Letshego

LETSHEGO HOLDINGS LIMITED

2013 ANNUAL REPORT

Contents

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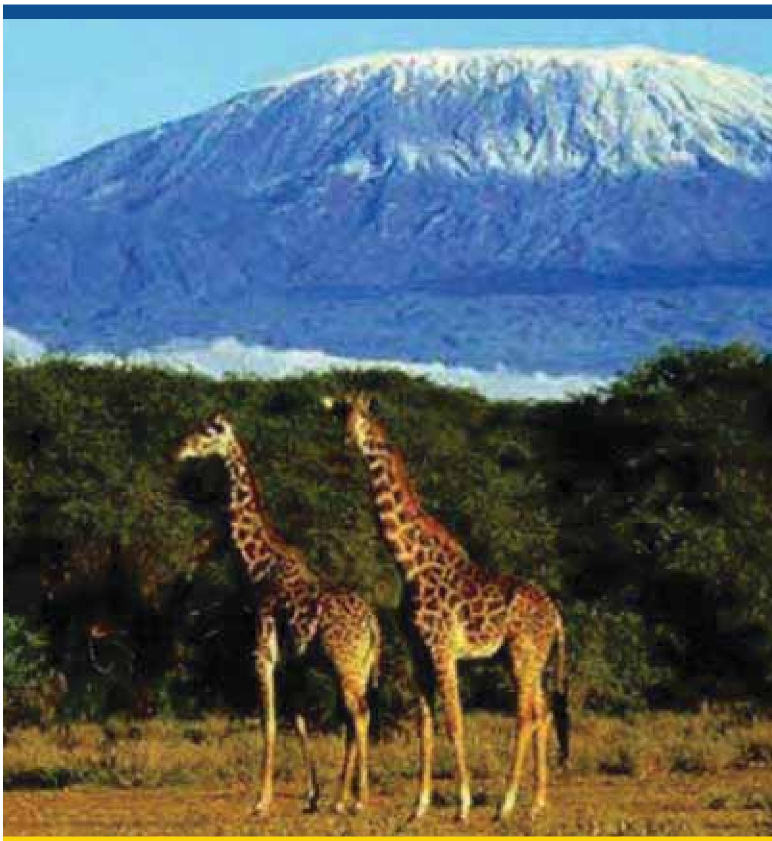
Mount Kilimanjaro
Tanzania



Victoria Falls
Zambia

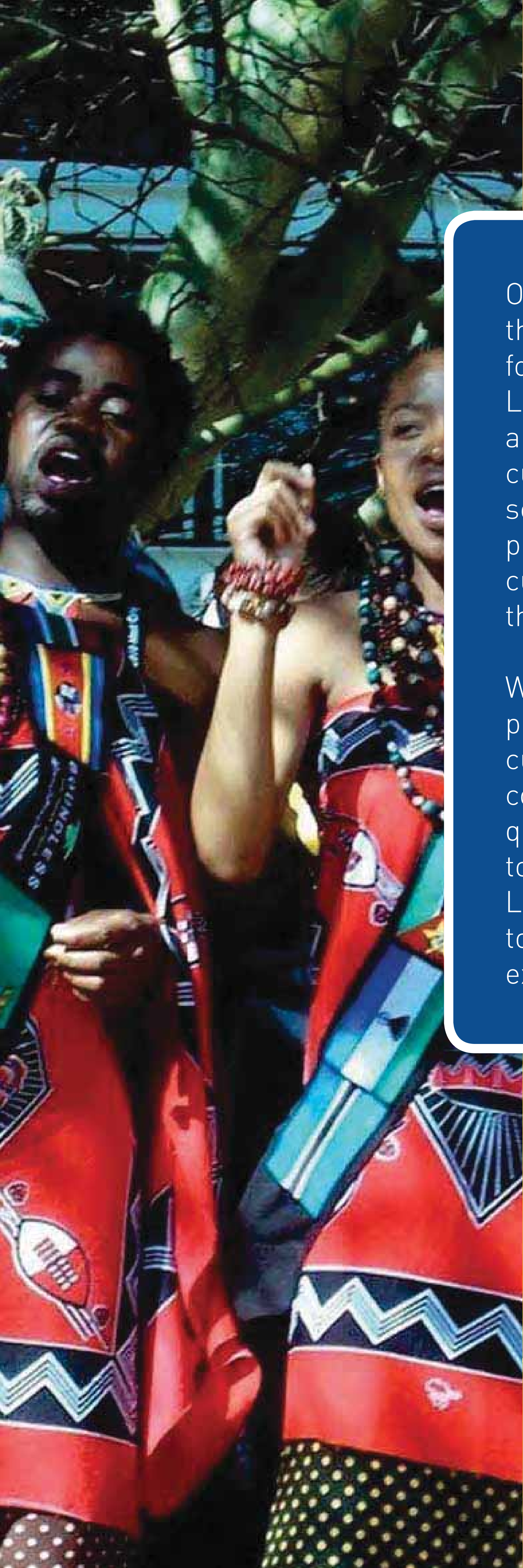
Kasubi Tombs
Uganda

Bazaruto
Mozambique

The Okavango
Botswana

Audited Annual Financial Statements

Shareholders' Information and Notice of Annual General Meeting



Our products and services provide the ultimate set of financial tools for discerning professionals, Letshego's innovative products and services help our clients and customers fulfil their dreams. The solutions we offer through our products and services help our customers bridge the gap between their dreams and reality.

We continue to develop our products and services with our customers in mind and we are committed to the development of quality products and solutions to meet our customers needs. Letshego will constantly evolve to meet and exceed financial expectations.

About Us

Group Financial Highlights

Profile and Overview

Group Financial Highlights

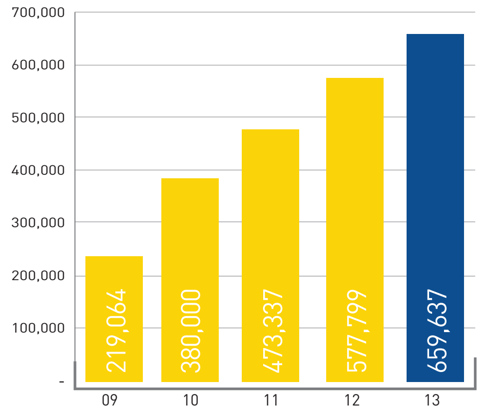
Operational Highlights

During the review period, we worked to put into place key building blocks towards achieving our transformation into a Pan-African, broad-based, deposit-taking financial institution. These building blocks have centred around operational, infrastructural and human resources.

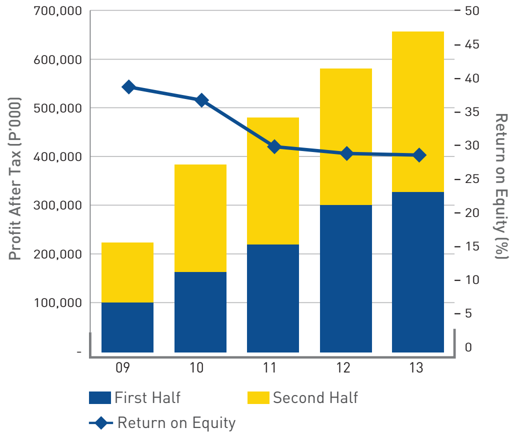
Financial Highlights

- Advances to customers increased 10% to P3.3 billion (2012: P3.0 billion)
- **Profits before tax increased 18% to P841.3 million (2012: P711.2million)**
- Earnings per share increased by 12%
- **Cost to income ratio 26% (2012: 24%)**
- Impairment charges of 1.3% on the average advances reflecting a 20% decrease year on year
- **40% of profits before tax generated outside of Botswana (2012: 35%)**
- Micro Africa Limited transaction completed and contributed P6.7 million to profit before tax for the seven months since acquisition
- **Dividend declared during the year equates to 25% of profit after tax**

