IMARA HOLDINGS LIMITED

Incorporated in the Republic of Botswana on 30 October 2002
Company registration number CO 2002 / 3377
Registered in the IFSC - Tax Certificate No. 22.
Listed on the Venture Capital Board of the Botswana Stock Exchange

TRADING STATEMENT

Following our cautious outlook in the announcement of interim group results for the six months ended 31 October 2008 and earnings downgrade published on 30 November 2008, the global financial position has continued to deteriorate. Linkages to the African continent via weakening commodity prices, adverse financial flows and diminishing trade have increased, as evidenced by rising African market correlations with the rest of the world. As a result, our earnings performance in the second half year could be particularly disappointing especially when compared with last year, although at this stage, the year should see a small profit.

Our Stockbroking Division has performed satisfactorily under trying conditions, remaining ahead of budget. Our Asset Management Division has been increasingly impacted by the global credit crunch and circumstances completely out of its control. Foreign institutional investors, in our African Funds, especially “Fund of Funds”, have been hit by a wave of redemptions in their respective domestic markets forcing them in turn to redeem their holdings in funds such as ours. This in turn, as with other African funds, has forced us to sell stock in increasingly illiquid markets exacerbating the correlation between Wall Street and Africa. Fortunately, the wave of redemptions appears to have come to an end and by meeting all redemption demands timely, our Asset Management Division has emerged with its reputation intact.
The sharp decline in funds under management has inevitably reduced our management fees while deteriorating stock market prices indicate that no performance fees are likely to be earned this year.

Notwithstanding sustained efforts by our Corporate Finance Division, losses are likely to increase in the second half of this year as clients adopt a more cautious approach and cancel or postpone their corporate actions. In addition, a number of potentially exciting projects such as our proposed Participating Underwriting Fund, have been put on hold simply because, notwithstanding considerable original interest, our clients have now indicated that we should defer our launch until market conditions improve. Whilst Corporate Finance is generally acknowledged as a feast or famine business, opportunities are expected to arise from the adverse economic climate compelling governments to raise funds through privatisations and from major industrial groups restructuring themselves by disposing of non-core assets. In addition, Zimbabwe could provide a rich feast as the corporate sector strives to restructure and refinance itself.

Given this earnings deterioration and with only limited hope for a short term improvement in market conditions, your company's Directors have implemented a number of proactive measures to preserve shareholder value. These include:

1) A critical review of the timetable for implementation of new strategic objectives;
2) A major review of all costs; and
3) Salary reductions for main board and subsidiary board directors.

 Whilst these measures, which will result in substantial cost savings in 2009 / 2010, could be regarded as defensive, we continue to be on the look-out for new business opportunities, especially since a number of new market entrants and competitors in the asset management sector have quietly closed their operations and disappeared, presenting us with a perfect opportunity to increase our market presence. We have significantly increased our call rate to institutional investors and have redoubled our marketing efforts on a broader front, especially in relation to our Corporate Finance business. We shall also be increasing our footprint in Africa through selective acquisitions, taking advantage of depressed prices while initiating some long term relationships with major domestic institutions in countries where we are not yet represented.
The earnings outlook for next year remains cloudy and confused, but initial budgetary forecasts suggest that earnings should be positive but broadly unchanged from year end April 2009. As ever in our business, however, there are some wild cards which could provide some excitement on the upside. The situation in Zimbabwe could improve significantly, resulting in strong inflows into our Zimbabwe Fund and a stronger market performance which could generate important performance fees. In the meantime, our associate, Imara Capital Zimbabwe, as the dominant player in the local broking and institutional fund management fields, could see a dramatic resurgence in its fortunes.

Our conservative cash management policy continues to stand the group in good stead as we navigate through the unchartered territory of this new and changed world financial order. Our balance sheet is ungeared and we have a strong element of cash reserves to sustain the group in this difficult trading environment. In addition, we have a committed and energetic management team ready to take advantage of new opportunities and move the Imara group forward.

For and on behalf of the Board of Directors:

DE Stone
Company Secretary

Registered Offices:          Transfer Secretaries:
Union Provident Trust        Corpserve Botswana
Ground Floor, BIC House     First Floor, Block A, Unit 3
Main Mall                   Millennium Office Park, Kgale Hill
GABORONE                     GABORONE

Directors:
PJS Gray (Chairman), MJS Tunmer (Chief Executive Officer), AR Fleming, JR Legat, RH Macleod, ACH Mackeurtan (Mrs), RR Matthews, SM Ndoro, DE Stone.