

LETSHEGO HOLDINGS LIMITED GROUP

HALF YEAR 2018 REVIEWED FINANCIAL RESULTS



The Board of Directors of Letshego Holdings Limited ("the Group") is pleased to present an extract of the reviewed consolidated results for the six months ended 30th June 2018.

HIGHLIGHTS

Gross Advances to Customers

12%

Operating Income

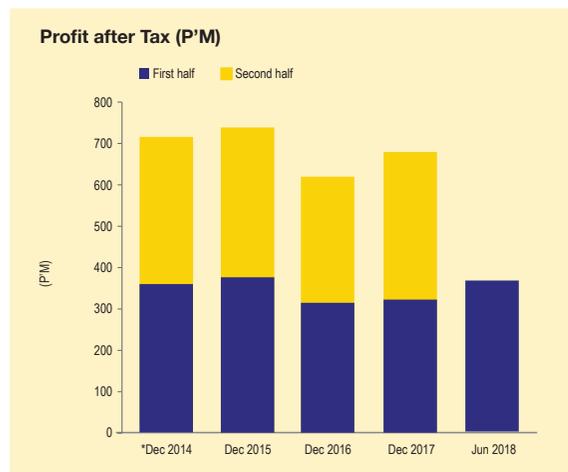
15%

Profit before Tax

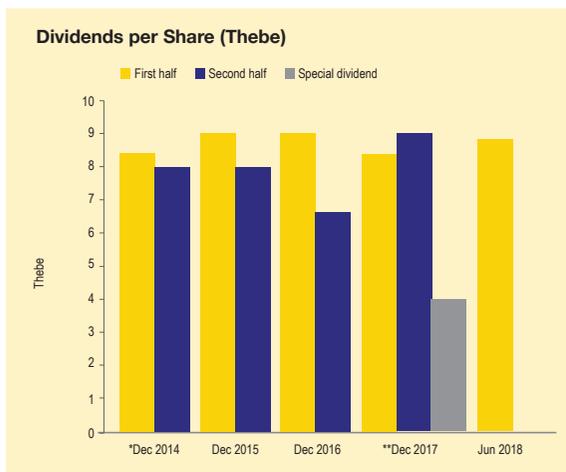
19%

Interim Dividend per Share

8.7t



*11 month period following the change in year end



**Special dividend of 4.1 thebe per share - proceed from the Namibia IPO



CONTINUED PROGRESS ON DELIVERY OF THE STRATEGIC AGENDA

GROWTH, PERFORMANCE AND RETURNS

The Group has proceeded with its transformation agenda towards creating Africa's leading inclusive finance group and continues to invest in expanding its African footprint and technology delivery platforms. We have delivered good growth in loans to customers and savings mobilisation is gaining momentum, albeit from a modest base. The Group achieved a 19% year on year increase in operating profits and has maintained its dividend payout ratio.

PROGRESS WITH DELIVERY OF THE STRATEGIC AGENDA DURING THE PERIOD INCLUDE:

Embrace financial inclusion: This is evident from an increase in the non-core loan portfolio on the back of strategic initiatives to improve customer accessibility to financial solutions. Currently customers can access financial solutions via 858 access points which represents an increase of over 50% from prior period. New agency points in Mozambique have been the main contributor.

Diversification of solutions into informal segments is gathering pace in Ghana and Tanzania. More than P350mn of informal loans have been disbursed in Ghana since launch in late 2017.

Affordable housing and education loans are the main drivers of growth in the MSE loan book. Together they constitute 6% of the total loan portfolio.

Grow the franchise: Letshego's broad geographical footprint covering 11 countries and 6 deposit taking licences position it well for volume growth.

Since the launch of the collaboration with MTN Ghana the business has disbursed more than 2.5 million loans to over 600,000 new customers. Mozambique and Rwanda have led the group in deposit mobilisation attracting a mix of both institutional and retail savings.

Enhance customer experience: The first digital LetsGo campaign in Namibia through Facebook has been completed with further digital marketing launches to increase experience of our digital solutions planned for later in the year in Mozambique, and Nigeria.

Embedding future capability: A more comprehensive set of customer solutions and efficient management of operational risks is now available in a growing number of countries, with the remaining countries due to be added to the core IT platform next year.

