

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 2014

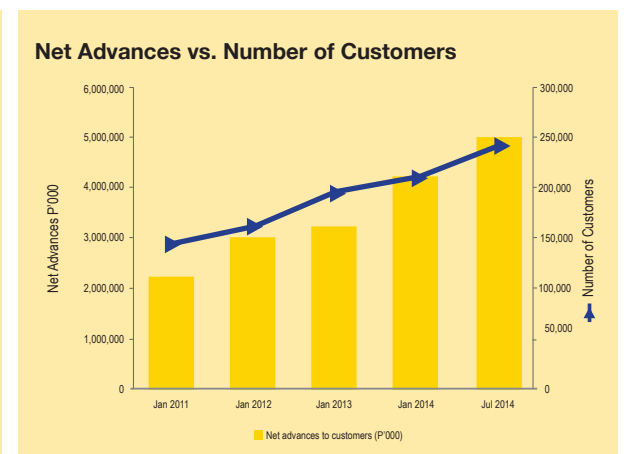
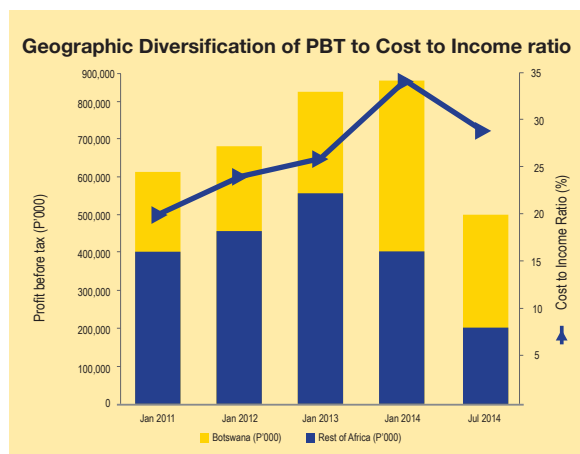
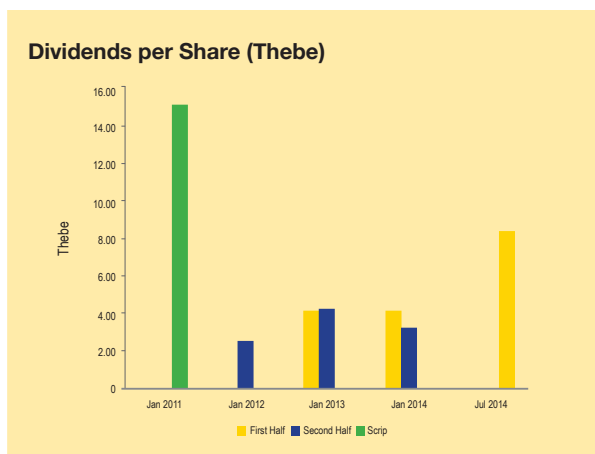
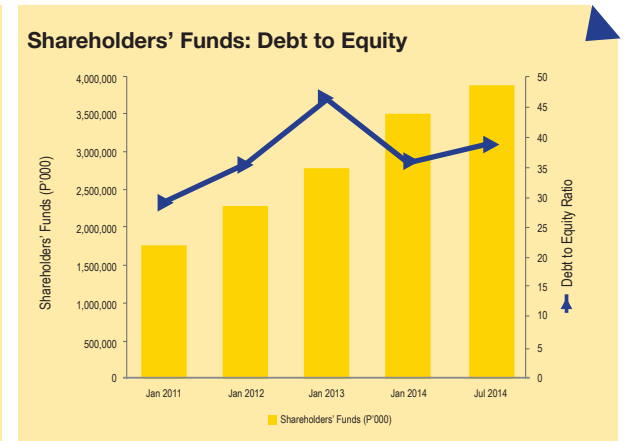
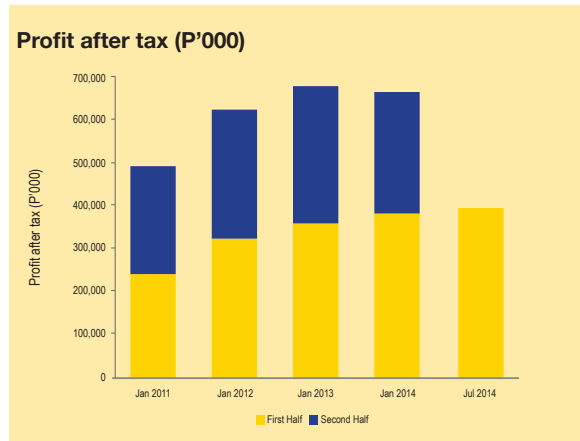
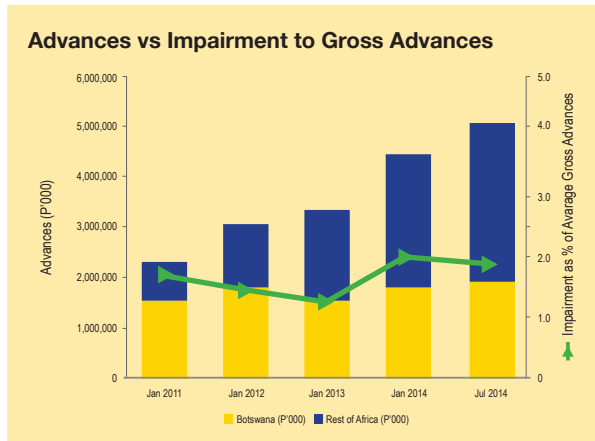
**HIGHLIGHTS**

