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A REFINED READ
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22°  
Lo 2°C



PLENTY OF SUNSHINE

**3 DAY FORECAST**
**SATURDAY**


23°  
Lo 2°C

PLENTY OF SUNSHINE

**SUNDAY**


21°  
Lo 1°C

PLENTY OF SUNSHINE

**MONDAY**


23°  
Lo 1°C

CHILLY

Source: www.accuweather.com

# A BEGRUDGED P79M PAID TO HOTELS FOR QUARANTINE

• Finance PS says offers were initially for free

**STAFF WRITER**

The government spent nearly P80 million paying facilities that provided accommodation and catering for suspected Covid-19 patients, the Public Accounts Committee (PAC) was told this week.

According the Permanent Secretary (PS) of the Ministry of Finance and Economic Development, Dr Wilfred Mandlebe, this happened despite some hotels and lodges having initially offered to provide their facilities for free as their contribution to the national

response to the Covid-19 pandemic.

However, the facilities subsequently demanded payment in a development that pitted Finance against the Ministry of Health and Wellness over the bill.

Appearing before the PAC, Mandlebe - whose ministry is the custodian of the Covid-19 Relief Fund - said they queried the sudden requests for payment because the facilities had initially announced that they were offering accommodation for free.

He was being pursued for answers by the MP for Francistown South, Wynter Mmolotsi. "The first question that we asked was

does this take into account the fact that people had offered some of the accommodation for free?" he noted

"The fact of the matter is that there were few facilities that were offered, and those were nowhere near what the Ministry of Health had to deal with when they had to quarantine people."

The PS admitted that the offers were never made in clear terms. "Second, it was clear that even that offer wasn't just free," he said. "The accommodation wasn't free. The offer was never defined."

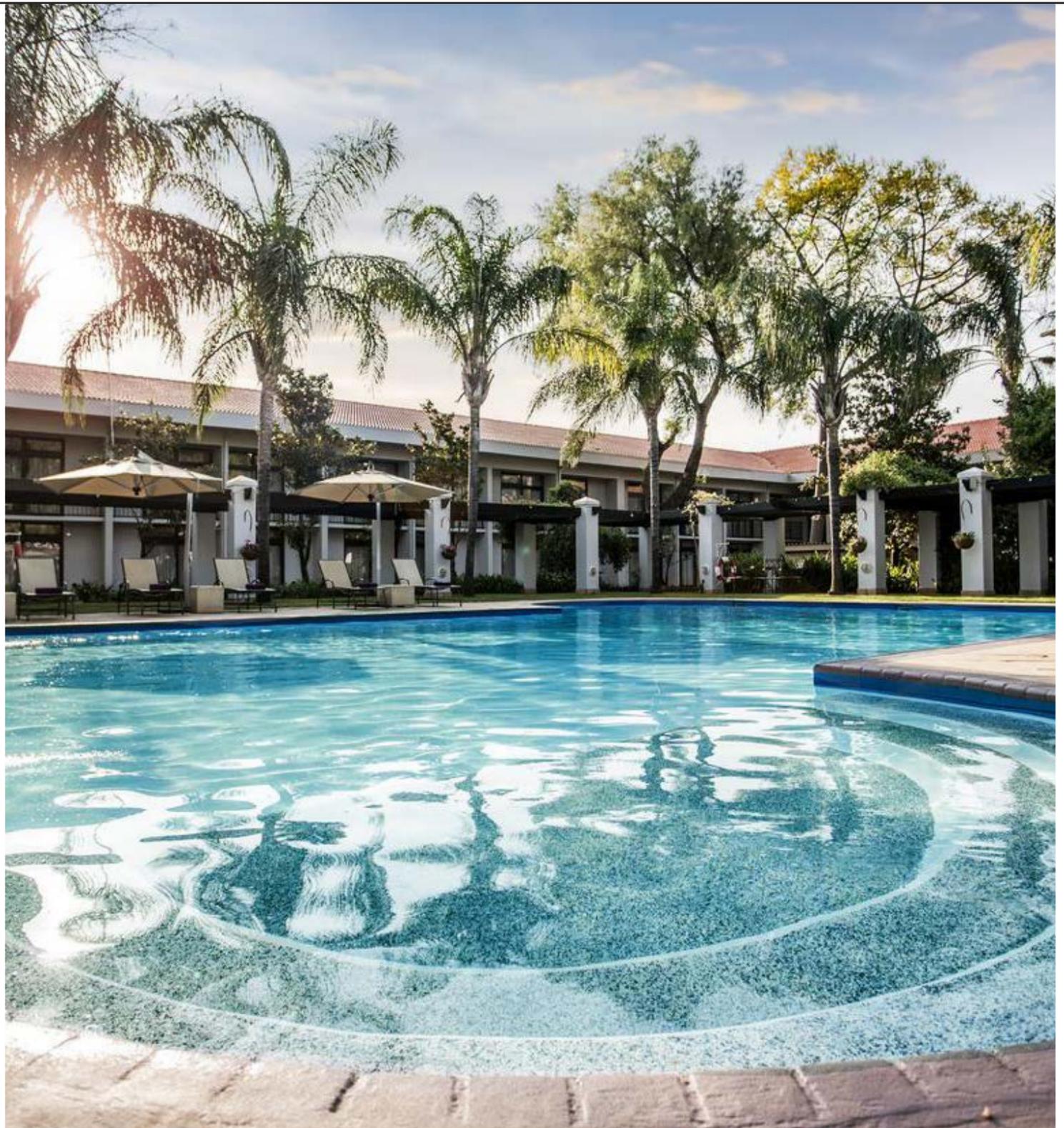
Against this background, the government then floated in an expression of interest for those who

wished to avail their facilities at a rate that was determined by government.

Earlier this year, The Botswana Gazette reported that a conflict had erupted between the finance and health ministries over payment for facilities used to quarantine citizens.

It was reported at the time that MFED would not pay the P35 million bill, questioning its origins. However, a total of P79.2 million has been paid for the services to-date.

Before the PAC this week, Mandlebe denied that the hotels and lodges in question had swindled government by inflating prices.





## BANK OF BOTSWANA

August 25, 2020

### PRESS RELEASE

#### REBUTTAL OF SUNDAY STANDARD NEWSPAPER STORY HEADLINED “BoB STILL UNABLE TO ACCOUNT FOR MISSING “LARGE AMOUNTS” – AUDITOR GENERAL”,

In the interest of public accountability, the Bank of Botswana (Bank) wishes to correct grossly misleading statements and factual errors contained in the headline story which appeared in the Sunday Standard newspaper of August 23 - 29, 2020 titled “BoB Still Unable to Account for Missing “Large Amounts” – Auditor General”.

As demonstrated below, the Sunday Standard story is a misrepresentation of facts and appears to be a deliberate ploy to peddle a narrative that impugns the credibility and reputation of the Bank and the country’s financial sector, in general and, in the process, also mislead the public. The Bank, therefore, categorically dismisses the flawed interpretation of the AG’s Report by the Sunday Standard as malicious, careless, irresponsible and unethical reporting. The author of the story, if unsure of anything, could have easily checked and verified with the Office of the Auditor General who the “Accounting Officer” is, referred to in the AG’s Report.

The Bank notes that the Auditor General’s Report on the Accounts of the Botswana Government for the Financial Year Ended March 31, 2019 (AG’s Report), to which the Sunday Standard newspaper imputes several of the misleading and inaccurate statements in the story, does not attribute any of its audit findings to the Bank in general and the Governor in particular. First, the Governor of the Bank of Botswana is not the Accounting Officer for the Government of Botswana Accounts and is not responsible for reconciling Government Accounts. Therefore, the “Accounting Officer” referred to in the AG’s Report is not the Governor.

Second, the Governor of the Bank never appeared before the Public Accounts Committee in 2016/2017, as alleged by the publication, or at any time in recent memory. Therefore, the statement that “despite assurances by Bank Governor, Moses Pelaelo, to the 2016/17 sitting of the Public Accounts Committee that he would have reconciled the accounts by October 2018, as at March 2019, the bank reconciliation statement still included unidentified items going back to 2005, involving large amounts” is false and totally misleading. Third, the AG’s Report does not make any reference to the Bank of Botswana as an accounting entity nor attributes any of the alleged reconciliation lapses to the Governor. Such a statement would, if warranted, rather refer to unreconciled items by the Accountant General’s Office not the Bank of Botswana.

Fourth, the Auditor General does not audit the accounts and the books of the Bank. It is therefore a misrepresentation and deliberate distortion of facts by the newspaper to state that the Auditor General found that “the Bank Governor has failed to account for missing large amounts” when the Auditor General had never audited the accounts of the Bank. Also, nowhere in this segment of the Report does the Auditor General allude to any missing money. Fifth, it is significant to add that, as banker to the Government, the Bank neither has access to the Government Ledgers nor other financial information or transactions not conducted through the accounts held at the Bank.

The Public is reminded that, though the Bank of Botswana is banker to the Botswana Government, the function does not include reconciling any of the multiple accounts maintained by the Government at the Bank or any other financial institution. It is germane to note that the Bank issues statements of transactions of the accounts it maintains for its clients, on a regular basis, namely, the Accountant General in the Ministry of Finance and Economic Development (Botswana Government), commercial banks, international organisations and other designated account holders. The account holders, and not the Bank, reconcile the record of transactions to confirm that the bank statement reflects authorised and known transactions for the specified period. As a matter of standard procedure and practice, the Bank provides the Government with bank statements and supporting documents to entries with a lag of only one business day; thus, enabling the accountholder to reconcile transactions.

It should be noted that the Bank is a statutory institution with its own accounts, totally independent of Government. In accordance with Section 67(1) of the Bank of Botswana Act (CAP 55:01), the financial statements of the Bank are audited by audit firms “approved by the Minister and appointed by the Board annually”. The Bank’s statement of financial position is published monthly in the Government Gazette as required by law. Furthermore, the Bank’s audited Annual Financial Statements are tabled before Parliament by April 30 of each year, consistent with the requirements of the Bank of Botswana Act, CAP 55:01. The record clearly shows that successive financial statements of the Bank have generated clean audit reports, confirming appropriate maintenance of accounts, existence of sound risk management and internal control environment and, in general, effective governance structures at the Bank. For further details, refer to the Bank’s Annual Reports available at [www.bankofbotswana.bw](http://www.bankofbotswana.bw).

As part of good governance, public accountability and transparency, the Bank, whenever called upon, appears before the Parliamentary Committee on Statutory Bodies and State Enterprises to respond to requests for information and clarification. Furthermore, the Bank routinely, on an annual basis following publication of the Annual Report, conducts Economic Briefings for various public and private sector stakeholders. Among others, the briefings cover explanations of the financial statements and performance of the Bank.

The Bank, therefore, totally rejects the story by the Sunday Standard Newspaper. The story is a malicious fabrication and distortion of facts, calculated to malign the Bank’s reputation, tarnish its integrity, as well as foment a lack of trust between the Bank, Government and general public. The Bank unreservedly condemns the unethical reporting displayed in this story.

Notwithstanding, the Bank remains fully committed to the values of a transparent and accountable public institution as well as good governance. However, unwarranted and deliberate maligning of the Bank detracts from the positive contribution the Bank is making towards improvements in sustenance of macroeconomic stability, integrity of the broader financial system and, in general, sound economic performance and welfare of the nation.

For further information, please contact, Dr. Seamogano Mosanako. Head of Communications and Information Services, on [mosanakos@bob.bw](mailto:mosanakos@bob.bw) or telephone at +267 360 6083 or 360 6382 or +267 360 6315 or [www.bankofbotswana.bw](http://www.bankofbotswana.bw)

# 'NO ONE IS TO BLAME FOR DECREPIT MORUPULE B'

**Far in excess of P12bn may have gone down the drain because BPC has made the astonishing revelation that the Chinese contractor has blamed the incessant state of decrepitude at Morupule B power station on a force of nature over which the contractor had no control**

## STAFF WRITER

Batswana will be burdened with hefty tariff escalations because the company contracted for remedial works at Morupule B to bring the chronic decrepitude of the power plant to an end and on stream has declared force majeure on the project and may be trying to advance the advent of Covid-19 as the reason.

"The contractor has since declared force majeure," the CEO of Botswana Power Corporation (BPC), Edward Rugoyi, said this week. "We are yet to determine the total impact of COVID-19 on the timeline."

Rugoyi was speaking at a public hearing arranged by the Botswana Energy Regulatory Authority for BPC to present its case for seeking a 5 percent tariff increase on Monday. However, his astonishing revelation of force majeure went unremarked and was perhaps even unnoticed by everyone present, including BERA personnel who included the regulator's Chief Operations Officer, Duncan Morotsi.

It is therefore unknown how far the contractor, China National Electric Equipment Corporation, went with this declaration and whether BPC and BERA have accepted it. In the event that it has been accepted, it means that the contractor will not be held responsible for anything concerning the project even though the force of nature that is being advanced as the reason only began in China in December last year and did not Botswana until February this year while the project goes back to 2014.

The initial cost was P12 billion but more money, including P8 billion that it shared with Morupule 1, has been added in the course of the years.

The CEO was at the head of a six-man delegation at the public hearing to explain BPC's application

f o r

permission to increase tariffs by 5 percent in 2021 and 4 percent in 2022. In motivating for the increment, Rugoyi argued that BPC's tariffs had to be cost reflective in order if the utility should deliver reliable and affordable energy to the nation.

However, the long running malfunction of Morupule B became a spanner in the works for Rugoyi as the BERA panel raked him over hot coals, demanding certainty about when the plant will come into full operation. The panel asked Rugoyi how he expected government to account for Morupule-B, given that it is almost always out of commission.

BPC's unaudited financials for the year ended 31 March 2020 show a Total Comprehensive Loss of P1.456 billion and utility continues to accumulate losses due mainly to low availability of Morupule B – which is estimated at 31 percent. Botswana currently generates 40 percent of its power and imports 52 percent. This is so costly that BPC spent P861,352 million buying power from the Southern African Power Pool (SAPP) in 2019.

**...the contractor will not be held responsible for anything concerning the project even though the force of nature that is being advanced as the reason only began in China in December last year and did not Botswana until February this year while the project goes back to 2014.**

Morupule B was commissioned in 2012/13 amid much pomp and fanfare as Botswana looked forward to becoming an exporter of electricity to the region. But the P12 billion plant failed to pro-

TO PAGE 06

Edward  
Rugoyi  
CEO of BPC

# BPC COMES UNDER PROBE FOR CORRUPTION

- Energy minister Lefoko tells Parliament of a board inquiry
- Probe to examine lopsided awarding of tenders to SA firms
- Minister to name new BPC CEO

## STAFF WRITER

As Batswana stare the prospect of another electricity tariff increase in the face, Botswana Power Corporation (BPC) has come under investigation for a raft of graft allegations, key among them the parastatal's steady awarding of tenders to foreign companies to the detriment of local players, The Business Weekly & Review can reveal.

Such is the extent of the (mal)practice that it got MPs worried why BPC should be spending up 80 percent of its procurement budget on South African companies, which is what is being alleged.

