

ABC Holdings Limited

Unaudited Interim Group Results
for the six months ended 30 June 2010

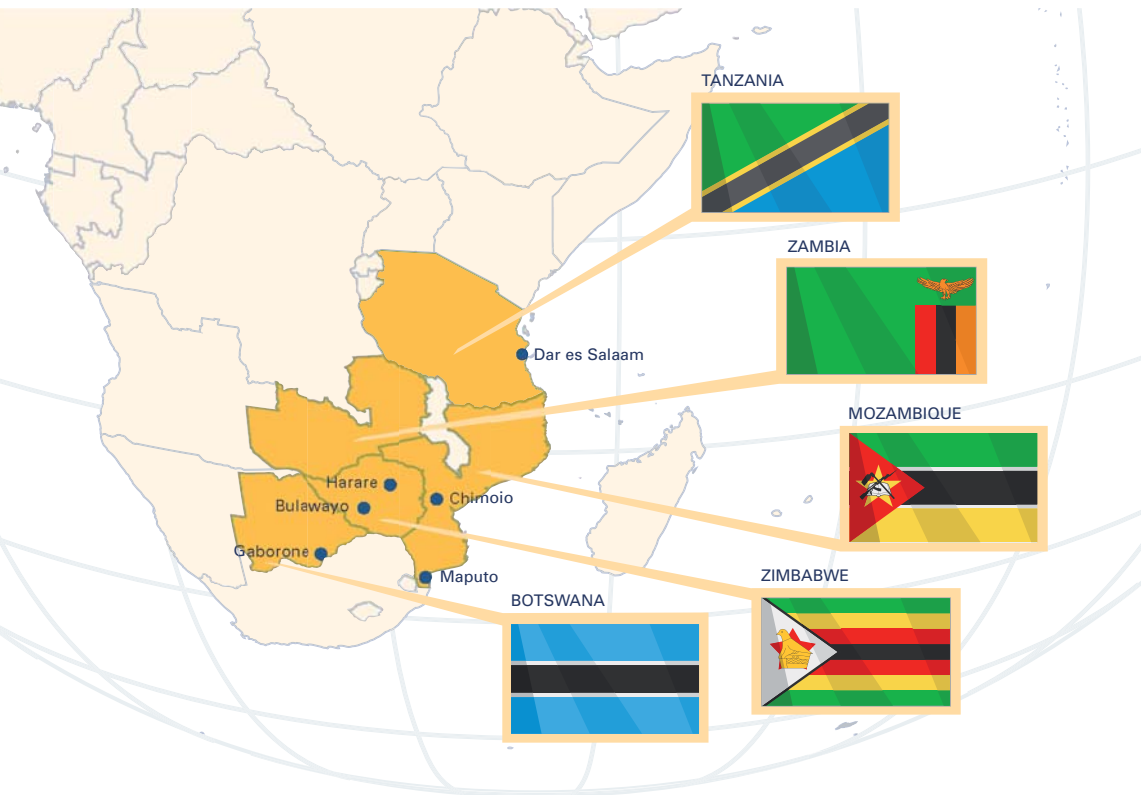
About BancABC

ABC Holdings Limited is the parent company of a number of banks operating under the BancABC brand in sub-Saharan Africa, with operations in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe. A group services office is located in South Africa.

Our vision is to be the preferred banking partner by offering world class financial solutions. We are realising this by building profitable, lifelong customer relationships through the provision of a wide range of innovative financial products and services – to the benefit of all our stakeholders.

Historically, BancABC was a merchant bank offering a diverse range of services including, but not limited to, the following: wealth management, corporate banking, treasury services, leasing, asset management, and stock broking.

In 2009, BancABC expanded into Retail Banking opening its first branch in Harare. This expansion has continued with branches subsequently opened in Gaborone, Chimoio, Dar es Salaam and Bulawayo. ABC Holdings Limited is registered in Botswana. Its primary listing is on the Botswana Stock exchange, with a secondary listing on the Zimbabwe Stock Exchange.



● BancABC Retail Banking branches open

Salient points



Total income up **29%** to **BWP251 million** (H109: BWP194 million)

Net operating income up **80%** to **BWP45 million** (H109: BWP25 million)

Attributable **profit to shareholders** of BWP29 million (H109: BWP36 million)
as effective tax rate normalises relative to 2009

Impairments down 59% to BWP17 million (H109: BWP41 million)

Deposits up 41% and 23% from June and December 2009 respectively

Loans and advances up 8% and 17% from June and December 2009 respectively

Further five **Retail Banking branches** opened

BancABC **Zambia losses successfully stemmed** and business recapitalised

Chairman and Chief Executive Officer's report

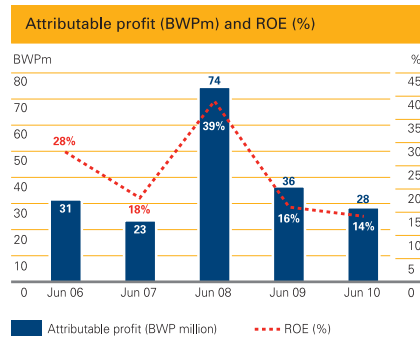
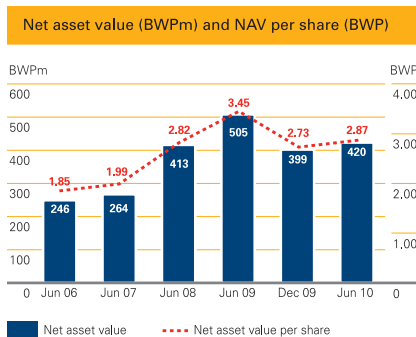


ABC Holdings Limited and its subsidiaries's performance was strong during the six months ending June 2010. Operating profit of BWP45 million represents an 80% increase over 2009's interim profit.