GROUP FINANCIAL HIGHLIGHTS:

- Profit before tax was P590m - an increase of 19%
- Return on Equity was 18% (2017: 16%)
- Gross loans and advances to customers increased by 12% to P8.7bn
- Deposits from customers up 278% to P387mn
- Cost of credit risk was 2.6% (2017: 3.3%)
- Cost to income ratio was steady at 40%
- A dividend of 8.7 thebe per share retaining a 50% dividend pay-out ratio

NON-FINANCIAL HIGHLIGHTS:

- P1.7 billion (2017: P1.4 billion) was disbursed in new or top up loans
- Total borrowing customers increased to 546,000 (2017: 345,000)
- Total savings customers increased to 167,000 (2017: 120,000)
- Customers can access financial solutions via 858 access points

ANALYSIS OF THE RESULTS FOR THE PERIOD:

This period's results show good performance across key areas of the business. Gross loans growth was up 12% in BWP terms and 14% in local currency. IFRS 9 came in effect on January 1, 2018. The impact of this new accounting standard was a 37% increase in impairment provisions from P402mn to P552mn and a P150mn decline in Group's retained earnings. The Group's cost of risk reduced from 3.3% (H1 2017) to 2.6% (H1 2018). Also under IFRS 9 Coverage Ratios have increased to 95% (IAS 39 FY 2017: 70%). Recoveries experience continues to improve at a group level though we have seen increasing defaults in Nigeria, Tanzania and Uganda.

Customer deposits growth was in line with expectations and this was led by Mozambique and Rwanda. The Group continues to reduce dependence on bank loan funding by issuing notes off existing DMTN programmes in active domestic debt capital markets. Ghana recently issued GHS95mn of new notes with 5, 6 and 7 year maturities. The issuances were oversubscribed. A pipeline of DFI/MIV funding is in place with P256mn already drawn in 2018.

Operating income increased by 15%, a sign of progress in rolling out various strategic initiatives including agency banking, mobile digital platforms, strategic partnerships, cross selling and launch of new products. Costs increased by 17% which included P10mn in once off costs relating to write down of redundant IT equipment in preparation to move to a cloud environment. Profit before tax of P590 million was 19% higher period on period. A higher effective tax rate of 37% resulted in a lower increase in profit after tax for the period of 11%.

FUNDING, CAPITAL STRUCTURE AND DIVIDEND POLICY

The Group continues to diversify its funding mix and utilise all available instruments to manage capital. Letshego Ghana obtained approval to increase its DMTN Programme limit by GHS200mn. Three new bonds with a face value of GHS95million were issued. Global Credit Rating (GCR) affirmed Letshego Ghana's BBB+(GH) stable bond rating which is 3 notches above investment grade. The Group's credit rating from Moody's remained unchanged.

The Group secured P256million of funding from specialist international investors. New funders include development finance institutions, specialist investors who focus on micro and inclusive finance ventures, and impact investors. This new group of finance partners are headquartered in the UK and Europe, all with a keen interest in sustainable development in Africa.

The structured funding arrangements are expected to deliver treasury benefits and mitigate funding risk for Letshego Group by achieving geographical diversification in its funding base, increasing the current number of funders, securing longer tenors as well as reducing the Group's overall open foreign exchange exposure by drawing new local currency-denominated facilities.

Following the successful close of the inaugural R465mn medium term note switch in December 2017, Letshego drew down R200mn (Tranche 1) on 29 June 2018 under the R400mn Sanlam Guaranteed 3 Year Multi-Jurisdiction Facility arranged by RMB. RMB was able to lend to Letshego's Namibia, Swaziland and Lesotho subsidiaries without recourse to the existing Security Sharing Agreement on the back of a 50% guarantee from Sanlam Emerging Markets, as well as a parental guarantee from Letshego Holdings Limited. The proceeds of this facility will be used to repay inter group loans and reduce capital inefficiencies, particularly for the subsidiaries with little or no external gearing.

The continuation of the dividend policy of a 50% pay-out ratio of Group profit after tax along with the share buy-back program remains unchanged.