\* Profit before Tax **11%**

\* Profit after Tax **3%**

\* Advances **31%**

Dividend per Share **8.5t**


**COMMENTARY**

The Board of Directors of Letshego Holdings Limited is pleased to present an extract from the consolidated reviewed but unaudited financial results for the six month period ended 31 July 2014. The highlights for the period include:

**BALANCE SHEET**

- ▶ Advances to customers increased by **31% to P5.0 billion** (2013: P3.8 billion)
- ▶ Cash available for operations of **P383 million** (2013: 433 million)
- ▶ Debt to equity ratio increased to **39%** (2013: 25%)
- ▶ Return on assets reduced to **14%** (2013: 18%)

**INCOME STATEMENT**

- ▶ Profit before tax increased by **11% to P508 million** (2013: P460 million)
- ▶ Cost to income ratio unchanged at **28%** (2013: 28%)
- ▶ Impairment charge stable at **1.9%** on the average advances book (2013: 2.0%)
- ▶ A higher tax charge resulted in **profit after tax increasing by 3%**
- ▶ Earnings per share **increased by 1%**

**DIVIDENDS AND RETURNS**

- ▶ Return on equity of **19%** (2013: 24%)
- ▶ Interim dividend declared of **8.5 thebe per share** (2013: 4.2 thebe)

**FINANCIAL PERFORMANCE**

Advances to customers increased by 31% from the prior period with the most significant contributions continuing to come from Botswana, Mozambique and Namibia. Off a lower base, there was good growth recorded in Kenya, Lesotho and Rwanda. Overall, all markets remain competitive and the Group has been able to maintain or grow market share. Payroll lending accounts for 95% of total advances with traditional micro finance making up the remainder.

The quality of the advances book was within target levels with an impairment charge of 1.9% for the period as compared to 2.0% in the prior period.

The Group remains well capitalised and has cash resources of over P383 million which are available for future growth. However, strong growth in the markets noted above, during and after the review period, requires new lines of credit to be introduced and a pipeline of new funding is at various stages of negotiation.

Interest income increased by 23% primarily driven by the increase in assets. This was partially offset by a reduction in margins in certain countries, to ensure our pricing remains market related.

Interest expense increased due to higher debt levels in the business. Also foreign exchange losses / gains had a significant impact period on period. However, the overall cost of borrowings remained consistent. Initiatives are at an advanced stage to close out the more significant of the open positions that give rise to the foreign exchange volatility in interest expense.

The credit rating from Moody's Investor Services was reissued during June 2014 at Ba3 and there was no change to the rating from the prior year.

