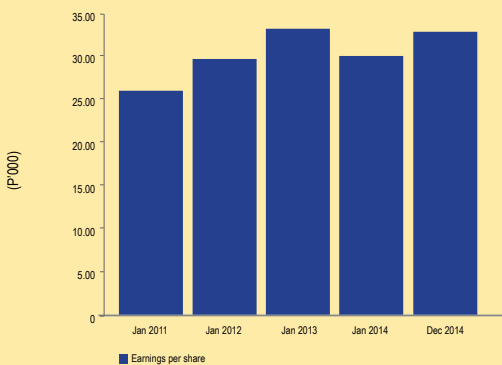
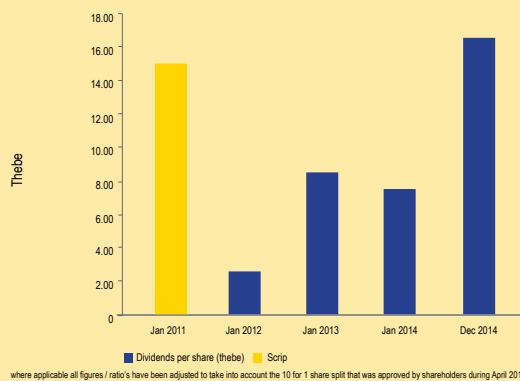
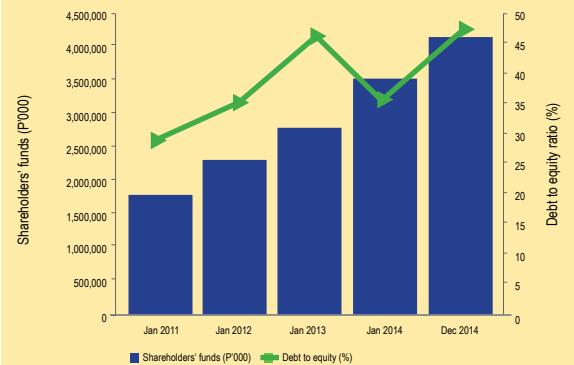
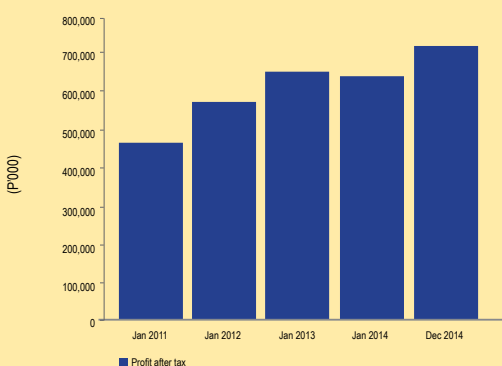
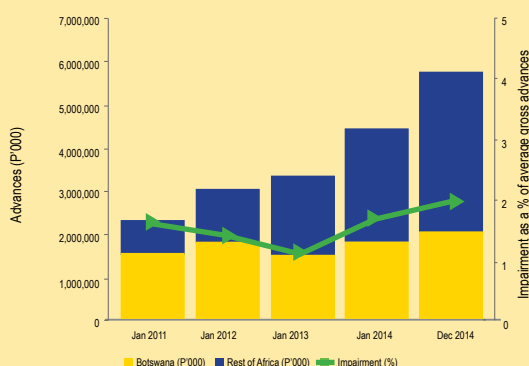
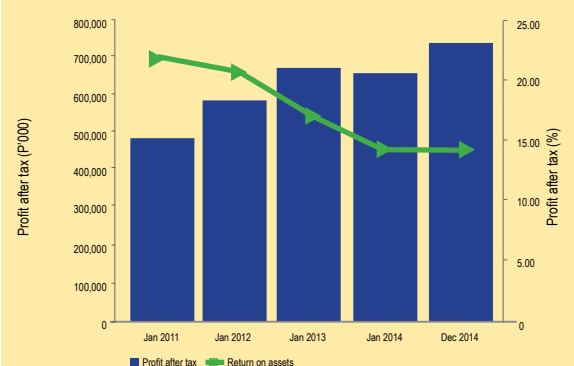


The Board of Directors is pleased to present an extract of the audited consolidated results of the Letshego Holdings Limited Group (“the Group”) for the eleven month period ended 31 December 2014.