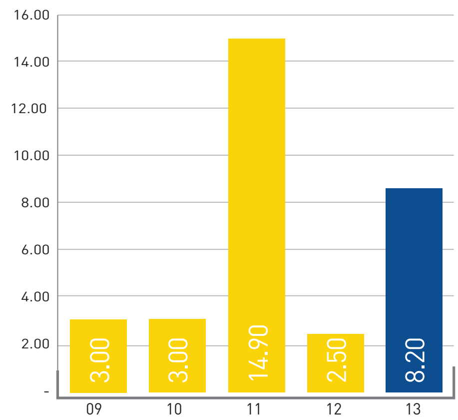
Profit After Tax
(P'000)



Return on Equity vs Profit After Tax

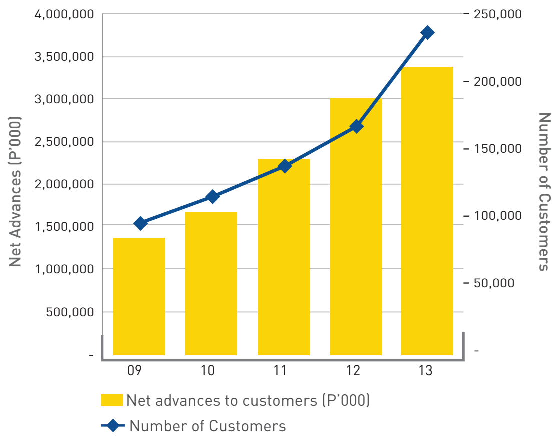


Dividend Per Share
(Thebe)

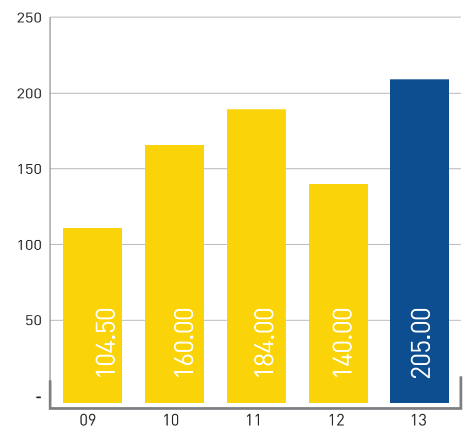


where applicable all figures / ratio's have been adjusted to take into account the 10 for 1 share split that was approved by shareholders during April 2010'

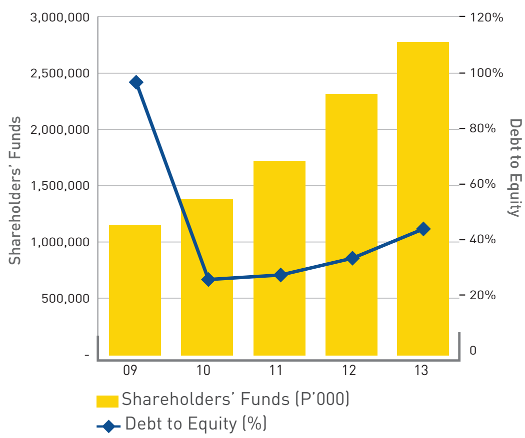
Net Advances vs Number of Customers



Share Price
(Thebe)



Shareholders' Funds : Debt to Equity



Milestones

1998
- Incorporation and trading commences in Botswana

2002
- BSE listing

04
- Legal Guard launched

05
- Ugandan operations commence

06
- Swazi operations commence
- Tanzanian operations commence

07
- Zambian operations commence
- LHL IFSC accreditation obtained

08
- LHL 10 year anniversary
- Acquisition of Eduloan Namibia (now Letshego Namibia)
- Change of name to Letshego Holdings Limited

09
- 30 million new Letshego shares issued on BSE

2010
- Sale of Legal Guard
- 10 for 1 share split approved by shareholders

11
- Mozambique operations commence
- LHL Shareholders approve scrip dividend

12
- Medium Term Note programme listed on the JSE
- Global credit rating obtained
- Core lending and banking system selected

13
- Micro Africa Limited acquired
- Lesotho operations commence

Formed in 1998, Letshego is incorporated in the Republic of Botswana, is listed on the Botswana Stock Exchange and is a Botswana International Financial Services Centre accredited company.

Letshego is a consumer financial services provider operating in sub-Saharan Africa. Our main business is to extend short to medium term personal, unsecured loans to formally employed individuals. Our customers are employees of Government, parastatals and the private sector. Loan repayments are deducted at source through the payroll system of participating employers. Under this methodology Letshego is granted a salary deduction code that allows us to deduct repayments due on loans directly from an employee's salary.

Based on the same payroll deduction business model, a pan African expansion plan was adopted to ensure continued growth and geographic diversification outside of Botswana. We have expanded into Mozambique, Namibia, Swaziland, Tanzania, Uganda and Zambia. Lesotho, Kenya, Rwanda and South Sudan were added during the 2013 financial year.

OUR VISION

Letshego aims to be a pan African leader of affordable, appropriate and high quality financial services.

OUR MISSION

To be the market leader in the financial services industry by offering competitive, diversified and innovative products to all our customers, combined with quality service and skilled workforce resulting in maximising stakeholder wealth based on good corporate citizenship practices.

PROFILE

For more than a decade, Letshego has demonstrated its commitment to customers by providing short to medium term personal, unsecured loans to formally employed individuals in Government, parastatals and the private sector. In the past year we provided loans exceeding P3 billion, bringing our customer base to more than 235,000 across eleven African countries.

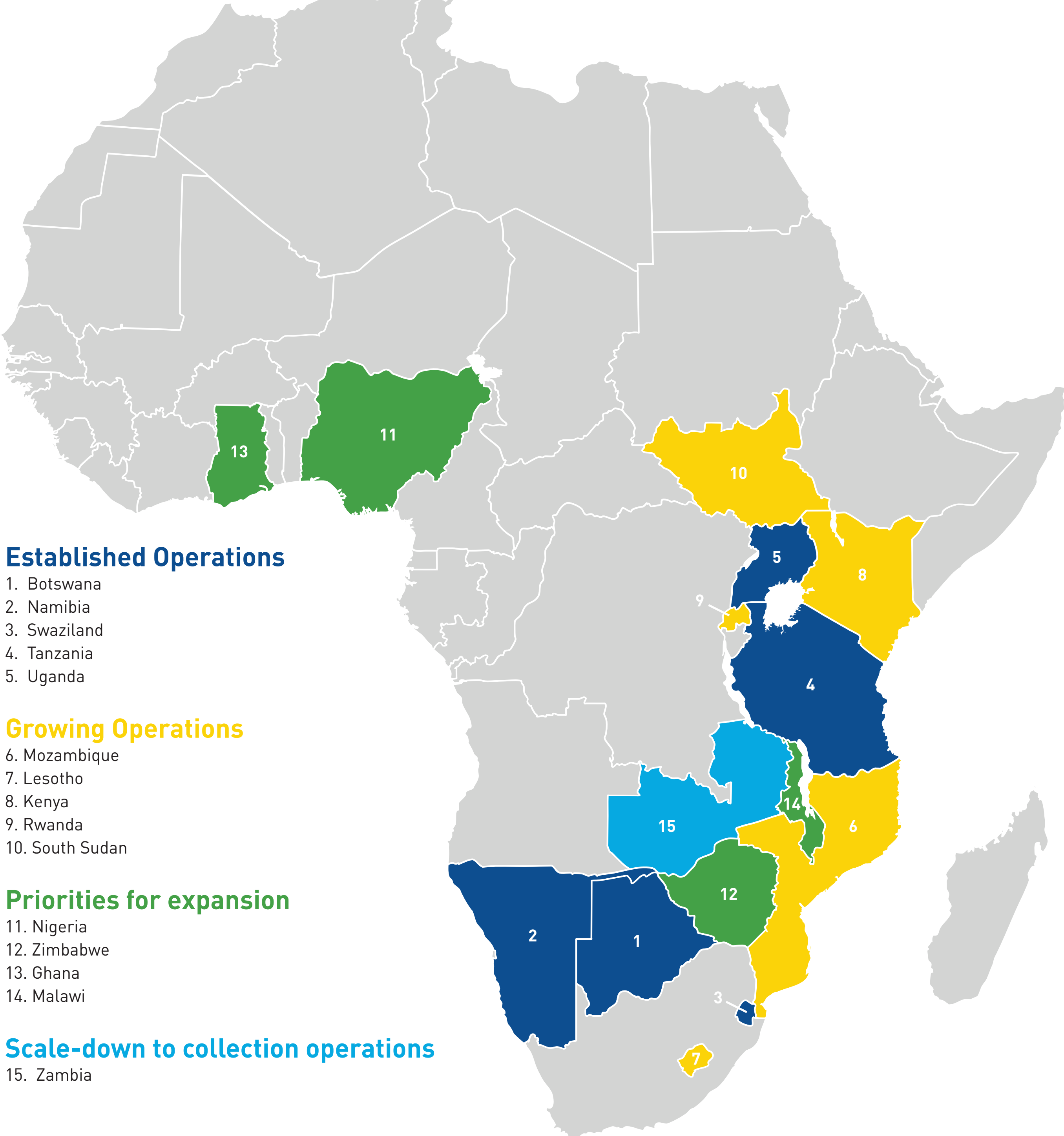
Our straightforward operational model means consumers have access to a wide branch network making it easy for them to access quality financial services. We continue to make a difference in the communities in which we operate through the products and services we provide. Our products can help entry-level customers fund their children's education, home improvements, general household assets, set up small businesses and improve their standard of living. By providing consumer finance at affordable rates, in a responsible manner, Letshego helps customers achieve their financial goals.