Operating expenses and staff costs increased by 17% reflecting the ongoing investment in people, technology and business development.

Overall, this has resulted in an increase in profit before tax of 11% with a cost to income ratio of 28% (2013: 28%).

The increase in profit after tax was 3% due to a higher effective tax rate for the Group.

**DIVERSIFICATION**

Initiatives are on-going to execute the phased diversification strategy of transforming the Group into a more broad based financial services provider. As part of this strategy the Group commenced deposit taking activities in Mozambique during February 2014. Other products are expected to be rolled out

**COMMENTARY (continued)**

in Mozambique over time.

Other deposit taking activities are planned to start in Rwanda in the current financial period.

In July 2014, the Central Bank of Namibia granted Letshego a provisional licence. We are engaging with the Central Bank to comply with the conditions of this provisional licence.

**GROUP STRUCTURE**

There were no changes to the group structure during the period. Looking ahead, the Group has entered discussions to sell its 24% shareholding in its associate micro finance business in Tanzania – Tujijenge Tanzania Limited.

Also the Group has decided to exit its investment in South Sudan - all options around this are being explored.

Neither of these is expected to have a significant financial impact on the Group.

**DIVIDEND POLICY**

The board has reviewed the current dividend policy and has decided to increase the dividend policy to a pay out ratio of 50% from the current 25% pay out rate. This will be effective from the current financial period and is reflected in the interim dividend declaration.

**BOARD COMMITTEE STRUCTURES**

A number of changes were made to the composition of board subcommittees post the period end so as to increase independent non-executive directors' representation on these committees and to more closely align with King III recommendations.

**CHANGE IN FINANCIAL YEAR END**

As previously communicated to shareholders, the Group is changing the financial year end to 31 December. Therefore, the next financial results will be for the 11 month period ended 31 December 2014.

**PROSPECTS**

If prevailing economic conditions continue, the Directors anticipate further growth in the advances book during the financial period to 31 December 2014 and continued profitability. The impact of some once off costs and provisions taken in the second half of the last financial year, are not expected to reoccur.

**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 8.5 thebe per share for the six month period ended 31 July 2014.

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 2014.

Important dates pertaining to this dividend are:

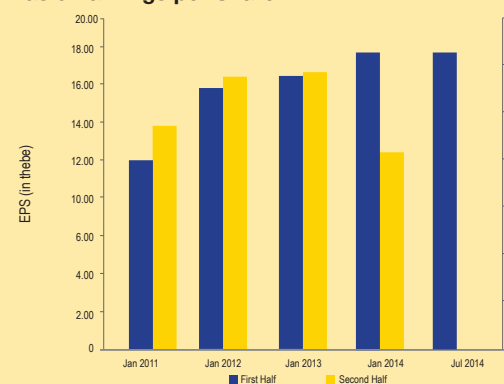
Declaration date: 23 September 2014  
 Last date to register: 10 October 2014  
 Dividend payment date: 24 October 2014

For and on behalf of the Board of Directors.

J A Burbidge  
Chairman

A C M Low  
Managing Director

GABORONE, 23 September 2014

**Basic Earnings per Share**

**KEY PERFORMANCE INDICATORS**

	6 months ended 31 July 2014 (Reviewed) P'000	6 months ended 31 July 2013 (Reviewed) P'000	12 months ended 31 January 2014 (Audited) P'000
Annualised return on average assets (%)	14%	18%	14%
Annualised return on average equity (%)	19%	24%	20%
Cost to income ratio (%)	28%	28%	33%
Debt to equity ratio (%)	39%	25%	36%