Details of the BPC inquiry emerged this week when the Minister of Mineral Resources, Green Technology and Energy Resources, Lefoko Moagi, briefed Parliament on the state of affairs at the state owned power utility which has been

in the news for all the wrong reasons in recent years.

"We are aware of that and have been very concerned as a ministry of the (foreign) spend and therefore have commissioned, through the board, an exercise just to look at the extent of this spend so we can put corrective measures," Minister Moagi said. "There are a lot of problems at BPC that we are working hard to address."

In the meantime, local companies are increasingly being engaged, he said. One of these is a manufacturing company in Selibe-Phikwe that BPC has been engaged to make transformers.

Moagi said the board inquiry will be thorough because the aim is to eliminate the issues of corruption at BPC. "We believe that we should treat every allegation with seriousness and follow it, hence we will do our own investigations," he emphasised.

But the MP for Nkange, Dr Never Tshabang, expressed

concern about the relationship between BPC management and the South African companies that are allegedly involved because BPC allegedly has them in its database. Tshabang said the companies are always favoured "even if they do a bad job".

In response, Minister Moagi, who is also the MP for Ramotswa, said government will put the right structures in place to address corruption at BPC. "I am concerned about these huge amounts that leave our country and I am delighted that we will appoint a new CEO in a matter of days," he told Parliament.

Meanwhile, Botswana's electricity woes continue in spite of investment of USD 204,003,999 to refurbish Morupule A Power Station while STEAG Energy Services was awarded a tender for operation and maintenance of Morupule B that commenced on 1st January 2014.

MP for Nkange, Dr Never Tshabang, expressed concern about the relationship between BPC management and the South African companies that are allegedly involved because BPC allegedly has them in its database.



# PAC WADES INTO THE P100BN BOB MATTER

• Finance PS won't talk because the matter is before the courts • MPs threaten to subpoena him



The Chairman of the PAC and also MP for Selebi-Phikwe West, Dithapelo Keorapetse,

## STAFF WRITER

The Public Accounts Committee (PAC) has initiated a thorough probe into allegations that P100 billion that was stolen from the Bank of Botswana (BoB) and may use its statutory authority to subpoena the Permanent Secretary (PS) at the Ministry of Finance and Economic Development (MFED), Dr Wilfred Mandlebe, to appear before it, The Business Weekly & Review can reveal.

The PAC is keen to establish the facts behind the alleged BoB 'heist' that has led to a protracted court case in which DISS agent Wilhelmina "Butterfly" Maswabi is currently the central figure but could lead to powerful personages - including former president Ian Khama, former director of DISS Isaac Kgosi and prominent South

African businesswoman Bridgette Motsepe-Radebe - being added to the charge sheet.

However, on Wednesday this week, the PAC tried in vain to establish from EFED if any funds have disappeared from Botswana's central bank because Mandlebe said he could not comment on a matter that was still before the courts. The ministry oversees BoB whose governor reports to the minister. Mandlebe's attitude contrasted sharply with the confidence of the Governor of the Bank of Botswana, Moses Pelaelo, who assertively told MPs in November last year that no such money was missing from the central bank.

"I don't want to comment on the billions," the PS responded to the PAC this week. Visibly frustrated, the MP for Bobonong, Taolo Lucas, said the "wreckless"

case had created a negative perception about Botswana abroad. "The Government of Botswana is talking at cross-purposes because the PS and the Governor are not talking the same language," he charged. "The Governor is very clear that there is no such money missing."

Whereupon the Chairman of the PAC, Dithapelo Keorapetse, told the PS that the committee could subpoena him. Even so, Keorapetse, who is the MP for Selebi-Phikwe West, also raised the issue of lack of consonance between BoB and the government. "There is plenty of evidence that it is not a proper affidavit," he said. "Why would the DPP go to court on allegations that the Governor denied?"

Permanent Secretary Mandlebe picked up the cue, saying Botswana ought to be

careful of perceptions being created about their country resulting from people talking carelessly about such matters. "I don't want to comment about matters before the court, but I am saying regardless of who says what, we have to be careful," he said.

Meanwhile, Khama and Motsepe have mounted a spirited international campaign to distance themselves from the unprecedented scandal. They recently had Omnia Strategy, a Britain-based international law firm owned by Cherie Blair, say Khama, Motsepe and Kgosi were victims of fabricated evidence that amounts to perjury.

The "Butterfly" case is scheduled to resume in December when the DPP is likely to have added more names to the list of the accused.

The PAC is keen to establish the facts behind the alleged BoB 'heist' that has led to a protracted court case in which DISS agent "Butterfly" is currently the central figure but could lead to powerful personages - including former president Ian Khama, former director of DISS Isaac Kgosi and businesswoman Bridgette Motsepe-Radebe - being added to the charge sheet.

## Audited Group Financial Results

for the year ended 30 April 2020 & dividend announcement



### Our Manufacturing Division

We placed emphasis on our Manufacturing businesses and this year were able to secure large contracts and deliver very respectable profits.

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# INSIDE THE MAGOSI- MATHAMBO FALLOUT

- Removal of Mathambo from DCEC linked to P100bn case
- DISS, DCEC differed over prosecution

STAFF WRITER

The rift between the former Director General of the Directorate on Corruption and Economic Crime (DCEC), Brigadier Joseph Mathambo, and his counterpart at the Directorate of Intelligence and Security Services (DISS), Brigadier Peter Magosi, regarding prosecution of Welhemina Maswabi may have led to the removal of Mathambo from the DCEC this week, The Business Weekly & Review has gathered.

Sources close to the development allege that the difference in opinions at the highest levels of DISS and DCEC in what has come to be known as the “Butterfly” case has always been a burning issue that eventually led to a standoff between Magosi and Mathambo.

It is said that while DISS had always wanted to proceed with the case and have everyone implicated prosecuted, DCEC had its reservations on the matter and believed the Directorate of Public Prosecutions (DPP) had no case and should drop the wild goose chase.

This publication is reliably informed that Mathambo is the fall guy in Botswana’s most serious embezzlement case in which the state alleges that Proo billion went missing from the Bank of Botswana (BoB) in a scheme that implicates former president Ian Khama, founding director of DISS Isaac Kgosi and South African businesswoman Bridgette Motsepe.

Those close to the matter believe that in order to reach

a compromise, President Mokgweetsi Masisi had to let one of the two men go and that in the President’s estimation Mathambo was the one to leave the scene.

At one point last year, a symptom of this strained relationship became fight over a man whose affidavit is at the centre of the case, DCEC investigator Jako Hubona. DISS wanted Hubona to report to them but DCEC would have none of it.

In another instance, DISS had reportedly misled Mathambo when it released intelligence over P5 billion, which was said to have gone missing from the Bank of Botswana (BoB), was linked to Tshakedi Khama’s daughter, Tahlia. Sources say the relationship between Magosi and Mathambo broke down when Mathambo realised that he had been misled.

In addition to this, it is believed that the recent report by Cherie Blair which ‘absolved’ Khama and Motsepe of any blame in the whole saga proved just the perfect excuse to remove Mathambo from DCEC.

On Tuesday this week, the nation woke up to news that the outspoken head of the graft-busting agency had been transferred back to the Botswana Defence Force (BDF) and replaced by the founding director of DCEC, Tymon Katlholo, who was

brought back from retirement.

“I am pleased to announce that His Excellency Dr Mokgweetsi Masisi, President of the Republic of Botswana, acting in terms of Section 112 of the Constitution of Botswana, has appointed Mr Tymon Motlhasedi Katlholo as the Director General in the Directorate on Corruption and Economic Crime (DCEC) with immediate effect,” a press release authored by Permanent Secretary to the President, Elias Magosi noted. “His Excellency the President has also transferred Brigadier Joseph Moenyana Mathambo to the Botswana Defence Force with immediate effect.”

Mathambo was appointed in April 2019 with the hope that he would restore public confidence in the DCEC after President Masisi declared war on corruption, including institutionalised corruption within government.

Contacted for comment, Magosi denied that there was ever a fallout between him and Mathambo, saying he was hearing of it for the first time.

This publication’s efforts to reach Mathambo proved futile at the time of going to press.



# MAGOSI DENIES DCEC PROBE

The head of DISS has answered “I don’t know nothing” to all questions about his relationship with Mathambo who was this week removed from the pinnacle at DCEC

STAFF WRITER

The Director General of the Intelligence and Security Services (DISS), Peter Magosi, has denied ever being investigated by the Directorate on Corruption and Economic Crimes (DCEC) for abuse of office.

In the wake of the removal of Brigadier Joseph Mathambo as Director General of DCEC and transfer back to the Botswana Defence Force (BDF), it has been alleged that strained relations between the two men may have led to the removal of Mathambo from the scene by President Mokgweetsi Masisi.

It is believed that the alleged probe of Magosi by Mathambo may have been a contributing factor in Mathambo’s fate on Wednesday this week.

Sources say over and above the men’s differences over direction of the “Butterfly” case, Mathambo had initiated an investigation into the lifestyle of his counterpart at DISS.

It is said Mathambo investigated Magosi for alleged abuse of office and his links to Chinese

contractors, allegations that Magosi has since denied. “I have no idea that I have been investigated,” he said.

Regarding his alleged sour relationship with Mathambo, Botswana’s top spy flatly denied there was any misunderstanding between them. “I am not aware that we had a fallout,” he said.

Magosi would not comment on implications of Mathambo’s removal from DCEC for the “Butterfly” case but instead redirected this enquiry to the Public Relations Unit of DISS. “I don’t know anything,” he said. “I cannot comment on a case that is before the courts.”

Mathambo and Magosi have been described as friends from their days at the BDF where Magosi headed Military Intelligence and Mathambo rose through the ranks to brigadier.

The Business Weekly & Review is informed Magosi actually recommended Mathambo to the President for appointment to the pinnacle of DCEC, envisioning teamwork that could enhance investigation of former president Ian Khama and former head of DISS Isaac Kgosi in connection with an alleged ‘heist’ of Proo billion from the Bank of Botswana.

Meanwhile, efforts to solicit comments from Mathambo hit a snag at press time.

FROM PAGE 04

## ‘NO ONE IS TO BLAME FOR DECREPIT MORUPULE B’

vide the expected 600MW generation because most of its units soon collapsed. After taking over the ‘defective’ plant in 2014, BPC conducted a gap analysis to determine the scope of remedial works and signed a Defects Remediation Agreement with China National Electric Equipment Corporation.

Only two units are functional at Morupule B at the moment, producing 230MW out of the expected 600 MW. Unit 2 is operating at restricted capacity, generating 80MW while Unit 3 is operating at full capacity.

According to Rugoyi, remedial works at Unit 4 were delayed by COVID-19 lockdowns, which made it impossible to mobilise

staff and equipment from China. “The contractor has since declared force majeure,” he said. “We are yet to determine the total impact of COVID-19 on the timeline.”

Asked why the project is taking so long, Rugoyi answered that BPC wanted to make sure that the right contractors, designs and materials are used so as not to re-

peat previous mistakes. “We have to fix all the construction defects that emerged after the plant was commissioned, carry out due diligence on the equipment manufacturers and suppliers, and even conduct tests at every stage to ensure good workmanship,” he said.

Rugoyi told the panel that BPC’s precarious financial position will continue unabated if

electricity tariffs are not cost reflective in the face of an ever-decreasing government subsidy.

While private sector representatives like Botswana Chamber of Mines were not averse to a single-digit increment, it remains to be seen whether BERA will accede to BPC’s request.

# CEO DRAGGED INTO THE PEEPA MESS



Kabo Morwaeng,  
Minister of Presidential  
Affairs Governance  
and Public  
Administration

- Ex-PEEPA CEO demands over P600 000 in unpaid terminal benefits
- Some reasons for his dismissal shot down at CoA
- Believes his dismissal was unfair and personal
- Minister Morwaeng declines to comment

KABO RAMASIA  
Staff Writer

The expelled Chief Executive Officer (CEO) of the Public Enterprises Evaluation and Privatisation Agency (PEEPA) has written a letter to Kabo Morwaeng, the Minister of Presidential Affairs Governance and Public Administration, seeking his intervention over his unpaid terminal benefits exceeding half a million Pula.

The Business Weekly & Review can confirm that on the 17th of August 2020, the troubled Moumakwa wrote to Morwaeng asking for his intervention for PEEPA to release the sum of P638 423 20 which is his terminal benefits. The initial terminal benefits amount was P568 560 37, but it has since accrued interest of P69 827 83 effective 23rd of October 2019.

Moumakwa's bone of contention is that he is in a financial mess, because of PEEPA's failure to settle his terminal benefits. His unpaid terminal benefits case has been with the Industrial Court since December 2019. In the letter to Minister Morwaeng, Moumakwa said he sought advice to the effect that parties with a matter before Court may engage to explore

possible settlement without being in contempt of Court.

In his letter to Morwaeng, Moumakwa attached a notice of sale in execution by Botswana Building Society, including BBS's interest in selling Moumakwa's house due to accumulated unpaid mortgage instalments. Had it not of the lockdown, the house would have long been auctioned on the 5th of August according to Moumakwa's letter.

"I am therefore writing this letter to ask you to intervene in a matter where PEEPA is unreasonably and unlawfully withholding my terminal benefits after i mwas dismissed as CEO by your predecessor Mr. Nonofho Molefhi. In his dismissal letter, Mr. Molefhi directed that i return PEEPA assets that were in my custody. "... and that all benefits to which you are by law entitled will be given to you."

In the letter, he proceeded to say PEEPA decided not to heed the directive of the then Minister. He said it was rather a shocking development since he was subjected to a disciplinary hearing following an extended suspension such that anything and everything that PEEPA felt he did wrong could have been part of the disciplinary process.

According to Moumakwa, before filing with the Industrial

Court, the matter went through mediation at the Labour Department. During mediation, Moumakwa wrote in the letter that PEEPA and the Ministry were not only guided to provisions of the law relating to payment of terminal benefits but the said provisions were read out to them. "The mediator explained that the government had over time strengthened the law to protect terminal benefits after employers' tendencies to find ways not to pay employees when they parted ways. He was surprised to have a government entity stalling on payment of terminal benefits," Moumakwa said in the letter to Morwaeng.

Further, according to Moumakwa's letter, the disposition of PEEPA was, "Rre Moumakwa ha a batla madi a gagwe o ka ya Court." One of the reasons why Moumakwa was dismissed is that he affected a performance based increment on 11 members of staff. The board of directors argued that Moumakwa was supposed to have sought a board permission to effect such an increment while he argued that it was within his mandate to be caretaker of day to day operations including redeployment of staff as well as promotions. After dismissing Moumakwa sometimes

towards the end of last year, PEEPA proceeded to reverse the increments awarded to the members of staff. A few of them took PEEPA to court, and won the matter up to the Court of Appeal. PEEPA was ordered to settle them back pays commencing from the time PEEPA stopped paying them the increments. Further, the CoA said Moumakwa was within his rights as CEO to effect such performance based increments.

In the letter to Morwaeng, Moumakwa stated that the current PEEPA Acting CEO Ishamael Joseph, was in support of his decision to award performance based increments, as proved by the email exchanges he annexed to Minister Morwaeng.