HIGHLIGHTS

↑ **24%** * Profit before Tax
↑ **22%** * Profit after Tax
↑ **28%** Advances
 Total Dividend per Share **16.5t**

Basic earnings per share (thebe)

Dividends per share (thebe)

Shareholders' funds: Debt to equity

Profit after tax (P'000)

Advances vs impairment to gross advances

Return on assets vs profit after tax

DELIVERING ON STRATEGIC INITIATIVES

Letshego's strategic intent is to build a leading African financial services group. Delivering the strategy is centred on four key areas of execution:

- ▶ **Growing the franchise:** deposit-taking commenced in Mozambique (February) and Rwanda (August), whilst in Namibia a provisional licence was granted in July. Subject to Central Bank approval we expect the licence to be confirmed in the current financial year. Progress has been made on developing the approach to financial inclusion including financial services access via agents and mobile telephony.
- ▶ **Building capabilities:** continued investments in systems infrastructure have created a unified platform in six of our countries from which early benefits are beginning to be realised. Group functions have been strengthened in the areas of regional sales, human resources, project and transformational management and investor relations. At a country level, a new organisational structure has been agreed with added focus on sales, service and risk management. Development of local talent is a key focus.
- ▶ **New operating model:** a new corporate governance framework, in line with King III, is being rolled out to all subsidiaries. Customer experience standards were developed and branch look and feel improvements have been implemented. Investments have been made in direct sales teams capacity and capabilities. The payroll and microfinance operations in Uganda were successfully integrated.
- ▶ **Leveraging the balance sheet:** diversification of funding sources has continued and the debt to equity ratio has improved to 47% (2014 January: 36%). The cost of borrowing has remained at prior year levels and the group's credit rating of Ba3 was maintained in an environment of financial services' ratings being downgraded.

HEADLINE PERFORMANCE - HIGHLIGHTS:

- ▶ Profit before tax increased by 24%* to P970 million
- ▶ Margins were consistent with the prior period despite the prevailing competitive environment
- ▶ 60% of profits before tax were generated outside of Botswana
- ▶ Cost to income ratio was reduced to 29%
- ▶ Impairment charges were 2.0% on average net advances
- ▶ Capital adequacy ratio remains above 60%

Our profit performance was strong with 91% (P884 million) of profit before tax coming from our four largest markets – Botswana, Mozambique, Namibia and Tanzania.

Non-interest income increased by 35%* and it remains an area of focus to grow these revenue streams as interest rates / margins are under pressure.

Progress has been made in closing out net foreign currency positions (mainly on the South African Rand and Mozambican Metical) – a small foreign exchange loss of P1.8m was incurred, as compared to a P50m gain in the previous period.

Investments in human capital related to our strategic agenda resulted in a 13%* increase in staff costs. Other operating costs were generally flat with no once off charges or provisions taken.

The quality of the advances book was within target levels with an impairment charge on the net portfolio at 2.0%.

The Group remains well capitalised with a capital adequacy ratio of 62% (2014 January: 68%) and has cash resources of over P321 million (2014 January: P311 million).

GROWTH INDICATORS - HIGHLIGHTS:

- ▶ Advances to customers (net) increased by 28% to P5.7 billion
- ▶ The payroll portfolio increased by 26% to P5.3 billion, and the microfinance portfolio increased 117% to P370 million
- ▶ The customer base grew by 11% to 265,265
- ▶ Customer access points have extended to 252
- ▶ Total headcount has risen by 8% to 1,425

The largest contributors to advances growth in absolute terms were Namibia, Mozambique and Botswana, contributing P944 million (75%) of net increase, as well as driving the payroll portfolio growth. Lesotho operations' portfolio doubled to P190 million. Growth in the Swaziland portfolio was revived after product reviews, closing at P151 million, up 41% from the prior period.

COMMENTARY (continued)

The microfinance operations in Kenya, Rwanda and Uganda, combined, achieved growth of 117%, closing at P370 million. Underlying this strong result was significant growth in the low income housing and MSE loan solutions.

Customer access points across Letshego's footprint increased by 19% to 252, and distribution reach was enhanced with the addition of over 100 commission-based sales agents, bringing this Micro and Small Enterprise (MSE) complement to 560. Overall the customer base rose to over 265,000 – an increase of 11%.

RETURNS - HIGHLIGHTS:

- ▶ Return on Assets was consistent with the prior year at 14%
- ▶ Return on Equity increased to 21%*
- ▶ Earnings per share increased by 20%* to 33.2t
- ▶ Dividend declared during the period equates to 50% of profit after tax

Return on assets and on equity both stabilised at prior period levels, with a slight improvement in the latter. Both are within target levels.

Basic earnings per share for the period were 33.2 thebe that translated to an increase of 20% on the prior year (on an annualised earning basis).

