



# UNAUDITED INTERIM REPORT

for the half year ended 31 July 2012

The Directors have pleasure in announcing the reviewed summarised financial results of Letshego Holdings Limited (the "Company") and its subsidiaries (the "Group") for the half year ended 31 July 2012

## FINANCIAL HIGHLIGHTS

Profit after tax	10% ▲
Advances	21% ▲
Profit before tax	24% ▲
Dividend per share	4.2 t

### Highlights

The Board of Directors of Letshego Holdings Limited is pleased to present an extract from the consolidated reviewed financial results for the six month period ended 31 July 2012. The highlights for the financial reporting period include:

- Advances to customers increased by 21% to P3.14 billion (2011: P2.60 billion)
- Profits before tax increased by 24% to P427.14 million (2011: P343.45 million)
- Cost to income ratio remains at a creditable 24% (2011: 24%)
- Impairment expense of 2.78% of the average advances book (2011: 0.3%)
- 39% of profits before tax generated outside of Botswana (2011: 35%)
- Micro Africa Limited (MAL) transaction completed and contributed P1.87 million to profit before tax for the two months consolidated
- Gross dividend declared of 25% of profit after tax amounting to P84 million

### Financial performance

The Group's total interest-earning assets remain the largest component of total assets at 97% of P 3.55 billion (2011: 97% of P2.94 billion), and comprise P3.14 billion in net customer loans, and P288.68 million in cash, cash equivalents and short-term investments.

Despite incremental systems implementation costs, new regulatory compliance costs and expansion in Mozambique and in Tanzania, the Group contained costs satisfactorily within the existing business model to 24% (excluding credit costs) of net total income.

Period on period, the growth in net loans of 21% incorporates, for the first time, the Micro Africa Limited Group advances of P127.72 million (2011: nil) and includes a 9% reduction in the Botswana loan book. This reduction is in line with the conservative approach to lending in Botswana as notified to Shareholders during April 2012.

Impairment costs are generally in line with historical trends although Botswana is an area of concern which is being monitored. The prior period cost is not comparable due to certain once off items recorded in that period.

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 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.

In Botswana, the Non-Bank Financial Institutions Regulatory Authority ("NBFIRA") regulations came into effect from February 2012 and Letshego Financial Services Botswana is subject to these regulations. We welcome the introduction of these new regulations and governance in our industry.

### Funding

The group continues to explore the most effective methods of funding for the group.

Further to this, Letshego and Sanlam Emerging Markets ("SEM") have entered into discussions regarding initiatives, which, if successful, could result in SEM supporting some Letshego funding opportunities.

### Post period end developments

Operations in Lesotho commenced from 17 September 2012 pursuant to the grant of a deduction code to Letshego Financial Services Lesotho ("LFSL"). LFSL is regulated by the Central Bank of Lesotho.

### 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 as previously communicated to shareholders
- Applications for banking and / or deposit-taking licences are underway in certain territories within the Group

Directors are optimistic about the future outlook of the Group results for the remainder of the financial year.

### Auditors' review

The financial information set out in this announcement has been reviewed but not audited by KPMG, the Letshego Group's external auditors. Their unqualified review report is available for inspection at the company's registered office.

### Dividend

Notice is hereby given that the Board has declared an interim dividend of 4.20 thebe per share for the six month period ended 31 July 2012.

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 interim gross dividend for the period ended 31 July 2012.

Important dates pertaining to this dividend are:

Declaration date: 16 October 2012  
Last date to register: 2 November 2012  
Dividend payment date: 9 November 2012.

For and on behalf of the Board of Directors

C M Lekaukau  
Chairman

J A Claassen  
Managing Director

GABORONE, 16 October 2012

### NON EXECUTIVE DIRECTORS:

C M Lekaukau (Chairman) (Botswana), J A Burbidge (UK), M M Dawes (RSA), G Hassam (Malawi), L E Serema (Botswana), I Mohammed (USA), R N Alam (alternate to I Mohammed) (USA)

### EXECUTIVE DIRECTORS:

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

### TRANSFER SECRETARIES:

PricewaterhouseCoopers (PwC) 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