"I am raising this issue because PEEPA has just spent an amount in the region of P2.3 million in a Court case that the very officer, who was part of and supportive of my decision is the same one who advised the board otherwise and went to retract staff salaries and waged a legal battle that ended at Court of Appeal resulting with enormous unwarranted financial losses to the government," Moumakwa wrote in the letter.

In a previous interview, Acting PEEPA CEO Josephs said it was the decision of the board to pursue the legal route.

"PEEPA's uncaring attitude that i should go to Court if i want my terminal benefits paid is the same attitude that has led to so much financial losses at the Court of Appeal. The Court of Appeal panel of Judges in the P2.3 million case when awarding the legal costs against PEEPA could not have summed up PEEPA's attitude better when they said, '...the appellant; (PEEPA) abused the Court processes by lodging meritless appeals (ba ne ba tlhatlaganya di appeal tse di senang tlhloganyo)... backstopped by the financial muscle of its sole shareholder, the government."

Moumakwa continued to write that this assertion by the Court of Appeal is in sync with the fact that PEEPA spent 10 percent of their annual budget on one litigation. He questioned the capability of the PEEPA Acting CEO, PEEPA Human Resources Committee in the board in making simple decisions.

In an interview, Morwaeng avoided speaking about the matter. He did not confirm nor deny whether he received such a letter.

Further, Moumakwa also said he does not want to speak about the matter. Moumakwa's terminal benefits case is still before the Industrial Court.

## Audited Group Financial Results

for the year ended 30 April 2020 & dividend announcement



### Our Namibian operations



Our operations in Namibia continue to make a large contribution to overall Group results each year, as we enhance our customer engagement and offering.

At the start of the year, we had 17 stores across the country. During the period 4 new stores have been opened (Eenhana, Grootfontein, Keetmanshoop and Rundu) and the re-built store in Swakopmund was re-opened

 **Sefalana**  
GROUP

Your basket of opportunities

## Comment

A CALL TO  
EMBRACE  
INDUSTRIAL  
REVOLUTIONS

The 4th Industrial Revolution seems to be the catchphrase of the times, with everyone - from politicians to motivational speakers - throwing the word to gullible audiences that are usually blown away more by the use of fancy words than the substance of what is being shared with them.

But the industrial revolution is defined as the change in manufacturing and transportation that began with fewer things being made by hand as mechanisation became central to production of goods and services. There are generally four acknowledged stages of industrial revolution, with the fourth currently still rolling out. The 1st Industrial Revolution occurred at the end of the 18th century with introduction of mechanical production using hydro-electric and steam-powered equipment. The 2nd Industrial Revolution occurred at the beginning of the 20th century which saw the introduction of mass production of specialised goods using electricity. The 3rd Industrial Revolution occurred in the early 1970s which saw further automation of production with the use of electronics and IT. The 4th Industrial Revolution, which is currently underway, sees networking and exchange of information between human and machines.

A rundown of these four stages shows how it is almost impossible to leapfrog from one stage to another as we seem to be looking to do. An industrial revolution is more about the way we produce and deliver goods and services more than it is about the way we consume them. We seem to be too keen about being part of a global village that in most cases we refuse to acknowledge our shortfalls.

But in Botswana, our agricultural sector is yet to go through the 1st and 2nd industrial revolutions. While it has certainly become easier for farmers to interact with customers and market their produce with the use of technology, we cannot walk away from our failure to change the manner in which we produce and ultimately deliver the goods to the market. Water prospecting is still largely done by traditional means with dire consequences for our peasant farmers if they hit a blank. Government's efforts should be geared more towards advancing the way we produce instead of subsidising basic items such as seeds. These are the things that we need to address in order to reduce costs of production and make goods and services affordable. Our role in the 4th Industrial Revolution is largely reduced to that of consumers. Data from a population census cannot even be validated against the data gathered by all other agencies such as the Ministry of Nationality, Immigration and Gender Affairs. It is as if we are waiting for someone to do this for us and then we will celebrate as if we have achieved something of significance. The roll-out of electricity, water, internet and transport networks should be prioritised to areas with potential to produce instead of being used as political capital.

## Tax Column

Commentaries, letters and columns present here are the views of the authors and not necessarily those of The Business Weekly & Review

INCOME TAX  
RECORDS VANISH  
AFTER 8 YEARS

JONATHAN HORE Managing Consultant Aupracon Tax Specialists



A business is required to keep books of accounts and present the same to the taxman on request, but not beyond 8 years. In other words, income tax records for businesses lose value for tax purposes after the mentioned 8 years. Technically, a taxpayer cannot be required to produce such records beyond the stated time. This matter is in line with section 144 of the Income Tax Act and I will slice it for you below. In this article, words importing the masculine shall be deemed to include the feminine.

**Income tax records brief**

Income tax records basically refer to all information of a business which may have a direct or indirect link to the determination of income tax. Income Tax is broad and covers PAYE (for employees), Corporate Tax (for companies) and Personal Income Tax (self-employed or investors). Therefore, income tax records include documents such as financial statements, payrolls, tax certificates such as ITW9 (tax on rent etc) and ITW 17 (dividends).

**8 years applies to businesses**

The Income Tax Act is worded in such a way that only businesses are required to keep records for 8 years and the requirement is not extended to employees who, for instance, solely earn employment income. This simply means that the taxman can only interrogate businesses as to why they would not have kept income tax records for 8 years. Employees are not forced to maintain records as the details are expected to be kept by the employer or former employer. This may however be a loophole in the sense that dodgy individuals may use this against the taxman to fight away a personal tax audit through refusing to provide information.

It is also important to note that anyone who carries on a business as an individual, partnership or any other arrangement is

regarded as being in business. Those who earn rental income, either as their sole income or in addition to employment income, are regarded as running a business for tax purposes. On that basis, they must therefore keep records for the 8 years.

**Tax clearance certificates and 8 years**

By implication, a business must, per section 144 of the Income Tax Act not be denied a tax clearance certificate on the basis that a tax return or other obligation of more than 8 years was not done. Technically, section 144 allows life for both the taxpayer and BURS to continue as if there is no history beyond the 8 years.

**Books must be kept in Botswana**

Businesses which are managed from outside Botswana usually have their records maintained outside the country. However, in case of a tax audit or on request from the taxman, they should avail the books of accounts at a place accessible to BURS in the country.

**No assessment after 8 years**

The wording of section 144 implies that after 8 years, the books of accounts are deemed to have vanished, i.e. they may not be legally requested or used to determine income tax. This section seems not to be in tandem with section 84 which states that an assessment may be raised 'at any time' in cases where correct tax was not paid due to wilful default or fraud. The question is whether BURS can legally request for information of any business after 8 years as the phrase, 'any time' implies. Technically, tax laws have a prescription period within which they free a taxpayer of liability to taxes if the taxman does not detect tax leakages. This is obviously not to suggest that taxpayers must not comply with taxes; compliance is mandatory.

**Electronic format acceptable**

BURS may authorise a taxpayer to keep books of accounts in any other form

other than hard copies such as electronic versions. Given the advancement of technology, my view is that this section needs to be amended to make electronic records acceptable for tax without the need for BURS' approval. I guess this will be addressed in the Tax Administration Bill which is currently being brewed.

**8 years may be varied**

BURS may authorise the destruction of tax records prior to the expiration of the 8 years to a liquidator of a company or an administrator of an estate of a late person. This is again meant to allow life to proceed without onerous tax records provisions.

**Conclusion**

Note however that the VAT Act requires taxpayers to maintain records for 'at least 7 years' whilst the Transfer Duty prescribes 10 years. It is also my view that this will be harmonised through the Tax Administration Bill which is expected to be made public in the future. I hope I managed to demonstrate that your income tax records 'vanish' after 8 years. If that opened your eyes, say this with me, 'Bingo!'

Well folks, I hope that was insightful. As Yours Truly says goodbye, remember to pay to Caesar what belongs to him. If you want to join our Tax Whatsapp group, send me a text on the cell number below.

*Jonathan Hore is a Managing Tax Consultant at Aupracon Tax Specialists and feedback on this article can be relayed to [jhore@aupracontax.co.bw](mailto:jhore@aupracontax.co.bw) or 71815836.*

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# Companies & Markets

## MARKET HIGHLIGHTS

### MAJOR MARKET MOVERS (Thebe)

09/07/2020

Counter	Share price	Change (%)

Source: BSE

### DOMESTIC EXCHANGE RATES

09/07/2020

	Rate
CNH/BWP	0.05964
EURO/BWP	0.0756
GBP/BWP	0.0679
USD/BWP	0.0853
ZAR/BWP	1.4643
YEN/BWP	9.1700

Source: BOB



### WORLD MARKETS

As at 09/07/2020

INDEX	VALUE	% CHANGE
<b>AMERICAS INDEXES</b>		
Dow Jones Industrial Average	26067.28	+0.68
S&P 500	3169.94	+0.78
NASDAQ	10492.50	+1.44

### EUROPE, MIDDLE EAST & AFRICA INDEXES

EURO STOXX 50 Price EUR	3305.92	-0.60
FTSE 100 Index	6144.24	-0.19
DAX	12637.10	+1.14

### ASIA-PACIFIC INDEXES

Nikkei	22529.29	+0.40
Hong Kong Hang Seng Index	26210.16	-0.31
TOPIX	1557.24	+0.00

Source: Bloomberg

## LETSHEGO SHEDS AT LEAST P73M IN FIRST HALF

- Says projected decline in profits is mainly attributable to the impact of COVID-19 on sub-Saharan economic activity

### STAFF WRITER

Letshego Holdings Ltd has announced that it expects profit before tax (PBT) between the range of 15 percent and 25 percent for the six-month period ended 30 June 2020.

According to the group's calculations, this is between P90 million and P152 million lower than the P600 million reported for the six months ended 30 June 2019. Profit after tax (PAT) is expected to range between 20 percent and 30 percent, an estimate of between P73 million and P110 million lower than the P364 million reported for the six months ended 30 June 2019.

Letshego's net interest income is expected to be lower than it was in the same period last year but only by a single digit percentage, while operating income overall is likely to decline between 10 percent to 15 percent on the back of a reduction in non-funded income (NFI). The loan loss ratio (LLR) is, however, expected to be lower than the comparative period last year, driven largely by significant performance improvements in the group's mobile loan portfolio.

Letshego says in a statement that the projected decline in profits is mainly attributable to the impact of COVID-19 on sub-Saharan economic activity and the resultant drop in business volumes, particularly in the second quarter of 2020. As indicated in its COVID-19 Update, transaction volumes were lower in both deduction at source (DAS) and micro and small entrepreneur (MSE) segments during this period.

The group says NFI levels have been adversely impacted by the same slowed transaction volumes as a result of the pandemic, as well as regulatory policies adjusted towards the end of 2019 in one of its larger markets.

Despite this, the group says its business has remained resilient, with DAS showing a stronger recovery than initially anticipated as the group progresses into the second half of 2020. The MSE segment, which comprises 9 percent of the group's total loan book, was impacted in the Education, Travel & Tourism, Manufacturing and Trade sectors, with approximately 60 percent of customers opting for the repayment holiday offered.

Letshego disclosed that continuous customer engagements throughout the repayment holiday period, as well as other mitigation strategies, have reduced flows into non-performing loans. As efficiencies in collections and recoveries continue to improve, Letshego expects second half LLR to remain within moderate levels, reflecting the resilience of the DAS book.

"The Group Board is pleased to note the resilience displayed by the business despite ongoing economic challenges associated with the COVID-19 pandemic, and looks forward to the future with optimism," the group says.

The group's interim results for the period ended 30 June 2020 will be published on or around 1 September 2020.



## BIHL EXPECTS PROFITS TO DOUBLE

- The group's investments in associates suffered unrealised losses in 2019 which did not recur in the current reporting period.



### STAFF WRITER

Interim results (profit before tax) for Botswana Insurance Holdings Limited (BIHL) for the six-month period ended 30 June 2020 will be 44 percent to 56 percent higher than those reported for the six-month period ended 30 June 2019, the board of BIHL has announced.

The reasons for the higher earnings during the current period are higher margins experienced in some business lines and the fact that in the comparative period last year, the group's investments in associates suffered unrealised losses which did not recur in the current reporting period.

Hence the board's delight to announce this improvement in performance amid uncertainties and challenges brought about by the COVID-19 pandemic which exacerbated the already difficult trading environment.

According to BIHL, this demonstrates the group's resilience in delivering value to its stakeholders. However, the firm is concerned that the trading environment remains volatile and will continue to pose challenges into the second half of the year.

The group's results for the six-month

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# ABC Holdings Limited

## SUMMARISED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the period ended 30 June 2020

# ABC Holdings



### Chairman's statement

The Group is presenting these interim financial statements for the period ended 30 June 2020 in the midst of the COVID-19 pandemic.

### Nature of Business

ABC Holdings Limited ("the Company" or "ABCH") is the holding company of the African Banking Corporation group of companies (trading under the brand name BancABC or Atlas Mara), together referred to as the Group, which comprise diverse financial services activities in the areas of corporate banking, treasury services, retail and Small to Medium Enterprises ("SMEs") banking, asset management and stock broking among other financial services. African Banking Corporation aims to deliver world-class financial solutions to the sub-Saharan African ("SSA") region. The ultimate holding company of the Group is Atlas Mara Limited.

### Covid-19 impact

The COVID-19 pandemic continues to have a material impact on business, causing disruptions to the Group's staff, customers and other stakeholders. In a bid to contain the pandemic national governments and central banks have reacted by taking bold and decisive actions, the impact of which is affecting almost every aspect of daily life. In most countries, this included border closures, travel limitations, mandatory "stay at home" policies and in some cases full lockdown. Governments and central banks intervened at unprecedented levels through stimulus packages and quantitative easing measures that include; interest rate cuts, reduction in deposit statutory reserves and reduction in minimum capital adequacy requirements, amongst other measures.

The Group has implemented a comprehensive range of measures to support staff and customers. The health and safety of customers and staff remains the primary focus. The Group has implemented measures such as work from home, reconfiguration of offices, social distancing, provision of masks and other protective gear, periodic testing of staff, virtual meetings and provision of sanitisers.

To support customers, the Group is restructuring loans on a case by case basis, accelerating the Information Technology platforms especially mobile and internet banking, provision of working capital to productive sectors and reducing banks charges especially on digital platforms.

Several digital innovations have been undertaken by the Group. BancABC Zimbabwe launched Ally A.I. Chatbot during the period under review, which allows customers to conduct transactions on social media platforms such as WhatsApp. The first virtual branch in Zimbabwe was launched, which makes virtual banking services accessible through channels including Skype, WhatsApp and Telephone Banking, coupled with Dial-A-Visa service and a Virtual Ignition Hub for SMEs. Other subsidiaries enhanced their internet and mobile platforms including offering of Sarumoney application in Botswana.

The Group will continue to work closely with Governments and our regulators throughout the current period of uncertainty to enable individual and business customers to get the support they need.