Over the past year, our business has shown remarkable resilience and continues to be well positioned for further expansion in African markets. Leveraging on technology, resources and skills as a basis for implementing our strategy, Letshego is positioned for profitable and sustainable growth.

OUR VALUES

Professionalism
Integrity
Teamwork
Respect
Customer Service
Selflessness and Excellent Communication

Our Presence in Africa



Established Operations

1. Botswana
2. Namibia
3. Swaziland
4. Tanzania
5. Uganda

Growing Operations

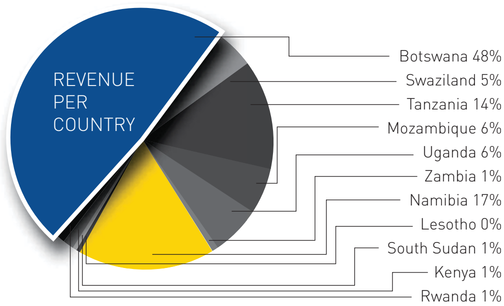
6. Mozambique
7. Lesotho
8. Kenya
9. Rwanda
10. South Sudan

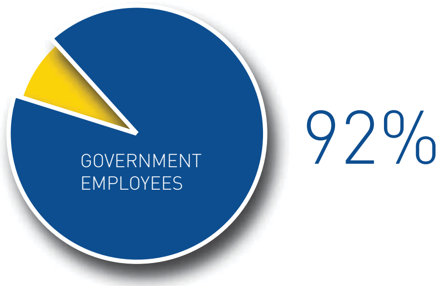
Priorities for expansion

11. Nigeria
12. Zimbabwe
13. Ghana
14. Malawi

Scale-down to collection operations

15. Zambia





Over 92% of clients are government employees of the respective countries in which the Group operates.

Shareholders 100%

Letshego Holdings Limited
(Listed on the Botswana Stock Exchange and Botswana IFSC accredited)

100%	Letshego Financial Services (Pty) Limited (Botswana)
96.25%	Letshego Financial Services Mozambique SA
85%	Letshego Financial Services (Namibia) (Pty) Ltd
85%	Letshego Financial Services Swaziland (Pty) Limited
87%	Letshego Tanzania Limited
85%	Letshego Uganda Limited
100%	Letshego Financial Services Limited (Zambia)
95%	Letshego Financial Services Lesotho (Pty) Limited
62.52%	Micro Africa Limited

Note: **1.** Does not include dormant subsidiaries in Ghana and Malawi **2.** Letshego increased its shareholding in Micro Africa Limited to 100% at the end of February 2013.

Personal loans up to
PULA
200,000

Vehicle finance up to
PULA
100,000

Personal loans Letshego offers personal loans from P500 up to P200,000, allowing customers to repay their debt over as long as 60 months. Loans are tailored to the individual's affordability.

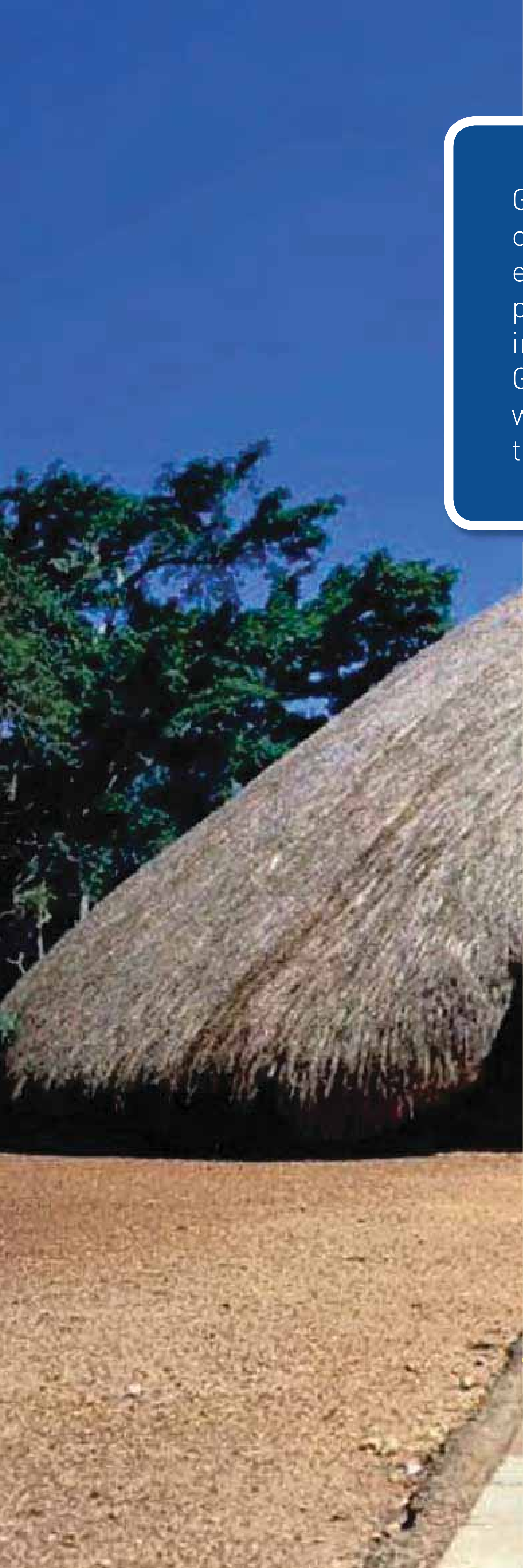
Vehicle finance Letshego offers simple vehicle finance up to P100,000. Repayments can be made over 48 months and loans are granted for second hand and new vehicles.

INVESTORS
Providers of finance

Extends short to medium term, personal, unsecured loans to formally employed individuals

CLIENTS
Individuals that are formally employed by Government, parastatals and the private sector

The development of these solutions is underpinned by the Group's understanding of the market it operates in and its commitment to develop quality products and solutions to meet clients' needs.



Given the prevailing economic conditions and challenging global economic environment during the period under review, and the many initiatives underway within the Group, the Directors are satisfied with the financial performance of the Group for the period.

Our Reviews

Chairman's Report

After my long association with Letshego, going back to 1998, I am honoured to have this opportunity to present my report as Chairman of this dynamic Group. The review period was one of the most exciting in the Group's history: we celebrated the 10th anniversary of our listing on the Botswana Stock Exchange and we passed the 10-country mark in our mission to develop a truly Pan-African footprint. In addition, despite a challenging global economic environment, we achieved solid and satisfactory financial results. Profit before tax rose by 18% and advances to customers now stand at 3.3 billion, an increase of 10% over the previous reporting period.

