



AFRICAN BANKING  
CORPORATION

# ABC HOLDINGS LIMITED

REVIEWED INTERIM GROUP RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2008

# Chairmans Statement

## OVERVIEW

Group performance for the six months to 30 June 2008 remains strong on both inflation adjusted numbers and historic cost basis.

### Inflation adjusted accounts :

- Profit for the period at BWP 74.8 million is 234% up on the BWP 22.4 million achieved for the same period in prior year;
- Basic earnings per share increased by 198% from 17.2 Thebe to 51.2 Thebe per share;
- The balance sheet grew by 13% to BWP 3.3 billion compared to December 2007, with the loan book increasing by 30% to BWP1.6 billion;
- Deposits increased by 15% to BWP 2.3 billion compared to December 2007;
- Average return on equity increased from 33% in December 2007, to 39% in June 2008;
- The Group's net asset value increased by 23% to BWP 412.9 million compared to December 2007;
- Cost to income ratio declined from 69% in December 2007, to 50%.

### Financial review (on the historical cost basis)

A historical cost balance sheet, income statement, cash flow statement and statement of changes in equity have been presented as "unreviewed" supplementary information for the benefit of shareholders and to form the basis for the financial review. This historical cost supplementary information complies with IFRS except for the effects of not applying IAS 29 (Financial Reporting in Hyperinflationary Economies).

Group performance for the six months to 30 June 2008 is strong across the board.

**PROFIT FOR THE PERIOD (BWPm) and R.O.E. (%)**  
6 Months to 30 June



Profit for the period at BWP 83.8 million is 53% higher than BWP 54.9 million achieved in prior year, which is pleasing. Notwithstanding the increase in the average weighted number of shares from 132.6 million to 143.8 million, earnings per share increased by 38% from 41.7 Thebe to 57.5 Thebe per share.

Cost to income ratio declined from 51% in December 2007, to 46% in June 2008. Cost to income ratio is expected to increase somewhat in the short term as the Group embarks on a retail banking rollout programme; however in the medium to long term management is confident that the ratio will fall within the Group's target of below 50%.

All the operating subsidiaries with the exception of ABC Botswana posted results that are materially higher than those achieved in prior year. Impairment of loans and advances continue to be Botswana's Achilles heel, with the impairment charge having moved from a write-back of BWP 290,000 to a charge of BWP 8.2 million. Were it not for this, Botswana's after tax profits would have been close to double those achieved in prior year.

In overall terms management and the Board are happy with the progress made to date with both the deposit and advances portfolio registering marked growth in the last six months. This is indicative of the fact that the capital that was deployed in prior year is beginning to bear fruit. Financial institutions operating outside Zimbabwe contributed 40% (BWP28.8 million) of the total operating income of this major segment of the business.

Return on average shareholders' equity increased to 46% from 42% achieved in December 2007. This is higher than the Group medium to long term target of 40%.

## FINANCIAL PERFORMANCE

### Net interest income

Net interest income for financial operations increased by 68% from BWP 53.7 million to BWP 90 million. Operations outside Zimbabwe contributed 86% of this amount. This was largely driven by the 45% increase in loans and advances which grew from BWP 1.1 billion in June 2007 to BWP 1.6 billion.

### Non interest income

Non interest income increased by 89% from BWP 83.8 million to BWP 158.1 million, largely due to an increase in foreign currency trading volumes, particularly in Botswana, in spite of a reduction in margins as competition intensified. Further, the increase in the loan book has resulted in higher establishment fee income. It is interesting to note that Zimbabwe contributed 67% as a result of the diversification of assets from monetary to non monetary assets as inflation continues to soar.

### Impairment of loans and advances

Impairment losses on loans and advances increased by 168% from BWP 4.7 million to BWP 12.6 million. The increase is due to a combination of higher portfolio impairment requirements as a result of the growth in the lending portfolio and individually impaired accounts. ABC Botswana recorded impairments of BWP 8.2 million, accounting for 65% of the overall impairments. This impairment was largely a result of one client that was placed under liquidation. While this is disappointing we are relatively happy with the overall quality of the book, which continues to improve.

### Operating expenses

Overall expenditure increased by 51% to BWP 106.9 million in line with the increase in business. Information technology and employee related expenses at BWP 50.7 million have been the major drivers for this increase. Notwithstanding the above, cost to income ratio decreased from 51% in June 2007, to 46%. As already stated, costs are expected to increase significantly in the next 24 months as a result of an aggressive retail banking rollout.

## Investments

The Group has a significant portfolio of listed and unlisted shares in both Zimbabwe and Botswana. The investments in associates include but are not limited to StarAfrica Corporation Limited (25.7%), PG Botswana (30.15%), and PG Zimbabwe (21%). Other income is largely due to mark to market gains on other less strategic but significant listed equity positions and investment properties.

## Balance sheet review

Overall balance sheet footings increased to BWP 3.3 billion, an increase of 22% and 14% from June 2007 and December 2007 respectively. Loans and advances increased by 45% from BWP 1.1 billion in June 2007 to BWP 1.6 billion as at 30 June 2008. This is attributable to the increase in single obligor limits following the capitalisation of subsidiaries during the previous year. Deposits increased by 28% from BWP 1.8 billion to BWP 2.3 billion compared to prior year. Operations outside Zimbabwe account for virtually the entire loan book, and 95% of the deposit portfolio. This is largely due to the depreciation of the Zimbabwe dollar and a deliberate policy to curtail lending in Zimbabwe. The Zimbabwe dollar depreciated from ZWD 23,637 / 1BWP to ZWD 24,921,697,542 / 1BWP since June 2007.

All the operations are well capitalised and are fully compliant with regulatory capital requirements. Shareholders funds at BWP 410.3 million comfortably exceed BWP 248.0 million recorded in prior year. This is largely due to retained profits coupled with the BWP 37.4 million capital injection by the International Finance Corporation (IFC). Net asset value per share increased by 52% from BWP 1.87 in June 2007 per share to BWP 2.85 per share.

## Capitalisation

A convertible loan of USD 13.5 million approved by the IFC in 2007 is yet to be drawn down. Had the conversion taken place on 30 June 2008, IFC's shareholding would have increased to 25%. In addition on the 26th of June 2008 a convertible loan agreement was signed with Citi Venture Capital International Advisers (CVCI). In terms of the agreement CVCI will extend a two year convertible loan with a principal amount of USD 25 million to ABC Holdings Limited. This is still subject to ABCH shareholder approval.

In order to bolster the capital levels of the Group to fund its ambitious growth targets, the Directors have recommended that a rights issue of USD 150 million equivalent be undertaken. Pursuant to the above Citi's global capital markets division has been appointed as the sole global coordinator and bookrunner for the transaction. To this end an extraordinary general meeting of the shareholders will be called for on 29 September 2008 to approve both the CVCI convertible loan transaction and the rights issue. Details of the rights issue and agenda of the EGM will be dispatched to shareholders shortly.