### Operating Environment

Global economic growth slowed down from 3.6% in 2018 to 2.9% in 2019 on the backdrop of uncertainty triggered by the US-China trade war. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than originally anticipated, and the recovery is projected to be more gradual than previously forecast. The International Monetary Fund ("IMF") is now projecting a deeper recession, with global GDP growth forecast to contract by 4.9% in 2020. The SSA region has not been spared by the adverse impact of the COVID-19 pandemic. Coupled with weaker external conditions, the SSA is now projected to contract by 3.2% from the 2019 modest growth of 2.2%, with most African economies revising their growth outlook downwards.

For Botswana, weak global demand experienced in 2019 is set to persist in 2020 on the back of the pandemic, which will impact on discretionary spending. This will negatively impact the diamond demand and production. Coupled with lockdown conditions imposed between April to mid-May to curb the viral spread, Botswana is projected to suffer double digit economic decline while budget deficit is expected to more than double.

In Mozambique, the COVID-19 pandemic is expected to interrupt a promising economic recovery following two destructive tropical cyclones that struck in 2019. The impact will be felt throughout 2020, due to lower tax revenue collections and higher health-related spending. In addition, a fall in international commodity prices and demand for exports will suppress economic growth and the availability of foreign exchange. As a result, the economy is now projected to grow by 2.2%, the same level as last year.

Tanzania's GDP growth is projected to drop by 2% in 2020 due to the impact of the COVID-19 pandemic. The country's economy will also be hurt by a decline in export demand, supply chain disruptions for domestic manufacturers and weak domestic consumption.

In Zambia, drought severity, power challenges and subdued copper prices continue to adversely impact economic activity. In addition, the country has been hamstrung by an unsustainable external debt overhang, which has made it difficult to access IMF loans, whilst the external loan repayment obligations have led to a sharp decline in foreign exchange reserves. The gross domestic product is projected to shrink by 2.6% in 2020, the country's first economic contraction in more than 20 years.

Zimbabwe has continued to battle various macroeconomic imbalances and political tensions. Drought conditions will slow down the recovery of the agriculture sector, whilst the outbreak of the Covid-19 pandemic will exacerbate the long standing structural economic weaknesses. Consequently, the economy is projected to further contract for the second consecutive year in 2020. The country has gone through numerous currency reforms, which include the adoption of an auction foreign exchange system on 23 June 2020. The reforms aim to redirect foreign exchange trades into the formal sector, whilst enhancing efficiency and transparency in allocation of foreign exchange as the country tries to rebuild investor confidence. Inflation has continued to rise sharply owing to ongoing currency weakness and is projected to head towards the 1,000% mark in the second half of 2020.

The Group is continuing to support its staff and customers during the current uncertainty caused by the pandemic. The Group is keeping a close eye on the performance of the portfolios with frequent stress testing and scenario analysis.

### Disposal of Subsidiaries

On 6 February 2019, Atlas Mara Limited, the parent company of ABC Holdings Limited, announced the undertaking of a review of strategic options and assessment of indications of interest for certain banking assets relating to three subsidiaries. The strategy was to focus on the core markets to maximize value by reducing exposure and/or activities in non-core markets.

The three subsidiaries identified for disposal are:

- African Banking Corporation (Mozambique) S.A.
- African Banking Corporation (Tanzania) Limited, and
- African Banking Corporation Zambia Limited.

These subsidiaries are classified as a disposal group held for sale in terms of International Financial Reporting Standard ("IFRS") 5: Non-current assets held for sale and discontinued operations.

Atlas Mara remains committed to implementing the previously announced strategic decisions of the Board and continues to actively evaluate several options with the objective of completing a strategic transaction in 2020.

### Performance Summary for the period ended 30 June 2020

#### Profit

The financial performance of the Group for the period ended 30 June 2020 reflects the poor macroeconomic performance of the markets of operation. Excluding the IFRS 5 remeasurement loss impact of USD7.7 million (June 2019: USD56.6 million), the Group recorded a profit of USD0.2 million for the period ended 30 June 2020 compared to a profit of USD6.8 million for the same period last year impacted by increase in impairment charges and reduction in income.

The Group results for H1 have shown resilience despite the effects of COVID-19. Going forward the Group continues to focus on digitalisation and enhancement of customer experience, tapping on opportunities in the market to increase market share in loans and deposits, cost rationalisation through process reengineering and Technology and focus on the well-being of our staff.

#### Income

Net interest income of USD37.6 million, 6% down from USD39.8 million in the comparative period, was as a result of reduction in average interest earning assets. Writing of new loans was adversely impacted by the COVID-19 crisis in all the markets. In addition, most markets recorded margin compression because of rate cuts by central banks in response to the pandemic.

Reduction in non-interest income of 11% from USD52.2 million for the period ended 30 June 2019 to USD46.4 million for the period ended 30 June 2020 was attributable to reduction in new loans granted which affected lending related fees and declining transactional activity, particularly with corporate and SME clients as most countries of operation implemented economic lockdowns. Income was also impacted by the effects of currency translation, mainly in Zimbabwe and Zambia.

### Impairment

Impairment charges on financial assets for the period ended 30 June 2020 increased to USD3.0 million up from USD0.7 million for the comparative period. The impairment charges represent the recalibration of IFRS 9 models and the incorporation of forward looking statements related to COVID-19. The recoveries on the written off portfolio declined from USD1.9 million for the period ended 30 June 2019 to USD 0.6 million for the period ended 30 June 2020. The USD1.9 million recoveries for the period ended June 2019 comprised of a few large value exposures recovered.

### Statement of Financial Position

Total assets contracted from USD1.7 billion at 31 December 2019 to USD1.5 billion at 30 June 2020. Decrease in loans and deposits since December 2019 was mainly attributed to currency translation impact in Zimbabwe and slowdown in business activity due to the COVID-19 pandemic.

### Capitalisation

All the Group banking operating subsidiaries were compliant on capital adequacy ratio as at the reporting date. BancABC Mozambique is in the process of getting approvals to comply with the requirements for minimum regulatory capital for share capital and qualifying capital which became effective 1 April 2020.

### Corporate Social Responsibility and Sustainability

Across our markets, our mission is to build lifelong relationships with customers and communities. The Group continues to make a difference by investing in the most vulnerable and valuable members of our communities including women, children and youth as well in arts and culture among other initiatives. These initiatives extend to each of our countries and help to support the local communities. Key to note in the first half of the year 2020 were various COVID-19 related CSR activities across the Group such as Botswana having launched a COVID-19 Relief Donation Fund. Zimbabwe committed ZW\$1.5 million to COVID-19 relief efforts and supported a local trust, Business Fighting COVID-19, in mobilising resources for frontline healthcare workers and food insecure groups.

In addition, we lay great emphasis on the implementation of sustainability across all our operating subsidiaries and business lines.

### Appreciation

We would like to thank our valued customers for their continued support. We also would like to thank our fellow directors for their continued guidance and our regulators for their continued direction and supervision.

Finally, our biggest strength is our staff and we thank our employees for their great contribution to the banks' operations especially in this challenging and stressful COVID-19 period.

Livingstone T. Gwata  
Chairman  
ABC Holdings Limited

28 August 2020

ABC Holdings Limited company registration number: CO 99/4865

Sanjeev Anand  
Chief Executive Officer  
ABC Holdings Limited

### Condensed consolidated statement of financial position as at 30 June 2020

USD'000	Notes	2020 Unaudited 30 June	2020 Unaudited 31 December
<b>ASSETS</b>			
Cash and short term funds		164,177	129,013
Financial assets at fair value through profit or loss		24,759	25,243
Loans and advances	3	552,247	642,112
Derivative financial assets		4,834	5,691
Investment securities		62,835	107,778
Investment in associates		1,512	1,519
Property and equipment		31,812	40,820
Investment property		7,215	6,586
Intangible assets		15,496	18,308
Current tax assets		1,828	2,243
Deferred tax assets		4,505	6,946
Other assets		58,690	31,528
		<b>929,910</b>	<b>1,017,787</b>
Assets included in disposal group classified as held for sale	4	614,326	653,018
<b>Total assets</b>		<b>1,544,236</b>	<b>1,670,805</b>
<b>LIABILITIES</b>			
Deposits	5	612,816	723,726
Borrowed funds	6	209,388	174,744
Derivative financial liabilities		4,789	5,610
Current tax liabilities		29	29
Deferred tax liability		9,236	7,139
Other liabilities		106,025	90,994
		<b>942,283</b>	<b>1,002,242</b>
Liabilities included in disposal group classified as held for sale	4	557,026	572,198
<b>Total liabilities</b>		<b>1,499,309</b>	<b>1,574,440</b>
<b>EQUITY</b>			
Ordinary share capital	2.1	129,118	129,118
Cumulative non-redeemable preference share capital	2.2	154,000	154,000
Foreign currency translation reserve		(186,673)	(145,687)
Fair value reserves		163	310
Other capital reserves		50,122	49,153
Accumulated loss		(119,858)	(110,506)
<b>Equity attributable to ordinary and preference shareholder</b>		<b>26,872</b>	<b>76,388</b>
Non-controlling interest		18,055	19,977
<b>Total equity</b>		<b>44,927</b>	<b>96,365</b>
<b>Total equity and liabilities</b>		<b>1,544,236</b>	<b>1,670,805</b>
<b>Financial guarantees, loan commitments and other off-balance sheet items</b>	7	<b>24,459</b>	<b>39,640</b>

# ABC Holdings

part of



# ABC Holdings Limited

## Summarised Condensed Consolidated Financial Information

### For the period ended 30 June 2020

#### Condensed consolidated statement of profit or loss

For the period ended 30 June 2020

USD'000	Notes	Unaudited Half-year to 30 June 2020			Unaudited Half-year to 30 June 2019		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest and similar income	8	35,579	44,360	79,939	34,819	49,705	84,524
Interest and similar expense	8	(17,791)	(24,532)	(42,323)	(21,966)	(22,709)	(44,675)
<b>Net interest income</b>		<b>17,788</b>	<b>19,828</b>	<b>37,616</b>	<b>12,853</b>	<b>26,996</b>	<b>39,849</b>
Impairment charges on financial assets	9	(793)	(2,170)	(2,963)	(694)	(55)	(749)
<b>Net interest income after impairment charges on financial assets</b>		<b>16,995</b>	<b>17,658</b>	<b>34,653</b>	<b>12,159</b>	<b>26,941</b>	<b>39,100</b>
Non-interest income	10	27,636	18,769	46,405	34,629	17,602	52,231
<b>Total operating income</b>		<b>44,631</b>	<b>36,427</b>	<b>81,058</b>	<b>46,788</b>	<b>44,543</b>	<b>91,331</b>
Operating expenses	11	(29,317)	(39,747)	(69,064)	(29,816)	(46,681)	(76,497)
Net monetary losses		(4,723)	-	(4,723)	-	-	-
<b>Profit/(loss) before tax</b>		<b>10,591</b>	<b>(3,320)</b>	<b>7,271</b>	<b>16,972</b>	<b>(2,138)</b>	<b>14,834</b>
Income tax expense		(6,529)	(579)	(7,108)	(7,659)	(365)	(8,024)
<b>Profit/(loss) after tax</b>		<b>4,062</b>	<b>(3,899)</b>	<b>163</b>	<b>9,313</b>	<b>(2,503)</b>	<b>6,810</b>
Loss on remeasurement to fair value less costs to sell		-	(7,763)	(7,763)	-	(56,611)	(56,611)
<b>Profit/(loss) for the period</b>		<b>4,062</b>	<b>(11,662)</b>	<b>(7,600)</b>	<b>9,313</b>	<b>(59,114)</b>	<b>(49,801)</b>
<b>Attributable to:</b>							
Ordinary and preference shareholder		3,754	(11,650)	(7,896)	8,702	(59,062)	(50,360)
Non-controlling interest		308	(12)	296	611	(52)	559
		<b>4,062</b>	<b>(11,662)</b>	<b>(7,600)</b>	<b>9,313</b>	<b>(59,114)</b>	<b>(49,801)</b>

#### Condensed consolidated statement of other comprehensive income

For the period ended 30 June 2020

USD'000	Unaudited Half-year to 30 June 2020			Unaudited Half-year to 30 June 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit/(loss) for the period	4,062	(11,662)	(7,600)	9,313	(59,114)	(49,801)
<b>Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods (net of related tax effects):</b>	<b>(27,733)</b>	<b>(15,250)</b>	<b>(42,983)</b>	<b>(36,196)</b>	<b>(6,636)</b>	<b>(42,832)</b>
Exchange differences on translating foreign operations	(27,854)	(15,350)	(43,204)	(36,310)	(5,774)	(42,084)
Net loss on hedge of net investment in foreign operations	-	-	-	-	(155)	(155)
Changes in FVOCI reserves	121	100	221	114	(707)	(593)
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,318</b>	<b>-</b>	<b>22,318</b>
Revaluation of property, net of tax	-	-	-	22,318	-	22,318
<b>Other comprehensive income, net of tax</b>	<b>(27,733)</b>	<b>(15,250)</b>	<b>(42,983)</b>	<b>(13,878)</b>	<b>(6,636)</b>	<b>(20,514)</b>
<b>Total comprehensive income for the period</b>	<b>(23,671)</b>	<b>(26,912)</b>	<b>(50,583)</b>	<b>(4,565)</b>	<b>(65,750)</b>	<b>(70,315)</b>
<b>Total comprehensive income attributable to:</b>						
Ordinary and preference shareholder	(21,761)	(26,900)	(48,661)	(5,803)	(65,725)	(71,528)
Non-controlling interest	(1,910)	(12)	(1,922)	1,238	(25)	(1,215)
	<b>(23,671)</b>	<b>(26,912)</b>	<b>(50,583)</b>	<b>(4,565)</b>	<b>(65,750)</b>	<b>(70,315)</b>