OVERVIEW

Economic growth prospects in sub-Saharan Africa continued to improve during the first half of 2010, in line with the global economic outlook. Prices for most mineral and agricultural commodities registered strong recoveries, buoying business activity. While recovery in the region's banking industry remains fragile, the economic indicators are encouraging and it is our hope that recovery will be sustained in the near term.

The ABC Holdings Limited and its subsidiaries ("the Group")'s performance was strong during the six months ending June 2010 ("the period"). Operating profit of BWP45 million represents an 80% increase over 2009's interim profit. However, the anomalous tax credit of BWP13 million in 2009 has resulted in profit after tax of BWP29 million for the period being 21% lower than the prior interim period (H109: BWP37 million). Overall, the quality of earnings has also improved markedly and provides a solid base for stronger performance in the ensuing periods.





Total Group income net of impairments is up 29% at BWP251 million (H109: BWP194 million); driven primarily by growth in net interest income as well as significantly reduced impairments. Non-interest income was 22% lower over the period at BWP122 million. Prior year non-interest income included BWP70 million in non-recurring gains on disposal of equity investments.

Operating expenses are up 22% to BWP206 million largely due to the full impact of dollarisation in Zimbabwe, coupled with the continued rollout of the Group's Retail Banking operations. Cost to income ratio however declined to 77% from 82% at the end of 2009 (H109: 72%) as income generated rose at a greater rate. Operating expenses across the Group's subsidiaries are now stabilising and the cost to income ratio is anticipated to decline as Retail Banking starts contributing positively to the bottom line. The Group remains committed to achieving its long term cost to income ratio target of 50%.

Operating profit of BWP45 million is up 80% from the same period last year. However, an after-tax profit of BWP29 million is 21% below the BWP37 million recorded in 2009. This decrease is attributable to a share of associate loss of BWP10 million and BWP5 million tax payable compared to prior period's tax credit of BWP13 million.

REVIEW OF OPERATIONS

The Group's subsidiaries performed well during the first half of 2010 and were all profitable, which is pleasing.

BancABC Botswana recorded attributable profit of BWP11 million, up 88% from the prior interim period, driven primarily by improved net interest margins and significant balance sheet growth. Impairments are 63% lower at BWP2 million. However, non-interest income declined on account of reduced volumes and margins in foreign currency trading. Expenses for this subsidiary were in line with the comparative period.

Total operating income for BancABC Mozambique was marginally higher at BWP49 million. However, after-tax profit declined to BWP13 million. This was largely due to the higher tax rate of 32% for the period, compared to 16% in 2009, when tax incentives were still in place. Operating expenses increased in line with greater Retail Banking activity.

BancABC Tanzania achieved attributable profit of BWP6 million, up 183% from the prior interim period. Balance sheet growth and improved liquidity from increased customer deposits drove interest and non-interest income. Non-interest income was further lifted by increased bond trading together with higher fees and commissions. This higher income generation was somewhat negated by increased impairments on a few large accounts that were downgraded during the period under review.

The turnaround strategy for BancABC Zambia proved successful, with this subsidiary recording a profit of BWP7.5 million compared to a loss of BWP13 million in the first half of 2009. A substantial reduction in impairments to BWP2.6 million from BWP22 million in 2009 contributed to this turnaround. Furthermore, operating expenses were reduced by BWP4 million following the merger of the bank and the local microfinance unit. BancABC Zambia was re-capitalised with a Tier II capital injection of US\$6 million in March 2010 and the conversion of US\$5 million Tier II capital into Tier I capital. Together these initiatives stabilised the subsidiary, creating a strong foundation for future growth.

BancABC Zimbabwe posted a profit of BWP7 million, up 246% from 2009's BWP2 million. Business volumes in Zimbabwe continue to increase, reflected in the subsidiary's 195% increase in total income to BWP59 million for the period. This growth was offset by a 138% increase in operating expenses to BWP29 million and a tax charge of BWP3 million compared to a tax credit of BWP6 million in the prior interim period.

Head office and other non-banking operations posted a net loss as management fees are no longer charged to subsidiaries. All non-core assets, with the exception of PG Botswana and PG Zimbabwe, were disposed of in 2009. Consequently, head office and other non-banking operations recorded no income in the period.

FINANCIAL PERFORMANCE

Net interest income

Net interest income for the period increased by BWP63 million (87%) to BWP147 million due to a larger balance sheet and a general improvement in margins on the back of higher liquidity. The Group has grown its balance sheet by 25% since June 2009 from BWP4.1 billion to BWP5.1 billion. Economic conditions in Zimbabwe continue to improve; consequently net interest income from this subsidiary increased to BWP18 million from BWP3 million. Volatile interest rates in Mozambique however negatively impacted interest margins.