The dividend policy remains at a 50% pay-out ratio and therefore the final dividend of 8 thebe a share brings total dividends declared during the current financial period to 16.5 thebe a share (P359 million). This represents a dividend yield of 6.5% (2014 January: 3.4%).

BOARD OF DIRECTORS

Mr. Legodile Serema retired from the board at the Annual General Meeting in July 2014 and the Board thanks him for his service to the Group.

CHANGE OF YEAR END

The 2014 year is the first period in which Letshego's year-end changes to 31 December. Therefore, these audited results are for the 11 months ended 31 December 2014. Kenya, Mozambique, Rwanda and South Sudan subsidiaries already had a December year-end cycle.

PROSPECTS

The Board and management continue to seek and review potential inorganic expansion options that offer opportunities to accelerate Letshego's strategy. The Board of Directors has a positive outlook and expects sustained performance, growth and returns.

DIVIDENDS

Notice is hereby given that the board has declared a final dividend of 8 thebe per share for the period ending 31 December 2014.

In terms of the Botswana Income Tax Act (Cap50:01) 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 period ended 31 December 2014.

Important dates pertaining to this dividend are:

Declaration date	Wednesday, 25 February, 2015
Last date to register	Friday, 13 March, 2015
Dividend payment date	on or about Friday, 27 March, 2015

For and on behalf of the Board of Directors.



J A Burbidge
Chairman



A C M Low
Managing Director

GABORONE, Wednesday, 25 February, 2015

* Note: where applicable, measures have been annualised in this commentary.

The report of the auditor is available for inspection at the company's registered office.

RATIOS

	31 December 2014	31 January 2014	
Annualised return on average assets (%)	14%	14%	
Annualised return on average equity (%)	21%	20%	
Cost to income ratio (%)	29%	33%	
Debt to equity ratio (%)	47%	36%	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	31 December 2014 P'000	31 January 2014 P'000	% Change	
ASSETS				
Cash and cash equivalents	1	320,544	310,525	
Advances to customers	2	5,686,796	4,427,757	28
Other receivables	3	151,103	101,911	
Plant and equipment	4	51,762	53,988	
Intangible assets	5	45,592	6,117	
Goodwill	6	55,250	55,250	
Deferred taxation		25,866	14,617	
Total assets		6,336,913	4,970,165	27
LIABILITIES AND EQUITY				
Liabilities				
Customer deposits	7	3,995	-	
Cash collateral	8	41,692	42,293	
Trade and other payables	9	209,521	127,217	
Income tax		49,228	46,517	
Borrowings	10	1,937,844	1,249,871	55
Total liabilities		2,242,280	1,465,898	
Shareholders' equity				
Stated capital	11	975,510	959,554	
Foreign currency translation reserve		(2,189)	(94,826)	
Legal reserve		5,108	2,696	
Share based payment reserve		21,246	17,470	
Retained earnings		2,940,521	2,522,666	
Total equity attributable to equity holders of the parent company		3,940,196	3,407,560	
Non-controlling interests		154,437	96,707	
Total shareholders' equity		4,094,633	3,504,267	
Total liabilities and equity		6,336,913	4,970,165	27

Note: % changes in the statement of profit or loss have been annualised.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Note	31 December 2014 P'000	31 January 2014 P'000	Annualised % Change	
Interest income	12	1,345,194	1,176,176	25
Interest expense	13	(167,582)	(62,488)	193
Net interest income		1,177,612	1,113,688	15
Fee and commission income		128,436	134,236	
Other operating income		188,098	122,202	
Operating income		1,494,146	1,370,126	19
Employee costs	14	(207,034)	(199,658)	
Other operating expenses	15	(225,500)	(255,772)	
Net income before impairment and taxation		1,061,612	914,696	27
Impairment of advances		(91,480)	(64,495)	55
Profit before taxation		970,132	850,201	24
Loss on sale of subsidiary (net of taxes)		-	(1,060)	
Taxation		(248,280)	(205,511)	
Profit for the period		721,852	643,630	22
Attributable to :				
Equity holders of the parent company		674,915	601,151	
Non-controlling interests		46,937	42,479	
Profit for the period		721,852	643,630	22
Other comprehensive income, net of tax				
Foreign currency translation differences arising from foreign operations		106,304	(55,303)	
Total comprehensive income for the period		828,156	588,327	
Attributable to :				
Equity holders of the parent company		767,552	552,636	
Non-controlling interests		60,604	35,691	
Total comprehensive income for the period		828,156	588,327	
Weighted average number of shares in issue during the period (millions)		2,174	2,129	
Dilution effect - number of shares (millions)		32	28	
Number of shares in issue at the end of the period (millions)		2,176	2,167	
Basic earnings per share (thebe)		33.2	30.2	20
Fully diluted earnings per share (thebe)		32.8	29.8	

