in Equity

For the year ended 31 December 2010

	Share capital US\$	Share premium US\$	Non distributable reserve US\$	Revaluation reserve US\$	General reserve US\$	Accumulated surplus US\$	Total US\$
<b>Deemed balance at 1 January 2009</b>	-	-	6,139,778	-	-	-	6,139,778
Surplus for the year	-	-	-	-	-	55,848	55,848
<b>Other comprehensive income</b>							
Regulatory impairment allowance	-	-	-	-	20,064	(20,064)	-
<b>Total comprehensive income</b>	-	-	-	-	20,064	35,784	55,848
<b>Transactions with owners recorded directly in equity</b>							
Rights issue	10,328	1,022,472	-	-	-	-	1,032,800
Bonus issue	53,000	5,247,000	(5,300,000)	-	-	-	-
<b>Balance at 31 December 2009</b>	<b>63,328</b>	<b>6,269,472</b>	<b>839,778</b>	<b>-</b>	<b>20,064</b>	<b>35,784</b>	<b>7,228,426</b>
<b>Balance at 1 January 2010</b>	<b>63,328</b>	<b>6,269,472</b>	<b>839,778</b>	<b>-</b>	<b>20,064</b>	<b>35,784</b>	<b>7,228,426</b>
Surplus for the year	-	-	-	-	-	473,068	473,068
<b>Other comprehensive income</b>							
Gain on revaluation of properties	-	-	-	153,262	-	-	153,262
Regulatory impairment allowance	-	-	-	-	61,569	(61,569)	-
<b>Total comprehensive income</b>	-	-	-	153,262	61,569	411,499	626,330
<b>Transactions with owners recorded directly in equity</b>							
Rights issue	92,797	3,715,962	-	-	-	-	3,808,759
<b>Balance at 31 December 2010</b>	<b>156,125</b>	<b>9,985,434</b>	<b>839,778</b>	<b>153,262</b>	<b>81,633</b>	<b>447,283</b>	<b>11,663,515</b>

## Statement of Cash Flows

For the year ended 31 December 2010

	Notes	31 Dec 2010 US\$	31 Dec 2009 US\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus for the year		473,068	55,848
<b>Adjustments for:</b>			
Depreciation and impairment of property		177,823	258,231
Loss on disposal of property and equipment		(3,481)	35,182
Equity settled share based payments		-	12,319
Impairment on loans and advances		2,964	-
Fair value gain on investment properties	5	(35,000)	(12,520)
Net cash generated before changes in operating assets and liabilities		615,374	349,060
Change in loans and advances to customers		(5,418,574)	(1,638,231)
Change in inventory		(814,111)	176,282
Change in other assets		(134,028)	(272,784)
Change in deposits from banks		1,854,316	170,000
Change in deposits from customers		3,637,401	1,385,860
Change in other liabilities		1,934,107	545,330
Net cash flow from operating activities		1,674,485	715,517
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	6	(287,650)	(12,904)
Proceeds from disposal of property and equipment		50,909	190,787
Net cash outflow from investing activities		(236,741)	177,883
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Rights issue		3,808,759	1,032,800
Cash flow from financing activities		3,808,759	1,032,800
Net increase in cash and cash equivalents		5,246,503	1,926,200
Cash and cash equivalents at the beginning of the year		1,926,200	-
<b>Cash and cash equivalents at the end of the year</b>		<b>7,172,703</b>	<b>1,926,200</b>