Impairment losses on loans and advances

An impairment charge of BWP17 million was down 59% from the prior interim period's BWP41 million. During that period, BancABC Zambia contributed BWP22 million (54%) to Group impairments. The economic environment in Zambia has since stabilised and the only impairment charge in Zambia emanated from the microfinance division which is experiencing delays in customer repayments. This is non-recurring following changes to government's loan repayment process for public sector employees in that country. Government employees remain the largest market for the microfinance division in Zambia.

With the exception of BancABC Tanzania, where impairments were up 23%, impairments are now under control.

Non-interest income

Non-interest income was down BWP35 million (22%) from that achieved in the comparative period when profits on disposal of equity investments were recorded. Higher fees and commissions from all subsidiaries, increased foreign exchange trading income in Mozambique and money market trading income in Zambia and Tanzania contributed positively to non-interest income.

Operating expenditure

Operating expenses increased by 22% primarily due to the continued normalisation of input costs in Zimbabwe. Despite this, the Group's overall cost to income ratio declined from 82% at 2009 year end to 77% for the period under review. Staff costs, which account for 58% of the Group's total costs, increased by 30% in Zimbabwe as a result of market-wide salary increases to unionised staff. Despite the Group's continued retail expansion, costs in other subsidiaries did not increase significantly in the period as most investments in key Retail Banking resources were made in the prior year. BancABC Zambia managed to reduce costs by BWP4 million, as the merger of the bank and the microfinance business, produced synergistic savings.

Taxation

Over the period the Group incurred a net tax charge of BWP5 million compared to a tax credit of BWP13 million in 2009. This net tax credit in the previous period emanated from a reduction in deferred tax in Zimbabwe following the reduction in capital gains tax in that jurisdiction.

Balance sheet

The Group's balance sheet grew to BWP5.1 billion from BWP4.1 billion and BWP4.4 billion at end June and December 2009 respectively. Deposits grew rapidly and were in turn invested in short-term financial instruments as well as loans and advances. Total deposits at BWP4.1 billion are 41% and 23% up from end June and December 2009 respectively. Growth in deposits was achieved in all markets with the highest rate of increase being in BancABC Zimbabwe, albeit off a low base.

Loans and advances grew more modestly by BWP0.2 billion and BWP0.3 billion since end June and December 2009. BancABC Zimbabwe once again accounted for the highest rate of growth as this country re-established itself after the hyper-inflationary conditions experienced in previous years. Market conditions in Zambia, Botswana and Tanzania, while improving, still dictate that a cautious approach to lending be adopted. Additionally, turbulent Mozambican interest rates also presented a significant challenge to profitably increasing the loan book. For these reasons, the loan books in each of these markets remained almost stagnant during the period. The Group will continue to seek opportunities to grow its loan book in both its Wholesale and Retail Banking divisions whilst maintaining a cautious approach to risk.

Retail Banking

Retail Banking operations have commenced in earnest with the opening of a further five branches during the period. By year end some 14 branches are expected to be operational across the Group. Development work on information technology systems is ongoing, however the bulk of larger costs related to Retail Banking have now been incurred. The bulk of the second half of 2010's Retail Banking costs will pertain to depreciation on branch capital expenditure.

Dividend

As the Group has continued to fund its growth from retained earnings, the Directors have recommended that no interim dividend be proposed. With much of the investment in Retail Banking now having been made, Directors plan to resume paying dividends in the near term.

Outlook

The overall economic outlook for the sub-Saharan Africa market is increasingly positive, particularly on the back of higher commodity prices. This, together with the Group's strong balance sheet and the improved quality of earnings, creates a solid foundation for future business growth.

All Group subsidiaries are now profitable and well positioned to embark on measured and sustainable growth. For the remainder of the year, we will focus on expanding our Retail Banking operations while maintaining the momentum of the Wholesale Banking division. We are pleased to report a positive outlook for the Group and are optimistic that the full year results will reflect an improvement over the prior year.



HJ Buttery
Group Chairman
25 August 2010



DT Munatsi
Group Chief Executive Officer



Consolidated income statement

for the six months period ended 30 June 2010

BWP'000s – presentation currency	Notes	Unaudited 30 June 2010 6 months	Unaudited 30 June 2009 6 months	Audited 31 December 2009 12 months
Interest and similar income		301,733	235,066	502,311
Interest expense and similar charges		(154,918)	(156,382)	(323,917)
Net interest income before impairment of advances		146,815	78,684	178,394
Impairment losses on loans and advances		(16,996)	(40,969)	(51,218)
Net interest income after impairment of advances		129,819	37,715	127,176
Non-interest income	3	121,622	156,542	265,017
Total income		251,441	194,257	392,193
Operating expenditure	4	(205,967)	(169,211)	(365,694)
Net income from operations		45,474	25,046	26,499
Share of (losses)/profits of associates		(11,479)	(913)	16,164
Profit before tax		33,995	24,133	42,663
Tax		(5,269)	12,757	15,768
Profit for the period		28,726	36,890	58,431
Attributable to:				
Ordinary shareholders		28,076	36,494	58,117
Minorities		650	396	314
Profit for the period		28,726	36,890	58,431
Earnings per share (thebe)		19.5	25.4	40.4
Weighted average number of shares (000's)		143,846	143,846	143,846