BOARD OF DIRECTORS

The Board of Directors (the "Board") of the Company announced that Chris Low, the Group Managing Director, has stepped down from his role after five years at the helm to pursue other opportunities. Recruitment of a replacement GMD is at an advanced stage. In the interim a Management Transition Team led by Colm Patterson, the Group Chief Financial Officer of Letshego is responsible for the day to day running of the company. The Groups' strategy remains on track for growth with no imminent change in direction.

Robert Thornton, an Independent Non- Executive Director and Chairman of the HR Committee and Member of the Investment Committee, tendered his resignation from the Board effective 2 August 2018. Robert joined the Board in 2013.

The Board thanks Chris and Bob for their contribution to the Letshego Group in their respective roles and wishes them well in their future endeavours.

It was with profound sadness that the Board of Directors learned of the news of the passing of John Alexander Burbidge on 31 July, 2018. John took up his appointment to join the Letshego Board and family in 1998 at the inception of Letshego, initially as a Director, then as an independent non-executive director, and finally as Group Chairman. As Group Chairman, with a distinguished track-record, he oversaw Letshego's journey through a commendable expansion drive, which today sees the Group span 11 Sub Saharan markets. The Chairman and the Board wishes to express their sincere appreciation and gratitude for John's life and contribution to Letshego.

PRIOR YEAR ADJUSTMENT – TAXATION – UPDATE

Letshego Holdings Limited ("LHL") pays withholding taxes ("WHT") in various tax jurisdictions from where it earns interest, management fees and other income. The Botswana Income Tax Act (the "Act") allows LHL to claim these WHT as credits against income tax payable in Botswana arising from such foreign income, subject to restrictions.

LHL has claimed these WHT as credits in its income tax returns in Botswana for each of the years up to financial year ended 31 December 2016. The Botswana Unified Revenue Services ("BURS"), accepted these income tax returns, and paid refunds to LHL in respect of such credits for the financial years 2014, 2015 and 2016.

These credits were claimed based on the Company's understanding of how such WHT would be treated as tax credits for an International Financial Services Centre ("IFSC") Company, which LHL is. This understanding was based on management's past discussions with Botswana Investment and Trade Centre and BURS. Management's treatment was further validated by refunds from BURS in respect of such credits.

During the course of the finalisation of the 2017 audit, it was identified that such WHT claims may be inconsistent with the Act. Therefore the 2017 results were reissued and a full provision was made against the refunds received.

Subsequent to the publication of the reissued reviewed consolidated results for the year ended 31 December 2017 the Company has sought and obtained tax and legal opinions on the appropriate treatment of foreign tax credits for its Botswana tax returns for the periods 2014 to 2016. These indicate that the refunds received were inconsistent with the Act. Therefore, the Company will engage the Botswana tax authorities to resubmit historical tax returns and return any refunds obtained in error.

IFRS 9 IMPLEMENTATION

The Group adopted and implemented IFRS 9 on 1 January 2018 and therefore these results include its effect for the first time. This includes an estimated day one adjustment to retained earnings of P150mn. The Group is finalising its IFRS 9 implementation and therefore, this is only expected to be completed by the financial year end.

PROSPECTS

Letshego continues to drive its inclusive financial services strategy and strengthen its operations through investment in technology platforms, digitisation, ecosystem partnerships, and internal capacity. The Board of Directors is confident that the Group is well positioned to benefit from the growing markets in which it is active.

AUDITORS' REVIEW

The financial information set out in this announcement are extracted from the condensed consolidated financial statements reviewed by PwC, Letshego Group's external auditors. Their unqualified review report is available for inspection at the Group's registered office.

DIVIDEND NOTICE

Notice is hereby given that the Board has declared an interim dividend of 8.7 thebe per share for the period ended 30 June 2018. 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 30 June 2018.

Important dates pertaining to this dividend are:

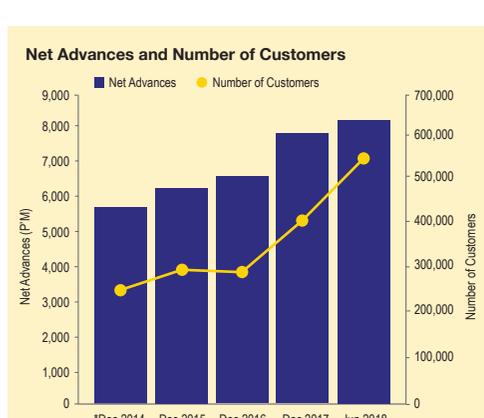
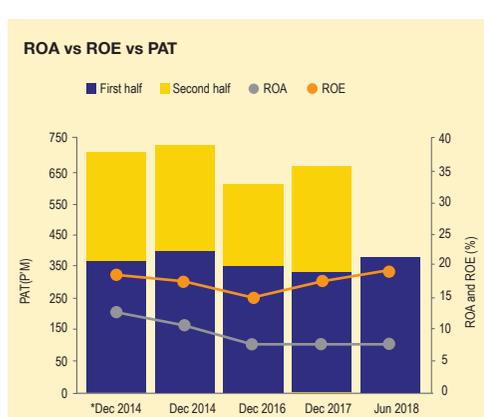
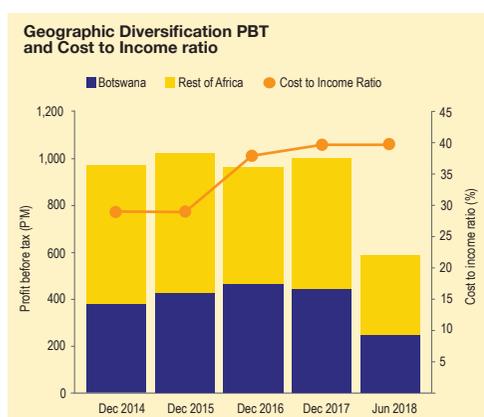
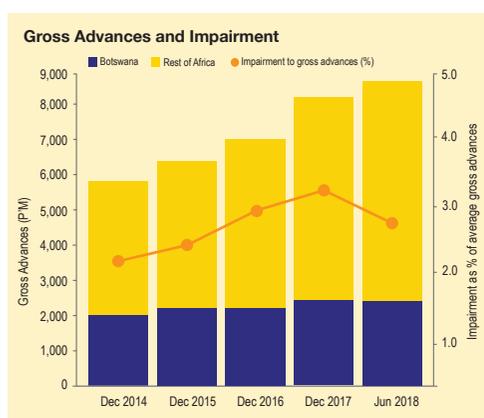
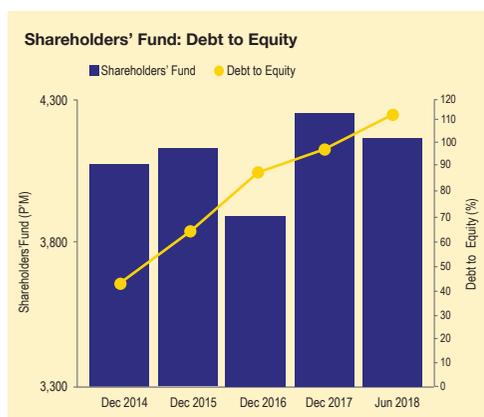
- Declaration date, 29 August 2018
- Last date to register, 21 September 2018
- Dividend payment date on or about, 28 September 2018

For and on behalf of the Board of Directors:

E Banda
Group Chairman

C Patterson
Group Chief Financial Officer

GABORONE, Wednesday 29 August 2018



	6 months ended 30 June 2018 (Reviewed)	6 months ended 30 June 2017 (Reviewed Restated)	12 months ended 31 Dec 2017 (Audited)
Return on average assets (%)	8%	8%	8%
Return on average equity (%)	18%	16%	17%
Cost to income ratio (%)	40%	39%	40%
Debt to equity ratio (%)	112%	97%	93%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note	At 30 June 2018 (Reviewed) P'000	At 30 June 2017 (Reviewed Restated) P'000	Change %	At 31 Dec 2017 (Audited) P'000
ASSETS				
Cash and cash equivalents	1	876,444		492,367
Advances to customers	2	8,136,441		7,768,904
Other receivables	3	238,856		201,605
Available-for-sale financial asset		53,591		53,591
Income tax receivable		13,218		17,967
Property, plant and equipment	4	88,390		92,061
Intangible assets	5	51,267		55,340
Goodwill	6	126,725		122,280
Deferred tax assets		174,043		156,655
Total assets		9,758,975		8,960,770
LIABILITIES AND EQUITY				
Liabilities				
Customer deposits	7	386,879		228,432
Cash collateral	8	27,331		27,319
Trade and other payables	9	328,272		261,751
Income tax payable		199,151		182,879
Deferred tax liabilities		2,888		5,290
Borrowings	10	4,661,508		3,984,607
Total liabilities		5,606,029		4,690,278
Shareholders' equity				
Stated capital	11	862,621		849,845
Foreign currency translation reserve		(696,161)		(680,417)
Legal reserve		73,519		39,607
Share based payment reserve		25,475		38,840
Retained earnings		3,584,298		3,709,308
Total equity attributable to equity holders of the parent company		3,849,752		3,957,183
Non-controlling interests		303,194		313,309
Total shareholders' equity		4,152,946		4,270,492
Total liabilities and equity		9,758,975		8,960,770