Macro Economy

Africa as a whole, and the countries in which we operate, could not escape the fallout resulting from the Euro Zone crisis, or the slowdown in growth in some of the world's largest developing economies, including China.

Nevertheless, the continent experienced growth of around 4.8% in 2012, while a third of African countries – including Botswana, which continues to be the largest contributor to our loan book and profits – turned in growth rates of over 6%, according to the World Bank.

Given this performance, it's not surprising that Afro-pessimism - best summed up in a May 2000 comment in The Economist magazine that Africa was "the hopeless continent" – is fading. Eleven years on, The Economist dubbed Africa "the hopeful continent" and last year declared that "investors have been piling into Lagos and Nairobi" as has previously been the case in Europe and the Far East.

An October 2012 report by the International Monetary Fund noted that 11 of the world's 20 fastest-growing economies are in Africa, and this is helping to create the fastest growing middle class in the world.

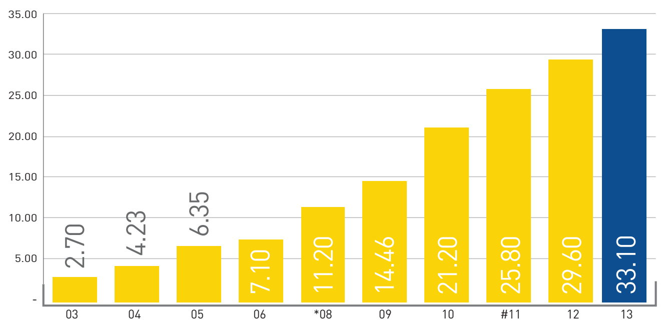
So Letshego's pan-African strategy is both timely and well-grounded.

However, there are ongoing concerns that given the fragile state of the global economy, Africa's relatively strong growth rates remain vulnerable to any potential decline in market conditions in the Euro Zone.

Indeed, as the Botswana Minister of Finance and Development Planning, the Honourable O.K. Matambo said in his budget address to Parliament in February 2013, responsible countries have no choice but to reduce their fiscal deficits as a precautionary measure – and Botswana is no exception. As a result, this may have implications for Letshego's key customer base.

In addition, it goes without saying that political stability remains a prerequisite for ongoing growth. Letshego remains acutely aware of the vulnerability to potential political upheavals of some of the countries in which we operate. Strategies are in place to ameliorate potential negative effects of political instability.

Earnings Per Share
(Thebe)



* 2008 was a 15 month period following the change in year end from 31st October to 31st January

\# All figures have been restated to adjust for the 10 for 1 share split approved by shareholders during April 2010

Power of 10

The last 10 years have been very successful for Letshego. The Group's growth over this period has been exceptional as can be seen from the growth in virtually all our key performance indicators.

We could rest on our laurels but we are acutely aware that every business needs to renew itself. It's a well documented phenomenon that a business that doesn't take active steps to reinvent itself in some way will ultimately slip into decline.

As Albert Einstein once said: "the definition of insanity is doing the same thing over and over again and expecting a different result".

Letshego has therefore embarked on a strategy that will transform it from its roots as a Botswana consumer financing company with a single product, into a pan-

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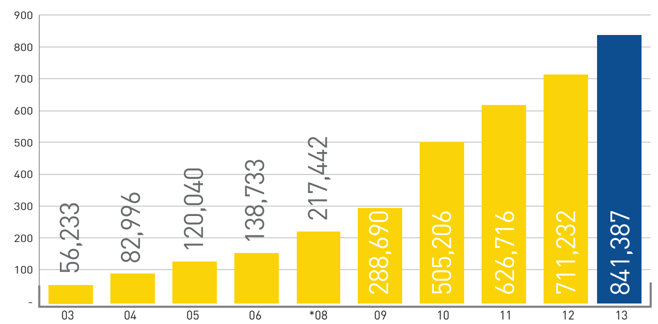
Profit Before Tax
(P'000)



* 2008 was a 15 month period following the change in year end from 31st October to 31st January

African, broad-based financial institution. In line with this strategic intent, the Group acquired Micro Africa Limited, an East African financial group that concentrates on the SME and group lending financial debt products. We have also embarked on a process of applying for banking licences in several territories.

Implementation of this broader, transformational strategy has required considerable investment in information technology systems, a critical evaluation of available resources and an understanding of regulatory requirements in each country to achieve our envisaged transformation. At the same time, we remain alert to appropriate acquisition opportunities while ensuring organic growth of our existing operations.

I am confident that the effective, measured roll out of this strategy will ensure the sustainability of the Group well into the future.

Corporate Governance

The Letshego Group subscribes to the spirit and the intention of the King III Code of Corporate Governance and is taking the necessary steps to comply with its requirements but recognises that this can't be achieved immediately.

We are therefore in the process of reconstituting the Board. Subsequent to year-end, we appointed Mr Josias de Kock, Mr Stephen Price and Mr Robert Thornton to our Board, to take up positions as independent non-executive directors and we look forward to a long, rewarding relationship with them. They bring a wealth of relevant experience and we look forward to their contribution to the Group.

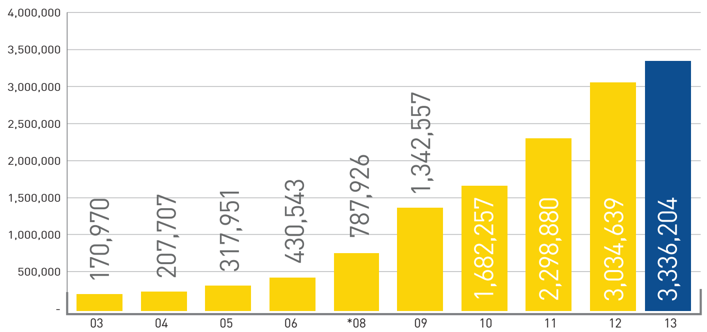
We are also in the process of sourcing and identifying appropriate individuals to fill an additional two positions as independent, non-executive directors. We are confident that this will be achieved within the current financial year.

These appointments are expected to include a permanent Chairman who will replace Mr C M Lekaukau who stepped down as Chairman of the Group on 30 November 2012 after 10 years of dedicated service and visionary leadership. During his watch, the Group experienced tremendous growth in terms of the nature of the business as well as in its financial performance.

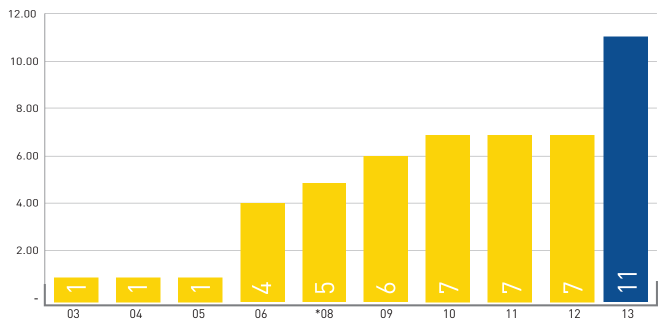
However, Mr Lekaukau felt it would be in the Group's best interest for a new Chairman should drive its transformation from the outset. While Mr Lekaukau has resigned from the board of Letshego Holdings Limited, we are delighted that he has agreed to remain as a director of Letshego Financial Services (Pty) Limited (Botswana), the largest subsidiary in the Group.

Despite the work that needs to be done to address the current Board composition issues, the various committees are reasonably well constituted and have members with the appropriate skills set. This will continue to be improved with the appointment of additional independent non-executive directors as noted above. Board self-assessments are conducted at regular intervals and this will continue.

Loan Book Value
(P'000)



Country Footprint
(Number of countries)



* 2008 was a 15 month period following the change in year end from 31st October to 31st January

Corporate Responsibility

Every business has a responsibility not only to its shareholders but also to its employees and the communities it serves.

The Group sets aside 1% of its profits for CSR and this is shared by our operations in each of the countries in which we operate. A report of our activities appears on page 60 of this annual report.