#### Condensed consolidated statement of cashflows

For the period ended 30 June 2020

USD'000	Unaudited Half-year to 30 June 2020			Unaudited Half-year to 30 June 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit/(loss) before tax	10,591	(3,320)	7,271	16,972	(2,138)	14,834
<b>Adjusted for:</b>						
Impairment charges on financial assets	793	2,170	2,963	694	55	749
Depreciation and amortisation	4,129	5,682	9,811	3,603	4,717	8,320
Net losses on derivative financial instruments	26	-	26	-	-	-
Foreign exchange gains	(12,591)	(8,806)	(21,397)	(1,847)	-	(1,847)
Fair value gains on investment property	(4,863)	-	(4,863)	(3,602)	-	(3,602)
Fair value gains on financial assets at FVTPL	(1,232)	-	(1,232)	(677)	-	(677)
(Profit)/loss on disposal of property and equipment	(2)	-	(2)	-	554	554
<b>Cash (utilised in)/generated from operations</b>	<b>(3,149)</b>	<b>(4,274)</b>	<b>(7,423)</b>	<b>15,143</b>	<b>3,188</b>	<b>18,331</b>
Tax paid	(727)	(657)	(1,384)	(2,143)	(1,859)	(4,002)
<b>Net cash (outflow)/inflow from operating activities before changes in operating funds</b>	<b>(3,876)</b>	<b>(4,931)</b>	<b>(8,807)</b>	<b>13,000</b>	<b>1,329</b>	<b>14,329</b>
<b>Net increase/(decrease) in operating funds</b>	<b>16,838</b>	<b>36,638</b>	<b>53,476</b>	<b>(17,546)</b>	<b>-</b>	<b>(17,546)</b>
Decrease in operating assets*	74,513	14,479	88,992	240,655	-	240,655
(Decrease)/increase in operating liabilities*	(57,675)	22,159	(35,516)	(258,201)	-	(258,201)
<b>CASH FLOWS GENERATED FROM/ (UTILISED IN) OPERATING ACTIVITIES</b>	<b>12,962</b>	<b>31,707</b>	<b>44,669</b>	<b>(4,546)</b>	<b>1,329</b>	<b>(3,217)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>19,124</b>	<b>(75,221)</b>	<b>(56,097)</b>	<b>(17,796)</b>	<b>-</b>	<b>(17,796)</b>
Purchase of property and equipment	(896)	(3,278)	(4,174)	(2,764)	-	(2,764)
Purchase of intangible assets	(2,246)	(1,616)	(3,862)	(3,469)	-	(3,469)
Additions to investment property	(427)	-	(427)	(231)	-	(231)
Additions to financial assets held at FVTPL	-	-	-	(107)	-	(107)
Disposal of/(additions to) investment securities	22,691	(70,327)	(47,636)	(12,721)	-	(12,721)
Net cash inflow from disposal of shareholding in subsidiary	-	-	-	1,496	-	1,496
Proceeds on disposal of property and equipment	2	-	2	-	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>37,357</b>	<b>66,365</b>	<b>103,722</b>	<b>87,635</b>	<b>-</b>	<b>87,635</b>
Increase in borrowed funds	37,387	67,713	105,100	87,635	-	87,635
Repayment of lease liability	(30)	(1,348)	(1,378)	-	-	-
<b>Increase in cash and cash equivalents</b>	<b>69,443</b>	<b>22,851</b>	<b>92,294</b>	<b>65,293</b>	<b>1,329</b>	<b>66,622</b>
Cash and cash equivalents at the beginning of the period	129,013	201,667	330,680	332,272	-	332,272
Effect of exchange rate fluctuations on cash and cash equivalents held	(34,279)	(33,071)	(67,350)	(27,116)	-	(27,116)
Cash and cash equivalents relating to disposal group classified as held for sale	-	(191,447)	(191,447)	(249,416)	(1,329)	(250,745)
<b>Cash and cash equivalents at the end of the period</b>	<b>164,177</b>	<b>-</b>	<b>164,177</b>	<b>121,033</b>	<b>-</b>	<b>121,033</b>
Cash and cash equivalents	153,568	-	153,568	91,030	-	91,030
Statutory reserves	10,609	-	10,609	30,003	-	30,003
<b>Cash and short-term funds</b>	<b>164,177</b>	<b>-</b>	<b>164,177</b>	<b>121,033</b>	<b>-</b>	<b>121,033</b>

\* Operating assets and liabilities include loans and advances, deposits and other short-term assets and other liabilities used to support the operations of the Group.

#### Condensed consolidated statement of changes in equity

For the period ended 30 June 2020

Unaudited USD'000	Ordinary share capital	Cumulative non-redeemable preference share capital	Foreign currency translation reserve	Fair value reserve	Other capital reserve	Accumulated loss	Equity attributable to ordinary and preference shareholder	Non-controlling interest	Total equity
Balance as at 1 January 2020	129,118	154,000	(145,687)	310	49,153	(110,506)	76,388	19,977	96,365
(Loss)/profit for the period	-	-	-	-	-	(7,896)	(7,897)	296	(7,600)
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>	<b>(40,986)</b>	<b>221</b>	<b>-</b>	<b>-</b>	<b>(40,765)</b>	<b>(2,218)</b>	<b>(42,983)</b>
Exchange differences on translating foreign operations	-	-	(40,986)	-	-	-	(40,986)	(2,218)	(43,204)
Changes in FVOCI reserves	-	-	-	221	-	-	221	-	221
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(40,986)</b>	<b>221</b>	<b>-</b>	<b>(7,896)</b>	<b>(48,661)</b>	<b>(1,922)</b>	<b>(50,583)</b>
<b>Transaction within equity</b>									
Other movements in capital reserves	-	-	-	(368)	969	(1,456)	(855)	-	(855)
<b>Balance as at 30 June 2020</b>	<b>129,118</b>	<b>154,000</b>	<b>(186,673)</b>	<b>163</b>	<b>50,122</b>	<b>(119,858)</b>	<b>26,872</b>	<b>18,055</b>	<b>44,927</b>

\* Other capital reserves include credit risk reserve, revaluation reserve and other non-distributable reserves.

#### Condensed consolidated statement of changes in equity

For the period ended 30 June 2019

Unaudited USD'000	Ordinary share capital	Cumulative non-redeemable preference share capital	Foreign currency translation reserve	Fair value reserve	Other capital reserve	Accumulated loss	Equity attributable to ordinary and preference shareholder	Non-controlling interest	Total equity
Balance as at 1 January 2019	129,118	65,000	(147,960)	490	53,030	(43,129)	56,549	17,823	74,372
(Loss)/profit for the period	-	-	-	-	-	(50,360)	(50,360)	559	(49,801)
<b>Other comprehensive income:</b>	<b>-</b>	<b>-</b>	<b>(42,738)</b>	<b>(593)</b>	<b>22,163</b>	<b>-</b>	<b>(21,168)</b>	<b>654</b>	<b>(20,514)</b>
Exchange differences on translating foreign operations	-	-	(42,738)	-	-	-	(42,738)	654	(42,084)
Revaluation of property, net of tax	-	-	-	-	22,318	-	22,318	-	22,318
Changes in FVOCI reserves	-	-	-	(593)	-	-	(593)	-	(593)
Net loss on hedge of net investment in foreign operations	-	-	-	-	(155)	-	(155)	-	(155)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(42,738)</b>	<b>(593)</b>	<b>22,163</b>	<b>(50,360)</b>	<b>(71,528)</b>	<b>1,213</b>	<b>(70,315)</b>
<b>Transaction within equity</b>									
Movement in general reserves	-	-	-	-	12,175	(5,489)	6,686	960	7,646
<b>Transaction with owners</b>									
Issue of preference shares	-	89,000	-	-	-	-	89,000	-	89,000
<b>Balance as at 30 June 2019</b>	<b>129,118</b>	<b>154,000</b>	<b>(190,698)</b>	<b>(103)</b>	<b>87,368</b>	<b>(98,978)</b>	<b>80,707</b>	<b>19,996</b>	<b>100,703</b>

\* Other capital reserves include credit risk reserve, revaluation reserve and other non-distributable reserves.

#### Notes to the condensed consolidated financial statements

For the period ended 30 June 2019

##### 1. Basis of presentation

##### 1.1 Statement of compliance

This condensed consolidated interim financial information of ABC Holdings Limited (the "Company" or "ABCH") has been prepared in accordance with IAS 34 "Interim Financial Reporting". Significant accounting policies have been applied consistently from the last annual financial statements, except for the adoption of new and amended standards as set out below on 1.3.1.

##### 1.2 Functional and presentation currency

The financial statements are presented in United States Dollar ("US\$" or "USD"), which is the Company's functional currency and the Group's presentation currency. Except as indicated, financial information presented in US\$ has been rounded off to the nearest thousand.

##### 1.3 Accounting policies

##### 1.3.1 Change in accounting policies

Below are the new amendments to the IFRS standards that affect the Group effective from 1 January 2020.

##### Amendments to the conceptual framework in IFRS standards

Based on the revision of the conceptual framework, the Group has implemented the key changes impacting the policies guiding its operations. Although the amendments are not immediate and will not impact the current IFRS standards in the short term, the Group has effectively implemented the following key changes to assist in developing accounting policies that address significant areas of the financial statement. Some of these include:

- Providing useful information in making resource allocation decisions.
- Exercising caution when making judgements under conditions of uncertainty, as a component of neutrality.
- Revision of the definition of assets as a present economic resource controlled by the entity as a result of past events.
- Revision of the definition of a liability as a present obligation of the entity to transfer an economic resource as a result of past events.

##### Amendments to IAS 1 and IAS 8 - Definition of material

In making decisions around recognition and measurement, the Group has adopted the amended definition of material information to be presented to its primary users of its financial statement. The Group assesses materiality on the financial statement as a whole and applies great judgement its disclosures without omitting, misstating or obscuring information which could be reasonably expected to influence the decisions of its primary users.

There is no material impact on the accounting policies, financial position or performance of the Group due to this amendment.

## 2 Ordinary and cumulative non-redeemable preference shares

### 2.1 Ordinary share capital

USD'000	2020 Unaudited 30 June	2019 Audited 31 December
Balance at end of the period	129,118	129,118
	<b>129,118</b>	<b>129,118</b>

The ordinary capital of the Company comprises of 419,229,374 (2019: 419,229,374) shares.

### 2.2 Cumulative non-redeemable preference shares capital

USD'000	2020 Unaudited 30 June	2019 Audited 31 December
Opening balance	154,000	65,000
Cumulative non-redeemable preference shares issued during the period	-	89,000
	<b>154,000</b>	<b>154,000</b>

The cumulative non-redeemable preference shares of the Company comprises of 154,000 (2019: 154,000) shares.

## 3 Loans and advances

USD'000	2020 Unaudited 30 June	2019 Audited 31 December
Gross loans and advances	589,037	682,747
Less: Expected credit losses	(36,790)	(40,635)
	<b>552,247</b>	<b>642,112</b>
<b>Analysis of expected credit losses:</b>		
12 months ECL (Stage 1)	6,863	7,341
Lifetime not credit impaired (Stage 2)	1,194	1,275
Lifetime credit-impaired (Stage 3)	28,733	32,019
	<b>36,790</b>	<b>40,635</b>

# ABC Holdings Limited

## Summarised Condensed Consolidated Financial Information

### For the period ended 30 June 2020

#### Notes to the condensed consolidated financial statements

For the period ended 30 June 2019 (continued)

#### 4 Disposal group classified as held for sale and discontinued operation

On 6 February 2019, Atlas Mara Limited, the parent company of ABC Holdings Limited, announced the undertaking of a review of strategic options and assessment of indications of interests for certain banking assets relating to three subsidiaries. The strategy was to focus on the core markets to maximise value by reducing exposure and/or activities in non-core markets. With effect from the date of the announcement, these subsidiaries are classified as a disposal group held for sale in terms of IFRS 5 "Non-current assets held for sale and discontinued operations".

The major classes of assets and liabilities of subsidiaries on sale classified as held for sale as at 30 June 2020 are as follows:

USD'000	2020 Unaudited 30 June	2019 Audited 31 December
<b>Assets</b>		
Cash and short-term funds	191,447	201,666
Loans and advances	217,089	217,246
Investment securities	63,306	90,398
Other assets	107,117	85,525
Current tax assets	4,104	3,378
Property and equipment	24,743	32,672
Investment property	1,711	8,448
Deferred tax assets	4,809	13,685
<b>Assets included in disposal group classified as held for sale</b>	<b>614,326</b>	<b>653,018</b>
<b>Liabilities</b>		
Deposits	365,511	442,318
Other liabilities	35,124	28,785
Deferred tax liabilities	964	5,040
Borrowed funds	155,427	96,055
<b>Liabilities included in disposal group classified as held for sale</b>	<b>557,026</b>	<b>572,198</b>
<b>Net assets directly associated with disposal group</b>	<b>57,300</b>	<b>80,820</b>

#### 5 Deposits

USD'000	2020 Unaudited 30 June	2019 Audited 31 December		
Deposits from banks	57,656	18,893		
Deposits from other customers	555,160	704,833		
	<b>612,816</b>	<b>723,726</b>		
<b>Broken down as follows:</b>	<b>30 June 2020</b>	<b>31 December 2019</b>		
	Payable on demand	Term deposits	Payable on demand	Term deposits
Corporate customers	125,888	179,243	69,656	87,830
Public sector	29,765	110,345	24,707	162,862
Retail customers	44,245	32,097	75,521	41,262
Other financial institutions	2,144	31,433	18,178	224,817
Banks	54,147	3,509	14,590	4,303
	<b>256,189</b>	<b>356,627</b>	<b>202,652</b>	<b>521,0754</b>

#### 6 Borrowed funds

USD'000	2020 Unaudited 30 June	2019 Audited 31 December
BIFM Capital Investment Fund One Proprietary Limited	5,530	6,132
Afrexim Bank	45,076	49,098
Africa Agriculture and Trade Investment Fund S.A.	17,027	21,039
Norsad Finance Limited	10,055	10,267
Atlas Mara Limited	58,033	15,692
Overseas Private Investment Corporation ("OPIC")	35,365	40,207
Zimbabwe Agricultural Development Trust ("ZADT")	-	10,374
Reserve Bank of Zimbabwe	204	5,994
Other	38,098	15,941
	<b>209,388</b>	<b>174,744</b>
<b>Analysed into:</b>		
On demand to one month	383	390
One to three months	1,505	606
Three months to one year	26,032	25,837
Over one year	181,468	147,911
	<b>209,388</b>	<b>174,744</b>

#### 7 Financial guarantees, loan commitments and other off-balance sheet items

USD'000	2020 Unaudited 30 June	2019 Audited 31 December
Guarantees	8,646	19,720
Letters of credit, loan commitments and other off-balance sheet items	15,959	20,107
<b>Gross balance</b>	<b>24,605</b>	<b>39,827</b>
Less: Expected credit losses	(146)	(187)
<b>Net balance</b>	<b>24,459</b>	<b>39,640</b>
<b>Maturity analysis:</b>		
Less than one year	15,250	29,304
Between one and five years	5,335	10,336
Over 5 years	3,874	-
	<b>24,459</b>	<b>39,640</b>

#### 8 Net interest income

USD'000	Unaudited Half-year to 30 June 2020			Unaudited Half-year to 30 June 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
<b>Interest and similar income using effective interest method:</b>						
Cash and short-term funds	725	2,069	2,794	511	6,994	7,505
Investment securities at amortised cost	1,645	6,551	8,196	2,352	5,128	7,480
Investment securities at FVOCI	-	2,076	2,076	-	2,706	2,706
Loans and advances	33,195	33,664	66,859	31,531	34,877	66,408
	<b>35,565</b>	<b>44,360</b>	<b>79,925</b>	<b>34,394</b>	<b>49,705</b>	<b>84,099</b>
Other interest income	14	-	14	425	-	425
	<b>35,579</b>	<b>44,360</b>	<b>79,939</b>	<b>34,819</b>	<b>49,705</b>	<b>84,524</b>
<b>Interest and similar expense using effective interest method:</b>						
Deposits	(10,068)	(20,508)	(30,576)	(14,155)	(16,511)	(30,666)
Borrowed funds	(7,254)	(3,579)	(10,833)	(8,634)	(4,503)	(13,137)
Lease liabilities	(187)	(445)	(632)	(320)	(552)	(872)
Other interest expense	(282)	-	(282)	1,143	(1,143)	-
	<b>(17,791)</b>	<b>(24,532)</b>	<b>(42,323)</b>	<b>(21,966)</b>	<b>(22,709)</b>	<b>(44,675)</b>
<b>Net interest income</b>	<b>17,788</b>	<b>19,828</b>	<b>37,616</b>	<b>12,853</b>	<b>26,996</b>	<b>39,849</b>