## Notes to the Financial Results

For the year ended and as at 31 December 2010

	31 Dec 2010 US\$	31 Dec 2009 US\$	1 Jan 2009 US\$
<b>1. CASH AND CASH EQUIVALENTS</b>			
Cash on hand	467,273	336,468	-
Cash at bank	629,137	977,346	-
Interbank short term investments	6,076,293	612,386	-
	<b>7,172,703</b>	<b>1,926,200</b>	<b>-</b>
<b>2. LOANS AND ADVANCES TO CUSTOMERS</b>			
Short term loan advances	3,044,476	237,967	-
Mortgage loan advances	4,012,329	1,400,264	-
Gross loans and advances to customers	7,056,805	1,638,231	-
Less: Allowance for impairment	(2,964)	-	-
Net loans and advances to customers	<b>7,053,841</b>	<b>1,638,231</b>	<b>-</b>
<b>2.1 Maturity analysis of loans and advances</b>			
Up to 1 month	283,342	100,322	-
1 month to 3 months	566,685	200,644	-
3 months to 1 year	2,550,081	189,000	-
1 year to 5 years	1,422,528	504,000	-
Over 5 years	2,231,205	644,265	-
	<b>7,053,841</b>	<b>1,638,231</b>	<b>-</b>
<b>2.2 Provisions for doubtful debts</b>			
Balance at beginning of the year	-	-	-
Specific provisions	(2,964)	-	-
	<b>(2,964)</b>	<b>-</b>	<b>-</b>
<b>2.3 Exposure to credit risk</b>			
Carrying amount	7,053,841	1,638,231	-
Individually impaired	225,882	-	-
Neither past due nor impaired			
Grade A: low fair risk	6,267,122	1,454,207	-
Grade B: watch list	563,801	184,024	-
Gross amount	6,830,923	1,638,231	-
Allowance for impairment	(2,964)	-	-
Carrying amount	7,053,841	1,638,231	-
Past due but not impaired	-	-	-
Total carrying amount	<b>7,053,841</b>	<b>1,638,231</b>	<b>-</b>
<b>3. INVENTORY</b>			
Raw materials	140,290	126,831	-
Work in progress	2,067,441	1,221,419	1,493,256
Completed properties	-	45,370	-
	<b>2,207,731</b>	<b>1,393,620</b>	<b>1,493,256</b>
<b>4. OTHER ASSETS</b>			
Intercompany balance	155,278	179,505	-
Statutory reserves	20,426	34,304	-
Other	231,108	58,975	76,646
	<b>406,812</b>	<b>272,784</b>	<b>76,646</b>

**Notes to the Financial Results (cont'd)**  
For the year ended and as at 31 December 2010

	31 Dec 2010 US\$	31 Dec 2009 US\$	1 Jan 2009 US\$
<b>5. INVESTMENT PROPERTIES</b>			
Opening balance	575,000	562,480	562,480
Fair value adjustments	35,000	12,520	-
Closing balance	<u>610,000</u>	<u>575,000</u>	<u>562,480</u>
<b>6. PROPERTY AND EQUIPMENT</b>			
<b>Cost</b>			
Opening balance	3,765,357	4,054,472	4,054,472
Additions	287,650	12,904	-
Impairment	(13,754)	(8,607)	-
Revaluation gain on properties	153,262	-	-
Disposals	(60,000)	(293,412)	-
Closing balance	<u>4,132,515</u>	<u>3,765,357</u>	<u>4,054,472</u>
<b>Accumulated depreciation</b>			
Opening balance	182,183	-	-
Current period charge	164,069	249,624	-
Disposals	(12,571)	(67,441)	-
Closing balance	<u>333,681</u>	<u>182,183</u>	<u>-</u>
Net book value	<u>3,798,834</u>	<u>3,583,174</u>	<u>4,054,472</u>
<b>7. DEPOSITS AND OTHER LIABILITIES</b>			
<b>7.1 Deposits from banks</b>			
Money market deposits	2,024,316	170,000	-
<b>Deposits from customers</b>			
Retail savings deposits	2,013,855	1,044,269	-
Money market deposits	<u>3,009,406</u>	<u>341,591</u>	<u>-</u>
	<u>7,047,577</u>	<u>1,555,860</u>	<u>-</u>
<b>7.2 Other liabilities</b>			
Trade and other payables	1,541,573	188,137	47,076
Intercompany balances	962,314	404,387	-
Other liabilities	34,942	12,199	-
	<u>2,538,829</u>	<u>604,723</u>	<u>47,076</u>
<b>Total deposits and other liabilities</b>	<u>9,586,406</u>	<u>2,160,583</u>	<u>47,076</u>
<b>7.3 Maturity analysis of deposits and other liabilities</b>			
Up to 1 month	6,434,658	1,401,296	47,076
1 month to 3 months	2,089,260	564,608	-
3 months to 1 year	<u>1,062,488</u>	<u>194,679</u>	<u>-</u>
	<u>9,586,406</u>	<u>2,160,583</u>	<u>47,076</u>
	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>	
	<b>US\$</b>	<b>US\$</b>	
<b>8. INTEREST INCOME</b>			
Loans and advances to customers		670,790	54,322
Interbank money market investments		<u>705,872</u>	<u>14,757</u>
		<u>1,376,662</u>	<u>69,079</u>
<b>9. INTEREST EXPENSE</b>			
Deposits from banks		27,166	2,008
Deposits from customers		<u>317,226</u>	<u>6,135</u>
		<u>344,392</u>	<u>8,143</u>
<b>10. OTHER INCOME</b>			
Investment income		-	130,333
Rent received		47,041	26,832
Exchange rate gain		-	4,032
Profit/(loss) on disposal of property and equipment		<u>3,481</u>	<u>(35,182)</u>
		<u>50,522</u>	<u>126,015</u>
<b>11. OPERATING EXPENSES</b>			
Administration expenses		1,123,691	718,584
Personnel expenses		2,534,108	872,077
Directors fees		67,165	26,215
Depreciation and impairment		177,823	258,231
Audit fees			
- current year audit fees		81,253	47,000
- prior year audit fees		<u>12,010</u>	<u>-</u>
		<u>3,996,050</u>	<u>1,922,107</u>