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Note	6 months ended 30 June 2018 (Reviewed) P'000	6 months ended 30 June 2017 (Reviewed Restated) P'000	Change %	12 months ended 31 Dec 2017 (Audited) P'000
Interest income	12	1,222,236		2,252,636
Interest expense	13	(230,901)		(470,630)
Net interest income		991,335		1,782,006
Fee and commission income		24,197		38,596
Other operating income	14	140,438		234,169
Operating income		1,155,970		2,054,771
Employee costs	15	(196,025)		(367,057)
Other operating expenses	16	(261,919)		(446,952)
Net income before impairment and taxation		698,026		1,240,762
Impairment of advances	17	(108,152)		(237,149)
Profit before taxation		589,874		1,003,613
Taxation		(219,449)		(322,367)
Profit for the period		370,425		681,246
Attributable to:				
Equity holders of the parent company		331,130		637,663
Non-controlling interest		39,295		43,583
Profit for the period		370,425		681,246
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation differences arising from foreign operations		(41,228)		(39,163)
Total comprehensive income for the period		329,197		642,083
Attributable to:				
Equity holders of the parent company		315,386		591,539
Non-controlling interests		13,811		50,544
Total comprehensive income for the period		329,197		642,083
Weighted average number of shares in issue during the period (millions)		2,121		2,137
Dilution effect - number of shares (millions)		42		46
Number of shares in issue at the end of the period (millions)		2,144		2,144
Basic earnings per share (thebe)		15.6		29.8
Fully diluted earnings per share (thebe)		15.3		29.2

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

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	Legal reserve P'000	Non-controlling interest P'000	Total P'000
Balance at 31 December 2016 - as previously reported	875,639	3,502,271	35,835	(634,293)	32,189	192,799	4,004,440
Prior year adjustment - note 18	-	(118,288)	-	-	-	-	(118,288)
Balance as at 31 December 2016 - restated	875,639	3,383,983	35,835	(634,293)	32,189	192,799	3,886,152
Total comprehensive income for the period							
Profit for the period	-	321,025	-	-	-	13,898	334,923
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	6,376	-	(1,168)	5,208
Transactions with owners, recorded directly in equity							
Allocation to share based payment reserve	-	-	14,067	-	-	-	14,067
New shares issued from long term incentive scheme	22,274	-	(22,274)	-	-	-	-
Dividends paid to equity holders	-	(139,363)	-	-	-	-	(139,363)
Balance at 30 June 2017 - Restated	897,913	3,565,645	27,628	(627,917)	32,189	205,529	4,100,987
Total comprehensive income for the period							
Profit for the period	-	316,638	-	-	-	29,685	346,323
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(52,500)	-	8,129	(44,371)
Transactions with owners, recorded directly in equity							
Sale of non-controlling interest in Letshego Holdings (Namibia) Limited	-	16,687	-	-	-	70,791	87,478
Allocation to share based payment reserve	-	-	11,212	-	-	-	11,212
Allocated to legal reserve	-	(7,418)	-	-	7,418	-	-
Share buy back - held as treasury shares	(48,068)	-	-	-	-	-	(48,068)
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(825)	(825)
Dividends paid to equity holders	-	(182,244)	-	-	-	-	(182,244)
Balance at 31 December 2017 - Audited	849,845	3,709,308	38,840	(680,417)	39,607	313,309	4,270,492
Impact of adopting IFRS 9							
	-	(143,855)	-	-	-	(6,206)	(150,061)
Adjusted balance 1 January 2018	849,845	3,565,453	38,840	(680,417)	39,607	307,103	4,120,431
Total comprehensive income for the period							
Profit for the period	-	331,130	-	-	-	39,295	370,425
Other comprehensive income, net of income tax							
Foreign currency translation reserve	-	-	-	(15,744)	-	(25,484)	(41,228)
Transactions with owners, recorded directly in equity							
Allocation to share based payment reserve	-	-	(589)	-	-	-	(589)
Allocation to legal reserve	-	(33,912)	-	-	33,912	-	-
New shares issued from long term incentive scheme	12,776	-	(12,776)	-	-	-	-
Dividend paid by subsidiary to minority interests	-	-	-	-	-	(17,720)	(17,720)
Dividends paid to equity holders	-	(278,373)	-	-	-	-	(278,373)
Balance at 30 June 2018 - Reviewed	862,621	3,584,298	25,475	(696,161)	73,519	303,194	4,152,946