## Retail banking project

Work on the Group retail project has started in earnest. Significant investment in people, new technologies such as channel management systems and customer relationship management (CRM), has been made. We recognize that people are our greatest asset, and the Group is recruiting and extensively training staff for the planned physical roll out during the first quarter of 2009. Substantial investment has gone into this project in 2008, and more will be invested during the course of 2009 and beyond.

## Outlook

The Group's outlook for the rest of 2008 remains positive. All banking subsidiaries are in a strong position for sustained and robust growth, although ABC Zambia is expected to lag the rest. The impact of the retail project will result in costs going up significantly in the short term, but the Board believes that the benefits will outweigh the costs in the medium term. The successful conclusion of the rights issue will transform the Group significantly and will move it closer to its vision of being a pre-imminent Pan-African financial services group.

Socio economic conditions in Zimbabwe remain a serious cause for concern. Negotiations for a power sharing deal seem to be stalling with no resolution in sight.

## Dividend

The Board of Directors has proposed a gross interim dividend of 8 Thebe (ZWR 4.57) per ordinary share. Withholding tax will be deducted from dividend payments in accordance with the income tax act in Botswana and Zimbabwe.

## Conclusion

On behalf of the Board, we would like to thank management and staff for their efforts in producing an excellent set of results.

## O M Chidawu

Chairman

## D T Munatsi

Group Chief Executive Officer

3 September 2008

## Dividend notice:

At a meeting of directors held on 12th August 2008, an interim dividend of BWP 0.08 (eight Thebe) (ZWR 4.57) per share was declared in respect of the half year ended 30 June 2008. The dividend will be payable to shareholders registered in the books of the company at close of business on Friday, 19 September 2008. Accordingly, the share transfer register of the company will be closed as from Monday, 22 September 2008 to Tuesday, 23 September 2008. Dividend cheques will be posted to shareholders on or around 30 September 2008.

**Consolidated income statement for the period ended 30 June 2008**

**Botswana Pula - (Presentation currency)**

	Notes	Inflation adjusted (IFRS)			Historical cost (Supplemental)		
		Reviewed 30-Jun-08 6 months	Reviewed 30-Jun-07 6 months	Audited 31-Dec-07 12 months	30-Jun-08 6 months	30-Jun-07 6 months	31-Dec-07 12 months
<b>BWP'000s</b>							
Interest and similar income		200,228	163,350	388,496	204,240	154,593	325,857
Interest expense and similar charges		(129,947)	(105,500)	(296,240)	(129,154)	(99,741)	(218,569)
<b>Net interest income before impairment of advances</b>		<b>70,281</b>	<b>57,850</b>	<b>92,256</b>	<b>75,086</b>	<b>54,852</b>	<b>107,288</b>
Impairment losses on loans and advances		(12,639)	(4,653)	(32,883)	(12,639)	(4,653)	(32,883)
<b>Net interest income after impairment of advances</b>		<b>57,642</b>	<b>53,197</b>	<b>59,373</b>	<b>62,447</b>	<b>50,199</b>	<b>74,405</b>
Non interest income	3	144,821	63,354	154,520	158,091	83,776	231,741
<b>Total income</b>		<b>202,463</b>	<b>116,551</b>	<b>213,893</b>	<b>220,538</b>	<b>133,975</b>	<b>306,146</b>
Operating expenditure	4	(107,162)	(73,570)	(171,320)	(106,908)	(70,611)	(159,965)
Gains/(loss) on net monetary position		7,917	(12,872)	75,907	-	-	-
<b>Net income from operations</b>		<b>103,218</b>	<b>30,109</b>	<b>118,480</b>	<b>113,630</b>	<b>63,364</b>	<b>146,181</b>
Share of profits of associates		1,983	5,435	4,542	1,983	4,437	3,308
<b>Profit before tax</b>		<b>105,201</b>	<b>35,544</b>	<b>123,022</b>	<b>115,613</b>	<b>67,801</b>	<b>149,489</b>
Tax		(30,430)	(13,103)	(16,353)	(31,820)	(12,925)	(20,923)
<b>Profit for the period</b>		<b>74,771</b>	<b>22,441</b>	<b>106,669</b>	<b>83,793</b>	<b>54,876</b>	<b>128,566</b>
<b>Attributable to:</b>							
Ordinary shareholders		73,638	22,852	101,626	82,660	55,287	123,523
Minorities		1,133	(411)	5,043	1,133	(411)	5,043
<b>Profit for the period</b>		<b>74,771</b>	<b>22,441</b>	<b>106,669</b>	<b>83,793</b>	<b>54,876</b>	<b>128,566</b>
Earnings per share (thebe)		51.2	17.2	78.4	57.5	41.7	95.3
Dividend per share (thebe)		8.0	-	14.0	8.0	-	14.0
Weighted average number of shares		143,794,892	132,568,680	129,655,145	143,794,892	132,568,680	129,655,145

**Consolidated income statement for the period ended 30 June 2008**

**US Dollar - (Unaudited convenience conversion)**

	Inflation adjusted (IFRS)			Historical cost (Supplemental)		
	30-Jun-08 6 months	30-Jun-07 6 months	31-Dec-07 12 months	30-Jun-08 6 months	30-Jun-07 6 months	31-Dec-07 12 months
<b>USD'000s</b>						
Interest and similar income	31,014	26,366	63,450	31,635	24,953	53,220
Interest expense and similar charges	(20,128)	(17,029)	(48,383)	(20,005)	(16,099)	(35,697)
<b>Net interest income before impairment of advances</b>	<b>10,886</b>	<b>9,337</b>	<b>15,067</b>	<b>11,630</b>	<b>8,854</b>	<b>17,523</b>
Impairment losses on loans and advances	(1,958)	(751)	(5,371)	(1,958)	(751)	(5,371)
<b>Net interest income after impairment of advances</b>	<b>8,928</b>	<b>8,586</b>	<b>9,696</b>	<b>9,672</b>	<b>8,103</b>	<b>12,152</b>
Non interest income	22,432	10,226	25,237	24,487	13,522	37,849
<b>Total income</b>	<b>31,360</b>	<b>18,812</b>	<b>34,933</b>	<b>34,159</b>	<b>21,625</b>	<b>50,001</b>
Operating expenditure	(16,598)	(11,875)	(27,980)	(16,559)	(11,397)	(26,126)
Gains/(loss) on net monetary position	1,226	(2,078)	12,397	-	-	-
<b>Net income from operations</b>	<b>15,988</b>	<b>4,859</b>	<b>19,350</b>	<b>17,600</b>	<b>10,228</b>	<b>23,875</b>
Share of profits of associates	307	877	742	307	716	540
<b>Profit before tax</b>	<b>16,295</b>	<b>5,736</b>	<b>20,092</b>	<b>17,907</b>	<b>10,944</b>	<b>24,415</b>
Tax	(4,713)	(2,115)	(2,671)	(4,929)	(2,086)	(3,417)
<b>Profit for the period</b>	<b>11,582</b>	<b>3,621</b>	<b>17,421</b>	<b>12,978</b>	<b>8,858</b>	<b>20,998</b>
<b>Attributable to:</b>						
Ordinary shareholders	11,407	3,685	16,597	12,803	8,922	20,174
Minorities	175	(64)	824	175	(64)	824
<b>Profit for the period</b>	<b>11,582</b>	<b>3,621</b>	<b>17,421</b>	<b>12,978</b>	<b>8,858</b>	<b>20,998</b>
Earnings per share (cents)	7.9	2.8	12.8	8.9	6.7	15.6
Dividend per share (cents)	1.2	-	2.3	1.2	-	2.3
Weighted average number of shares	143,794,892	132,568,680	129,655,145	143,794,892	132,568,680	129,655,145