**12. LIQUIDITY RISK**

12.1 Contractual maturity profile of assets and liabilities

	Up to 30 days US\$	31-90 days US\$	91-180 days US\$	181-365 days US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
<b>Liabilities</b>							
Deposits from banks	1,517,545	506,771	-	-	-	-	2,024,316
Deposits from customers	4,104,970	918,291	-	-	-	-	5,023,261
Other liabilities	812,143	664,198	540,087	522,401	-	-	2,538,829
<b>Total liabilities contractual maturity dates</b>	<u>6,434,658</u>	<u>2,089,260</u>	<u>540,087</u>	<u>522,401</u>	<u>-</u>	<u>-</u>	<u>9,586,406</u>
<b>Total assets expected maturities dates</b>	<u>7,456,045</u>	<u>566,685</u>	<u>850,027</u>	<u>1,700,054</u>	<u>1,422,528</u>	<u>2,231,205</u>	<u>14,226,544</u>

**Notes to the Financial Results (cont'd)**  
For the year ended and as at 31 December 2010

**12. LIQUIDITY RISK (cont'd)**

12.2 Maturity profile of assets and liabilities

	Upto 30 days US\$	31-90 days US\$	91-180 days US\$	181-365 days US\$	1 to 5 years US\$	Over 5 years US\$	Total US\$
<b>Assets</b>							
Cash and cash equivalents	6,551,855	620,848	-	-	-	-	7,172,703
Loans and advances to customers	283,342	566,685	850,027	1,700,054	1,422,528	2,231,205	7,053,841
Inventory	184,396	368,791	108,366	577,097	969,081	-	2,207,731
Other assets	225,764	31,732	26,715	32,676	89,925	-	406,812
Investment properties	-	-	-	-	-	610,000	610,000
Property and equipment	-	-	-	-	-	3,798,834	3,798,834
<b>Total assets</b>	<u>7,245,357</u>	<u>1,588,056</u>	<u>985,108</u>	<u>2,309,827</u>	<u>2,481,534</u>	<u>6,640,039</u>	<u>21,249,921</u>
<b>Liabilities</b>							
Deposits from banks	1,517,545	506,771	-	-	-	-	2,024,316
Deposits from customers	4,104,970	918,291	-	-	-	-	5,023,261
Other liabilities	812,143	664,198	540,087	522,401	-	-	2,538,829
Equity	-	-	-	-	-	11,663,515	11,663,515
<b>Total liabilities</b>	<u>6,434,658</u>	<u>2,089,260</u>	<u>540,087</u>	<u>522,401</u>	<u>-</u>	<u>11,663,515</u>	<u>21,249,921</u>
<b>Liquidity gap</b>	<u>810,699</u>	<u>(501,204)</u>	<u>445,021</u>	<u>1,787,426</u>	<u>2,481,534</u>	<u>(5,023,476)</u>	<u>-</u>
<b>Cumulative liquidity gap</b>	<u>810,699</u>	<u>309,495</u>	<u>754,516</u>	<u>2,541,942</u>	<u>5,023,476</u>	<u>-</u>	<u>-</u>

