

FINANCIAL HIGHLIGHTS

Profit after tax	14% ▲
Advances	10% ▲
Profit before tax	18% ▲
Earnings per share	12% ▲
Dividend per share	4.0 t

Highlights for the year include:

- Advances to customers increased by 10% to P3.3 billion (2012: P3.0 billion)
- Profits before tax increased by 18% to P841.4 million (2012: P711.2 million)
- Impairment charges of 1.3% on the average advances book (2012: 1.6%)
- 40% of profits before tax generated outside of Botswana (2012: 35%)
- Micro Africa Limited ("MAL") acquisition completed and contributed P6.7 million to profit before tax for the seven months since acquisition
- ZAR 700 million raised from the maiden issue of Letshego's JSE listed medium term note programme in December 2012
- Dividend declared during the year equates to 25% of profit after tax.

Financial performance

During a challenging year, a satisfactory performance was still achieved in terms of growth in the advances book. Despite the planned decline in Botswana assets there was compensating growth from Mozambique and Tanzania and to a lesser extent Namibia and Uganda. MAL contributed P146 million in net advances to customers which also impacted on the overall increase of 10% on 2012 advances book.

The quality of the advances book was within target levels with an impairment charge of 1.3% for the year as compared to 1.6% in the prior year.

The Group remains well capitalised and has cash resources of over P800 million which are available to further grow the business.

Profitability was creditable with an 18% increase in profit before tax and a 12% increase in earnings per share. Margins were consistent despite the competitive environment and our average cost of borrowings also remaining unchanged relative to prior years.

Operating and staff costs increased significantly (by 31% to P280 million) mainly due to the higher cost structure and personnel levels brought about by the MAL acquisition, new regulatory fees in Botswana for a full year, a full year operating a larger branch network from Mozambique and costs associated with Group-wide ICT projects and transformation activities. If these costs were removed from the operating and staff costs, the attributable year on year increase would have been 11%.

The increase in profit after tax is lower than the increase in profit before tax due to the tax credit impact of the once off scrip dividend recorded in the prior year.

Regulatory environment

Central Registries continue to operate effectively in Botswana, Namibia, Swaziland and Uganda. The Group strongly supports any efforts by regulators and industry players to regularise lending practices, protect consumers and ensure a sustainable industry. We continue to promote the establishment of independent Central Registries in all countries where we have a presence.

Certain Group operations are regulated by Central Banks, either as a non-deposit taking financial institution or a deposit taking one. This is in line with the strategic objectives of the Group to transform into a broader financial services entity and license applications have been submitted in certain territories in this regard.

Funding

The Group has sufficient funding in place for existing operations for the year ahead and continues to explore the most effective methods of funding operations and growth.

Post year end developments

The remaining shares (37.46% of voting rights and ordinary shares) in Micro Africa Limited were acquired during March 2013 for a consideration of USD 1.9 million making MAL a 100% subsidiary of Letshego.

Rebranding of MAL to Letshego has commenced in Kenya with a change of the name to Letshego Kenya.

Lending in Zambia was discontinued during February 2013 and efforts will be directed at administering and collecting the remaining advances book.

Convertible loan note

In terms of the Convertible Loan Note Subscription Agreement entered into with ADP I Holding 2 and which was approved by shareholders on 12 April 2010, notice has been received from ADP I Holding 2 that they will convert the loan and accrued interest of P252,969,373 into ordinary shares in the company using the shareholder approved conversion price of P1.60 per share. The conversion is expected to take place on or before 26 April 2013 and will result in 158,105,858 new ordinary shares being issued in terms of the agreement and bringing the total number of ordinary shares in issue to 2,156,744,472 with a value of P942,213,373.

Prospects

- The Group continues to actively explore new regions in Africa, new business streams, both through acquisitive and "green fields" methods
- Prospects in existing operations remain positive and we continue to take a cautious approach to the market in Botswana and Swaziland as previously communicated to Shareholders
- Applications for banking and / or deposit-taking licences are underway in certain territories within the Group

Given prevailing economic conditions, the Directors expect continued growth in the advances book during the financial year to 31 January 2014 and continued profitability.

Dividends

Notice is hereby given that the board has declared a final dividend of 4.0 thebe per share for the year ending 31 January 2013. This brings the total dividends declared during the current financial period to 8.2 thebe (P170 million).

In terms of the Botswana Income Tax Act (Cap:50:01) as amended, withholding tax at the rate of 7.5% or any other currently enacted tax rate will be deducted from the final gross dividend for the year ended 31 January 2013.