Looking ahead

A potential challenge for the Group going forward is possible amendments to the deduction code policy. It is important that Letshego remains cognisant at all times of our obligations to consumers. We are mindful of our responsibility to ensure that our customers are not borrowing beyond their means. To this end, we will continue to invoke our own, potentially more stringent, affordability criteria where this is deemed appropriate.

I am very appreciative of the good relationships we have with officials and governments in all the countries in which we operate and our goal is to ensure these relationships remain cordial. The acquisition of Micro Africa in the review period marks an important milestone in the Group's transformation. Letshego increased its shareholding in the company to 100% at the end of Feb 2013 and I welcome the Micro Africa team to the Group and look forward to their contribution to the Group moving forward. We continue to look for other opportunities around the continent.

Appreciation

On behalf of the Board, I sincerely thank our former Chairman, Mr Lekaukau, for his wisdom and counselling over the years. His insights and intimate knowledge of the SADC and Botswana business environment were invaluable. His contribution to making Letshego into the thriving organisation it is today was considerable.

My personal thanks go to my fellow Board members for their unwavering and welcome support in the months since my appointment as Chairman, as well as for the loyalty and skilled guidance provided to the Group as a whole. This includes the Boards of Directors of our various subsidiary companies as well as their minority shareholders.

I would also like to congratulate and thank the entire management team across Africa for the way in which they have led the Group in these challenging times. Special mention must be made of the enormous contribution of our dedicated members of staff as without them, none of the Group's achievements would have been possible.

Finally our thanks go to our customers and other stakeholders. We look forward to continuing and strengthening these relationships into the future.

John Burbidge
Chairman
17 April 2013

Managing Director's Report

Share Performance	Growth in Profit
▲ P2.05	▲ P841m
46% up from P1.40	18% up from P711m

No. of Employees	No. of Countries
▲ 1165	▲ 11
68% up from 695	4 new countries added

- Share price performance: up from P1.40 to P2.05
- Listing of the Medium Term Loan Note program on the JSE and BSE
- Performance of Mozambique subsidiary
- Selection and purchase of core banking system
- Commencement of operations in Lesotho
- Acquisition of Micro Africa

Managing Director's Report

Above: One of the Letshego branches in Uganda

Welcome to our 2013 Annual Report. Much effort and hard work from across the entire Group has provided us with very good results for the 2013 financial year. These results are particularly relevant when they are seen against the backdrop of ongoing international economic difficulties and constraints within our established markets.

The recovery of our share price, from a low of P1.40 up to P2.05 (at 31 January 2013) effectively restored Letshego to its position as the third largest listed company on the Botswana Stock Exchange (BSE). As the most profitable listed company on the domestic board, it is clear investors are recognising value in the share.

This is perhaps due to our past performance, strategy and to the combined efforts and dedication of every member of the Letshego team. More important, I believe, are the strides we have taken towards achieving our transformation into a pan-African, broad-based, deposit-taking financial institution.

During the review period, we worked to put into place key building blocks for this transformation – operational, infrastructural and, importantly, human resources. This augurs well for the Group's ongoing sustainability and I am pleased to note that things are looking promising on this front.

A question I am often asked is why Letshego is devoting so much time, energy and money into such transformation when we have done already incredibly well as a consumer lending company, both in Botswana and elsewhere. We have indeed established ourselves as a leading provider of unsecured credit to Batswana, and of this, we are very proud.

However, every business must evolve with time, and Letshego is by no means an exception. The answer can therefore in part, be found in our results for the review period. While our loan book in Botswana declined in the review period, the Group was able to report an overall profit before tax growth of 18% and an increase in advances to customers of 10%. This was thanks largely to excellent performances in several of our subsidiaries. The Group's continued growth and profitability will undoubtedly depend on our ability to expand our revenue streams, not only from a geographic perspective, but also in terms of product offerings. To that end, we have worked towards increasing the attention we pay to diversifying and expanding upon our offerings to existing and potential new customers.

Our operations in Mozambique are a testament to this. With the granting of a deposit-taking licence in Mozambique at a very advanced stage, Letshego is poised to take its first steps as a fully-fledged retail bank, an exciting development we have all been working towards for some time.

In addition, our acquisition of Micro Africa Limited, an East African company with operations in Kenya, Uganda, Rwanda, South Sudan and Tanzania in June 2012, resulted in the expansion of our product offerings. This increased our offerings from deduction code lending into a more broad-based financial institution that includes new secured products such as group schemes and SMMEs, a development that has proven greatly beneficial, albeit at a small scale to start off with.

We initially acquired 62.52% shareholding in Micro Africa and completed the process of acquiring the remaining shares from the minority shareholders – mostly staff and management – at the end of February 2013. Staff and management will continue with the group and their experience and expertise will be of great assistance to us in enhancing the depth of skills available to the Group as a whole and is in line with the overall strategic direction that the Group has embarked upon.

Another milestone was the opening of our eleventh operating subsidiary in Lesotho in September 2012. Although still in its infancy, the company fulfils a very real need in Lesotho. I am confident our Lesotho operations will ultimately make a sound contribution to Group profits whilst at once working to significantly develop and grow that market.

Systems

A key element to the success of our transformation will be ensuring we have the right platform in place to support these operations. As a business whose beginnings lay in the support of a market sector that traditionally was not considered by the formal banking sector, the impact of Letshego has been, in part, to play a small but perhaps significant role in changing this. Given this background, we are, we think, well adept to understanding the importance of a firm base of support as well as the needs and expectations of our core customer base. I am pleased, therefore, to report that we are on track to launch our new core lending and banking system in the current financial year, on a phased basis, as one means of ensuring this level of support and taking Letshego to the next level.

Choosing the correct platform was probably one of our most important challenges in the past year and one we did not take lightly. Initially, we were merely looking to consolidate the Group's three disparate debtor systems (which became four after the acquisition of Micro Africa) that would also allow for ongoing pan-African expansion. However, the strategic decision to move into retail banking significantly changed the scope of this project, and, as such, we adapted and acted accordingly in order to meet this challenge and future opportunities.

We have procured a flexible, and we believe world class, core banking system that we are confident will support our strategy going forward and bring us that much closer towards supporting our customers further.

Funding

Funding has always been an area of focus for Letshego with a priority to ensure we have sufficient and appropriate funding in local currency in the countries in which we operate.

Over the years we have diversified our lines of credit with the support of a number of different financial institutions who supported our vision. However, following that, we believed the next logical step was to go to the capital markets. We therefore established Medium Term Note (MTN) programme instruments on the Johannesburg Securities Exchange (JSE) and the BSE.

The JSE listing occurred in the review period and was, in our view successful, raising R700 million. Independent parties stated that this was the first and largest inward listing bond by any sub-Saharan corporate on the JSE to date.

We chose to launch our MTN programme on the JSE initially (the BSE instrument will be activated when it is required) because the Rand is considered a more attractive currency to international investors. This of course can change. However, the fact that so many South African and international investors supported the instrument is a clear indication of confidence in our current and planned business models.

Left: Letshego Mozambique CEO and Finance Manager handing over a wheelchair at a CSR event
Above: Letshego Mozambique Chairman offering a cheque for flood relief

Our challenge now is to deploy the funds raised securely and appropriately, and this is something we face confidently on the back of a solid support system and experience and with a universe of the continent to work with.

Regulatory environment

The Group supports all efforts by regulators and industry players to regulate practices, protect consumers and ensure a sustainable industry. With a firm dedication and investment towards working to develop this industry, we therefore welcomed the establishment of the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) in Botswana in February 2012, via their formal regulations, to govern and regulate all non-bank financial institutions in the country. We have and will continue to work closely with NBFIRA to ensure the regulator achieves its mandate, addressing industry issues and promoting best practice in Botswana and across the continent. We are always acutely aware that many of our customers may be the sole or major providers for their extended families. Therefore issues around take-home pay and loan affordability are matters in which we have a vested interest.