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	At 31 July 2014 (Reviewed) P'000	At 31 July 2013 (Reviewed) P'000	Change %	At 31 January 2014 (Audited) P'000
<b>ASSETS</b>					
Cash and cash equivalents	1	383,033	433,157		310,525
Advances to customers	2	5,006,209	3,818,207	31	4,427,757
Other receivables	3	87,476	47,286		101,911
Plant and equipment	4	29,759	17,401		53,988
Intangible assets	5	40,461	32,567		6,117
Goodwill	6	55,250	55,250		55,250
Deferred taxation		11,873	9,115		14,617
<b>Total assets</b>		<b>5,614,061</b>	<b>4,412,983</b>	<b>27</b>	<b>4,970,165</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Customer deposits	7	2,234	-		-
Cash collateral	8	38,817	39,446		42,293
Trade and other payables	9	139,955	70,794		127,217
Income tax		40,907	29,168		46,517
Borrowings	10	1,501,124	858,830	75	1,249,871
<b>Total liabilities</b>		<b>1,723,037</b>	<b>998,238</b>		<b>1,465,898</b>
<b>Shareholders' equity</b>					
Stated capital	11	973,347	959,554		959,554
Foreign currency translation reserve		(24,771)	(7,264)		(94,826)
Legal reserve		5,108	2,696		2,696
Share based payment reserve		9,660	11,887		17,470
Retained earnings		2,801,570	2,359,142		2,522,666
<b>Total equity attributable to equity holders of the parent company</b>		<b>3,764,914</b>	<b>3,326,015</b>	<b>13</b>	<b>3,407,560</b>
Non-controlling interests		126,110	88,730		96,707
<b>Total shareholders' equity</b>		<b>3,891,024</b>	<b>3,414,745</b>		<b>3,504,267</b>
<b>Total liabilities and equity</b>		<b>5,614,061</b>	<b>4,412,983</b>	<b>27</b>	<b>4,970,165</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	6 months ended 31 July 2014 (Reviewed) P'000	6 months ended 31 July 2013 (Reviewed) P'000	Change %	12 months ended 31 January 2014 (Audited) P'000
Interest income	12	719,816	584,212	23	1,176,176
Interest expense	13	(90,204)	(28,541)	216	(62,488)
<b>Net interest income</b>		<b>629,612</b>	<b>555,671</b>	<b>13</b>	<b>1,113,688</b>
Fee and commission income		74,542	64,338	16	134,236
Other operating income		57,679	58,461		122,202
<b>Operating income</b>		<b>761,833</b>	<b>678,470</b>	<b>12</b>	<b>1,370,126</b>
Employee costs	14	(100,617)	(81,535)	23	(199,658)
Other operating expenses	15	(111,376)	(99,405)	12	(255,772)
<b>Net income before impairment and taxation</b>		<b>549,840</b>	<b>497,530</b>	<b>11</b>	<b>914,696</b>
Impairment of advances		(41,432)	(37,964)	9	(64,495)
<b>Profit before taxation</b>		<b>508,408</b>	<b>459,566</b>	<b>11</b>	<b>850,201</b>
Share of net of tax profit of equity accounted associate		-	344		-
Loss on sale of subsidiary (net of taxes)		-	-		(1,060)
Taxation		(135,320)	(96,051)		(205,511)
<b>Profit for the period</b>		<b>373,088</b>	<b>363,859</b>	<b>3</b>	<b>643,630</b>
<b>Attributable to :</b>					
Equity holders of the parent company		350,963	342,356		601,151
Non-controlling interests		22,125	21,503		42,479
<b>Profit for the period</b>		<b>373,088</b>	<b>363,859</b>	<b>3</b>	<b>643,630</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences arising from foreign operations		80,207	44,180		(55,303)
<b>Total comprehensive income for the period</b>		<b>453,295</b>	<b>408,039</b>	<b>11</b>	<b>588,327</b>
<b>Attributable to :</b>					
Equity holders of the parent company		421,018	381,074		552,636
Non-controlling interests		32,277	26,965		35,691
<b>Total comprehensive income for the period</b>		<b>453,295</b>	<b>408,039</b>	<b>11</b>	<b>588,327</b>
<b>Weighted average number of shares in issue during the period (millions)</b>					
		2,131	2,088		2,129
<b>Dilution effect - number of shares (millions)</b>					
		32	42		28
<b>Number of shares in issue at the end of the period (millions)</b>					
		2,176	2,167		2,167
<b>Basic earnings per share (thebe)</b>					