Consolidated statement of comprehensive income

for the six months period ended 30 June 2010

BWP'000s – presentation currency	Unaudited 30 June 2010	Unaudited 30 June 2009	Audited 31 December 2009
Profit for the period	28,726	36,890	58,431
Other comprehensive income	(8,099)	28,704	(99,160)
Exchange differences on translating foreign operations	(7,857)	75,511	(78,090)
Revaluation of property	–	(44,338)	(38,277)
Net investment hedge	2,902	(4,687)	–
Share of reserves in associate companies	860	–	112
Movement in general credit risk reserve	(4,003)	–	–
Movement in available for sale reserves	(1)	1	1,051
Income tax relating to components of other comprehensive income	–	2,217	16,044
Total comprehensive income for the period	20,627	65,594	(40,729)
Total comprehensive income attributable to:			
Ordinary shareholders	21,120	67,627	(38,585)
Minorities	(493)	(2,033)	(2,144)
	20,627	65,594	(40,729)

Consolidated balance sheet

as at 30 June 2010

BWP'000s – presentation currency	Notes	Unaudited 30 June 2010	Unaudited 30 June 2009	Audited 31 December 2009
ASSETS				
Cash and short term funds		717,669	615,471	881,884
Financial assets held for trading		1,423,014	748,819	880,740
Financial assets designated at fair value		4,133	72,033	17,905
Derivative financial assets		6,443	30,561	7,970
Loans and advances		2,341,744	2,163,487	1,995,325
Investment securities		54,241	46,488	49,282
Prepayments and other receivables		133,854	89,981	166,973
Current tax assets		456	3,556	3,913
Investment in associates		36,208	46,111	40,946
Property and equipment		302,612	185,245	278,975
Investment properties		6,119	26,977	25,851
Intangible assets		63,388	42,434	50,421
Deferred tax assets		31,642	11,918	17,560
TOTAL ASSETS		5,121,523	4,083,081	4,417,745
EQUITY AND LIABILITIES				
Liabilities				
Deposits		4,132,382	2,924,733	3,355,118
Derivative financial liabilities		5,624	3,235	1,955
Creditors and accruals		52,503	62,216	83,676
Current tax liabilities		12,609	10,997	6,529
Deferred tax liabilities		10,365	6,009	10,866
Borrowed funds	5	471,634	553,789	543,822
Total liabilities		4,685,117	3,560,979	4,001,966
Equity				
Stated capital		307,586	307,586	307,586
Foreign currency translation reserve		(305,429)	(145,143)	(298,715)
Non-distributable reserves		146,664	114,151	144,009
Distributable reserves		271,368	228,687	246,189
Equity attributable to ordinary shareholders		420,189	505,281	399,069
Minority interest		16,217	16,821	16,710
Total equity		436,406	522,102	415,779
TOTAL EQUITY AND LIABILITIES		5,121,523	4,083,081	4,417,745
Guarantees and other credit commitments	6	604,196	507,766	385,996

Consolidated cash flow statement

for the six months period ended 30 June 2010

	Unaudited 30 June 2010	Unaudited 30 June 2009	Audited 31 December 2009
BWP'000s – presentation currency			
CASH FLOWS FROM OPERATING ACTIVITIES	(33,783)	85,876	474,649
Cash generated from operating activities	69,847	78,796	69,290
Net profit before tax	33,995	24,133	42,663
Adjusted for:			
Impairment of loans and advances	16,996	40,969	51,218
Depreciation and amortisation	13,665	6,359	16,324
Hedging reserve	–	4,687	–
Net losses/(gains) on derivative financial instruments	5,313	(9,762)	9,670
Fair value losses on investment properties	–	12,478	14,610
Profit on disposal of associate	–	–	(56,332)
Profit on sale of property and equipment	(122)	(68)	(8,863)
Tax paid	(10,316)	(18,453)	(8,484)
Net cash inflow from operating activities before changes in operating funds	59,531	60,343	60,806
Net (decrease)/increase in operating funds	(93,314)	25,533	413,843
Increase in operating assets	(843,073)	(643,540)	(544,510)
Increase in operating liabilities	749,759	669,073	958,353
CASH FLOWS FROM INVESTING ACTIVITIES	(51,639)	(39,247)	(83,197)
Purchase of property and equipment	(37,550)	(27,832)	(163,877)
Purchase of intangible assets	(14,972)	(11,483)	(12,021)
Proceeds on disposal of property and equipment	883	68	10,227
Proceeds on disposal of associate	–	–	82,474
CASH FLOWS FROM FINANCING ACTIVITIES	(72,188)	46,025	(53,324)
(Decrease)/increase in borrowed funds	(72,188)	46,025	(53,324)
(Decrease)/increase in cash and cash equivalents	(157,610)	92,654	338,128
Cash and cash equivalents at the beginning of the period	701,766	420,508	420,508
Exchange adjustment on opening balance	(5,641)	(3,773)	(56,870)
Cash and cash equivalents at the end of the period	538,515	509,389	701,766
Cash and cash equivalents	538,515	509,389	701,766
Statutory reserves	179,154	106,082	180,118
Cash and short term funds	717,669	615,471	881,884