**Consolidated balance sheet as at 30 June 2008**

**Botswana Pula - (Presentation currency)**

BWP'000s	Notes	Inflation adjusted (IFRS)			Historical cost (Supplemental)		
		Reviewed 30-Jun-08	Reviewed 30-Jun-07	Audited 31-Dec-07	30-Jun-08	30-Jun-07	31-Dec-07
<b>ASSETS</b>							
Cash and short term funds		599,663	793,629	528,311	599,663	793,629	528,311
Financial assets held for trading		649,770	496,055	748,134	649,770	496,055	748,134
Financial assets designated at fair value		62,862	72,415	115,878	62,862	72,415	115,878
Loans and advances		1,620,746	1,084,199	1,247,350	1,620,746	1,084,199	1,247,350
Investment securities		77,210	63,409	70,945	77,210	63,409	70,945
Prepayments and other receivables		43,171	33,097	52,512	43,171	33,097	52,512
Current tax assets		5,731	3,633	5,015	5,731	3,633	5,015
Investment in associates		31,196	62,974	47,024	29,440	48,084	30,461
Property and equipment		162,829	32,438	61,806	161,949	31,594	55,207
Investment properties		38,614	16,979	28,402	38,614	16,979	28,402
Intangible assets		36,327	33,742	35,255	36,298	33,550	35,033
Deferred tax assets		10,522	6,896	12,873	12,951	6,896	12,873
<b>TOTAL ASSETS</b>		<b>3,338,641</b>	<b>2,699,466</b>	<b>2,953,505</b>	<b>3,338,405</b>	<b>2,683,540</b>	<b>2,930,121</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Liabilities</b>							
Deposits		2,280,575	1,799,817	1,961,479	2,280,575	1,799,817	1,961,479
Derivative financial liabilities		3,604	18,191	5,110	3,604	18,191	5,110
Creditors and accruals		51,297	45,151	27,283	51,297	45,151	27,283
Current tax liabilities		8,086	3,667	3,489	8,086	3,667	3,489
Deferred tax liability		40,908	10,837	25,309	43,248	10,557	23,972
Borrowed funds	5	528,422	550,682	582,589	528,422	550,682	582,589
<b>Total liabilities</b>		<b>2,912,892</b>	<b>2,428,345</b>	<b>2,605,259</b>	<b>2,915,232</b>	<b>2,428,065</b>	<b>2,603,922</b>
<b>Equity</b>							
Stated capital		307,585	270,157	270,189	307,585	270,157	270,189
Foreign currency translation reserve		(206,992)	(93,431)	(119,842)	(489,045)	(394,053)	(410,873)
Non distributable reserves		114,242	26,916	46,767	136,364	53,021	67,418
Distributable reserves		198,016	59,972	138,746	455,371	318,843	387,079
<b>Equity attributable to ordinary shareholders</b>		<b>412,851</b>	<b>263,614</b>	<b>335,860</b>	<b>410,275</b>	<b>247,968</b>	<b>313,813</b>
Minority interest		12,898	7,507	12,386	12,898	7,507	12,386
<b>Total equity</b>		<b>425,749</b>	<b>271,121</b>	<b>348,246</b>	<b>423,173</b>	<b>255,475</b>	<b>326,199</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,338,641</b>	<b>2,699,466</b>	<b>2,953,505</b>	<b>3,338,405</b>	<b>2,683,540</b>	<b>2,930,121</b>
<b>Contingent liabilities</b>	6	<b>321,794</b>	<b>146,669</b>	<b>298,496</b>	<b>321,794</b>	<b>146,669</b>	<b>298,496</b>

**Salient Features: Unaudited convenience conversion - Zimbabwe Dollars**

ZWD millions	Inflation adjusted (IFRS)		
	Jun-08	Jun-07	Dec-07
Total income	5,045,713,341,001	2,754,892	175,983,652
Attributable profit for the period	1,835,193,971,264	540,144	83,614,301
Earnings per share	1,276,258,109	407.4	0.6
Total assets	83,204,612,236,119	63,806,482	2,430,040,498
Net asset value	10,288,942,855,130	6,230,981	276,333,620
Net asset value per share	71,553	47	2.1
Number of shares in issue	143,794,892	132,568,680	129,655,145

Amounts have been converted at the closing rate used for translation purposes of ZWD 24,921,697,542 to 1 Pula (June 2007: ZWD 23,637 to 1 Pula, December 2007: ZWD 822,765 to 1 Pula)

**Consolidated balance sheet as at 30 June 2008**

**US Dollar - (Unaudited convenience conversion)**

USD'000s	Inflation adjusted (IFRS)			Historical cost (Supplemental)		
	30-Jun-08	30-Jun-07	31-Dec-07	30-Jun-08	30-Jun-07	31-Dec-07
<b>ASSETS</b>						
Cash and short term funds	91,898	128,568	87,832	91,898	128,568	87,832
Financial assets held for trading	99,577	80,361	124,377	99,577	80,361	124,377
Financial assets designated at fair value	9,634	11,731	19,265	9,634	11,731	19,265
Loans and advances	248,379	175,640	207,372	248,379	175,640	207,372
Investment securities	11,832	10,272	11,795	11,832	10,272	11,795
Prepayments and other receivables	6,616	5,362	8,730	6,616	5,363	8,730
Current tax	878	589	834	878	589	834
Investment in associates	4,781	10,202	7,818	4,512	7,790	5,064
Property and equipment	24,953	5,255	10,275	24,819	5,118	9,178
Investment properties	5,918	2,751	4,722	5,918	2,751	4,722
Intangible assets	5,567	5,466	5,861	5,563	5,435	5,824
Deferred tax assets	1,613	1,117	2,140	1,985	1,117	2,140
<b>TOTAL ASSETS</b>	<b>511,646</b>	<b>437,314</b>	<b>491,021</b>	<b>511,611</b>	<b>434,735</b>	<b>487,133</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Liabilities</b>						
Deposits	349,498	291,570	326,096	349,498	291,570	326,096
Derivative financial liabilities	552	2,947	849	552	2,947	849
Creditors and accruals	7,861	7,314	4,538	7,861	7,314	4,538
Current tax liabilities	1,239	594	580	1,239	594	580
Deferred tax liability	6,269	1,756	4,207	6,628	1,712	3,985
Borrowed funds	80,981	89,211	96,855	80,981	89,211	96,855
<b>Total liabilities</b>	<b>446,400</b>	<b>393,392</b>	<b>433,125</b>	<b>446,759</b>	<b>393,348</b>	<b>432,903</b>
<b>Equity attributable to ordinary shareholders</b>	<b>63,269</b>	<b>42,706</b>	<b>55,837</b>	<b>62,875</b>	<b>40,171</b>	<b>52,171</b>
Minority interest	1,977	1,216	2,059	1,977	1,216	2,059
<b>Total equity</b>	<b>65,246</b>	<b>43,922</b>	<b>57,896</b>	<b>64,852</b>	<b>41,387</b>	<b>54,230</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>511,646</b>	<b>437,314</b>	<b>491,021</b>	<b>511,611</b>	<b>434,736</b>	<b>487,133</b>
<b>Contingent liabilities</b>	<b>49,315</b>	<b>23,760</b>	<b>49,625</b>	<b>49,315</b>	<b>23,760</b>	<b>49,625</b>