		17.5	17.4	1	30.2
<b>Fully diluted earnings per share (thebe)</b>					
		17.2	17.0		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
<b>Total comprehensive income for the period</b>							
Profit for the period	-	342,356	-	-	-	21,503	363,859
<i>Other comprehensive income, net of income tax</i>							
Foreign currency translation reserve	-	-	-	38,718	-	5,462	44,180
<b>Transactions with owners, recorded directly in equity</b>							
Non - controlling Interest in MAL acquired	-	(6,301)	-	-	-	(4,445)	(10,746)
Allocation of additional shares to ADP I Holding	252,969	-	-	-	-	-	252,969
Allocation to share based payment reserve	-	-	10,056	-	-	-	10,056
Allocation to legal reserve	-	(2,696)	-	-	2,696	-	-
New shares issued from long term incentive scheme	17,342	-	(17,342)	-	-	-	-
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(19,314)	(19,314)
Dividends paid to equity holders	-	(86,702)	-	-	-	-	(86,702)
<b>Balance at 31 July 2013</b>	<b>959,554</b>	<b>2,359,142</b>	<b>11,887</b>	<b>(7,264)</b>	<b>2,696</b>	<b>88,730</b>	<b>3,414,745</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	258,795	-	-	-	20,976	279,771
<i>Other comprehensive income, net of income tax</i>							
Foreign currency translation reserve	-	-	-	(87,233)	-	(12,250)	(99,483)
<b>Transactions with owners, recorded directly in equity</b>							
Disposal of Letshego Financial Services Zambia (Pty) Ltd	-	(4,235)	-	(329)	-	-	(4,564)
Allocation to share based payment reserve	-	-	5,583	-	-	-	5,583
Dividends paid to equity holders	-	(91,036)	-	-	-	(749)	(91,785)
<b>Balance at 31 January 2014</b>	<b>959,554</b>	<b>2,522,666</b>	<b>17,470</b>	<b>(94,826)</b>	<b>2,696</b>	<b>96,707</b>	<b>3,504,267</b>
<b>Total comprehensive income for the period</b>							
Profit for the period	-	350,963	-	-	-	22,125	373,088
<i>Other comprehensive income, net of income tax</i>							
Foreign currency translation reserve	-	-	-	70,055	-	10,152	80,207
<b>Transactions with owners, recorded directly in equity</b>							
Allocation to share based payment reserve	-	-	5,983	-	-	-	5,983
Allocation to legal reserve	-	(2,412)	-	-	2,412	-	-
New shares issued from long term incentive scheme	13,793	-	(13,793)	-	-	-	-
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(2,874)	(2,874)
Dividend paid to equity holders	-	(69,647)	-	-	-	-	(69,647)
<b>Balance at 31 July 2014</b>	<b>973,347</b>	<b>2,801,570</b>	<b>9,660</b>	<b>(24,771)</b>	<b>5,108</b>	<b>126,110</b>	<b>3,891,024</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	6 months ended 31 July 2014 (Reviewed) P'000	6 months ended 31 July 2013 (Reviewed) P'000	12 months ended 31 January 2014 (Audited) P'000
<b>Operating activities</b>				
Profit before taxation		508,408	459,566	850,201
Add : Amortisation and depreciation		12,007	4,067	8,721
Add : Impairment of advances		13,549	10,683	11,051
Movement in working capital and other changes		(479,880)	(490,825)	(1,149,398)
Cash generated from / (utilised in) operations		54,084	(16,509)	(279,425)
Taxation paid		(138,186)	(94,296)	(192,999)
Net cash utilised in operating activities		(84,102)	(110,805)	(472,424)
<b>Investing activities</b>				
Net cash used in investing activities		(22,122)	(28,338)	(46,083)
<b>Financing activities</b>				
Dividends paid to equity holders and subsidiary minorities		(72,521)	(86,702)	(197,800)
Net receipts /(payments) on borrowings / equity raising		251,253	(148,252)	219,578
Net cash generated from / (utilised in) financing activities		178,732	(234,954)	21,778
Net movement in cash and cash equivalents		72,508	(374,097)	(496,729)
Cash and cash equivalents at the beginning of the period		310,525	807,254	807,254
Cash and cash equivalents at the end of the period	1	383,033	433,157	310,525