	6 months ended 31 July 2012 (Reviewed) P'000	6 months ended 31 July 2011 (Reviewed) P'000	Change %	12 months ended 31 January 2012 (Audited) P'000
<b>ASSETS</b>				
Cash and cash equivalents	277,241	220,139		73,612
Advances to customers	3,139,596	2,601,117	21	3,034,639
Other receivables	29,867	37,411		18,730
Short term investments	11,439	22,684		24,187
Long term receivables	11,563	13,460		11,120
Plant and equipment	14,520	7,812		9,513
Intangible assets	7,179	583		3,291
Goodwill	49,948	27,824		27,824
Deferred taxation	10,645	8,984		9,809
<b>Total assets</b>	<b>3,551,998</b>	<b>2,940,014</b>	<b>21</b>	<b>3,212,725</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Customer cash collateral	30,371	-		-
Trade and other payables	70,178	65,172		70,732
Taxation payable	12,455	13,764		14,275
Borrowings	801,952	832,761	(4)	802,964
<b>Total liabilities</b>	<b>914,956</b>	<b>911,697</b>		<b>887,871</b>
<b>Shareholders' equity</b>				
Stated capital	689,243	669,876		669,876
Foreign currency translation reserve	(21,324)	(45,056)		(32,512)
Share based payment reserve	9,782	5,203		15,654
Retained earnings	1,887,458	1,353,642		1,617,969
<b>Total equity attributable to equity holders of the parent company</b>	<b>2,565,159</b>	<b>1,983,665</b>	<b>29</b>	<b>2,270,978</b>
Non-controlling interests	71,883	44,652		53,876
<b>Total shareholders' equity</b>	<b>2,637,042</b>	<b>2,028,317</b>		<b>2,324,854</b>
<b>Total liabilities and equity</b>	<b>3,551,998</b>	<b>2,940,014</b>	<b>21</b>	<b>3,212,725</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31 July 2012 (Reviewed) P'000	6 months ended 31 July 2011 (Reviewed) P'000	Change %	12 months ended 31 January 2012 (Audited) P'000
Interest income	571,412	423,664	35	900,514
Interest expense	(42,686)	(29,948)	43	(65,395)
<b>Net interest income</b>	<b>528,726</b>	<b>393,716</b>	<b>34</b>	<b>835,119</b>
Premium income	44,975	29,066		64,243
Insurance fees	(3,803)	(3,167)		(5,708)
<b>Net interest and insurance income</b>	<b>569,898</b>	<b>419,615</b>	<b>35</b>	<b>893,654</b>
Fee and commission income	40,301	30,987	30	87,198
Other operating income	6,094	6,001		10,107
<b>Operating income</b>	<b>616,293</b>	<b>456,603</b>	<b>35</b>	<b>990,959</b>
Employee benefits	(63,326)	(51,603)	23	(100,297)
Other operating expenses	(75,654)	(51,674)	46	(113,367)
Claim mitigation reserve movement	(25)	(306)		(686)
Insurance claim mitigation reserve	(9,471)	(6,536)		(21,268)
<b>Net income before impairment and taxation</b>	<b>467,817</b>	<b>346,484</b>	<b>35</b>	<b>755,341</b>
Impairment of advances	(40,680)	(3,038)	1,239	(44,109)
<b>Profit before taxation</b>	<b>427,137</b>	<b>343,446</b>	<b>24</b>	<b>711,232</b>
Taxation	(93,532)	(41,434)		(133,433)
<b>Profit for the period</b>	<b>333,605</b>	<b>302,012</b>	<b>10</b>	<b>577,799</b>
<b>Attributable to:</b>				
Equity holders of the parent company	319,043	291,617		555,944
Non-controlling interests	14,562	10,395		21,855
<b>Profit for the period</b>	<b>333,605</b>	<b>302,012</b>		<b>577,799</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences arising from foreign operations	12,175	(40,114)		(27,160)
<b>Total comprehensive income for the period</b>	<b>345,780</b>	<b>261,898</b>	<b>32</b>	<b>550,639</b>
<b>Attributable to:</b>				
Equity holders of the parent company	330,241	256,335		533,197
Non-controlling interests	15,539	5,563		17,442
<b>Total comprehensive income for the period</b>	<b>345,780</b>	<b>261,898</b>	<b>32</b>	<b>550,639</b>
<b>Weighted average number of shares in issue during the period (millions)</b>				
	1,958	1,920		1,953
<b>Dilution effect - number of shares (millions)</b>				
	195	188		189
<b>Number of shares in issue at the end of the period (millions)</b>				
	1,999	1,985		1,985
<b>Basic earnings per share (thebe)</b>				
	17.0	15.7	8	29.6
<b>Fully diluted earnings per share (thebe)</b>				
	15.5	14.3		27.0