Consolidated statements of changes in equity

for the six months period ended 30 June 2010

BWP'000s – presentation currency	Stated capital	Foreign currency translation reserve	Regulatory general credit risk reserve	Property revaluation reserve
Balance as at 1 January 2009	307,586	(223,083)	4,825	138,768
Comprehensive income:				
Profit for the period	–	–	–	–
Other comprehensive income:	–	77,940	(1,300)	(42,121)
Foreign currency translation differences	–	77,940	–	–
Revaluation of property net of deferred tax	–	–	–	(42,121)
Movement in general credit risk reserve	–	–	(1,300)	–
Share of reserves in associate companies	–	–	–	–
Net investment hedge reserve	–	–	–	–
Movement in statutory reserves	–	–	–	–
Movement in general credit risk reserve	–	–	–	–
Movement in available for sale reserves:	–	–	–	–
– Arising in current period	–	–	–	–
– Realised through profit and loss	–	–	–	–
TOTAL COMPREHENSIVE INCOME	–	77,940	(1,300)	(42,121)
Balance as at 30 June 2009	307,586	(145,143)	3,525	96,647
Comprehensive income:				
Profit for the period	–	–	–	–
Other comprehensive income:	–	(153,572)	645	19,888
Foreign currency translation differences	–	(153,572)	–	–
Revaluation of property net of deferred tax	–	–	–	19,888
Movement in general credit risk reserve	–	–	645	–
Share of reserves in associate companies	–	–	–	–
Net investment hedge reserve	–	–	–	–
Movement in statutory reserves	–	–	–	–
Movement in available for sale reserves:	–	–	–	–
– Arising in current period	–	–	–	–
– Realised through profit and loss	–	–	–	–
TOTAL COMPREHENSIVE INCOME	–	(153,572)	645	19,888
Balance as at 1 January 2010	307,586	(298,715)	4,170	116,535
Comprehensive income:				
Profit for the period	–	–	–	–
Other comprehensive income:	–	(6,714)	(4,003)	–
Foreign currency translation differences	–	(6,714)	–	–
Revaluation of property net of deferred tax	–	–	–	–
Movement in general credit risk reserve	–	–	(4,003)	–
Net investment hedge reserve	–	–	–	–
Share of reserves in associate companies	–	–	–	–
Movement in statutory reserves	–	–	–	–
Movement in available for sale reserves:	–	–	–	–
– Arising in current period	–	–	–	–
– Realised through profit and loss	–	–	–	–
TOTAL COMPREHENSIVE INCOME	–	(6,714)	(4,003)	–
Balance as at 30 June 2010	307,586	(305,429)	167	116,535

Available for sale reserve	Statutory reserve	Hedging reserve	Treasury shares reserve	Distributable reserves	Total	Minority interest	Total equity
(323)	24,464	(2,902)	(2,574)	190,893	437,654	18,854	456,508
-	-	-	-	36,494	36,494	396	36,890
1	-	(4,687)	-	1,300	31,133	(2,429)	28,704
-	-	-	-	-	77,940	(2,429)	75,511
-	-	-	-	-	(42,121)	-	(42,121)
-	-	-	-	1,300	-	-	-
-	-	-	-	-	-	-	-
-	-	(4,687)	-	-	(4,687)	-	(4,687)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	-	-	-	-	1	-	1
1	-	-	-	-	1	-	1
-	-	-	-	-	-	-	-
1	-	(4,687)	-	37,794	67,627	(2,033)	65,594
(322)	24,464	(7,589)	(2,574)	228,687	505,281	16,821	522,102
-	-	-	-	21,623	21,623	(82)	21,541
1,050	3,588	4,687	-	(4,121)	(127,835)	(29)	(127,864)
-	-	-	-	-	(153,572)	(29)	(153,601)
-	-	-	-	-	19,888	-	19,888
-	-	-	-	(645)	-	-	-
-	1,303	-	-	(1,191)	112	-	112
-	-	4,687	-	-	4,687	-	4,687
-	2,285	-	-	(2,285)	-	-	-
1,050	-	-	-	-	1,050	-	1,050
1,050	-	-	-	-	1,050	-	1,050
-	-	-	-	-	-	-	-
1,050	3,588	4,687	-	17,502	(106,212)	(111)	(106,323)
728	28,052	(2,902)	(2,574)	246,189	399,069	16,710	415,779
-	-	-	-	28,076	28,076	650	28,726
(1)	3,757	2,902	-	(2,897)	(6,956)	(1,143)	(8,099)
-	-	-	-	-	(6,714)	(1,143)	(7,857)
-	-	-	-	-	-	-	-
-	-	-	-	-	(4,003)	-	(4,003)
-	-	2,902	-	-	2,902	-	2,902
-	-	-	-	860	860	-	860
-	3,757	-	-	(3,757)	-	-	-
(1)	-	-	-	-	(1)	-	(1)
(1)	-	-	-	-	(1)	-	(1)
-	-	-	-	-	-	-	-
(1)	3,757	2,902	-	25,179	21,120	(493)	20,627
727	31,809	-	(2,574)	271,368	420,189	16,217	436,406