Important dates pertaining to this dividend are:

Declaration date	17 April 2013
Last date to register	3 May 2013
Dividend payment date	10 May 2013

J A Burbidge
Chairman

J A Claassen
Managing Director

GABORONE, 17 April 2013

NON EXECUTIVE DIRECTORS:

J A Burbidge (Chairman) (GB), M Dawes (RSA), G Hassam (Malawi), J de Kock (RSA), I M Mohammed (USA), S Price (GB), L E Serema (Botswana), R Thornton (USA), R N Alam (alternate to I M Mohammed) (USA), Gerrit van Heerde (alternate to M Dawes) (RSA)

EXECUTIVE DIRECTORS:

J A Claassen (Managing Director) (RSA), D Ndebele (Director: Risk and Compliance) (Botswana)

TRANSFER SECRETARIES:

PricewaterhouseCoopers (Pty) Limited, Plot 50371, Fairground Office Park, Gaborone, Botswana

REGISTERED OFFICE:

Plot 50371, Fairground Office Park, Gaborone, Botswana

www.letshego.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 January 2013	31 January 2012	Change
	(Audited)	(Audited)	%
	P '000	P '000	
ASSETS			
Cash and cash equivalents	807,254	73,612	
Short term investments	12,143	24,187	
Advances to customers	3,336,204	3,034,639	10
Other receivables	26,206	18,730	
Long term receivables	11,468	11,120	
Property, plant and equipment	14,559	9,513	
Intangible assets	12,457	3,291	
Goodwill	49,948	27,824	
Deferred taxation	8,939	9,809	
Total assets	4,279,178	3,212,725	33
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	78,828	70,732	
Cash collateral	34,185	-	
Income tax	28,327	14,275	
Borrowings	1,277,395	802,864	59
Total liabilities	1,418,735	887,871	
Shareholders' equity			
Stated capital	689,243	669,876	
Foreign currency translation reserve	(45,982)	(32,521)	
Share based payment reserve	19,173	15,654	
Retained earnings	2,112,485	1,617,969	
Total equity attributable to equity holders of the parent company	2,774,919	2,270,978	22
Minority interest	85,524	53,876	
Total shareholders' equity	2,860,443	2,324,854	
Total liabilities and equity	4,279,178	3,212,725	33



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 January 2013	31 January 2012	Change
	(Audited)	(Audited)	%
	P '000	P '000	
Interest income	1,074,822	900,514	19
Interest expense	(108,807)	(65,395)	66
Net interest income	966,015	835,119	16
Premium income	86,992	64,243	
Insurance fees	(8,008)	(5,708)	
Net interest and insurance income	1,044,999	893,654	
Fee and commission income	127,646	87,198	
Other operating income	11,479	10,107	
Operating income	1,184,124	990,959	19
Employee benefits	(123,086)	(100,297)	23
Other operating expenses	(157,395)	(113,367)	39
Insurance claim expense	(25,853)	(21,268)	
Claim mitigation reserve movement	(1,306)	(686)	
Net income before impairment and taxation	876,484	755,341	16
Impairment of advances	(35,097)	(44,109)	(20)
Profit before taxation	841,387	711,232	18
Income taxation	(181,750)	(133,433)	
Profit for the period	659,637	577,799	14
Attributable to:			
Equity holders of the parent company	628,084	555,944	
Minority interest	31,553	21,855	
Profit for the period	659,637	577,799	
Other comprehensive income, net of tax			
Foreign currency translation differences arising from foreign operations	(15,833)	(27,160)	
Total comprehensive income for the period	643,804	550,639	
Attributable to:			
Equity holders of the parent company	614,623	533,197	
Minority interest	29,181	17,442	
Total comprehensive income for the period	643,804	550,639	17
Weighted average number of shares in issue during the period (millions)	1,995	1,953	
Dilution effect - number of shares (millions)	195	189	
Number of shares in issue at the end of the period (millions)	1,999	1,985	
Basic earnings per share (thebe)	33.1	29.6	12
Diluted earnings per share (thebe)	30.1	27.0	

NOTE: The diluted EPS has been calculated based on shares that may vest in terms of the Group's long term staff incentive scheme and a convertible loan in issue.