**SEGMENTAL REPORTING**

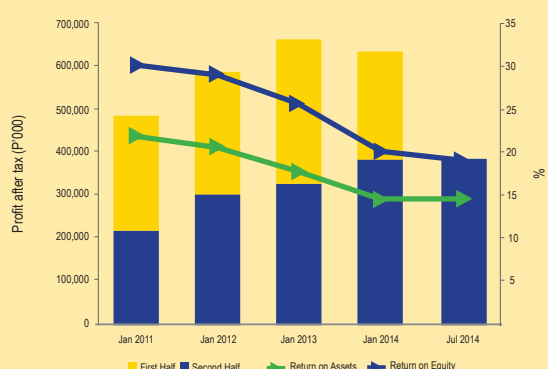
Regional geographical segments	Southern Africa*		East Africa**		Elimination		Group	
	31 July 2014 P'000	31 July 2013 P'000	31 July 2014 P'000	31 July 2013 P'000	31 July 2014 P'000	31 July 2013 P'000	31 July 2014 P'000	31 July 2013 P'000
	Operating income	569,420	491,962	192,413	186,508	-	-	761,833
Segment profit before tax	411,951	350,890	96,457	108,676	-	-	508,408	459,566
Share of results of associate							-	344
Taxation - consolidated							(135,320)	(96,051)
<b>Profit for the period - consolidated</b>							<b>373,088</b>	<b>363,859</b>
Gross advances to customers	4,329,996	3,184,770	717,909	661,216	-	-	5,047,905	3,845,986
Impairment provisions	(18,201)	(10,228)	(23,495)	(17,551)	-	-	(41,696)	(27,779)
<b>Net advances</b>	<b>4,311,795</b>	<b>3,174,542</b>	<b>694,414</b>	<b>643,665</b>	<b>-</b>	<b>-</b>	<b>5,006,209</b>	<b>3,818,207</b>
<b>Borrowings</b>	<b>2,671,319</b>	<b>2,078,693</b>	<b>316,195</b>	<b>271,735</b>	<b>(1,486,390)</b>	<b>(1,491,598)</b>	<b>1,501,124</b>	<b>858,830</b>

\* Southern Africa includes: Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zambia ( Zambia was sold November 2013 )  
\*\* East Africa includes : Kenya, Rwanda, South Sudan, Tanzania and Uganda

**NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME**

	6 months ended 31 July 2014 (Reviewed) P'000	6 months ended 31 July 2013 (Reviewed) P'000	12 months ended 31 January 2014 (Audited) P'000			
<b>1. Cash and cash equivalents</b>						
Cash at bank and in hand	368,508	412,760	296,341			
Short term deposits	14,525	20,397	14,184			
	383,033	433,157	310,525			
<b>2. Advances to customers</b>						
Gross advances to customers	5,047,905	3,845,986	4,455,904			
Less : Specific impairment allowance	(637)	(796)	(1,055)			
Less : Portfolio impairment allowance	(41,059)	(26,983)	(27,092)			
	5,006,209	3,818,207	4,427,757			
<b>3. Other receivables</b>						
Prepayments and deposits	25,536	16,020	13,383			
Dividend receivable from cell captives	33,256	-	75,949			
Withholding tax and value added tax receivable	17,474	14,860	9,411			
Other receivables	11,210	16,406	3,168			
	87,476	47,286	101,911			
<b>4. Plant and equipment</b>						
	Carrying amount at 1 Feb 2014	Additions	Transfers	Disposals	Depreciation charge	Carrying amount at 31 July 2014
Motor vehicles	992	734	-	-	(419)	1,307
Computer equipment	4,365	16,651	2,927	-	(6,346)	17,597
Office furniture and equipment	9,786	4,737	-	-	(4,442)	10,081
Work in progress	38,845	-	(38,071)	-	-	774
	53,988	22,122	(35,144)	-	(11,207)	29,759
<b>5. Intangibles</b>						
	Carrying amount at 1 Feb 2014	Additions	Transfers	Disposal	Depreciation charge	Carrying amount at 31 July 2014
Computer software	6,117	-	35,144	-	(800)	40,461
<b>6. Goodwill</b>						
Goodwill arose on the acquisition of: Letshego Financial Services Namibia (Proprietary) Limited	25,760	25,760	25,760			
Letshego Tanzania Limited	2,064	2,064	2,064			
Letshego Kenya Limited	27,426	27,426	27,426			
	55,250	55,250	55,250			
<b>7. Customer deposits</b>						
Fixed deposit accounts	2,234	-	-			