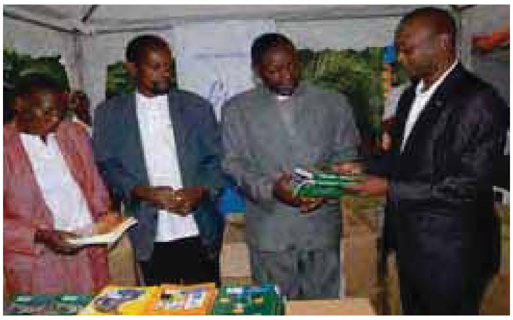
Closely related to this, we continue to promote the establishment of independent Central Registers (see page 52) in all the countries in which the Letshego flag flies. At present, Central Registers operate in Botswana, Namibia, Swaziland and Uganda. These independent organistions, can, in our view, play a significant role in this.

Sustainability

At the same time, the Group is fully cognisant of the fact that our presence in a country is not to extract returns from that region, but, rather, to make a positive contribution as a good corporate citizen. We strive to work in all countries to develop and continue to make a real difference in the communities in which we operate.

We have therefore put in place a Corporate Social Responsibility (CSR) programme that is designed to fill the potential gap that Governments, communities or even well-intended individuals might find difficult to fill without support. I am proud of the initiatives undertaken by the Group in all the territories in which we operate and of the work that we have done to give back to communities and to the environment. You can read more about some of the initiatives close to our heart and which we have been involved in later in this report. (See page 60)

Our strategy to broaden our focus, both geographically and operationally, is aimed at ultimately ensuring the sustainability of our business, and this is what drives us at all times.



Above: Letshego Uganda CEO handing over a donation of school text books
Right: Letshego Holdings Limited staff members at a team building retreat

Another important sustainability issue relates to succession planning and ensuring that the Group continues to attract and retain the right people to manage its progress through its next phase of development and growth. We firmly believe that it takes the combined efforts of the right people playing the right roles to facilitate moving forward. We also recognise that succession planning must form part of the Group's staff retention policies.

We believe that succession planning should be allowed sufficient time to enable change in executive management to take place in a disciplined and well organised manner. We seek to ensure that this is carried out strategically and successfully, with all aspects taken into account.

To this end, the Group has put in place first-rate integrated executive and leadership development programmes at all levels of the Group. This provides us with a systematic approach to identifying, developing and retaining employees in line with current and projected Group objectives, further enabling us to ensure we are a potential employer of choice and that each member of the Letshego team is proud to be a part of this great team.

It's important to note that our focus on talent management does not only identify high potential individuals who will assume key leadership roles left vacant by departures/retirement. Rather, it also prepares these individuals to meet the Group's future strategic challenges. It allows us to ensure our staff stay adept in an ever evolving and highly complex industry.

The first of the management development courses commenced in January 2013 and will continue for the next 12 to 18 months and we anticipate seeing great returns on this investment.

Letshego is fortunate to have a very loyal and stable workforce. Our total employee numbers rose to 1,165 from 695 during the review period, largely because of our geographical expansion and the coming on board of the Micro Africa group.

It is gratifying that many of our people use their own initiative to develop themselves academically. However, this does not absolve us of our responsibility to provide our people with the training and career development support they need and the Group requires if it is to successfully implement its strategies successfully. The Letshego team has continued to be dedicated and ambitious.

Above: Letshego Botswana staff choir

Beyond this, sustainability also extends to our obligation to issues that contribute towards the sustainability of our environment, an area we are particularly passionate about. Through our Micro Africa operations in Kenya and Uganda, Letshego now makes it possible for clients in those regions to afford a range of clean energy and environmentally friendly products. These include loans to clients for the installation of biogas production systems, solar energy solutions and water tanks.

We have also introduced a Housing Microfinance product which enables clients to purchase, build and renovate their homes.

This helps diversify our product offering, and further differentiates us from our competition, allowing Letshego to stand out as an organisation that truly helps Africans help Africans.

Another innovative initiative in Kenya, which we believe will contribute to enhanced food security in the country, is aimed at smallholder farmers. This exciting pilot project is being rolled out to provide them with access to finance as well as grain storage facilities, working to develop the agricultural industry.

We are currently investigating the feasibility of introducing similar products and services to our operations in other parts of Africa in a bid to further support self-sustaining agriculture across the continent.

Looking ahead

Challenging and exciting times lie ahead for the Group. We continue to explore new countries in which to expand the Group's footprint. Looking forward, the current and subsequent reporting periods will also see the rollout of the Group's diversification and sustainability strategy. We aim to become, over time, a retail banking institution, diversifying our revenue streams and providing a wider range of products and services to customers as we continue to grow and expand.

I am confident that the strategy we have put in place and the achievements of the review period will empower us to address these successfully and truly believe we are well prepared to meet the demands of new and challenging opportunities.

Thanks

The success of the Group over the past decade would not have been possible without the support of our Boards, our dedicated management teams, and our growing family of employees. For all of you who have been a part of this journey and have played an integral role, I thank you. I thank you for bringing us to where we are today and to being a part of what makes Letshego the kind of business we are.

As we continue to grow, develop and indeed evolve, I feel confident that our incredible team will continue to enable Letshego to become the financial provider of choice, and one of which we can all be incredibly proud.

Jan Claassen
Managing Director
17 April 2013

Chief Financial Officer's Report

Earnings Per Share

▲ 33.1 thebe

12% up from 29.6 thebe

Loan Book

▲ P3.3bn

10% up from P3.0bn

Dividend Payout

▲ 25%

Performance by Country

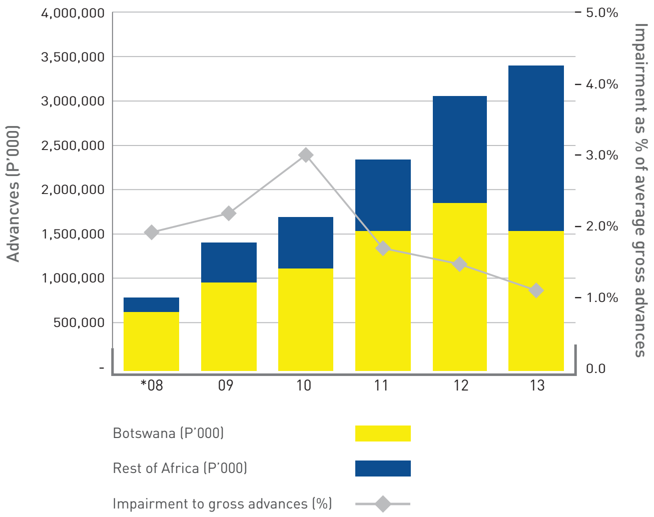
Mozambique	▲	150%
Tanzania	▲	41%
Uganda	▲	15%
Namibia	▲	13%
Botswana	▼	20%

> Profit before tax was up 18% year on year to P841.3 million. Our loan book grew by 10% to P3.3billion (2012: P3.0 billion).

> P146million contribution by our new acquisition, Micro Africa more than compensated for the contraction in Botswana loan book.

The quality of the Group's loan book remained satisfactory in the review period with the impairment ratio at 1.3%

Advances vs Impairment to Gross Advances



* 2008 was a 15 month period following the change in year end from 31st October to 31st January

Despite economic uncertainties in many of the countries in which the Group operates, we produced satisfactory financial results for the year ended 31 January 2013.

Loans and advances to customers

Overall the loan book grew by 10% to P3.3billion (2012: P3.0 billion) representing 235,017 customers across 204 branches in 11 countries.

The increase in advances to customers was achieved through both organic as well as acquisitive growth. Botswana remains the largest in terms of contribution to the loan book size accounting for just less than half the total book.

However, following the February 2012 budget speech in which it was stated that the government was going to reduce the number of civil servants by five per cent each year for the next three years, we took a more conservative approach to lending in Botswana. As a result, the loan book in Botswana declined from P1.8billion to P1.5billion. It is worth noting that no direct reference to a resizing of the civil service was made during the 2013 Botswana budget speech.

Excellent performances in terms of growth of loans and advances to customers were recorded in Mozambique (up 150%) and Tanzania (up 41%) and to a lesser extent Uganda (up 15%) and Namibia (up 13%); as well as from the P146 million contribution by the acquisition of Micro Africa more than compensated for the contraction in Botswana loan book.