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	6 months ended 30 June 2018 (Reviewed) P'000	6 months ended 30 June 2017 (Reviewed Restated) P'000	12 months ended 31 Dec 2017 (Audited) P'000
Operating activities				
Profit before taxation		589,874	497,550	1,003,613
Add : Amortisation, depreciation and others		27,361	16,212	32,800
: Impairment and write off		165,427	183,337	376,909
Movement in working capital and other changes		(508,494)	(802,274)	(1,192,553)
Cash generated from / (used in) operations		274,168	(105,175)	220,769
Taxation paid		(218,220)	(113,160)	(290,590)
Net cash generated from / (utilised in) operating activities		55,948	(218,335)	(69,821)
Investing activities				
Payment for acquisition of / investment in subsidiary		-	(90,719)	(90,719)
Net cash acquired from acquisitions		-	25,864	25,864
Other investing activities		(19,705)	(16,994)	(40,385)
Net cash flows used in investing activities		(19,705)	(81,849)	(105,240)
Financing activities				
Dividends paid to equity holders and non-controlling interest		(296,093)	(139,363)	(322,432)
Share buy back		-	-	(48,068)
Proceeds from sale of interest in a subsidiary		-	-	87,478
Net receipts on borrowings		648,294	405,576	432,036
Net cash generated from financing activities		352,201	266,213	149,014
Net movement in cash and cash equivalents		388,444	(33,971)	(26,047)
Cash and cash equivalents at the beginning of the year		492,367	529,476	529,476
Effect of exchange rate changes on cash and cash equivalents		(4,367)	(4,269)	(11,062)
Cash and cash equivalents at the end of the period	1	876,444	491,236	492,367

SEGMENTAL REPORTING

For the period ended 30 June 2018

The Group's reportable segments are as follows: Botswana, Namibia, Mozambique, Other Southern Africa, Tanzania, other East Africa, West Africa and Holding company.

- Other Southern Africa includes: Lesotho and Swaziland
- Other East Africa includes: Kenya, Rwanda and Uganda
- West Africa includes: Nigeria and Ghana

Reportable segments June 2018	Botswana P'000	Namibia P'000	Mozambique P'000	Other Southern Africa P'000	Tanzania P'000	Other East Africa P'000	West Africa P'000	Holding company P'000	Total P'000
Operating income	303,167	288,297	106,104	73,448	96,750	130,837	111,158	46,209	1,155,970
Profit before taxation	241,652	233,883	61,701	44,838	44,273	35,237	25,260	(96,970)	589,874
Taxation - consolidated									(219,449)
Profit - consolidated									370,425
Gross Advances to customers	2,521,751	1,911,756	1,145,724	795,922	592,760	1,102,616	690,852	-	8,761,381
Impairment provisions	(204,877)	(7,354)	(21,329)	(27,433)	(158,914)	(137,757)	(67,276)	-	(624,940)
Net Advances	2,316,874	1,904,402	1,124,395	768,489	433,846	964,859	623,576	-	8,136,441
Borrowings	949,312	167,837	383,212	612,287	34,996	587,823	433,285	1,492,756	4,661,508