RATIOS

	31 January 2013	31 January 2012
	(Audited)	(Audited)
	P '000	P '000
Annualised Return on average assets (%)	17.6	20.5
Annualised Return on average equity (%)	25.4	28.7
Cost to income ratio (%)	26.0	23.8
Debt to equity (%)	46.0	35.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31 January 2013	31 January 2012
	(Audited)	(Audited)
	P '000	P '000
Operating activities		
Profit before taxation	841,387	711,232
Add: Amortisation and depreciation	5,417	3,772
: Impairment of advances	1,670	(8,771)
: Loss on disposal of non current assets including subsidiaries	-	2
Movement in working capital and other changes	(255,336)	(782,565)
Cash from operations	593,138	(76,330)
Taxation paid	(166,828)	(178,775)
Net cash from / (used in) operating activities	426,310	(255,105)
Investing activities		
Net cash used in investing activities	(33,631)	(20,821)
Financing activities		
Dividends paid	(133,568)	-
Net receipts on borrowings	474,531	297,690
Net cash from financing activities	340,963	297,690
Net movement in cash and cash equivalents	733,642	21,764
Cash and cash equivalent at the beginning of the period	73,612	51,848
Cash and cash equivalent at the end of the period	807,254	73,612

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Shared based payments reserve	Foreign exchange translation reserve	Minority interest	Total
	P'000	P'000	P'000	P'000	P'000	P'000
Balance at 1 February 2012	669,876	1,617,969	15,654	(32,521)	53,876	2,324,854
Total comprehensive income for the period	-	628,084	-	-	31,553	659,637
Profit for the period	-	628,084	-	-	31,553	659,637
Other comprehensive income, net of income tax	-	-	-	(13,461)	(2,372)	(15,833)
Foreign currency translation reserve	-	-	-	(13,461)	(2,372)	(15,833)
Transactions with owners, recorded directly in equity	19,367	-	(19,367)	-	-	-
New shares issued from long term incentive scheme	19,367	-	(19,367)	-	-	-
Allocation of subsidiary net assets to NCI at time of acquisition	-	-	-	-	2,467	2,467
Allocation to share based payment reserve	-	-	22,886	-	-	22,886
Dividends to equity holders	-	(133,568)	-	-	-	(133,568)
Balance at 31 January 2013	689,243	2,112,485	19,173	(45,982)	85,524	2,860,443
Balance at 1 February 2011	412,814	1,334,016	12,545	(9,774)	38,155	1,787,756
Total comprehensive income for the period	-	555,944	-	-	21,855	577,799
Profit for the period	-	555,944	-	-	21,855	577,799
Other comprehensive income, net of income tax	-	-	-	(22,747)	(4,413)	(27,160)
Foreign currency translation reserve	-	-	-	(22,747)	(4,413)	(27,160)
Transactions with owners, recorded directly in equity	19,744	1,656	(19,744)	-	1,619	3,275
Sale of minority interest in subsidiaries	19,744	1,656	(19,744)	-	1,619	3,275
New shares issued from long term incentive scheme	19,744	-	(19,744)	-	-	-
Allocation to share based payment reserve	-	-	22,853	-	-	22,853
Dividend paid by subsidiary	-	-	-	-	(3,340)	(3,340)
Dividends to equity holders	237,318	(273,647)	-	-	-	(36,329)
Balance at 31 January 2012	669,876	1,617,969	15,654	(32,521)	53,876	2,324,854

SEGMENTAL REPORTING

Regional geographical segments	Southern Africa*		East Africa**		Elimination		Group	
	31 Jan 2013	31 Jan 2012	31 Jan 2013	31 Jan 2012	31 Jan 2013	31 Jan 2012	31 Jan 2013	31 Jan 2012
	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Operating income	926,085	855,351	258,039	135,608	-	-	1,184,124	990,959
Segment profit before tax (before management and guarantee fees)	692,812	631,480	148,575	79,751	-	-	841,387	711,231
Taxation - consolidated	-	-	-	-	-	-	(181,750)	(133,433)
Profit for the period - consolidated	692,812	631,480	148,575	79,751	-	-	659,637	577,798
Gross advances to customers	2,713,097	2,680,341	640,203	369,724	-	-	3,353,300	3,050,065
Impairment provisions	(7,937)	(11,062)	(9,159)	(4,365)	-	-	(17,096)	(15,427)
Net advances	2,705,160	2,669,279	631,044	365,359	-	-	3,336,204	3,034,638
Total segment assets	5,255,430	4,682,469	713,181	383,415	(1,689,433)	(1,853,159)	4,279,178	3,212,725
Borrowings	1,092,102	680,222	185,293	122,642	-	-	1,277,395	802,864
Total segment liabilities	2,575,759	2,425,600	532,409	315,430	(1,689,433)	(1,853,159)	1,418,735	887,871
Ratio analysis on regional geographic segments								
	Southern Africa		East Africa				Group	
	2013	2012	2013	2012			2013	2012
Impairment charge to average advances (annualised)	0.9%	1.4%	3.4%	1.7%			1.3%	1.7%
Advances to total assets	51.5%	57.0%	88.5%	95.3%			7	