**Salient Features: Unaudited convenience conversion - Zimbabwe Dollars**

ZWD millions	Historical cost - (supplemental)		
	Jun-08	Jun-07	Dec-07
Total income	5,496,172,965,800	5,212,786	251,886,555
Attributable profit for the period	2,060,023,923,615	1,953,808	105,780,701
Earnings per share	1,276,258,109	1,358.7	0.8
Total assets	83,198,723,348,069	78,908,938	2,410,800,281
Net asset value	10,224,752,848,360	9,697,557	258,194,695
Net asset value per share	69,832	73	2.0
Number of shares in issue	143,794,892	132,568,680	129,655,145

Cash flow statement for the period ended 30 June 2008						
BWP'000s	Inflation adjusted (IFRS)			Historical cost (Supplemental)		
	Reviewed 30-Jun-08 6 months	Reviewed 30-Jun-07 6 months	Unaudited 31-Dec-07 12 months	30-Jun-08 6 months	30-Jun-07 6 months	31-Dec-07 12 months
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>141,472</b>	<b>338,671</b>	<b>61,181</b>	<b>149,017</b>	<b>337,369</b>	<b>62,702</b>
Cash generated from operating activities	87,213	45,026	135,748	93,562	70,745	150,508
<b>Net profit before tax</b>	<b>105,201</b>	<b>35,544</b>	<b>123,022</b>	<b>115,613</b>	<b>67,801</b>	<b>149,489</b>
<b>Adjusted for:</b>						
Impairment of loans and advances	12,639	4,653	32,883	12,639	4,653	32,883
Depreciation and amortisation	4,073	2,671	7,154	4,067	2,542	6,922
Hedging reserve	(7,788)	(4,762)	(2,889)	(7,788)	(4,762)	(2,889)
Net losses on derivative financial instruments	5,986	14,762	10,073	5,986	14,762	10,073
Fair value gains on investment properties	(32,901)	(7,890)	(14,880)	(36,958)	(14,299)	(26,408)
Profit on disposal of subsidiary	-	-	(8,853)	-	-	(8,853)
Profit on disposal of associate	-	-	(10,687)	-	-	(10,687)
Loss/(profit) on sale of property and equipment	3	48	(75)	3	48	(22)
Tax paid	(15,603)	(6,146)	(12,905)	(15,858)	(7,231)	(11,049)
<b>Net cash inflow from operating activities before changes in operating funds</b>	<b>71,610</b>	<b>38,880</b>	<b>122,843</b>	<b>77,704</b>	<b>63,514</b>	<b>139,459</b>
<b>Net (decrease) in operating funds</b>	<b>69,862</b>	<b>299,791</b>	<b>(61,662)</b>	<b>71,313</b>	<b>273,855</b>	<b>(76,757)</b>
Increase in operating assets	(245,872)	13,923	(462,694)	(257,674)	(11,324)	(498,781)
Increase in operating liabilities	315,734	285,868	401,032	328,987	285,179	422,024
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(21,772)</b>	<b>156</b>	<b>(11,798)</b>	<b>(21,826)</b>	<b>1,256</b>	<b>(9,460)</b>
Purchase of property and equipment	(21,809)	156	(21,057)	(21,863)	1,256	(18,653)
Proceeds on disposal of property and equipment	37	-	406	37	-	340
Proceeds on disposal of subsidiary	-	-	8,853	-	-	8,853
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(40,822)</b>	<b>(21,523)</b>	<b>19,341</b>	<b>(40,821)</b>	<b>(21,524)</b>	<b>19,341</b>
Proceeds from issue of shares	37,396	-	-	37,396	-	-
Purchase of treasury and preference shares	300	(2,926)	(4,790)	301	(2,927)	(4,790)
(Decrease)/increase in borrowed funds	(64,150)	(18,597)	24,131	(64,150)	(18,597)	24,131
Dividends paid	(14,368)	-	-	(14,368)	-	-
<b>Increase in cash and cash equivalents</b>	<b>78,878</b>	<b>317,304</b>	<b>68,724</b>	<b>86,370</b>	<b>317,101</b>	<b>72,583</b>
Cash and cash equivalents at the beginning of the year	446,256	369,947	369,947	446,256	369,947	369,947
Exchange adjustment on opening balance	(41,430)	7,594	7,585	(48,922)	7,797	3,726
<b>Cash and cash equivalents at the end of the year*</b>	<b>483,704</b>	<b>694,845</b>	<b>446,256</b>	<b>483,704</b>	<b>694,845</b>	<b>446,256</b>
*Cash and cash equivalents excludes statutory reserves						
Cash and cash equivalents	483,704	694,845	446,256	483,704	694,845	446,256
Statutory reserves	115,959	98,784	82,055	115,959	98,784	82,055
Cash and short term funds	599,663	793,629	528,311	599,663	793,629	528,311