Reportable segments June 2017	Botswana P'000	Namibia P'000	Mozambique P'000	Other Southern Africa P'000	Tanzania P'000	Other East Africa P'000	West Africa P'000	Holding company P'000	Total P'000
Operating income	247,290	262,433	73,289	66,416	103,528	129,188	62,366	60,252	1,004,762
Profit before taxation	240,391	212,863	21,423	50,676	36,619	(22,850)	19,793	(61,365)	497,550
Taxation - consolidated - Restated									(162,627)
Profit - consolidated - Restated									334,923
Gross Advances to customers	2,440,248	1,799,929	962,495	733,903	548,339	960,157	346,517	-	7,791,588
Impairment provisions	(123,820)	(11,068)	(45,697)	(7,222)	(52,667)	(126,877)	(29,218)	-	(396,569)
Net Advances	2,316,428	1,788,861	916,798	726,681	495,672	833,280	317,299	-	7,395,019
Borrowings	899,316	751,037	277,162	492,434	50,212	535,291	196,273	776,315	3,978,040

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

	At 30 June 2018 (Reviewed) P'000	At 30 June 2017 (Reviewed) P'000	At 31 Dec 2017 (Audited) P'000				
1. Cash and cash equivalents							
Cash at bank and in hand	598,385	471,100	466,963				
Short term deposits	278,059	20,136	25,404				
	876,444	491,236	492,367				
2. Advances to customers							
Gross advances to customers	8,761,381	7,791,588	8,171,304				
Less : Impairment provisions - specific	(237,185)	(242,453)	(265,414)				
: Impairment provisions - portfolio	(387,755)	(154,116)	(136,986)				
	8,136,441	7,395,019	7,768,904				
3. Other receivables							
Deposits and prepayments	35,312	37,993	33,073				
Receivable from insurance arrangements	167,077	162,503	141,722				
Withholding tax and value added tax	220	270	188				
Other receivables	36,247	62,553	26,622				
	238,856	263,319	201,605				
4. Property plant and equipment							
	Carrying amount at 01 January 2018	Additions	Transfers	Disposal and write off	Depreciation charge	Forex translation	Carrying amount at 30 June 2018
Motor vehicles	3,477	1,597	-	(93)	(838)	84	4,227
Computer equipment	19,280	10,621	9,002	(1,998)	(6,635)	(297)	29,973
Office furniture and equipment	33,660	4,050	514	(2,350)	(6,032)	387	30,229
Land and building	18,376	889	-	-	-	(1,076)	18,189
Work in progress	17,268	1,352	(10,394)	2,309	-	(145)	5,772
	92,061	18,509	(878)	(6,750)	(13,505)	(1,047)	88,390
5. Intangible assets							
	Carrying amount at 01 January 2018	Additions	Transfers	Disposal	Amortisation charge	Forex translation	Carrying amount at 30 June 2018
Computer software	48,619	1,196	878	(1,352)	(5,198)	762	44,905
Brand value	2,830	-	-	-	(213)	(17)	2,600
Core deposit	3,891	-	-	-	(343)	214	3,762
	55,340	1,196	878	(1,352)	(5,754)	959	51,267
6. Goodwill							
Goodwill arose on the acquisition of:							
Letshego Holdings (Namibia) Limited	23,191			23,917	24,336		
Letshego Tanzania Limited	1,853			1,851	1,781		
Letshego Kenya Limited	32,714			31,198	30,245		
Letshego Bank (T) Limited	14,828			14,810	14,250		
Letshego Microfinance Bank Nigeria Limited	45,136			48,501	42,684		
AFB Ghana Plc	9,003			9,633	8,984		
	126,725			129,910	122,280		
Goodwill was translated using reporting date exchange rates to reflect the changes in foreign currencies. 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							
Deposits from customers	386,879	102,347	228,432				
8. Cash collateral							
Cash collateral on loans and advances	27,331	33,429	27,319				
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.							
9. Trade and other payables							
Insurance premium payable	87,829	45,622	60,473				
Payroll related accruals	65,792	56,590	72,967				
Other provisions	67,749	48,375	32,015				
Trade and other payables	99,797	64,574	84,635				
Value added tax / withholding tax payable	7,105	10,634	11,661				
	328,272	225,795	261,751				
10. Borrowings							
Commercial banks	1,963,090	1,751,613	1,684,654				
Note programmes	1,996,451	1,798,182	1,910,428				
Development Financial Institutions	567,439	301,877	253,703				
Pension Funds	134,528	126,368	135,822				
Total borrowings	4,661,508	3,978,040	3,984,607				
11. Stated capital							
Issued: 2,144,045,175 ordinary shares of no par value (2017: 2,144,045,175) of which 19,054,190 shares (2017: 24,400,000) are held as treasury shares	862,621	897,913	849,845				