**13. INTEREST RATE RISK**

Interest rate repricing gap

	Upto 30 days US\$	31-90 days US\$	91-180 days US\$	181-365 days US\$	Over 365 days US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>							
Cash and cash equivalents	6,551,855	620,848	-	-	-	-	7,172,703
Loans and advances to customers	283,342	566,685	850,027	1,700,054	3,653,733	-	7,053,841
Inventory	-	-	-	-	-	2,207,731	2,207,731
Other assets	-	-	-	-	-	406,812	406,812
Investment properties	-	-	-	-	-	610,000	610,000
Property and equipment	-	-	-	-	-	3,798,834	3,798,834
<b>Total assets</b>	<u>6,835,197</u>	<u>1,187,533</u>	<u>850,027</u>	<u>1,700,054</u>	<u>3,653,733</u>	<u>7,023,377</u>	<u>21,249,921</u>
<b>Liabilities</b>							
Deposits from banks	1,517,545	506,771	-	-	-	-	2,024,316
Deposits from customers	4,104,970	918,291	-	-	-	-	5,023,261
Other liabilities	-	-	-	-	-	2,538,829	2,538,829
Equity	-	-	-	-	-	11,663,515	11,663,515
<b>Total liabilities</b>	<u>5,622,515</u>	<u>1,425,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,202,344</u>	<u>21,249,921</u>
<b>Interest rate repricing gap</b>	<u>1,212,682</u>	<u>(237,529)</u>	<u>850,027</u>	<u>1,700,054</u>	<u>3,653,733</u>	<u>(7,178,967)</u>	<u>-</u>
<b>Cumulative interest rate repricing gap</b>	<u>1,212,682</u>	<u>975,153</u>	<u>1,825,180</u>	<u>3,525,234</u>	<u>7,178,967</u>	<u>-</u>	<u>-</u>

**14. CAPITAL ADEQUACY RATIO**

**Core Capital Tier 1**

	31 Dec 2010 US\$	31 Dec 2009 US\$
Issued and fully paid up ordinary share capital	10,141,559	6,332,800
Accumulated surplus	447,283	35,784
Capital allocated for market and operational risk	(296,004)	(41,722)
Advances to insiders	(167,532)	(139,361)
<b>Total core capital</b>	<u>10,125,306</u>	<u>6,187,501</u>

**Supplementary Capital Tier 2**

Non distributable reserve	839,778	839,778
Revaluation reserves	153,262	-
General provisions for doubtful debts	81,633	20,064
<b>Total supplementary capital</b>	<u>1,074,673</u>	<u>859,842</u>

**Tier 3**

Capital allocated for market and operational risk	296,004	41,722
<b>Core capital plus supplementary capital</b>	<u>11,495,983</u>	<u>7,089,065</u>

**Total risk weighted assets**

<b>Total risk weighted assets</b>	<u>15,575,785</u>	<u>7,449,468</u>
Tier 1 capital ratio	65%	83%
Tier 2 capital ratio	7%	12%
Tier 3 capital ratio	2%	1%
<b>Capital adequacy ratio</b>	<u>74%</u>	<u>95%</u>

The Building Society is in compliance with minimum capital requirement of \$10 million as regulated by the Reserve Bank of Zimbabwe.

**15. CAPITAL COMMITMENTS**

Capital expenditure authorised not yet undertaken	<u>1,300,000</u>	<u>1,797,000</u>
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**16. BOARD ATTENDANCE**

Name	MAIN BOARD			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Taka E. Mutunhu	√	√	√	√
Webster Rusere	√	√	√	√
Livingstone T. Gwata	√	√	√	√
Oliver Gwaze	√	√	√	√
Marah Hativagone	√	√	√	√
Patrick L. Mapani	√	√	√	√
Mativenga L. Mhishi	√	√	√	√
Kennard C. Muranda	√	√	√	√
John Mushayavanhu	√	√	√	√
Christopher Y. Muyeve	√	√	√	x

Key: √ - Attended x - Apologies