**Consolidated statement of changes in equity for the period ended 30 June 2008**

<b>Inflation adjusted (IFRS) (Reviewed) BWP'000s</b>	<b>Stated capital</b>	<b>Foreign currency translation reserve</b>	<b>Regulatory general credit risk reserve</b>	<b>Property revaluation reserve</b>	<b>Available for sale reserve</b>	<b>Statutory reserve</b>	<b>Hedging reserve</b>	<b>Treasury shares reserve</b>	<b>Distributable reserves</b>	<b>Minority interest</b>	<b>Total equity</b>
<b>Balance as previously stated at 1 January 2007</b>	<b>270,157</b>	<b>(55,467)</b>	<b>289</b>	-	<b>1,098</b>	<b>18,140</b>	-	-	<b>54,620</b>	<b>8,530</b>	<b>297,367</b>
Prior year restatements	-	9,851	-	-	-	-	-	-	(13,674)	-	<b>(3,823)</b>
<b>Restated balance at 1 January 2007</b>	<b>270,157</b>	<b>(45,616)</b>	<b>289</b>	-	<b>1,098</b>	<b>18,140</b>	-	-	<b>40,946</b>	<b>8,530</b>	<b>293,544</b>
Restated profit for the period	-	-	-	-	-	-	-	-	22,852	(411)	<b>22,441</b>
Restated foreign currency translation differences	-	(47,815)	-	-	-	-	-	-	-	(612)	<b>(48,427)</b>
Revaluation of property (net of deferred tax)	-	-	-	8,483	-	-	-	-	-	-	<b>8,483</b>
Net investment hedging reserve	-	-	-	-	-	-	(4,762)	-	-	-	<b>(4,762)</b>
Share of reserves in associate companies	-	-	-	2,769	-	-	-	-	-	-	<b>2,769</b>
Treasury share reserve	-	-	-	-	-	-	-	(2,927)	-	-	<b>(2,927)</b>
Movement in statutory reserves	-	-	-	-	-	3,826	-	-	(3,826)	-	-
<b>Restated balance at 30 June 2007</b>	<b>270,157</b>	<b>(93,431)</b>	<b>289</b>	<b>11,252</b>	<b>1,098</b>	<b>21,966</b>	<b>(4,762)</b>	<b>(2,927)</b>	<b>59,972</b>	<b>7,507</b>	<b>271,121</b>
Profit for the period	-	-	-	-	-	-	-	-	78,774	5,454	<b>84,228</b>
Foreign currency translation differences	-	(26,411)	-	-	-	-	-	-	-	1,314	<b>(25,097)</b>
Revaluation of property (net of deferred tax)	-	-	-	1,544	-	-	-	-	-	-	<b>1,544</b>
Net investment hedging reserve	-	-	-	-	-	-	1,873	-	-	-	<b>1,873</b>
Share of reserves in associate companies	-	-	-	15,954	-	-	-	(6)	-	-	<b>15,948</b>
Purchase of preference shares from minorities	-	-	-	-	-	-	-	-	-	(1,889)	<b>(1,889)</b>
Consolidation of treasury shares	32	-	-	-	-	-	-	-	-	-	<b>32</b>
Movement in available for sale reserves:	-	-	-	-	486	-	-	-	-	-	<b>486</b>
- arising in current year	-	-	-	-	308	-	-	-	-	-	<b>308</b>
- realised through profit and loss	-	-	-	-	178	-	-	-	-	-	<b>178</b>
<b>Balance at 31 December 2007</b>	<b>270,189</b>	<b>(119,842)</b>	<b>289</b>	<b>28,750</b>	<b>1,584</b>	<b>21,966</b>	<b>(2,889)</b>	<b>(2,933)</b>	<b>138,746</b>	<b>12,386</b>	<b>348,246</b>
Profit for the period	-	-	-	-	-	-	-	-	73,638	1,133	<b>74,771</b>
Shares issued	37,396	-	-	-	-	-	-	-	-	-	<b>37,396</b>
Foreign currency translation differences	-	(87,150)	-	-	-	-	-	-	-	(621)	<b>(87,771)</b>
Revaluation of property (net of deferred tax)	-	-	-	73,404	-	-	-	-	-	-	<b>73,404</b>
Net investment hedging reserve	-	-	-	-	-	-	(7,788)	-	-	-	<b>(7,788)</b>
Share of reserves in associate companies	-	-	-	-	219	-	-	-	-	-	<b>219</b>
Treasury share reserve	-	-	-	-	-	-	-	300	-	-	<b>300</b>
Dividend declared and paid	-	-	-	-	-	-	-	-	(14,368)	-	<b>(14,368)</b>
Movement in available for sale reserves:	-	-	-	-	1,340	-	-	-	-	-	<b>1,340</b>
- arising in current year	-	-	-	-	1,340	-	-	-	-	-	<b>1,340</b>
- realised through profit and loss	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2008</b>	<b>307,585</b>	<b>(206,992)</b>	<b>289</b>	<b>102,154</b>	<b>2,924</b>	<b>22,185</b>	<b>(10,677)</b>	<b>(2,633)</b>	<b>198,016</b>	<b>12,898</b>	<b>425,749</b>



Consolidated statement of changes in equity for the period ended 30 June 2008											
Historical cost (Supplemental BWP'000s)	Stated capital	Foreign currency translation reserve	Regulatory general credit risk reserve	Property revaluation reserve	Available for sale reserve	Statutory reserve	Hedging reserve	Treasury shares reserve	Distributable reserves	Minority interest	Total equity
<b>Balance as previously stated at 1 Jan 2007</b>	<b>270,157</b>	<b>(324,199)</b>	<b>289</b>	<b>36,737</b>	<b>908</b>	<b>11,136</b>	-	-	<b>281,056</b>	<b>8,530</b>	<b>284,614</b>
Prior year restatements	-	9,851	-	-	-	-	-	-	(13,674)	-	(3,823)
<b>Restated balance at 1 January 2007</b>	<b>270,157</b>	<b>(314,348)</b>	<b>289</b>	<b>36,737</b>	<b>908</b>	<b>11,136</b>	-	-	<b>267,382</b>	<b>8,530</b>	<b>280,791</b>
Restated profit for the period									55,287	(411)	<b>54,876</b>
Restated foreign currency translation differences		(79,705)								(612)	<b>(80,317)</b>
Revaluation of property (net of deferred tax)				7,814							<b>7,814</b>
Net investment hedging reserve							(4,762)				<b>(4,762)</b>
Treasury share reserve								(2,927)			<b>(2,927)</b>
Movement in statutory reserves						3,826			(3,826)		-
<b>Restated balance at 30 June 2007</b>	<b>270,157</b>	<b>(394,053)</b>	<b>289</b>	<b>44,551</b>	<b>908</b>	<b>14,962</b>	<b>(4,762)</b>	<b>(2,927)</b>	<b>318,843</b>	<b>7,507</b>	<b>255,475</b>
Profit for the period									68,237	5,454	<b>73,691</b>
Foreign currency translation differences		(16,820)								1,314	<b>(15,506)</b>
Revaluation of property (net of deferred tax)				8,957							<b>8,957</b>
Net investment hedging reserve							1,873				<b>1,873</b>
Share of reserves in associate companies				3,087				(6)			<b>3,081</b>
Purchase of preference shares from minorities										(1,889)	<b>(1,889)</b>
Consolidation of treasury shares	32										<b>32</b>
Movement in available for sale reserves:					486						<b>486</b>
- arising in current year					308						<b>308</b>
- realised through profit and loss					178						<b>178</b>
<b>Balance at 31 December 2007</b>	<b>270,189</b>	<b>(410,873)</b>	<b>289</b>	<b>56,595</b>	<b>1,394</b>	<b>14,962</b>	<b>(2,889)</b>	<b>(2,933)</b>	<b>387,079</b>	<b>12,386</b>	<b>326,199</b>
Profit for the period									82,660	1,133	<b>83,793</b>
Shares issued	37,396										<b>37,396</b>
Foreign currency translation differences		(78,172)								(621)	<b>(78,793)</b>
Revaluation of property (net of deferred tax)				74,873							<b>74,873</b>
Net investment hedging reserve							(7,788)				<b>(7,788)</b>
Share of reserves in associate companies					221						<b>221</b>
Treasury share reserve								300			<b>300</b>
Dividend declared and paid									(14,368)		<b>(14,368)</b>
Movement in available for sale reserves:					1,340						<b>1,340</b>
- arising in current year					1,340						<b>1,340</b>
- realised through profit and loss					-						-
<b>Balance at 30 June 2008</b>	<b>307,585</b>	<b>(489,045)</b>	<b>289</b>	<b>131,468</b>	<b>2,955</b>	<b>14,962</b>	<b>(10,677)</b>	<b>(2,633)</b>	<b>455,371</b>	<b>12,898</b>	<b>423,173</b>