Segmental analysis

BWP'000s – presentation currency	Net interest income	Contribution	Attributable profit
for the 6 months ended 30 June 2010:			
BancABC Botswana	23,076	16%	11,147
BancABC Mozambique	15,575	11%	13,350
BancABC Tanzania	22,416	15%	5,893
BancABC Zambia	32,512	22%	7,547
BancABC Zimbabwe	18,015	12%	7,374
Banking operations	111,594	76%	45,311
Head office and other****	35,221	24%	(17,235)
Total*	146,815	100%	28,076
for the 6 months ended 30 June 2009:			
BancABC Botswana	16,871	22%	5,939
BancABC Mozambique	21,475	27%	17,475
BancABC Tanzania	14,189	18%	1,678
BancABC Zambia	32,377	41%	(12,669)
BancABC Zimbabwe	2,630	3%	2,133
Banking operations	87,542	111%	14,556
Head office and other****	(8,858)	-11%	21,938
Total*	78,684	100%	36,494
for the 12 months ended 31 December 2009:			
BancABC Botswana	34,831	19%	17,413
BancABC Mozambique	38,594	21%	30,266
BancABC Tanzania	35,178	20%	5,155
BancABC Zambia***	61,632	35%	(33,567)
BancABC Zimbabwe	14,339	8%	19,362
Banking operations	184,574	103%	38,629
Head office and other****	(6,180)	-3%	19,488
Total*	178,394	100%	58,117

* Prior to eliminations

** Excluding Tier II capital

*** Including Microfin Africa Limited

**** Reflects non-banking operations in various geographical sectors

Contribution to financial institutions	Contribution to total	Total assets	Contribution	Total equity**	Contribution
25%	40%	1,699,512	33%	97,454	22%
29%	47%	691,371	14%	98,720	23%
13%	21%	793,262	15%	98,820	23%
17%	27%	457,271	9%	32,800	7%
16%	26%	909,314	18%	113,357	26%
100%	161%	4,550,730	89%	441,151	101%
	-61%	570,793	11%	(4,745)	-1%
	100%	5,121,523	100%	436,406	100%
41%	16%	1,431,587	35%	87,974	17%
120%	48%	837,388	20%	122,617	23%
11%	5%	684,047	17%	95,979	18%
-87%	-35%	489,870	12%	24,255	5%
15%	6%	238,598	6%	92,922	18%
100%	40%	3,681,490	90%	423,747	81%
	60%	401,591	10%	98,355	19%
	100%	4,083,081	100%	522,102	100%
45%	30%	1,530,149	35%	92,808	22%
78%	52%	843,550	19%	111,125	27%
13%	9%	702,573	16%	95,694	23%
-86%	-58%	397,148	9%	924	0%
50%	33%	482,617	11%	102,468	25%
100%	66%	3,956,037	90%	403,019	97%
	34%	461,708	10%	12,760	3%
	100%	4,417,745	100%	415,779	100%

Notes to the income statement and balance sheet

1 Basis of presentation

1.1 Statement of compliance

This condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the requirements of the Botswana Companies Act (Chapter 42:01). Significant accounting policies have been applied consistently from the prior year.

1.2 Change of functional currency in Zimbabwe

In February 2009 the Government of Zimbabwe effectively discontinued the use of the Zimbabwe dollar, and introduced multiple international currencies, with the Botswana Pula, South African Rand and the US dollar being the anchor currencies. ABC Holdings Limited's Zimbabwe operations have adopted the US dollar as the functional and reporting currency. Consequently, the Zimbabwe operations have discontinued the preparation of financial statements in accordance with IAS 29 'Financial Reporting in Hyperinflationary Economies' from that date.

1.3 Functional and presentation currency

The financial statements are presented in Botswana Pula (BWP), which is the company's functional currency and the Group's presentation currency. Except as indicated, financial information presented in BWP has been rounded off to the nearest thousand.

2 Stated capital

There has been no changes in the authorised or issued share capital of ABC Holdings Limited during the six months to 30 June 2010.

3 Non-interest income

BWP'000s	30 June 2010 6 months	30 June 2009 6 months	31 December 2009 12 months
Gains less losses from investment activities	12,089	71,569	51,447
Dividends received	44	21	450
Fees and commission income	48,443	37,033	84,013
Claims in respect of project finance transaction	-	-	(30,231)
Forex trading income and currency revaluation	64,251	44,046	115,786
Fair value (losses)/gains on investment properties	-	(12,478)	(14,610)
Net (losses)/gains on derivative financial instruments	(5,313)	9,762	(9,670)
Profit on disposal of associate	-	-	56,332
Profit on disposal of property and equipment	122	-	8,863
Rental and other income	1,986	6,589	2,637
	121,622	156,542	265,017

4 Operating expenditure

BWP'000s	30 June 2010 6 months	30 June 2009 6 months	31 December 2009 12 months
Administrative expenses	73,222	68,198	159,566
Staff costs	118,486	91,784	185,513
Depreciation and amortisation	11,201	6,655	16,324
Auditors' remuneration	3,058	2,574	4,291
	205,967	169,211	365,694

5 Borrowed funds

BWP'000s	30 June 2010	30 June 2009	31 December 2009
National Development Bank of Botswana Limited (NDB)	140,071	130,165	126,466
BIFM Capital Investment Fund One (Pty) Ltd	257,249	257,249	257,328
Other borrowings	74,314	166,375	160,028
	471,634	553,789	543,822
Maturity analysis			
On demand to one month	4,364	3,546	1,266
One month to three months	8,441	9,163	4,133
Three months to one year	6,424	115,491	108,950
Over one year	452,405	425,589	429,473
	471,634	553,789	543,822

National Development Bank of Botswana Limited (NDB)

The loan from NDB is denominated in Japanese Yen and attracts interest at 3.53%. Principal and interest is payable semi-annually on 15 June and 15 December. The loan matures on 15 December 2016.