#### 9 Impairment charges on financial assets

USD'000	Unaudited Half-year to 30 June 2020			Unaudited Half-year to 30 June 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
12 months expected credit losses (stage 1)	(951)	(114)	(1,065)	248	(1,313)	(1,065)
Lifetime not credit impaired losses (stage 2)	781	631	1,412	(20)	-	(20)
Lifetime credit-impaired losses (stage 3)	(759)	(3,037)	(3,796)	(1,821)	294	(1,527)
Recoveries of bad debts previously written-off	187	447	634	899	964	1,863
Impairment charge on other financial assets	(51)	(97)	(148)	-	-	-
	<b>(793)</b>	<b>(2,170)</b>	<b>(2,963)</b>	<b>(694)</b>	<b>(55)</b>	<b>(749)</b>

#### 10 Non-interest income

USD'000	Unaudited Half-year to 30 June 2020			Unaudited Half-year to 30 June 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
<b>Net gains from trading activities:</b>	<b>14,483</b>	<b>8,903</b>	<b>23,386</b>	<b>6,610</b>	<b>5,716</b>	<b>12,326</b>
Forex trading income and currency revaluation	12,591	8,806	21,397	4,981	6,450	11,431
Other net trading income	1,892	97	1,989	1,629	(734)	896
<b>Dividends received:</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>20</b>	<b>8</b>	<b>28</b>
Listed and unlisted shares - FVTPL	-	4	4	20	8	28
<b>Fee and commission income:</b>	<b>7,039</b>	<b>9,282</b>	<b>16,321</b>	<b>9,590</b>	<b>11,495</b>	<b>21,085</b>
Fee income on loans and advances	1,500	1,932	3,432	1,213	1,678	2,891
Fee income from trust and fiduciary activities	213	36	249	453	2,816	3,269
Cash transaction fees	975	1,619	2,594	5,616	2,283	7,899
Fee income on digital transactions	2,814	1,575	4,389	-	-	-
Fee income on investments	-	-	-	1,966	-	1,966
Other fee income	1,537	4,120	5,657	342	4,718	5,060
Other non-interest income	6,114	580	6,694	18,409	383	18,792
<b>Non-interest income</b>	<b>27,636</b>	<b>18,769</b>	<b>46,405</b>	<b>34,629</b>	<b>17,602</b>	<b>52,231</b>

#### 11 Operating expenses

USD'000	Unaudited Half-year to 30 June 2020			Unaudited Half-year to 30 June 2019		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Administrative expenses	(11,508)	(17,053)	(28,561)	(12,668)	(21,100)	(33,768)
Property lease rentals	(285)	(440)	(725)	(154)	(962)	(1,116)
Staff costs	(12,862)	(16,159)	(29,021)	(12,819)	(19,508)	(32,327)
Auditor's remuneration	(411)	(414)	(825)	(275)	(394)	(669)
Depreciation	(1,969)	(3,188)	(5,157)	(2,129)	(2,514)	(4,643)
Amortisation	(2,160)	(2,493)	(4,653)	(1,474)	(2,203)	(3,677)
Directors' remuneration	(122)	-	(122)	(297)	-	(297)
	<b>(29,317)</b>	<b>(39,747)</b>	<b>(69,064)</b>	<b>(29,816)</b>	<b>(46,681)</b>	<b>(76,497)</b>

#### 12 Exchange rates

	30 June 2020		31 December 2019		30 June 2019	
	Closing	Average	Closing	Average	Closing	Average
Botswana Pula	11.80	11.49	10.63	10.76	10.65	10.66
Tanzanian Shilling	2,316.73	2,310.12	2,298.03	2,306.59	2,299.31	2,313.64
Zambian Kwacha	18.15	16.74	14.07	12.92	12.73	12.42
Mozambican Metical	70.08	66.38	61.44	62.54	62.34	62.88
South African Rand	17.33	16.67	14.05	14.45	14.08	14.20
Zimbabwe Dollar	57.36	57.36	16.77	16.77	6.62	3.46

#### 13 Fair values

USD'000	Carrying amount	Unaudited Half-year to 30 June 2020				Carrying amount	Audited 31 December 2019			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value:</b>										
<b>Financial assets at FVTPL</b>	<b>24,759</b>	<b>2,008</b>	<b>3,481</b>	<b>19,270</b>	<b>24,759</b>	<b>25,243</b>	<b>803</b>	<b>3,925</b>	<b>20,515</b>	<b>25,243</b>
Listed equities and debentures	2,008	2,008	-	-	2,008	803	803	-	-	803
Money market fund	3,481	-	3,481	-	3,481	3,925	-	3,925	-	3,925
Unlisted equities and debentures	18,384	-	-	18,384	18,384	19,485	-	-	19,485	19,485
Property units	886	-	-	886	886	1,030	-	-	1,030	1,030
<b>Financial assets at FVOCI</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>488</b>	<b>-</b>	<b>-</b>	<b>488</b>	<b>488</b>
Listed equities	-	-	-	-	-	488	-	-	488	488
Unlisted equities and debentures	500	-	-	500	500	-	-	-	-	-
Derivative financial assets	4,834	-	94	4,740	4,834	5,691	-	108	5,583	5,691
	<b>30,093</b>	<b>2,008</b>	<b>3,575</b>	<b>24,510</b>	<b>30,093</b>	<b>31,422</b>	<b>803</b>	<b>4,033</b>	<b>26,586</b>	<b>31,422</b>
<b>Financial liabilities measured at fair value:</b>										
Derivative financial liabilities	4,789	-	91	4,698	4,789	5,610	-	100	5,510	5,610
	<b>4,789</b>	<b>-</b>	<b>91</b>	<b>4,698</b>	<b>4,789</b>	<b>5,610</b>	<b>-</b>	<b>100</b>	<b>5,510</b>	<b>5,610</b>

#### 14 Related party transactions

Related party transactions in the half year ended 30 June 2020 were similar in nature to those disclosed in the annual financial statement as at 31 December 2019. No related party transactions that have taken place in the half year ended 30 June 2020 have materially affected the financial position or the performance of the the Group during this period.

#### 15 Impact of COVID-19 on forecasts

Forward-looking macroeconomic information has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments. The Group has reviewed historical trends and identified key macroeconomic variables including GDP growth, inflation and exchange rates as variables impacting credit risk and expected credit losses in each portfolio.

The impact of COVID-19 on macroeconomic factors was considered in the forward-looking scenarios. The impacts of the COVID-19 pandemic are expected to feed through to the ECL by impacting PD, EAD and LGD in several ways, including:

- An expected increase in the PD due to higher default rates in the portfolios;
- Higher migration rates to stage 2 resulting in recognition of lifetime ECLs;
- Falling asset prices and increased difficulty in liquidating assets causing the LGD to increase;
- Increased utilisation of credit lines putting upward pressure on the EAD.

The extent to which economies are impacted varied across the countries in which the subsidiaries operate, as outlined below;

Botswana's GDP is expected to contract by 5.4% in 2020 but recover in 2021 subject to the post pandemic global recovery, normalisation of the diamond market and resumption of copper production. Monetary policy easing by the Central Bank together with the banks' own initiatives to support obligors through payment holidays and loan restructures has mitigated the cliff effect of a large migration of loans to Stage 2 and Stage 3. However, government support that has currently been availed is considered to have reached its full efforts and such support is not expected to continue beyond 2020. The loan portfolio of Botswana consists mostly (90%) of retail loans to government employees. The Government of Botswana has been a very stable employer and no job losses are anticipated as a result of the COVID-19 pandemic. This has significantly mitigated the impact of the lock down and resultant economic contraction on the loan portfolio in Botswana.

**ABC Holdings Limited**  
Summarised Condensed Consolidated Financial Information  
For the period ended 30 June 2020

Notes to the condensed consolidated interim financial statements  
for the period ended 30 June 2020 (continued)

**15 Impact of COVID-19 on forecasts (continued)**

Mozambique's economic growth deteriorated markedly in the second quarter of 2020 amid the full impact of the Covid-19 outbreak and associated containment measures. In April 2020, business turnover plunged by over 15% annually as activity in the key extractive industry and commerce sector was hampered by restrictions with exports of coal and aluminum slowing due to reduced demand. Complicating matters, the state of emergency was extended for the third time until 30 July 2020, though with some relaxation of restrictions. This will further exacerbate the economic growth trajectory for Q3 and Q4 of 2020 with GDP expected to grow by 0.9% in 2020. GDP growth is expected to recover to 3.1% in 2021. Given this economic outlook, the subsidiary has adopted a more conservative view in forecasting economic scenarios and has placed a greater weighting on a protracted and lower economic recovery. The credit policy relief measures that are being implemented by the subsidiary, together with a directive from the Central Bank that gives some relief on the recognition of loan loss provisions will help to mitigate some of the impacts of COVID-19.

Tanzania has been on a far milder lockdown compared to the other countries in which the Group has subsidiaries. While economic growth has been subdued due to COVID-19, the economy has remained sturdy, supported by demand for gold, a key export for Tanzania. Flattening investment activity and private consumption due to the constraining effects of the pandemic have dampened domestic activity, while weaker foreign demand and widespread travel restrictions are set to hamper trade and tourism. GDP is projected to grow by 2.0% in 2020 which is more buoyant compared to most of the other economies in which the Group has subsidiaries with GDP expected to grow by 6% in 2021.

In Zambia, COVID-19 is expected to impact both supply chains and demand for goods and services. The supply chain disruptions could be significant for corporate obligors as the majority are dependent on imported inputs and components. GDP is expected to contract more than 4% in 2020 but recover marginally in 2021 to 2.1%. Hence the expected slower economic recovery trajectory assumed in the base scenario. To assist the economy, the Zambian regulator has taken the measure to ease liquidity in the market. These include: establishment of a Targeted Medium-

Term Refinancing Facility with an initial amount of K10 billion (Zambia shilling) to provide medium-term liquidity, increasing transaction and wallet limits for individuals, small-scale farmers and enterprises and removing limits for agents and co-operatives, downward adjustments of the processing fees for the Zambia Interbank Payment Settlement system, waiving charges for person to e-money transactions, new regulation which considers collateral when determining the allowance for loan losses and has also broadened the classifications. These changes are expected to bring some relief to banks.

South Africa is the main trade partner of Zimbabwe. COVID-19 and the lockdown in South Africa have impacted the already struggling local economy, although the supply chain for essential goods have continued out of South Africa into the SADC countries. The COVID-19 impact is expected to endure until September 2020 where-after economic activity is expected to gradually resume. Stress continues within the manufacturing, trade and services, FMCG and fast food retail chains, tourism, transport, and logistics factors. The impact on the Retail loan portfolio is expected to be lower as most of the borrowers are government employees who will continue to be able to service their loans. The Reserve Bank of Zimbabwe has already implemented some mitigating measures. The accommodation rate has been reduced from 35% to 25% and banks are expected to reciprocate, so although the Bank had earlier raised the Base Lending rate to 40% to take effect in a month's time, this has now been maintained at 30%. Furthermore, the inflationary environment is assisting in the collections as borrowers can repay diminishing exposures.

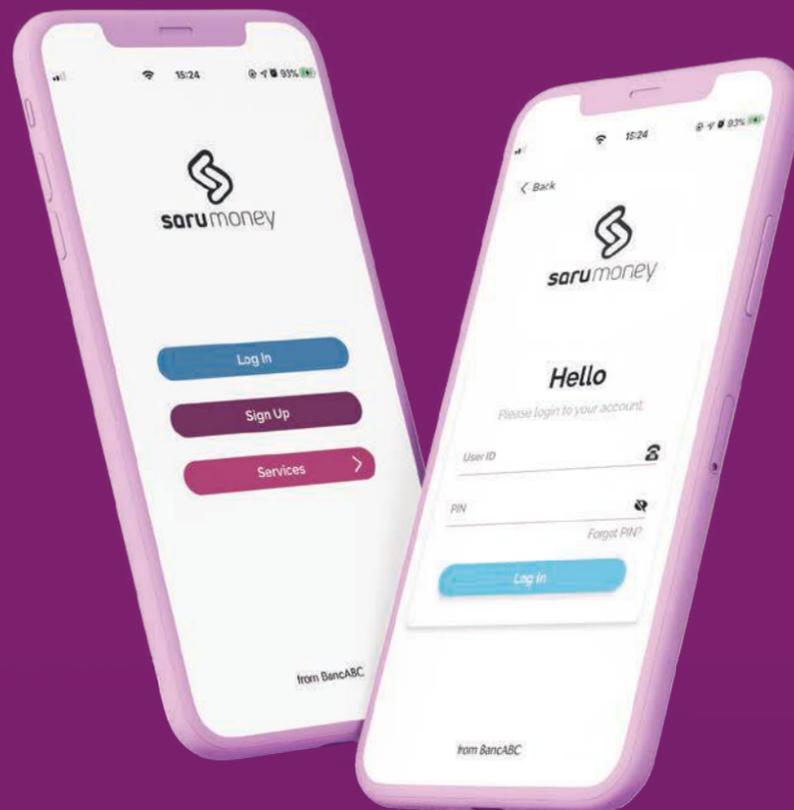
Given that there is still considerable uncertainty as to the impact of the COVID-19 pandemic, the projections and likelihoods of occurrence of the scenarios are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries of the portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

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## “CONTROLS” THE RISK MANAGEMENT BUZZWORD

**NATURE MOGOTSI** Operational Risk Manager, Banking



The word ‘controls’ is definitely mentioned more often than not when we talk about risk management. It is commonly used within business units, and I wanted to unpack it a bit more so that we are all aligned. The main aim of risk management is to address breakdowns or deficiencies in processes, systems, human capital as well as external factors. In an effort to address these breakdowns, controls must be embedded. Risk management is achieved through adopting various risk management strategies which include risk treatment, termination, tolerate and transfer. Embedding of controls speaks to treating of risks. A control is an activity that is done to prevent or reduce the likelihood of a risk occurring. The first step in risk management is risk identification. This is followed by a risk assessment to ascertain whether the risk is low medium or high based on the impact when it materializes as well as the likelihood or how often it can materialize. Subsequent to these two steps, controls are identified to reduce or mitigate the risk so that when the risk materializes the outcome is not worse off or is even prevented from occurring. There are four (4) main control types. These are preventative, detective and corrective controls. Preventative controls deter the risk from happening or materializing. They are often designed before the risk event happens. Examples include segregation of duties and crafting policies and standard procedures. On the other hand detective controls come in to play where risks have occurred and they pick or flag the risks and process gaps and the corrective controls are meant to manage a risk that has already occurred in an effort to restore the process to

normal. They detect irregularities so that corrective action can be taken. Fraud controls are usually detective in nature, as they pick fraud or irregularities after the fact. Finally, corrective controls focus on restoring the damage after the risk has materialized. They focus on rectifying errors that have already occurred to restore the process to normal. Corrective controls are normally invoked when preventative controls fail.