## Segmental Analysis

### Inflation adjusted (IFRS)

BWP'000s

#### for the 6 month period ended 30 June 2008

	Net interest income	Contribution	Profit for the period	Contribution to financial institutions	Contribution to total	Total assets	Contribution	Total equity	Contribution
ABC Botswana	18,188	26%	5,968	12%	8%	1,120,787	34%	74,810	18%
ABC Mozambique	13,668	19%	7,340	15%	10%	531,803	16%	82,417	19%
ABC Tanzania	11,614	17%	3,606	7%	5%	572,691	17%	11,945	3%
ABC Zambia	10,925	16%	877	2%	1%	366,806	11%	70,313	17%
ABC Zimbabwe*	8,646	12%	27,613	56%	37%	259,187	8%	106,443	25%
Microfin Zambia	22,628	32%	3,833	8%	5%	129,540	3%	17,984	4%
<b>Total financial institutions</b>	<b>85,669</b>	<b>122%</b>	<b>49,237</b>	<b>100%</b>	<b>66%</b>	<b>2,980,814</b>	<b>89%</b>	<b>363,912</b>	<b>86%</b>
Head office and other**	838	1%	(10,143)		-14%	222,445	7%	(7,322)	-2%
TDFL (Tanzania)	(911)	-1%	599		1%	65,884	2%	29,465	7%
Zimbabwe subsidiaries*	(15,315)	-22%	35,078		47%	69,498	2%	39,694	9%
<b>Total</b>	<b>70,281</b>	<b>100%</b>	<b>74,771</b>		<b>100%</b>	<b>3,338,641</b>	<b>100%</b>	<b>425,749</b>	<b>100%</b>

#### for the 6 month period ended 30 June 2007

ABC Botswana	12,778	22%	7,202	369%	32%	1,177,662	44%	74,760	28%
ABC Mozambique	10,982	19%	4,697	241%	21%	429,135	16%	70,234	26%
ABC Tanzania	6,000	10%	(1,688)	-86%	-8%	355,435	13%	(2,153)	-1%
ABC Zambia	6,545	11%	(1,576)	-81%	-7%	238,213	9%	58,491	22%
ABC Zimbabwe*	5,505	10%	(11,198)	-574%	-50%	109,622	4%	16,889	6%
Microfin Zambia	13,787	25%	611	31%	3%	65,438	2%	10,992	4%
<b>Total financial institutions</b>	<b>55,597</b>	<b>96%</b>	<b>(1,952)</b>	<b>100%</b>	<b>-9%</b>	<b>2,375,505</b>	<b>88%</b>	<b>229,213</b>	<b>85%</b>
Head office and other**	3,168	5%	(2,763)		-12%	162,820	6%	(38,534)	-15%
TDFL (Tanzania)	(490)	-1%	92		0%	54,369	2%	20,766	8%
Zimbabwe subsidiaries*	(425)	-1%	27,064		121%	106,771	4%	59,676	22%
<b>Total</b>	<b>57,850</b>	<b>100%</b>	<b>22,441</b>		<b>100%</b>	<b>2,699,465</b>	<b>100%</b>	<b>271,121</b>	<b>100%</b>

#### for the year ended 31 December 2007

ABC Botswana	29,483	32%	7,769	18%	7%	1,186,572	40%	68,856	20%
ABC Mozambique	23,269	25%	13,301	31%	12%	361,864	12%	74,637	21%
ABC Tanzania	13,699	15%	6,076	14%	6%	469,072	16%	8,543	2%
ABC Zambia	16,116	17%	(3,584)	-8%	-3%	322,570	11%	53,729	15%
ABC Zimbabwe*	54,017	59%	19,492	45%	18%	163,175	6%	50,230	14%
Microfin Zambia	28,868	31%	210	0%	0%	71,823	2%	8,959	3%
<b>Total financial institutions</b>	<b>165,452</b>	<b>179%</b>	<b>43,264</b>	<b>100%</b>	<b>40%</b>	<b>2,575,076</b>	<b>87%</b>	<b>264,954</b>	<b>75%</b>
Head office and other**	(1,893)	-2%	2,850		3%	182,468	7%	(29,251)	-8%
TDFL (Tanzania)	(895)	-1%	10,771		10%	63,979	2%	30,692	9%
Zimbabwe subsidiaries*	(70,408)	-76%	49,784		47%	131,982	4%	81,851	24%
<b>Total</b>	<b>92,256</b>	<b>100%</b>	<b>106,669</b>		<b>100%</b>	<b>2,953,505</b>	<b>100%</b>	<b>348,246</b>	<b>100%</b>

\* Amounts before elimination of inter-company balances.

\*\* Head office and other includes Group treasury function.