	2012	2011	2011
Weighted average number of shares in issue during the period (millions)	1,958	1,920	1,953
Dilution effect - number of shares (millions)	195	188	189
Number of shares in issue at the end of the period (millions)	1,999	1,985	1,985
Basic earnings per share (thebe)	17.0	15.7	29.6
Fully diluted earnings per share (thebe)	15.5	14.3	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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31 July 2012 (Reviewed) P'000	6 months ended 31 July 2011 (Reviewed) P'000	12 months ended 31 January 2012 (Audited) P'000
<b>Operating activities</b>			
Profit before taxation	427,137	343,446	711,232
Add : Amortisation and depreciation	12,499	1,960	3,772
: Impairment of advances	8,640	(18,262)	(8,771)
: Loss on disposal of non current assets including subsidiaries	(3)	23	2
Movement in working capital and other changes	(88,172)	(350,554)	(782,565)
Cash generated from / (utilised in) operations	350,101	(23,387)	(76,330)
Taxation paid	(92,625)	(86,462)	(178,775)
Net cash generated from / (utilised in) operating activities	257,476	(109,849)	(255,105)
<b>Investing activities</b>			
Net cash used in investing activities	(22,748)	(49,447)	(20,821)
<b>Financing activities</b>			
Dividends paid (net of withholding taxation)	(49,554)	-	-
Net receipts on borrowings / equity raising	18,455	327,587	297,690
Net cash (used in) / generated from financing activities	(31,099)	327,587	297,690
Net movement in cash and cash equivalents	203,629	168,291	21,764
Cash and cash equivalents at the beginning of the period	73,612	51,848	51,848
<b>Cash and cash equivalents at the end of the period</b>	<b>277,241</b>	<b>220,139</b>	<b>73,612</b>

## RATIOS

	6 months ended 31 July 2012 (Reviewed) P'000	6 months ended 31 July 2011 (Reviewed) P'000	12 months ended 31 January 2012 (Audited) P'000
Annualised return on average assets (%)	20.6	22.1	20.5
Annualised return on average equity (%)	28.6	31.7	28.7
Cost to income ratio (%)	24.1	24.1	23.8
Debt to equity ratio (%)	30.4	41.1	35.4

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Retained earnings P'000	Shared based payments reserve P'000	Foreign exchange translation reserve P'000	Non-controlling interest P'000	Total P'000
Balance at 1 February 2011	412,814	1,334,016	12,545	(9,774)	38,155	1,787,756
<b>Total comprehensive income for the period</b>	-	291,617	-	-	10,395	302,012
Profit for the period	-	291,617	-	-	10,395	302,012
<b>Other comprehensive income, net of income tax</b>	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	(35,282)	(4,832)	(40,114)
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-
New shares issued from long term incentives scheme	19,744	-	(19,744)	-	-	-
Allocation to share based payment reserve	-	-	12,402	-	-	12,402
Dividends to equity holders	237,318	(273,647)	-	-	-	(36,329)
Disposal of non-controlling interest	-	1,656	-	-	934	2,590
<b>Balance at 31 July 2011</b>	<b>669,876</b>	<b>1,353,642</b>	<b>5,203</b>	<b>(45,056)</b>	<b>44,652</b>	<b>2,028,317</b>
<b>Total comprehensive income for the period</b>	-	264,327	-	-	11,460	275,787
Profit for the period	-	264,327	-	-	11,460	275,787
<b>Other comprehensive income, net of income tax</b>	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	12,535	419	12,954
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-
Allocation to share based payment reserve	-	-	10,451	-	-	10,451
Disposal of non-controlling interest	-	-	-	-	685	685
Dividends paid by subsidiary	-	-	-	-	(3,340)	(3,340)
<b>Balance at 31 January 2012</b>	<b>669,876</b>	<b>1,617,969</b>	<b>15,654</b>	<b>(32,521)</b>	<b>53,876</b>	<b>2,324,854</b>
<b>Total comprehensive income for the period</b>	-	319,043	-	-	14,562	333,605
Profit for the period	-	319,043	-	-	14,562	333,605
<b>Other comprehensive income, net of income tax</b>	-	-	-	-	-	-
Foreign currency translation reserve	-	-	-	11,197	978	12,175
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-
Allocation of MAL's net assets to NCI at acquisition	-	-	-	-	2,467	2,467
Allocation to share based payment reserve	-	-	13,495	-	-	13,495
New shares issued from long term incentive scheme	19,367	-	(19,367)	-	-	-
Dividends to equity holders	-	(49,554)	-	-	-	(49,554)
<b>Balance at 31 July 2012</b>	<b>689,243</b>	<b>1,887,458</b>	<b>9,782</b>	<b>(21,324)</b>	<b>71,883</b>	<b>2,637,042</b>

## SEGMENTAL REPORTING

Regional geographical segments	Southern Africa*		East Africa**		Elimination		Group	
	31 July 2012 P'000	31 July 2011 P'000	31 July 2012 P'000	31 July 2011 P'000	31 July 2012 P'000	31 July 2011 P'000	31 July 2012 P'000	31 July 2011 P'000
	Total income from lending	561,416	457,834	126,942	61,005	(76,645)	(64,188)	611,713
<b>Segment profit before tax (before management and guarantee fees)</b>	<b>364,320</b>	<b>317,170</b>	<b>62,818</b>	<b>28,716</b>	-			