BIFM Capital Investment Fund One (Pty) Ltd

The loan from BIFM Capital Investment Fund One (Pty) Ltd is denominated in Botswana Pula and attracts interest at 11.63% per annum, payable semi annually. The redemption dates are as follows:

30 September 2017 – BWP62,500,000	30 September 2018 – BWP62,500,000
30 September 2019 – BWP62,500,000	30 September 2020 – BWP62,500,000

Other borrowings

Other borrowings relate to medium to long term funding from international financial institutions for onward lending to BancABC clients. Fair value is equivalent to carrying amounts as these borrowings have variable interest rates.

6 Contingent liabilities

	30 June 2010 6 months	30 June 2009 6 months	31 December 2009 12 months
BWP'000s			
Guarantees	285,627	254,323	244,637
Letters of credit, loan commitments and other contingent liabilities	318,569	253,443	141,359
	604,196	507,766	385,996
Maturity analysis			
Less than one year	443,635	375,543	324,719
Between one and five years	160,561	132,223	61,277
	604,196	507,766	385,996

7 Exchange rates

	Closing 30 June 2010	Average 30 June 2010	Closing 30 June 2009	Average 30 June 2009	Closing 31 Dec 2009	Average 31 Dec 2009
United States Dollar	0.1415	0.1447	0.1479	0.1342	0.1499	0.1411
Tanzanian Shilling	207.2250	201.2525	192.6403	177.3203	200.7920	186.7813
Zambian Kwacha	732.0053	697.5179	764.6470	720.7175	697.0370	711.8197
Mozambican Metical	4.9550	4.6916	3.9504	3.5991	4.3756	3.9034
South African Rand	1.0841	1.0928	1.1388	1.2008	1.1098	1.1647

Consolidated income statement – US Dollars

for the six months period ended 30 June 2010

USD'000s – convenience conversion	30 June 2010 6 months	30 June 2009 6 months	31 December 2009 12 months
Interest and similar income	43,655	31,976	70,890
Interest expense and similar charges	(22,414)	(21,273)	(45,714)
Net interest income before impairment of advances	21,241	10,703	25,176
Impairment losses on loans and advances	(2,459)	(5,573)	(7,228)
Net interest income after impairment of advances	18,782	5,130	17,948
Non-interest income	17,597	21,294	37,402
Total income	36,379	26,424	55,350
Operating expenditure	(29,800)	(23,018)	(51,610)
Net income from operations	6,579	3,406	3,740
Share of (losses)/profits of associates	(1,661)	(124)	2,281
Profit before tax	4,918	3,282	6,021
Tax	(762)	1,735	2,225
Profit for the period	4,156	5,017	8,246
Attributable to:			
Ordinary shareholders	4,062	4,964	8,202
Minorities	94	53	44
Profit for the period	4,156	5,017	8,246
Earnings per share (cents)	2.8	3.5	5.7
Weighted average number of shares (000's)	143,846	143,846	143,846

Consolidated statement of comprehensive income – US Dollars

for the six months period ended 30 June 2010

USD'000s – convenience conversion	Unaudited 30 June 2010	Unaudited 30 June 2009	Audited 31 December 2009
Profit for the period	4,156	5,017	8,246
Other comprehensive income	(1,172)	3,787	(13,995)
Exchange differences on translating foreign operations	(1,137)	10,068	(11,021)
Revaluation of property	–	(5,950)	(5,402)
Net investment hedge	420	(629)	–
Share of reserves in associate companies	124	–	16
Movement in general credit risk reserve	(579)	–	–
Movement in available for sale reserves	–	–	148
Income tax relating to components of other comprehensive income	–	298	2,264
Total comprehensive income for the period	2,984	8,804	(5,749)
Total comprehensive income attributable to:			
Ordinary shareholders	3,056	9,076	(5,447)
Minorities	(72)	(272)	(302)
	2,984	8,804	(5,749)

Consolidated balance sheet – US Dollars

as at 30 June 2010

USD'000s – convenience conversion	30 June 2010	30 June 2009	31 December 2009
ASSETS			
Cash and short term funds	101,514	91,028	132,194
Financial assets held for trading	201,285	110,750	132,023
Financial assets designated at fair value	585	10,654	2,684
Derivative financial assets	911	4,520	1,195
Loans and advances	331,240	319,980	299,099
Investment securities	7,672	6,876	7,387
Prepayments and other receivables	18,934	13,308	25,029
Current tax	65	526	587
Investment in associates	5,122	6,820	6,138
Property and equipment	42,805	27,398	41,818
Investment properties	866	3,990	3,875
Intangible assets	8,966	6,276	7,558
Deferred tax assets	4,476	1,763	2,632
TOTAL ASSETS	724,441	603,889	662,219
EQUITY AND LIABILITIES			
Liabilities			
Deposits	584,525	432,568	502,932
Derivative financial liabilities	796	479	293
Creditors and accruals	7,428	9,203	12,542
Current tax liabilities	1,783	1,626	979
Deferred tax liabilities	1,466	889	1,629
Borrowed funds	66,713	81,905	81,519
Total liabilities	662,711	526,670	599,894
Equity attributable to ordinary shareholders	59,436	74,731	59,820
Minority interest	2,294	2,488	2,505
Total equity	61,730	77,219	62,325
TOTAL EQUITY AND LIABILITIES	724,441	603,889	662,219
Guarantees and other credit commitments	85,464	75,099	57,861

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Our values

Our core values, the result of broad stakeholder consultation, centre on five distinct areas. They remain the guiding principles by which we operate and form the basis of our corporate personality.