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

**Return on Equity/Assets vs Profit after Tax**


	6 months ended 31 July 2014 (Reviewed) P'000	6 months ended 31 July 2013 (Reviewed) P'000	12 months ended 31 January 2014 (Audited) P'000
<b>8. Cash collateral</b>			
Cash collateral on loans and advances	38,817	39,446	42,293
Cash collateral represents payments made by customers as security for loans taken. The amounts are refundable upon the successful repayment of loans by customers or are utilised to cover loans in the event of default. This relates only to Letshego Kenya, Rwanda, Uganda and South Sudan.			
<b>9. Trade and other payables</b>			
Audit fees	1,600	1,419	2,633
Insurance premium payable	18,314	11,497	15,917
Payroll related provisions	35,804	16,260	34,267
Other provisions	27,020	-	35,020
Trade and other payables	50,106	34,975	31,200
Value added tax / Withholding tax	7,111	6,643	8,180
	139,955	70,794	127,217
<b>10. Borrowings</b>			
African Alliance Botswana Liquidity Fund	56,161	20,000	56,072
Banco Terra Mozambique	16,981	20,551	19,500
Capital Bank Limited Botswana	40,000	-	40,000
Chase Bank -Kenya	43,697	-	25,339
FNB Botswana	151,048	-	-
Investec Asset Management Botswana (Proprietary) Limited	-	55,000	-
Medium Term Note - BSE Listed Bond	360,525	-	360,477
Medium Term Note - JSE Listed Bond	589,486	607,225	573,573
Standard Bank Mozambique Limited	77,830	-	-
Standard Chartered Bank Botswana Limited	-	541	21,701
Standard Chartered Bank Uganda Limited	71,395	60,437	91,821
Others	94,001	95,076	61,388
Total borrowings	1,501,124	858,830	1,249,871
<b>11. Stated capital</b>			
Issued: 2,176,475,705 ordinary shares of no par value (2013: 2,167,540,301)	973,347	959,554	959,554
<b>12. Interest income</b>			
Advances to customers	716,854	583,313	1,172,553
Deposits with banks	2,962	899	3,623
	719,816	584,212	1,176,176
<b>13. Interest expense</b>			
Overdraft facilities and term loans	85,907	69,747	112,533
Foreign exchange loss / (gains)	4,297	(41,206)	(50,045)
	90,204	28,541	62,488
<b>14. Employee costs</b>			
Salaries and wages	76,448	56,210	111,683
Staff incentive	12,910	9,181	21,515
Staff pension fund contribution	3,481	3,502	13,877
Directors' remuneration – for management services (executive)	1,795	2,609	36,816
Long term incentive plan	5,983	10,033	15,767
	100,617	81,535	199,658
<b>15. Other operating expenses</b>			
Accounting and secretarial fees	172	259	332
Advertising	7,318	6,164	16,021
Audit fees	1,600	1,580	2,431
Bank charges	1,870	1,782	3,632
Computer expenses	3,270	5,105	6,856
Consultancy fees	4,876	2,574	4,008
Depreciation and amortisation	12,007	4,067	8,721
Directors' fees – non executive	1,896	1,728	2,662
Direct costs	33,255	37,305	99,398
Operating lease rentals - property	11,213	9,717	18,076
Other operating expenses	11,131	6,413	54,058
Office expenses	3,501	5,753	6,063
Insurance	3,539	1,713	2,155
Payroll administration costs	431	647	1,428
Professional fees	2,119	3,385	7,514
Telephone and postage	4,356	4,900	8,801
Travel	8,822	6,313	13,616
	111,376	99,405	255,772