### Segmental Analysis

Historical cost - (supplemental) BWP'000s for the 6 month period ended 30 June 2008	Net interest income		Profit for the period	Contribution to financial institutions		Total assets	Total equity		
	Contribution			Contribution to total			Contribution	Contribution	
ABC Botswana	18,188	24%	5,968	12%	7%	1,120,787	33%	74,810	18%
ABC Mozambique	13,668	18%	7,340	14%	9%	531,803	16%	82,417	19%
ABC Tanzania	11,614	15%	3,606	7%	4%	572,691	17%	11,945	3%
ABC Zambia	10,925	15%	877	2%	1%	366,806	11%	70,313	17%
ABC Zimbabwe *	12,827	17%	29,816	58%	35%	252,470	8%	102,544	24%
Microfin Zambia	22,628	31%	3,833	7%	5%	129,540	4%	17,984	4%
<b>Total financial institutions</b>	<b>89,850</b>	<b>120%</b>	<b>51,440</b>	<b>100%</b>	<b>61%</b>	<b>2,974,097</b>	<b>89%</b>	<b>360,013</b>	<b>85%</b>
Head office and other**	838	1%	(10,143)		-12%	222,445	7%	(7,322)	-2%
TDFL (Tanzania)	(911)	-1%	599		1%	65,884	2%	29,465	7%
Zimbabwe subsidiaries*	(14,691)	-20%	41,897		50%	75,979	2%	41,017	10%
<b>Total</b>	<b>75,086</b>	<b>100%</b>	<b>83,793</b>		<b>50%</b>	<b>3,338,405</b>	<b>100%</b>	<b>423,173</b>	<b>100%</b>
<b>for the 6 month period ended 30 June 2007</b>									
ABC Botswana	12,778	23%	7,202	42%	13%	1,177,662	44%	74,760	29%
ABC Mozambique	10,982	20%	4,697	27%	9%	429,135	16%	70,234	27%
ABC Tanzania	6,000	11%	(1,688)	-10%	-3%	355,435	13%	(2,153)	-1%
ABC Zambia	6,545	12%	(1,576)	-9%	-3%	238,213	9%	58,491	23%
ABC Zimbabwe*	3,592	7%	8,025	46%	15%	109,002	4%	16,461	7%
Microfin Zambia	13,787	25%	611	4%	1%	65,438	2%	10,992	5%
<b>Total financial institutions</b>	<b>53,684</b>	<b>98%</b>	<b>17,271</b>	<b>100%</b>	<b>32%</b>	<b>2,374,885</b>	<b>88%</b>	<b>228,785</b>	<b>90%</b>
Head office and other**	3,168	6%	(2,763)		-5%	162,820	7%	(38,534)	-15%
TDFL (Tanzania)	(490)	-1%	92		0%	54,369	2%	20,766	8%
Zimbabwe subsidiaries*	(1,510)	-3%	40,276		73%	91,466	3%	44,458	17%
<b>Total</b>	<b>54,852</b>	<b>100%</b>	<b>54,876</b>		<b>100%</b>	<b>2,683,540</b>	<b>100%</b>	<b>255,475</b>	<b>100%</b>
<b>for the year ended 31 December 2007</b>									
ABC Botswana	29,483	27%	7,769	15%	6%	1,186,572	40%	68,856	21%
ABC Mozambique	23,269	22%	13,301	26%	10%	361,864	12%	74,637	23%
ABC Tanzania	13,699	13%	6,076	12%	5%	469,072	17%	8,543	3%
ABC Zambia	16,116	15%	(3,584)	-7%	-3%	322,570	12%	53,729	16%
ABC Zimbabwe*	15,429	14%	27,861	54%	23%	156,466	5%	44,824	14%
Microfin Zambia	28,868	27%	210	0%	0%	71,823	2%	8,959	3%
<b>Total financial institutions</b>	<b>126,864</b>	<b>118%</b>	<b>51,633</b>	<b>100%</b>	<b>41%</b>	<b>2,568,367</b>	<b>86%</b>	<b>259,548</b>	<b>80%</b>
Head office and other**	(1,893)	-2%	2,850		2%	182,468	7%	(29,251)	-9%
TDFL (Tanzania)	(895)	-1%	10,771		8%	63,979	3%	30,692	9%
Zimbabwe subsidiaries*	(16,788)	-16%	63,312		49%	115,307	4%	65,210	20%
<b>Total</b>	<b>107,288</b>	<b>100%</b>	<b>128,566</b>		<b>100%</b>	<b>2,930,121</b>	<b>100%</b>	<b>326,199</b>	<b>100%</b>

\* Amounts before elimination of inter-company balances.

\*\* Head office and other includes Group treasury function.

## Notes to the Income Statement and Balance Sheet

### 1 Basis of Presentation

#### 1.1 Statement of compliance

The condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRSs. Significant accounting policies have been applied consistently from the prior year. Historical cost information is presented as supplementary information and, complies with IFRS except for the effects of not applying IAS 29 (Financial Reporting in Hyperinflationary Economies).

#### 1.2 Inflation-adjusted accounts

The financial results of entities in Zimbabwe have been adjusted to reflect the changes in the general level of prices as they operate in a hyperinflationary economy with cumulative three-year inflation of over 100%. The restatement for the purchasing power of the Zimbabwe entities is based on IAS 29 'Financial Reporting in Hyperinflationary Economies', which requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. The restatement was calculated using conversion factors derived from the countrywide consumer price index published by the Central Statistical Office of Zimbabwe. The restated results are converted into the Group's presentation currency, Botswana Pula, at the closing rate ruling on the reporting date. No such adjustments have been made in the supplementary historical cost financial information.

Conversion factors derived from the consumer price index published by the Central Statistical Office of Zimbabwe were as follows:	Date	Index	Conversion factor
	30 June 08	1,314,718,233,514	1
	31 Dec 07	441,490,119	2,978
	30 June 07	11,666,827	112,689
	31 Dec 06	665,774	1,974,721

The Group presents inflation-adjusted accounts in accordance with IFRS, and historical cost accounts as supplementary information for the benefit of investors. The consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the revaluation of financial instruments classified as available-for-sale, financial assets and liabilities held "at fair value through profit or loss", buildings and investments.

#### 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

During January 2008, the International Finance Corporation ("IFC"), a member of the World Bank Group, subscribed for 13,850,845 ABC Holdings Limited shares at a total cost of BWP 37.4 million, taking its shareholding in ABC Holdings Limited to 10.7% of total issued share capital. A convertible loan of USD 13.5 million is yet to be drawn down. Had the conversion taken place on 30 June 2008, the IFC's shareholding would have increased to 25%.

### 3. Non interest income

BWP'000s	Inflation adjusted (IFRS)			Historical cost (Supplemental)		
	30-Jun-08	30-Jun-07	31-Dec-07	30-Jun-08	30-Jun-07	31-Dec-07
Gains less losses from investment activities	59,040	28,185	21,733	69,098	56,098	101,438
Dividends received	1,444	1,357	3,191	1,444	1,334	3,113
Fees and commission income	26,982	36,869	74,177	26,758	30,296	65,322
Forex trading income and currency revaluation	18,747	(3,967)	8,317	20,785	(9,778)	9,658
Fair value adjustment on investment properties	32,901	7,890	14,880	36,958	14,299	26,408
Fair value adjustment on derivative financial instruments	(5,986)	(14,762)	(10,073)	(5,986)	(14,762)	(10,073)
Rental and other income	11,693	7,782	42,295	9,034	6,289	35,875
	<b>144,821</b>	<b>63,354</b>	<b>154,520</b>	<b>158,091</b>	<b>83,776</b>	<b>231,741</b>

### 4. Operating expenditure

BWP'000s	Inflation adjusted (IFRS)			Historical cost (Supplemental)		
	30-Jun-08	30-Jun-07	31-Dec-07	30-Jun-08	30-Jun-07	31-Dec-07
Administrative expenses	54,193	36,956	73,512	54,100	35,625	64,379
Staff costs	47,214	32,657	90,583	47,059	30,495	86,863
Depreciation	4,073	2,671	4,957	4,067	2,542	5,510
Auditors' remuneration	1,682	1,286	2,268	1,682	1,949	3,213
	<b>107,162</b>	<b>73,570</b>	<b>171,320</b>	<b>106,908</b>	<b>70,611</b>	<b>159,965</b>