INTEGRITY is a key value of the Group which is the ability to be reliable, ethical, credible, and trustworthy with a great sense of heritage. Our cast iron ethics form our unquestionable character and business practice.

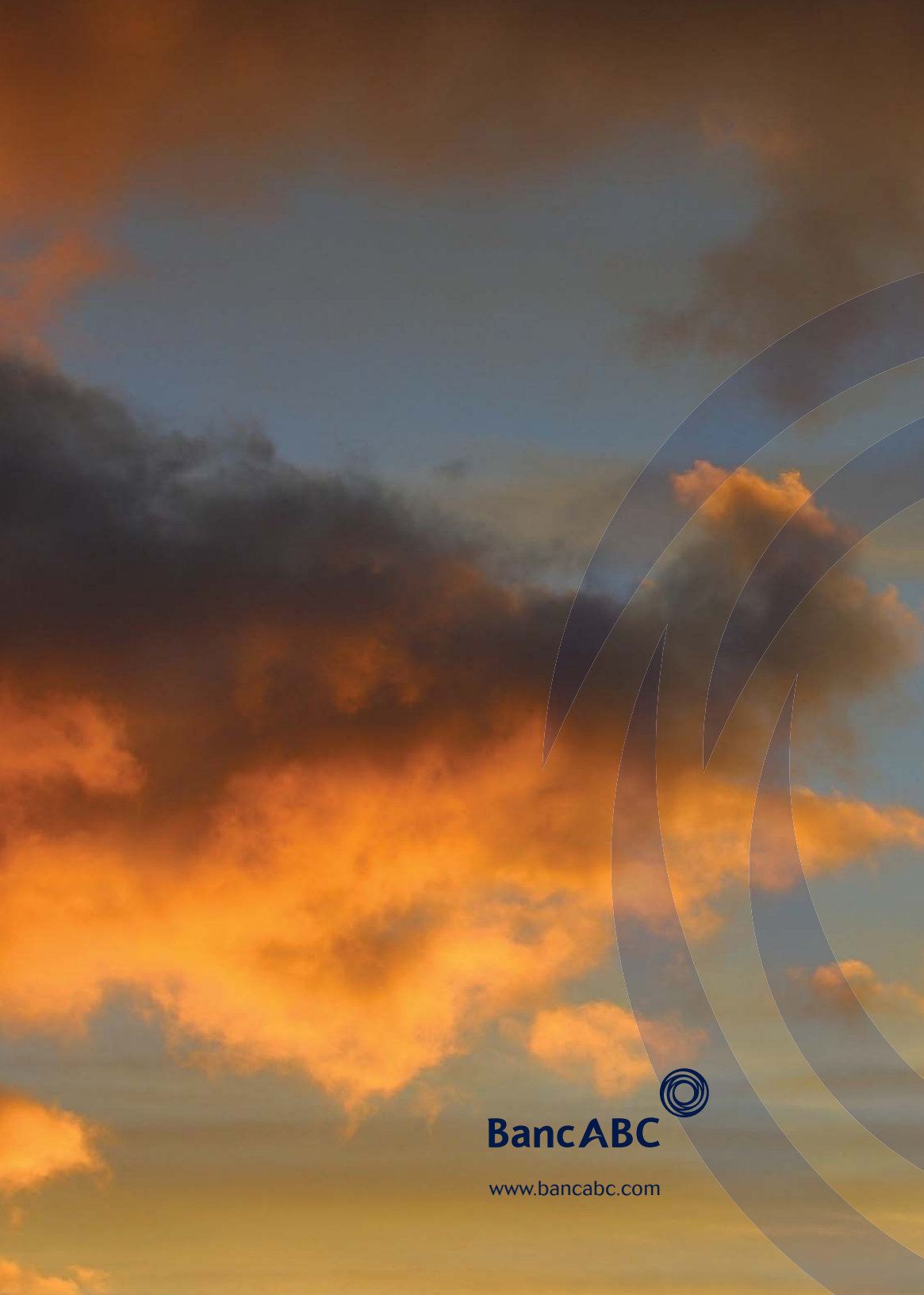
PASSION describes the people focused, accessible, personal and customised approach, anchored on vital African energy. In short, we are passionate because we believe in and love what we do.

INNOVATION embodies the key traits of being visionary, dynamic, energetic, challenging and agile. In practical terms, adoption of this core value means devotion to driving change by provoking new ideas and always doing things differently.

PROFESSIONALISM entails being uncompromising, focused, and confident in offering world-class products and services. We strive for excellence in what we do, and are always seeking to improve on our performance.

PEOPLE is the essence of our existence. Our world class staff, customers, clients, shareholders and stakeholders define our ambitions, success and passion. Our passion for people makes us customer-centric.





BancABC



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