It is very important that for every risk identified in the business, there must be a control. The controls must thereon be tested to ensure that they are effective and adequate. We manage risks every single day even at a personal level. When we enter a car and put on a seatbelt, we are managing the risk of severe injury should an accident occur. The act of putting a seatbelt is therefore a preventative control. During the covid19 era, we were seeing a lot of control events being practiced at many levels. From staying at home, to washing hands regularly, sanitizing and avoiding touching the nose, mouth and eye areas. All these are controls to limit the spread of the virus. At a national level, there are more stringent controls in place such as lockdown, zonal permits, alcohol ban and border closure for non-essential movements. These are all controls that are embedded to manage the risk of Covid-19 spiraling out of control. From this example, it is evident that managing risk does not take away the risk. While all these practices are in place, we still see the virus penetration increasing across various nations. This shows that controls may not always be effective, and in this case the most effective control would be a vaccine. So this is the perfect example to expound on the role of risk management, it might not

always eliminate the risk but will cause the extent and impact of the risk to be better than worse off. Imagine how Covid-19 would have penetrated if we were living life like any other day and not wearing masks and sanitizing and not applying the proposed control measures.

Similarly, in a business context, controls are used to manage risks. These are applicable regardless of business size, and they are particularly important for SMMEs. Controls vary across all the risk types such as fraud controls, and security controls. To address some of the risks that small establishments encounter, once in a while owner managers must do spot checks to monitor the risk of stock shrinkage. Random stock counts are also an effective control to manage stock theft in the business. To manage the risk of theft, alarms can be installed in the premises and other physical security measures. To test the security controls, it is encouraged to test the alarms and evaluate whether the response time is adequate and as agreed with the monitoring company. To manage the risk of theft, an owner manager can employ security personnel to guard premises as a control. To test effectiveness of this control, it is ideal to pass by the business place at odd hours to check if the security personnel will be awake and actively guarding.

The same effort given to risk identification should be given to control identification. Whenever a risk is identified, a control should be in place to manage the risk. Controls are very important, and when they are not embedded or effective, the business is likely to suffer greater losses due to operational breakdowns that could have otherwise been avoided.

## CA PROTECTS JOBS IN KOMATSU-JOY AMALGAMATION

• Says merger will not reduce competition or service delivery

STAFF WRITER

The Competition Authority announced that it has approved the proposed amalgamation between Komatsu Botswana (Pty) Ltd and Joy Global Botswana (Pty) Ltd on condition that there shall be no merger-specific retrenchments that may affect employees of the merged enterprises.

The Authority says it determined through the analysis of the facts of the merger that the proposed transaction is not likely to result in substantial lessening of competition or endanger continuity of services offered in the market for the supply and servicing of surface mining equipment (mining wheel loaders) in Botswana.

However, the Competition Authority has noted that the proposed transaction gives rise to public interest concerns where possible retrenchments and/or redundancies may arise as a result of implementation of the proposed amalgamation.

The primary acquiring enterprise, Komatsu Botswana, is a limited liability company incorporated in accordance with the Laws of Botswana. Komatsu Botswana is wholly owned by Komatsu Africa Holdings (Pty) Ltd, a company registered in accordance with the Laws of South Africa. Komatsu Africa is a subsidiary of Komatsu Limited. Komatsu Ltd is a limited liability company incorporated in accordance with the Laws of Japan.

Komatsu Ltd is the ultimate parent company of the Komatsu group of companies. Komatsu Ltd is publicly listed

on the Tokyo Stock Exchange (Kabushiki Kaisha) and its shares are widely traded and as so is not controlled by any single shareholder or firm. Komatsu Botswana is active in the construction, mining and utility equipment segment. Komatsu Botswana imports, sells and provides after-sales support for Komatsu mining and construction equipment.

Komatsu Botswana supplies and services the following mining products: dozers, dump trucks, motor graders, mining hydraulic excavators and mechanical drive mining wheel loaders. However, Komatsu Botswana does not undertake any manufacturing activities in Botswana. The Directors of Komatsu Botswana are Martin John Cowley, Lebang Mogaetsho Mpotokwane (both Batswana), Michael Anthony Blom, Ehsaan Moosa (both South Africans) and Kazuya Noburu (Japanese).

The primary target enterprise, Joy Global Botswana, is a company incorporated under the Laws of Botswana and is a subsidiary of HCHC Inc. (HCHC), a company incorporated in Delaware, United States of America. The shareholders of HCHC are Joy Global Surface Mining Inc (80 percent), Joy Global

Conveyors Inc. (8 percent), Joy Global Underground Mining LLC (6.4 percent), and Joy Global Longview Operations LLC (5.6 percent). Joy Global Botswana is a supplier of mining equipment that is used in surface and underground mining for extraction of metals and minerals.





# THE BOTSWANA PENSION FUND COLUMN

STRATEGIC WEALTH



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NADINE DAVIES – CEO Strategic Wealth

WELCOME to our monthly feature.

## HOW TO THINK ABOUT (AND PLAN FOR) RISK

No one could have predicted the Covid-19 pandemic impacting the entire globe in 2020. This is notwithstanding that there have been previous warnings about the potential for such a global crisis. The world has seen other more deadly viruses, such as Ebola, but these are perhaps too deadly to spread as fast and as far as this coronavirus (known as SARS-CoV-2). The events of this year will have prompted many to think more about the concept of risk.

We live with risk every day. Some small and insignificant like missing a meeting due to heavy traffic, but some far more serious such as being involved in a serious or deadly vehicle accident. It is the very big serious ones which we probably don't think enough about. Nor do we plan sufficiently for them. Probably because we think they are very unlikely to happen to us. It is true that many big risks are pretty rare, but they are devastating when they happen. This is why life and medical insurance are so important, but grudge purchases, nonetheless.

The impact of Covid-19 on economies and stock markets is the materialisation of one of these big risks. It has us thinking, much more than usual, about the risks to our health and also to our hard-earned savings, such as our retirement fund.

The relationship between risk and return in investing is widely acknowledged – but do we really give enough thought to the risks we take when we invest our money? Probably not. This is because risk is difficult to conceptualise and it is most often not portrayed in ways that are very clear, nor apply directly to us. However, the Covid-19 virus has made the concept of risk very real. Real in that money has been lost; real in that jobs have been lost; real in that lives have been lost.

For even the most diligent of us it is impossible to think about and plan for every eventuality, especially when our daily lives are so busy and filled with responsibilities. But 2020 may have changed all that. How then do we ensure some aspects such as our savings are protected from these big risks?

Here are some ways to protect your savings so you can meet

## ECONOMIC PERFORMANCE AROUND THE WORLD

REGION	GDP	INFLATION	INTEREST RATES
BOTSWANA	-0.9% (MAR-20)	0.9% (JUN-20)	4.25% (JUN-20)
USA	-32.9% (JUN-20)	0.6% (JUN-20)	0.25% (JUN-20)
EUROZONE	-12.1% (JUN-20)	0.4% (JUN-20)	0% (JUN-20)
UNITED KINGDOM	-2.2% (MAR-20)	0.6% (JUN-20)	0.1% (JUN-20)
CHINA	11.5% (JUN-20)	2.5% (JUN-20)	3.85% (JUN-20)

## HOW HAVE INVESTMENTS PERFORMED OVER THE LAST 12 MONTHS TO JUNE 2020?

1 Year Botswana Local shares (Price)	1 Year Botswana Local Bond Performance (Fleming Bond Index)	1 Year money market (BWP) (Overnight Call rate +2%)	1 Year MSCI ACWI (BWP)	1 Year MSCI Emerging Markets	1 Year change Botswana Pula vs US\$
-5.15%	5.76%	5.06%	12.85%	-5.67%	10.86%

your goals:

### Have a dedicated strategy:

The old saying "If you don't know where you are going, you may go anywhere" applies to investing. Unless you plan and set your own strategy, the results you achieve may be extremely far from what you may expect. If your strategy involves savings for a short-term goal – we define short-term as anything up to 3 years, then you are best served by taking a little risk as possible and investing into something like a money market fund or cash fund. Alternatively, if you are saving for the longer-term like retirement, then you will have to take some risk in the markets to get the kind of returns that will really grow your money.

### Diversification:

Diversification is the concept of not having all your eggs in one basket. Diversification is achieved by ensuring that your money is invested in many different investment instruments within one asset class, such as shares; then invest across different asset classes, for example have exposure to shares and bonds and cash; and also invest across different regions and countries, such as within Botswana and also globally.

**Time:** Give yourself enough time for your investment plan to work out. Investing for the long-term such as your retirement requires patience and not worrying too

much about the short-term if you have set a solid plan.

**Save enough:** Over time, a big part of your investment results, is the investment returns you earn on your money, but also significant is how much you invest. The more you invest each month, the more you will have at the end of the investment period.

**Save regularly:** If you save on a regular basis, even if just small amounts, it will build up over time and compound into a decent amount. Saving regularly also means that when your investments have fallen in value such as this year, you can buy more at a cheaper price, which will benefit you in the long run.

**Seek good advice:** If you are not a professional investor or advisor, it is wise to seek out good advice. Remember though good advice is not someone telling you they can forecast the future. No one has a crystal ball. Good advice is helping you set the plan, understand your needs and goals and most importantly helping you to stay the course over time.

**Tune out the noise:** There is a lot of "noise" in the markets on a daily basis. With so much exposure to local global news it is easy to get panicked about a fall in your savings value. But remember, if you have set your plan and follow as much as you can the ideas mentioned above you should be able to sleep at

night knowing that any fall in your value is temporary and will recover, and more importantly that you will stay on track to meet your goals

### COMPETITION

Covid 19 continues to interfere with running our competition, which has been put back under lockdown. We will resume as soon as we can.

### STRATEGIC WEALTH

Strategic Wealth is a Botswana retirement funds investment specialist. We are 100% citizen and female owned and committed to improving retirement fund knowledge in Botswana. Please send all comments or questions to: [info@strategicwealth.info](mailto:info@strategicwealth.info).

**DISCLAIMER:** While every effort is taken to ensure the accuracy of the information used in this column, Strategic Wealth accepts no liability for errors or omissions. Information is provided for general educational purposes and is not to be treated as financial planning advice. Investors should consult professional advisors before taking any action. Not all articles reflect the views of Strategic Wealth.

### FORTHCOMING ATTRACTIONS

Our Trustee Training Workshops and Conference remain suspended till further notice.

FROM PAGE 09

## BIHL EXPECTS PROFITS TO DOUBLE

period ended 30 June 2020 are expected to be published on or around 2nd September 2020. Accordingly, the shareholders of BIHL Group and potential investors are advised to exercise caution when trading in the company's securities until a detailed announcement is made.

Consistent with the performance trends the BIHL witnessed in the second half of 2019, the group announced that it has had a reassuring start to the 2020 financial year, exhibiting strong growth in key performance indicators compared to the first three months of 2019.

**The firm is concerned that the trading environment remains volatile and will continue to pose challenges into the second half of the year.**

During the first quarter of 2020, BIHL disclosed that premium income showed a 7 percent growth compared to the same period last year. According to an update shared with shareholders on the Botswana Stock Exchange (BSE), the growth was spurred by 11 percent growth in recurring premiums and 1 percent growth in single premium.

Admin Fee revenue from the asset management business grew by 8 percent compared to prior year with the growth in AUM witnessed in the second half of the year contributing to this increase. BIHL is worried, however, that the first quarter of 2020 saw a significant decline in offshore stock market indices, and this will negatively impact assets under management in the short to medium term.

Meanwhile, share of profits from associates increased by 9 percent owing to resilient growth witnessed in the different associates. Further, new business premiums grew by 11 percent compared to the first three months of 2019, which translated to value of new business growth of 22 percent due to better new business margins compared to prior year.

# TLOU ENGAGES MOTT MACDONALD TO BUILD ITS 66KV TRANSMISSION LINE

• Reports steady progress on line and negotiations for project finance with BDC

## STAFF WRITER

According to a statement by the company, Mott MacDonald is currently working on the implementation stage of Tlou Energy's 66kV transmission line for connection to the national grid of Botswana Power Corporation.

According to a statement from Tlou, Mott MacDonald Engineering Consultants has been engaged to work on the detailed engineering and design of transmission line that includes Serowe extension substation and power plant intake substation, as well as tender document specification and preparation of pre-qualification (PQ) documents with the objective of Tlou selecting a shortlist of pre-qualified bidders who will be invited

to bid for construction. The implementation stage is currently expected to be completed later this year if undue delays outside Tlou's direct control, such as responses from third parties or further lockdowns imposed by the Botswana's government, are experienced.

Following completion of this stage, Tlou will request tenders for construction of the transmission line and associated works. Subject to the receipt of acceptable tenders, available funding and on the ground access, the company plans to commence construction as soon as possible thereafter.

Tlou says it is in discussions with potential providers of project finance, including the Botswana Development Corporation (BDC). It notes that this has been and remains a slow process as it awaits a revised term sheet from BDC. Simultaneously, several

parties both within and external to Botswana, are also engaged in discussions for development finance with a view to agreeing a suitable Memorandum of Understanding (MoU).

Tlou says securing this finance is the key objective for the company. "Management are focused on getting the best possible deal either with BDC or another party and are also mindful of our shareholder's desire to see progress in the near term," the company emphasises in a statement.

The MD of Tlou Energy, Tony Gilby, commented: "Mott MacDonald have been doing an excellent job and we are very pleased with progress to date. The lifting of some COVID-19 related restrictions enabled a recent productive site visit with Mott MacDonald and BPC and activity is increasing across both public and private sectors in Botswana."

The company says the detailed design and engineering work is primarily desktop-based. "Our recent successful capital raising, strongly supported by our existing shareholders, means that we are fully funded to complete the detailed engineering and design, service corporate overheads and any necessary finance related due diligence costs if required by financiers and upon agreement of terms," says Gilby.

"Project finance remains a key objective for the company and we remain very focused on securing the necessary development funds to enable the construction of transmission lines and development of the power plant at Lesedi."

Whilst the group says it has been in advanced discussions with BDC for some time and awaits a response, it wants shareholders to note that the financing conversations are

not exclusive and that there are a number of ongoing positive discussions with other parties as well. "With regards to being able to sell power within Botswana and supply to the grid, we are very well positioned at present," Gilby notes.

"We agreed an interim 2MW Power Purchase Agreement with Botswana Power Corporation some months ago, the full 10MW tender has progressed to the Attorney General's Chambers for legal review, and in June we received our formal generation licence from the Botswana Energy Regulation Authority for the generation of gas and solar power at Lesedi. Additionally, our grid Connection Agreement is also in the process of being finalised. We look forward to further progress in the coming months."