The start up operation in Lesotho also made a contribution of P22 million to loans and advances, a good performance in just a few months. Zambia and Swaziland loans books declined with Letshego continuing its conservative approach to lending in these markets.

Although Micro Africa has only been included in Letshego's balance sheet for a short time (June 2012), the company's year-on-year growth in loans and advances was excellent, increasing by 72% year on year. However, because of the nature of their business which results in higher costs, their profitability tends to be lower than the rest of the Group's payroll deduction operations. Micro Africa therefore will play a key role in the Group's long-term strategy, but is not expected to have a major impact on the Group's profitability or loan book in the year ahead.

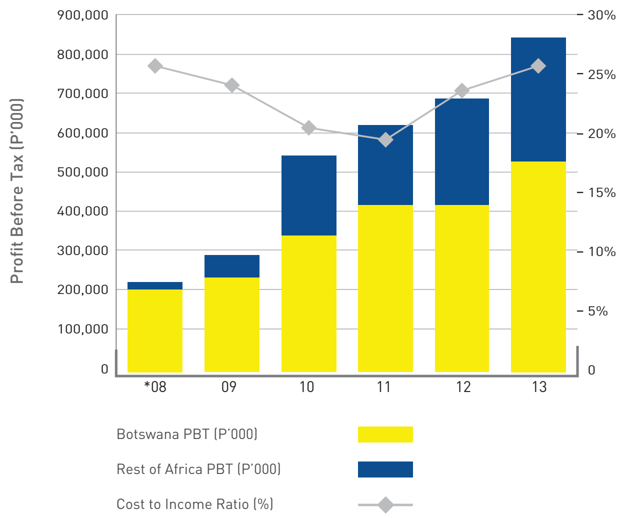
Nevertheless, moves are afoot to increase their component of payroll deduction lending (high margin, lower risk product). This has already started to some extent in Kenya where they have a deduction code. There is also significant upside potential for this in South Sudan – but also significant risk in the country because of the volatile political situation there.

The quality of the Group's loan book remained satisfactory in the review period with the impairment ratio at 1.3% (2012:1.6%).

The maintenance of impairments at this low level can be attributed in part to the Group policy of having credit insurance on each loan. In some countries, insurance against death and disability is mandatory as part of the loan; in others we offer a more comprehensive insurance that covers retrenchment or resignation as well as death and disability. In yet others, we self-insure against the

Overall the cost to income ratio was within the targeted range

Geographic Diversification of PBT to Cost to Income Ratio



* 2008 was a 15 month period following the change in year end from 31st October to 31st January

death or disability of the borrower. This ensures that the borrower's debt is not passed on to his surviving dependents at a time when they can least afford it.

Funding

We end the year with a very healthy balance sheet reflecting high levels of capital and reasonably low levels of borrowing, in line with our prudent and cautious approach to managing our financial risk.
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.

Financial performance

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 due to the higher cost structure and levels of staff in Micro Africa, new regulatory fees in Botswana, full year operating a larger branch network in Mozambique and costs associated with ICT projects and license applications. If these were removed from the operating and staff costs the 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. Overall the cost to income ratio, returns on assets and returns on equity were within targeted ranges.

Post year end developments

The remaining shares (37.48% of voting rights and ordinary shares) in Micro Africa Limited were acquired at end of February 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.

Dividends

The group has returned to its historical dividend payout ratio of 25% of profit after tax.

Colm Patterson
Chief Financial Officer
17 April 2013

Botswana

Frederick W Mmelesi,
CEO (44)
Nationality: Botswana
Joined Letshego: 1999
Qualifications: AAT; MBA; Executive Development Programme
Shareholding: 2,398,253

Fast facts

2,098,018
Population

539,000
Formally employed

133,000
Government employees

112
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place: Yes
Regulator: NBFIRA

Through fiscal discipline and sound management, Botswana transformed itself from one of the poorest countries in the world to a middle-income country with a per capita GDP of $16,800 in 2012. The country has maintained one of the world's highest economic growth rates since independence in 1966 and is one of the most stable economies in Africa. Economic growth slowed after the global crisis reduced demand of the country's main export – diamonds – but the country is diversifying its economy and is expected to grow at 6.7% in 2013, up from 4.8% in 2012.

Letshego Financial Services (Pty) Limited (Botswana)

	2013	2012	2011
Year established - 1998			
Number of customers	31,438	39,297	35,990
Average value of loans	P44.4k	P45.7k	P42.6k
Average collection rate in review period	97%	96%	98%
Percentage of book on payroll deduction model	99%	99%	99%
Number of branches	4	4	4
Number of satellite offices	7	7	5
Permanent staff	91	88	81
Commission-based staff	23	19	19
Contribution to Letshego's revenue	48%	59%	60%
Credit insurance in place	Yes	Yes	Yes

Mozambique

Fast facts

24,100,000
Population

1,120,000
Formally employed

247,725
Government employees

120
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place: No
Regulator: Central Bank of Mozambique

Melissa Huang-Williams,
CEO (40)
Nationality: USA
Joined Letshego: 2010
Qualifications: CPA
Shareholding: Nil

Mozambique, officially the Republic of Mozambique (Portuguese: Moçambique or República de Moçambique), is a country who became independent in 1975, and became the People's Republic of Mozambique shortly thereafter. It was the scene of an intense civil war lasting from 1977 to 1992. Mozambique is endowed with rich and extensive natural resources. The country's economy is based largely on agriculture, but with industry, mainly food and beverages, chemical manufacturing, coal, natural gas, aluminium and petroleum production, is growing. The country's tourism sector is also growing. South Africa is Mozambique's main trading partner and source of foreign direct investment. Portugal, Spain and Belgium are also among the country's important trading partners. Since 2001, Mozambique's annual average GDP growth has been among the world's top ten. It still has, however, one of the lowest GDP per capita.

Letshego Financial Services Mozambique, SA

	2013	2012
Year established - 2011		
Number of customers	21,411	7,627
Average value of loans	P19.9k	P19.7k
Average collection rate in review period	98%	99%
Percentage of book on payroll deduction model	100%	100%
Number of branches	9	5
Number of satellite offices	0	0
Permanent staff	62	50
Commission-based staff	0	0
Contribution to Letshego's revenue	6%	1%
Credit insurance in place	Yes	Yes

Note: Letshego Mozambique commenced operations during February 2011.
Note: Letshego Mozambique has a financial year end of 31 December.

Swaziland

Mbuso Dlamini, CEO (36)
Nationality: Swaziland
Joined Letshego: 2010
Qualifications: BCom; CA (SA)
Shareholding: 173,346

Fast facts

1,202,000
Population

100,000
Formally employed

163
Global ranking:
GDP (Purchasing Power Parity) scale

35,358
Government employees

Central Registry in place: Yes
Regulator: Central Bank of Swaziland

Swaziland attained independence from Britain in 1968. Swaziland depends heavily on the Republic of South Africa and its currency is pegged to the South African Rand. The Government is mainly dependent on customs duties from the Southern African Customs Union (SACU). As a result, the Swaziland Government is changing and rolling out initiatives to reduce dependency on SACU revenues. The establishment of the Swaziland Revenue Authority in 2011 and implementation of VAT in 2012 is projected to bring a 20% increase in domestic revenues during 2013. SACU revenues plummeted due to the global economic crisis and the resulting decline in revenue in 2011. After falling to 0.6% in 2012, real GDP is expected to recover slightly to 1% in 2013.

Letshego Financial Services Swaziland (Pty) Ltd

	2013	2012	2011
Year established - 2006			
Number of customers	6,035	6,242	6,136
Average value of loans	P21.5k	P32.5k	P27.8k
Average collection rate in review period	99%	99%	99%
Percentage of book on payroll deduction model	99%	100%	100%
Number of branches	2	2	2
Number of satellite offices	0	0	0
Permanent staff	13	15	15
Commission-based staff	0	0	0
Contribution to Letshego's revenue	5%	7%	7%
Credit insurance in place	Yes	Yes	Yes

Lesotho

Fast facts

2,193,843
Population

539,000
Formally employed

43,000
Government employees

173
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place:	No
Regulator:	Central Bank of Lesotho

The Kingdom of Lesotho, a constitutional democracy, gained independence from Britain in 1966. Small, landlocked, and mountainous, Lesotho remains largely dependent on remittances from Basotho employed in South Africa, customs duties from the Southern Africa Customs Union (SACU), and export revenue for the majority of government revenue. However, this is changing. Completion of a major hydropower facility in January 1998 permitted the sale of water to South Africa and generated royalties for Lesotho. Economic growth dropped in 2009, due mainly to the effects of the global economic crisis, but growth exceeded 4% per year in 2010-12. Growth is expected to increase due to major infrastructure projects.