<b>5. Borrowed funds</b>						
<b>BWP'000s</b>	<b>Inflation adjusted (IFRS)</b>			<b>Historical cost (Supplemental)</b>		
	<b>30-Jun-08</b>	<b>30-Jun-07</b>	<b>31-Dec-07</b>	<b>30-Jun-08</b>	<b>30-Jun-07</b>	<b>31-Dec-07</b>
National Development Bank of Botswana Limited (NDB)	127,702	121,169	116,926	127,702	121,169	116,926
BIFM Capital Investment Fund One (Pty) Limited	257,249	254,818	257,005	257,249	254,818	257,005
Other	143,471	174,695	208,658	143,471	174,695	208,658
	<b>528,422</b>	<b>550,682</b>	<b>582,589</b>	<b>528,422</b>	<b>550,682</b>	<b>582,589</b>
<b>Maturity analyses</b>						
On demand to one month	5,221	1,279	3,797	5,221	1,279	3,797
One month to three months	7,296	4,928	2,120	7,296	4,928	2,120
Three months to one year	79,620	17,677	73,181	79,620	17,677	73,181
Over one year	436,285	526,798	503,491	436,285	526,798	503,491
	<b>528,422</b>	<b>550,682</b>	<b>582,589</b>	<b>528,422</b>	<b>550,682</b>	<b>582,589</b>

#### **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) Limited**

The loan from BIFM Capital Investment Fund One (Pty) Limited 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 - BWP 62 500 000      30 September 2018 - BWP 62 500 000

30 September 2019 - BWP 62 500 000      30 September 2020 - BWP 62 500 000

#### **Other borrowings**

Other borrowings relate to medium to long term funding from international financial institutions for onward lending to ABC clients.

<b>6. Contingent liabilities</b>						
<b>BWP'000s</b>	<b>Inflation adjusted (IFRS)</b>			<b>Historical cost (Supplemental)</b>		
	<b>30-Jun-08</b>	<b>30-Jun-07</b>	<b>30-Dec-07</b>	<b>30-Jun-08</b>	<b>30-Jun-07</b>	<b>30-Dec-07</b>
Guarantees	207,277	43,386	166,592	207,277	43,386	166,592
Letters of credit and other contingent liabilities	114,517	103,283	131,904	114,517	103,283	131,904
	<b>321,794</b>	<b>146,669</b>	<b>298,496</b>	<b>321,794</b>	<b>146,669</b>	<b>298,496</b>
<b>Maturity analysis</b>						
On demand to one month	102,524	91,890	89,158	102,524	91,890	89,158
One month to three months	50,386	18,244	38,684	50,386	18,244	38,684
Three months to one year	151,812	34,327	165,550	151,812	34,327	165,550
Over one year	17,072	2,208	5,104	17,072	2,208	5,104
	<b>321,794</b>	<b>146,669</b>	<b>298,496</b>	<b>321,794</b>	<b>146,669</b>	<b>298,496</b>

<b>7. Exchange rates</b>						
	<b>Closing</b>	<b>Average</b>	<b>Closing</b>	<b>Average</b>	<b>Closing</b>	<b>Average</b>
	<b>30-Jun-08</b>	<b>30-Jun-08</b>	<b>30-Jun-07</b>	<b>30-Jun-07</b>	<b>31-Dec-07</b>	<b>31-Dec-07</b>
United States Dollar	0.15	0.15	0.16	0.16	0.17	0.16
Zimbabwe Dollar	24,921,697,542	24,921,697,542	23,637	23,637	822,765	822,765
Tanzanian Shilling	179.69	184.43	201.78	203.29	190.54	201.36
Zambian Kwacha	494.25	549.43	609.95	661.01	640.07	649.78
Mozambican Metical	3.96	4.01	4.19	4.20	4.30	4.23
South African Rand	1.20	1.19	1.14	1.16	1.13	1.15

#### **8. Post balance sheet events**

There were no significant post balance sheet events requiring adjustments to the amounts reported as at 30 June 2008. It is noted that at 31 July 2008 the exchange rate weakened to ZWD 104,096,624,490 to 1 Pula. On 1 August 2008, Zimbabwe dropped 10 zeros from its currency.

#### **9. Restatement of comparatives**

<b>BWP'000s</b>	<b>Inflation adjusted (IFRS)</b>	<b>Historical cost (Supplemental)</b>
<b>Profit for the period ended 30 June 2007</b>		
As previously stated	30,728	48,706
Restated	(22,441)	(54,876)
<b>Difference</b>	<b>8,287</b>	<b>(6,170)</b>

The 30 June 2007 profit for the period was restated for the effects of the following:

- correction to account for three derivative swap agreements net and at fair value, which were previously accounted for gross at notional cost as derivative assets and derivative liabilities;
- reversal of Foreign Currency Translation Reserve ("FCTR") arising from the ABC Holdings Company financial statements due to application of a USD functional currency contrary to the disclosed BWP functional currency;
- correction of hedge accounting on foreign investments;
- impact of applying differently calculated exchange rates on foreign currency balances held in subsidiaries;
- correction of fair value adjustments on investment properties;
- impact of applying IAS 29 accounting on the above adjustments arising in Zimbabwe;
- tax effects of the above adjustments.

## **BOTSWANA**

ABC Botswana  
ABC House, Tholo Office Park, Plot 50669,  
Fairground Office Park, Gaborone, Botswana  
Tel: +267 3905455 Fax: +267 3902131  
abcbw@africanbankingcorp.com

## **MOZAMBIQUE**

ABC Mozambique  
999 Avenida Julius Nyerere,  
Polana Cimento, Maputo, Mozambique  
Tel: +258 (21) 482100  
abcmoz@africanbankingcorp.com

## **TANZANIA**

ABC Tanzania  
1st Floor Barclays House, Ohio Street  
Dar Es Salaam, Tanzania  
Tel: +255 (22) 2111990  
abctz@africanbankingcorp.com

## **SOUTH AFRICA**

ABC South Africa  
1st Floor Cradock Heights, 21 Cradock Avenue,  
Rosebank, 2132, Johannesburg, South Africa  
Tel: +27 (11) 880 8751

## **ZAMBIA**

ABC Zambia  
ABC Pyramid Plaza Building  
Plot 746B, Corner Nasser Road / Church Road  
Ridgeway, Lusaka  
Tel: +260 211 257970 - 76  
abczm@africanbankingcorp.com

## **ZAMBIA**

Micro Finance (Zambia)  
Stand #627, 2nd Floor Bata Building, Southend,  
Cairo Road, Lusaka, Zambia  
Tel: +260 1 227693  
abczm@africanbankingcorp.com

## **ZIMBABWE**

African Banking Corporation  
Endeavour Crescent, Mount Pleasant Business Park  
Mount Pleasant, Harare, Zimbabwe  
Tel: +263 (4) 369260/99  
abczw@africanbankingcorp.com



# AFRICAN BANKING CORPORATION

ABC House, Tholo Office Park, Plot 50669, Fairground Office Park, Gaborone, Botswana

Tel: +267 3905455, Fax: +267 3902131

DIRECTORS: O.M. Chidawu - (Chairman), D.T. Munatsi - (Group Chief Executive Officer),

H. Buttery, D. Khama, N. Kudenga, J. Moses, T.S. Mothibatsela, J. Wasmus