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Retained earnings P'000	Shared based payments reserve P'000	Foreign currency translation reserve P'000	Legal reserve P'000	Non- controlling interest P'000	Total P'000
Balance at 1 February 2013	689,243	2,112,485	19,173	(45,982)	-	85,524	2,860,443
Total comprehensive income for the year							
Profit for the year	-	601,151	-	-	-	42,479	643,630
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(48,515)	-	(6,788)	(55,303)
Transactions with owners, recorded directly in equity							
Non - Controlling Interest in MAL acquired	-	(6,301)	-	-	-	(4,446)	(10,747)
Allocation of additional shares to ADP I Holding	252,969	-	-	-	-	-	252,969
Allocation to share based payment reserve	-	-	15,639	-	-	-	15,639
Disposal of Letshego Financial Services Zambia (Pty) Ltd	-	(4,235)	-	(329)	-	-	(4,564)
Allocated to legal reserve	-	(2,696)	-	-	2,696	-	-
New shares issued from long term incentive scheme	17,342	-	(17,342)	-	-	-	-
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	(20,062)	(20,062)
Dividends paid to equity holders	-	(177,738)	-	-	-	-	(177,738)
Balance at 31 January 2014	959,554	2,522,666	17,470	(94,826)	2,696	96,707	3,504,267
Total comprehensive income for the period							
Profit for the period	-	674,915	-	-	-	46,937	721,852
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	92,637	-	13,667	106,304
Transactions with owners, recorded directly in equity							
Allocation to share based payment reserve	-	-	19,732	-	-	-	19,732
Allocated to legal reserve	-	(2,412)	-	-	2,412	-	-
New shares issued from long term incentive scheme	15,956	-	(15,956)	-	-	-	-
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	(2,874)	(2,874)
Dividends paid to equity holders	-	(254,648)	-	-	-	-	(254,648)
Balance at 31 December 2014	975,510	2,940,521	21,246	(2,189)	5,108	154,437	4,094,633

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	31 December 2014 P'000	31 January 2014 P'000
Operating activities			
Profit before taxation		970,132	850,201
Add : Amortisation and depreciation		13,392	8,721
: Impairment of advances		47,215	11,051
Movement in working capital and other changes		(1,148,907)	(1,149,398)
Cash utilised in operations		(118,168)	(279,425)
Taxation paid		(256,817)	(192,999)
Net cash utilised in operating activities		(374,985)	(472,424)
Investing activities			
Net cash used in investing activities		(45,447)	(46,083)
Financing activities			
Dividends paid to equity holders and subsidiary non-controlling interests		(257,522)	(197,800)
Net receipts on borrowings / equity raising		687,973	219,578
Net cash generated from financing activities		430,451	21,778
Net movement in cash and cash equivalents		10,019	(496,729)
Cash and cash equivalents at the beginning of the period		310,525	807,254
Cash and cash equivalents at the end of the period	1	320,544	310,525

SEGMENTAL REPORTING

Regional geographical segments	Southern Africa*		East Africa**		Group	
	31 Dec 2014 P'000	31 Jan 2014 P'000	31 Dec 2014 P'000	31 Jan 2014 P'000	31 Dec 2014 P'000	31 Jan 2014 P'000
Operating income	1,126,170	1,020,282	367,976	349,844	1,494,146	1,370,126
Segment profit before tax (before management and guarantee fees)	794,555	660,126	175,577	189,015	970,132	849,141
Taxation - consolidated					(248,280)	(205,511)
Profit for the period - consolidated					721,852	643,630
Gross advances to customers	4,874,919	3,753,459	887,239	702,445	5,762,158	4,455,904
Impairment provisions	(48,919)	(10,225)	(26,443)	(17,922)	(75,362)	(28,147)
Net advances	4,826,000	3,743,234	860,796	684,524	5,686,796	4,427,757
Borrowings	1,568,508	1,005,507	369,336	244,364	1,937,844	1,249,871

* Southern Africa includes: Botswana, Lesotho, Mozambique, Namibia and Swaziland.