	6 months ended 30 June 2018 (Reviewed) P'000	6 months ended 30 June 2017 (Reviewed) P'000	12 months ended 31 Dec 2017 (Audited) P'000
12. Interest income			
Advances to customers	1,209,189	1,076,142	2,235,902
Deposits with banks	13,047	7,825	16,734
	1,222,236	1,083,967	2,252,636
13. Interest expense			
Overdraft facilities and term loans	253,652	216,215	474,798
Foreign exchange (gain) / loss	(22,751)	(1,634)	(4,168)
	230,901	214,581	470,630
14. Other operating income			
Early settlement fees	18,112	14,305	34,390
Income from insurance arrangements	116,435	90,788	182,379
Sundry income	5,891	11,447	17,400
	140,438	116,540	234,169
15. Employee costs			
Salaries and wages	161,071	133,104	268,326
Staff incentive	24,855	24,825	51,174
Staff pension fund contribution	7,541	6,951	13,961
Directors' remuneration – for management services (executive)	3,147	3,138	8,317
Long term incentive plan	(589)	14,067	25,279
	196,025	182,085	367,057
16. Other operating expenses			
Accounting and secretarial fees	602	627	2,197
Advertising	7,654	7,816	18,755
Audit fees	2,385	2,195	4,148
Bank charges	4,187	3,473	7,599
Computer expenses	4,934	7,147	19,948
Consultancy fees	27,691	19,296	40,747
Corporate social responsibility	1,965	1,865	5,895
Depreciation and amortisation	19,259	16,212	32,800
Directors' fees – non executive	3,522	3,326	6,887
Direct costs	49,122	35,575	69,703
Government levies	10,937	7,443	14,693
Insurance	6,190	6,487	11,919
Office expenses	10,709	8,982	19,649
Operating lease rentals - property	23,824	23,162	48,864
Other operating expenses	57,158	33,770	83,716
Payroll administration costs	1,005	764	2,161
Telephone and postage	13,067	10,216	22,253
Travel	17,708	18,916	35,018
	261,919	207,272	446,952
17. Impairment on advances			
Amounts written off	92,948	65,273	274,669
Recoveries during the year	(57,275)	(65,482)	(139,760)
Impairment adjustment	72,479	118,064	102,240
	108,152	117,855	237,149
18. Prior year adjustment			
Full details of the prior year tax adjustment for Letshego Holdings Limited should be read in conjunction with the December 2017 Annual Report. The June 2017 results that were previously reported have been restated as follows:			

	At 30 June 2017 Reviewed - (as previously stated) P'000	Increase / (Decrease) P'000	At 30 June 2017 Restated P'000
Statement of financial position - extract			
Other receivables	351,337	(88,018)	263,319
Total assets	8,697,930	(88,018)	8,609,912
Income tax payable	110,075	58,623	168,698
Total liabilities	4,450,302	58,623	4,508,925
Retained earnings	3,712,286	(146,641)	3,565,645
Total shareholders' equity	4,247,628	(146,641)	4,100,987
	6 months ended 30 June 2017 Reviewed - (as previously stated) P'000	Increase / (Decrease) P'000	6 months ended 30 June 2017 Restated P'000
Statement of profit or loss and other comprehensive income-extract			
Profit before taxation	497,550	-	497,550
Taxation	(134,274)	(28,353)	(162,627)
Profit for the period	363,276	(28,353)	334,923

NON EXECUTIVE DIRECTORS

E.N. Banda (Chairman) (RSA), R.N. Alam (USA), H. Karuhanga (Uganda), J.S. de Kock (RSA), C.Lesetedi (Botswana), S.D. Price (UK), Dr. G. Somolekae (Botswana), G.L. van Heerde (RSA), C.G. van Schalkwyk (RSA).

EXECUTIVE DIRECTORS

C W Patterson (CFO) (Ireland)

CERTIFIED AUDITORS

PricewaterhouseCoopers, Plot 50371, 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
www.letshego.com