# LEGAL NOTICE

IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA  
HELD AT GABORONE

CASE NO: CVHGB-001213-16

In the matter between:  
**BOTSWANA BUILDING SOCIETY**  
and  
**AKANYANG ALOMET JOHN**

Plaintiff

Defendant

### NOTICE OF SALE IN EXECUTION

**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by **Deputy Sheriff Omphemetse Peter Kaisara** to the highest bidder in the manner set out:

**DATE OF SALE** : 23<sup>rd</sup> September 2020  
**VENUE** : Lot 59555, Gaborone in Gaborone West Extension 48  
**TIME OF SALE** : 10:30 hours

**TERMS OF SALE:** Strictly Cash or Bank guaranteed cheques

**PROPERTY TO BE SOLD** : Defendant's rights, title and interest in respect of a certain piece of land being Lot 59555 situate in Gaborone West Extension 48, measuring 300m<sup>2</sup> together with some developments thereon being 3 bedrooms house Master bedroom ensuite, sitting room, open plan kitchen, toilet and bath combined, single garage, veranda, paving, screen wall, electric fence and sliding gate.

**CONDITIONS OF SALE:** Strictly Cash or Bank guaranteed cheques

**DATED AT GABORONE ON THIS 28th DAY OF JULY 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
[YTK/mk/4074]  
Tel: - 3163572  
Deputy Sheriff Omphemetse Peter Kaisara  
Cell No.: 7122244/72195113/3190188



**KEBABONYE | MWIYA**  
ATTORNEYS, NOTARIES, CONVEYANCERS

IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA  
HELD AT GABORONE

CASE NO: CVHGB-002407/19

In the matter between:  
**BBS LIMITED (FORMERLY BOTSWANA BUILDING SOCIETY)**  
and  
**MOITSHEPI VICTOR LEOKETSA**

Plaintiff

Defendant

### NOTICE OF SALE IN EXECUTION

**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by Deputy Sheriff Meshack Moshabi to the highest bidder in the manner set out:

**DATE OF SALE** : 12<sup>th</sup> October 2020  
**VENUE** : Lot 28460, Gaborone  
**TIME OF SALE** : 10:30 hours

**TERMS OF SALE:** Cash or Bank guaranteed cheques

**PROPERTY TO BE SOLD** : Defendant's rights, title and interest in respect of a certain piece of land being Lot 28460, Gaborone Administrative District Held Under Deed of Transfer No. 2127/2013 dated 24<sup>th</sup> day of October 2013 made in favour of Moitshepi Victor Leoketsa and measuring 1080m<sup>2</sup> together with developments thereon being four (4) bedrooms, Sitting Room, Dining room, Leaving Room, Kitchen, Servant squatter, Double garage, Wall, Electric fence, paved and swimming pool.

**CONDITIONS OF SALE:** Strictly Cash or Bank guaranteed cheques otherwise details and conditions of sale may be inspected at the Plaintiff's Attorney's

**DATED AT GABORONE ON THIS 25th DAY OF AUGUST 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
[YTK/mk/8448]  
Tel: - 3163572  
Deputy Sheriff Meshack Moshabi  
Cell No.: 71623026/73301311



**KEBABONYE | MWIYA**  
ATTORNEYS, NOTARIES, CONVEYANCERS

IN THE INDUSTRIAL COURT OF THE REPUBLIC OF BOTSWANA  
HELD AT GABORONE

BEFORE H/W THEDI  
CASE NO: IC EX 194-2019

In the matter between  
**BOTSHELO KGOBOKO**  
and  
**SILENT TOUCH INVESTMENT (PTY) LTD t/a  
BOTSHABELO BUTCHERY**

Plaintiff

Defendant

### NOTICE OF SALE IN EXECUTION

**BE PLEASED TO TAKE NOTICE THAT** pursuant to a Judgment of the above Honourable Court the following movable property of the Defendant will be sold by public auction by **DEPUTY SHERIFF, ERNEST C. BECHANG RAMODISA** to the highest bidder as follows:

**DATE OF SALE** : Friday 28<sup>th</sup> August 2020  
**TIME OF** : 10:30 am  
**VENUE** : Broadhurst Police Station

**PROPERTY TO BE SOLD** : x2 Display Fridges, Electric meat scale, Deep Freezer, Cold Room, Steel Table, x2 Band saws (meat cutting machines), Samsung microwave and Carcuss meat scale.

**TERMS OF SALE** : Cash, EFT or Bank Guaranteed Cheque.

**DATED AT GABORONE THIS 22<sup>ND</sup> DAY OF JULY 2020.**

**DEPUTY SHERIFF ERNEST C. BECHANG RAMODISA**  
C/o BOTSHELO KGOBOKO  
PLOT NO: 19410, PHASE 2  
NEAR MASA PRIMARY SCHOOL  
P. O. BOX 70697, UB  
**GABORONE**  
CONTACTS: 72296140/73818663

## APPLICATION FOR A CERTIFIED COPY OF LOST TITLE DEED

**NOTICE** is hereby given that the undersigned intends to apply for a certified copy of lost **TITTLE DEED No. TG 99/22 dated 27 day of APRIL 2014** in favour of **MR. MOETAPELE LEKENE** in respect of:

**CERTAIN:** piece of land Tribal Grant No. 5211-KO;

**SITUATED:** at Tlokweg in the Batlokwa Tribal Territory;

**MEASURING:** 8.9463 (eight hectares, nine thousand, four hundred and sixty three)

All persons having objection to the use of such copy are hereby required to lodge the same in writing with the Registrar of Deeds within (3) weeks from the last publication of this notice.

**DATED AT GABORONE ON THIS 25TH DAY OF AUGUST 2020**

Ontiretse Kennedy Kerapeletswe (Mr.)  
Managing Director [IN-DESIGN+INTERIORS (PTY) LTD]  
MOBILE: (+267)74176115  
kerapeletswek@yahoo.com

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA HELD AT GABORONE**

**CASE NO: CVHGB-000388-20**

In the matter between:  
**BOTSWANA BUILDING SOCIETY**  
and  
**TSHOLOFELO KGOTLA**

**Plaintiff**  
**Defendant**

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**NOTICE OF SALE IN EXECUTION**

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**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by **Deputy Sheriff Meshack Moshabi** to the highest bidder in the manner set out:

**DATE OF SALE** : 07<sup>th</sup> October 2020  
**VENUE** : Lot 71133, Phakalane, Gaborone  
**TIME OF SALE** : 10:30 hours

**TERMS OF SALE:** Cash or bank guaranteed cheques.

**PROPERTY TO BE SOLD** : Defendant's rights, title and interest in respect of a certain piece of land being Lot 71133, Gaborone Administrative District Held Under Deed of Transfer No. 837/2013 dated 26<sup>th</sup> day of February 2013 made in favour of Tsholofelo Kgotla and measuring 354m<sup>2</sup> together with developments thereon being two bedroom, Sitting Room, Fitted Kitchen, Bathroom with Toilet, Screen wall.

**CONDITIONS OF SALE:** Strictly Cash or Bank guaranteed cheques otherwise details and conditions of sale may be inspected at the Plaintiff's Attorney's

**DATED AT GABORONE ON THIS 21<sup>st</sup> DAY OF AUGUST 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
Tel: - 3163572  
[YTK/mk/8620]  
Deputy Sheriff **MESHACK MOSHABI**  
Cell No.: 71623026/71263198



**KEBABONYE | MWIYA**  
ATTORNEYS. NOTARIES. CONVEYANCERS

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA HELD AT GABORONE**

**CASE NO. CVHGB-000858-18**

In the matter between:  
**BOTSWANA BUILDING SOCIETY**  
and  
**MASEGO PASSMAN**

**Plaintiff**  
**Defendant**

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**NOTICE OF SALE IN EXECUTION**

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**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by the **Deputy Sheriff N. Ookame** to the highest bidder in the manner set out:

**DATE OF SALE** : 06<sup>th</sup> October 2020  
**VENUE** : Lot 69057, Gaborone.  
**TIME OF SALE** : 10:30 a.m.

**PROPERTY TO BE SOLD** : Defendant's right, title and interest on a certain piece of land being Lot 69057, Gaborone situated in the Gaborone Administrative District which property was held under Deed of Transfer Number 741/90 dated 19<sup>th</sup> June 1990 and subsequent Deeds the last of which being Deed of Transfer Number 216/2015 dated 30<sup>th</sup> January 2015 passed in favour of Masego Passman and measuring 300m<sup>2</sup> together with developments therein being a two bedroom house, one room with fitted wardrobe, tiled floors, fitting room, unroofed extension comprising of Master- Bedroom, Lounge and only corner poles erected to demarcate the plot.

**TERMS AND CONDITIONS OF SALE:** Strictly Cash or Bank guaranteed cheques otherwise details and conditions of sale may be inspected at the Plaintiff's Attorney's

**DATED AT GABORONE ON THIS 21<sup>st</sup> DAY OF AUGUST 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
[YTK/mk/8134]  
Tel: - 3163572  
Deputy Sheriff **N. Ookame**  
Contact No: 3938567/72879169/77435503



**KEBABONYE | MWIYA**  
ATTORNEYS. NOTARIES. CONVEYANCERS

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA HELD AT GABORONE**

**CASE NO: CVHGB-000591-18**

In the matter between:  
**BUILDERS WORLD BOTSWANA (PTY) LTD**  
and  
**JOSNADLIZ (PTY) LTD**  
**MPHO DANIEL MODISE**

**Plaintiff**  
**1st Defendant**  
**2nd Defendant**

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**NOTICE OF SALE IN EXECUTION**

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**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by **Deputy Sheriff Meshack Moshabi** to the highest bidder in the manner set out:

**DATE OF SALE** : 04<sup>th</sup> September 2020  
**VENUE** : Broadhurst Police Station  
**TIME OF SALE** : 10:30 hours

**TERMS OF SALE:** Cash or bank guaranteed cheques.

**PROPERTY TO BE SOLD** : Toyota RunX Registration No. B 550 AWE

**CONDITIONS OF SALE:** Strictly Cash or Bank guaranteed cheques

**DATED AT GABORONE ON THIS 17<sup>th</sup> DAY OF AUGUST 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
Tel: - 3163572  
[YTK/mk/8062]  
Deputy Sheriff **MESHACK MOSHABI**  
Cell No.: 71623026/71263198



**KEBABONYE | MWIYA**  
ATTORNEYS. NOTARIES. CONVEYANCERS

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA HELD AT GABORONE**

**CASE NO: CVHGB-003412-17**

In the matter between:  
**BUILDERS WORLD BOTSWANA (PTY) LTD**  
and  
**CHARITY MUHAMMED**

**Plaintiff**  
**Defendant**

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**NOTICE OF SALE IN EXECUTION**

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**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by **Deputy Sheriff Meshack Moshabi** to the highest bidder in the manner set out:

**DATE OF SALE** : 08<sup>th</sup> October 2020  
**VENUE** : Lot 62503, Tsholofelo East, Gaborone  
**TIME OF SALE** : 10:30 hours

**TERMS OF SALE:** Cash or bank guaranteed cheques.

**PROPERTY TO BE SOLD** : Defendant's rights, title and interest in respect of a certain piece of land being Lot 62503, Gaborone, in the Gaborone Administrative District Held Under Deed of Transfer No. 1253/2016 dated 4<sup>th</sup> day of May 2016 made in favour of Charity Muhammed and measuring 300m<sup>2</sup> together with developments thereon being Sitting Room, Kitchen, Two bedrooms, bathroom with Toilet, Screen wall, Electric fence and paved

**CONDITIONS OF SALE:** Strictly Cash or Bank guaranteed cheques otherwise details and conditions of sale may be inspected at the Plaintiff's Attorney's

**DATED AT GABORONE ON THIS 21<sup>st</sup> DAY OF AUGUST 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
Tel: - 3163572  
[YTK/mk/8026]  
Deputy Sheriff **MESHACK MOSHABI**  
Cell No.: 71623026/71263198



**KEBABONYE | MWIYA**  
ATTORNEYS. NOTARIES. CONVEYANCERS

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA HELD AT GABORONE**

**CASE NO: CVHGB-001401-19**

In the matter between:  
**BUILDERS WORLD BOTSWANA (PTY) LTD**  
and  
**ANDRIES SEAGO**

**Plaintiff**  
**Defendant**

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**NOTICE OF SALE IN EXECUTION**

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**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by **Deputy Sheriff Meshack Moshabi** to the highest bidder in the manner set out:

**DATE OF SALE** : 04<sup>th</sup> September 2020  
**VENUE** : Broadhurst Police Station  
**TIME OF SALE** : 10:30 hours

**TERMS OF SALE:** Strictly Cash or Bank guaranteed cheques

**PROPERTY TO BE SOLD** : 1 X 4 Piece Sofas, 1 x Coffee table, 1 x Samsung Plasma TV, 1 x TV Stand, 1 x Floor mat 1 x Wall Mirror, 1 x Samsung Fridge, 1 x Defy Deep freezer, 1 x Canon Printer, 1 x Wooden brown cabinet, 1 x dining desk with four chairs and 1 x DSTV Decoder

**DATED AT GABORONE ON THIS 17<sup>th</sup> DAY OF AUGUST 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
Tel: - 3163572  
[YTK/mk/8428]  
Deputy Sheriff **MESHACK MOSHABI**  
Cell No.: 71623026/71263198



**KEBABONYE | MWIYA**  
ATTORNEYS. NOTARIES. CONVEYANCERS

**IN THE HIGH COURT OF THE REPUBLIC OF BOTSWANA HELD AT GABORONE**

**CASE NO: CVHGB-002407/19**

In the matter between:  
**BBS LIMITED (FORMERLY BOTSWANA BUILDING SOCIETY)**  
and  
**MOITSEPEI VICTOR LEOKETSA**

**Plaintiff**  
**Defendant**

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**NOTICE OF SALE IN EXECUTION**

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**BE PLEASED TO TAKE NOTICE** pursuant to a Judgment and Writ of Execution of this Honourable Court, the following property of the above named Defendant will be sold in execution by **Deputy Sheriff Meshack Moshabi** to the highest bidder in the manner set out:

**DATE OF SALE** : 12<sup>th</sup> October 2020  
**VENUE** : Broadhurst Police Station  
**TIME OF SALE** : 11:30 hours

**TERMS OF SALE:** Cash or bank guaranteed cheques.

**PROPERTY TO BE SOLD** : 1 x Gas stove, 1 x Defy Microwave, 1 x Defy Fridge, 1 x Dining table and 6 chairs, 1 x living room 3 chairs & table, 1 x TV, 1 x Radio, 3 x Couch(white) 3 x Base bed, 3 x Stool chairs, 1 x Coffee table.

**CONDITIONS OF SALE:** Strictly Cash or Bank guaranteed cheques otherwise details and conditions of sale may be inspected at the Plaintiff's Attorney's

**DATED AT GABORONE ON THIS 25<sup>th</sup> DAY OF AUGUST 2020**

**Kebabonye | Mwiya Attorneys**  
Plot 74343, Unit 24, Mowana Park, Phakalane  
P. O. Box 46770,  
**GABORONE**  
[YTK/mk/8448]  
Tel: - 3163572  
Deputy Sheriff **Meshack Moshabi**  
Cell No.: 71623026/73301311



**KEBABONYE | MWIYA**  
ATTORNEYS. NOTARIES. CONVEYANCERS

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