** East Africa includes : Kenya, Rwanda, South Sudan, Tanzania and Uganda

NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	31 December 2014 P'000	31 January 2014 P'000
1. Cash and cash equivalents		
Cash at bank and in hand	311,665	296,341
Short term deposits	8,879	14,184
	320,544	310,525
2. Advances to customers		
Gross advances to customers	5,762,158	4,455,904
Less : Specific impairment allowance	(36,285)	(1,055)
: Portfolio impairment allowance	(39,077)	(27,092)
	5,686,796	4,427,757
3. Other receivables		
Prepayments and deposits	15,927	13,383
Dividend receivable from income arrangements	81,361	75,949
Withholding tax and value added tax refundable	40,869	9,411
Other receivables	12,946	3,168
	151,103	101,911

	Carrying amount at 1 Feb 2014				Depreciation charge	Carrying amount at 31 Dec 2014
	Additions	Transfers	Disposals			
4. Plant and equipment						
Motor vehicles	992	977	-	-	(735)	1,234
Computer equipment	4,365	14,299	-	-	(4,310)	14,354
Office furniture and equipment	9,786	8,001	-	-	(4,259)	13,528
Work in progress	38,845	27,364	(43,563)	-	-	22,646
	53,988	50,641	(43,563)	-	(9,304)	51,762

	Carrying amount at 1 Feb 2014				Depreciation charge	Carrying amount at 31 Dec 2014
	Additions	Transfers	Disposal			
5. Intangible assets						
Computer software	6,117	-	43,563	-	(4,088)	45,592

	31 December 2014 P'000	31 January 2014 P'000
6. Goodwill		
Goodwill arose on the acquisition of:		
Letshego Financial Services Namibia (Proprietary) Limited	25,760	25,760
Letshego Tanzania Limited	2,064	2,064
Letshego Kenya Limited	27,426	27,426
	55,250	55,250

The Group assessed the recoverable amount of goodwill, and determined that it was not impaired in respect of all cash generating units noted above.

7. Customer deposits		
Fixed deposit accounts	3,995	-

	31 December 2014 P'000	31 January 2014 P'000
8. Cash collateral		
Cash collateral on loans and advances	41,692	42,293
9. Trade and other payables		
Audit fees	2,813	2,633
Insurance premium payable	23,631	15,917
Payroll related accruals	57,246	34,267
Other accruals	23,104	35,020
Trade and other payables	92,644	31,200
Value added tax / withholding tax payable	10,083	8,180
	209,521	127,217

10. Borrowings		
Commercial banks	836,034	198,361
Note programmes	934,449	934,050
Development Finance Institutions	110,597	61,388
Pension Funds	56,764	56,072
Total borrowings	1,937,844	1,249,871

11. Stated capital		
Issued: 2,176,475,705 ordinary shares of no par value (2014: 2,167,540,301)	975,510	959,554

12. Interest income		
Advances to customers	1,338,983	1,172,553
Deposits with banks	6,211	3,623
	1,345,194	1,176,176

13. Interest expense		
Overdraft facilities and term loans	165,755	112,533
Foreign exchange loss / (gains)	1,827	(50,045)
	167,582	62,488

14. Employee costs		
Salaries and wages	135,773	118,764
Staff incentive	40,304	21,515
Staff pension fund contribution	7,075	6,924
Directors' remuneration – for management services (executive)	4,150	36,816
Long term incentive plan	19,732	15,639
	207,034	199,658

15. Other operating expenses		
Accounting and secretarial fees	364	332
Advertising	14,516	16,021
Audit fees	3,133	2,431
Bank charges	3,735	3,632
Computer expenses	7,669	6,856
Consultancy and professional fees	9,448	11,522
Depreciation and amortisation	13,392	8,721
Directors' fees – non executive	3,407	2,662
Direct costs	65,822	99,398
Operating lease rentals - property	21,247	18,076
Other operating expenses	39,824	54,058
Office expenses	7,224	6,063
Insurance	4,640	2,155
Payroll administration costs	865	1,428
Telephone and postage	10,644	8,801
Travel	19,570	13,616
	225,500	255,772

NON EXECUTIVE DIRECTORS:

J A Burbidge (Chairman) (UK), G Hassam (Malawi), J de Kock (RSA), H Karuhanga (Uganda), I M Mohammed (USA), S Price (UK), R Thornton (USA), Gerrit van Heerde (RSA), R N Alam (alternate to I M Mohammed) (USA)

EXECUTIVE DIRECTOR:

A C M Low (Managing Director) (UK)

CERTIFIED AUDITORS:

KPMG, Plot 67977, Fairground Office Park, Gaborone, Botswana

TRANSFER SECRETARIES:

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

REGISTERED OFFICE:

Plot 50371, Fairground Office Park, Gaborone, Botswana
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