Letshego Financial Services Lesotho Limited

	2013
Year established - 2012	
Number of customers	1,173
Average value of loans	P19.2k
Average collection rate in review period	100%
Percentage of book on payroll deduction model	100%
Number of branches	1
Number of satellite offices	0
Permanent staff	9
Commission-based staff	0
Contribution to Letshego's revenue	0.1%
Credit insurance in place	Yes

Note: Letshego Lesotho commenced operations during September 2012.

Namibia

Willem Steenkamp,
CEO (62)
Nationality: Namibia
Joined Letshego: 2003
Qualifications: BA, D Ed
Shareholding: 589,078

Fast facts

2,212,000
Population

300,000
Formally employed

93,000
Government employees

138
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place: Yes
Regulator: NAMFISA

Namibia gained independence from South Africa in 1990. Mining accounts for 8% of GDP, but provides more than 50% of foreign exchange earnings. In addition to diamonds, Namibia is the world's fourth-largest producer of uranium and the country plans to double its uranium exports by 2015. The Namibian economy is closely linked to South Africa with the Namibian dollar pegged one-to-one to the South African rand. The Namibian economy expects to benefit from large investment projects in its mining sector and GDP is projected to grow between 4.3 and 4.5 per cent in 2013 compared to South Africa's 2,2 per cent.

Letshego Financial Services Namibia (Pty) Ltd

	2013	2012	2011
Year established - 2002			
Number of customers	46,225	37,946	29,267
Average value of loans	P13.2k	P10.5k	P11.5k
Average collection rate in review period	99%	100%	100%
Percentage of book on payroll deduction model	100%	100%	100%
Number of branches	11	11	7
Number of satellite offices	1	1	1
Permanent staff	35	34	34
Commission-based staff	15	15	0
Contribution to Letshego's revenue	17%	19%	17%
Credit insurance in place	Yes	Yes	Yes

Note: Letshego Namibia was acquired on 1 August 2008 but was established during 2002.

Zambia

Fast facts

13,257,000
Population

500,000
Formally employed

150,000
Government employees

124
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place: No
Regulator: Central Bank of Zambia

George Barlow, CEO (41)
Nationality: South Africa
Joined Letshego: 2011
Qualifications: BSc, MSc Economics
Shareholding: Nil

Zambia attained independence from Britain in 1964. In the 1980s and 1990s, declining copper prices, economic mismanagement and a prolonged drought hurt the economy. Zambia's economy has experienced strong growth in recent years, with real GDP growth in 2005 -12 more than 6% per year. Zambia's dependency on copper makes it vulnerable to depressed commodity prices, but record high copper prices and a bumper maize crop in 2010 helped Zambia rebound quickly from the world economic slowdown that began in 2008. Real economic growth is expected to reach 7 percent by the end of 2013.

Letshego Financial Services Zambia Limited

	2013	2012	2011
Year established - 2007			
Number of customers	1,165	1,789	4,317
Average value of loans	P5.5k	P7.2k	P2.3k
Average collection rate in review period	96%	96%	94%
Percentage of book on payroll deduction model	100%	100%	100%
Number of branches	1	1	1
Number of satellite offices	0	0	1
Permanent staff	9	13	13
Commission-based staff	0	0	0
Contribution to Letshego's revenue	1%	1%	2%
Credit insurance in place	Yes	No	No

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

Tanzania

Marion Moore, CEO (59)
Nationality: South Africa
Joined Letshego: 2007
Qualifications: CPA; CISA
Shareholding: Nil

Fast facts

45,040,000
Population

3,870,000
Formally employed

573,000
Government employees

85
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place: No
Regulator: No

Shortly after achieving independence from Britain in the early 1960s, Tanganyika and Zanzibar merged to form the nation of Tanzania in 1964. Tanzania is one of the world's poorest economies in terms of per capita income. However, it has achieved high growth based on gold production and tourism. The World Bank, the IMF, and bilateral donors have provided funds to rehabilitate Tanzania's aging economic infrastructure. Recent banking reforms have helped increase private-sector growth. GDP growth in 2009-12 was a respectable 6% per year due to high gold prices and increased production. GDP growth is expected to top the 7 percent mark in 2013.

Letshego Tanzania Limited

	2013	2012	2011
Year established - 2006			
Number of customers	53,579	46,401	36,304
Average value of loans	P6.3k	P5.5k	P4.0k
Average collection rate in review period	97%	100%	100%
Percentage of book on payroll deduction model	100%	100%	100%
Number of branches	16	14	13
Number of satellite offices	90	77	77
Permanent staff	83	73	80
Commission-based staff	256	199	128
Contribution to Letshego's revenue	14%	9%	8%
Credit insurance in place	No	No	No

Kenya

Fast facts

580,000
Government employees

2,127,000
Formally employed

41,608,000
Population

54
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place:	No
Regulator:	No

Tim Carson, CEO (45)
Nationality: United Kingdom
Joined Letshego: 2000
Qualifications: CA
Shareholding: Nil

Kenya, which gained independence from Britain in 1963, is East Africa's largest economy. However, growth has been hampered by reliance upon several primary goods whose prices have remained low and low infrastructure investment. The country has gone through a period of chronic budget deficits, inflationary pressures, and sharp currency depreciation - as a result of high food and fuel import prices. However, Kenya experienced a steep decline in inflation from nearly 20 percent in 2011 to 4 percent in October 2012. In addition, Kenya's government expects its economy to expand by 5.6 percent this year, up from about 5 percent in 2012 and the country received a mainly positive appraisal in World Bank's January 2013 survey of global economic prospects, particularly following the discovery of sizable oil and gas deposits.

MicroAfrica in Kenya

	2013	2012	2011
Year established - 2000			
Number of customers	14,142	11,989	9,551
Average value of loans	P5.1k	P5.6k	P5.4k
Average collection rate in review period	89%	92%	90%
Percentage of book on payroll deduction model	12%	11%	18%
Number of branches	11	11	9
Number of satellite offices	0	0	3
Permanent staff	129	118	67
Commission-based staff	9	14	0
Contribution to Letshego's revenue	1%	N/A	N/A
Credit insurance in place	Yes	No	No
Loan products as a percentage of total loans:			
Salary Loans	12%	11%	18%
Group Loans	46%	47%	52%
SME loans	25%	28%	24%
Government payroll	14%	11%	4%
Housing Micro Finance	3%	3%	2%

Note: Micro Africa Kenya was acquired on 1 June 2012 and was included in the group's results from that date.
Note: Micro Africa Kenya has a financial year end of 31 December.

Rwanda

Fast facts

10,942,950
Population

490,000
Formally employed

133,000
Government employees

141
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place: Yes
Regulator: National Bank of Rwanda (BNR)

Rwanda, Africa's most densely populated country, gained independence from Belgium in 1962. A brutal civil war from 1990 to 1994 and the infamous 1994 genocide of around one million citizens decimated Rwanda's fragile economic base, severely impoverished the population and temporarily stalled the country's ability to attract private and external investment. However, Rwanda has made substantial progress in stabilizing and rehabilitating its economy to pre-1994 levels. GDP has rebounded with an average annual growth of 7%-8% since 2003 and inflation has been reduced to single digits. The IMF has projected that Rwanda's economy will grow at 7.6 per cent in 2013.

MicroAfrica in Rwanda

	2013	2012	2011
Year established - 2004			
Number of customers	7,007	4,632	2,858
Average value of loans	P6.4k	P5.3k	P5.5k
Average collection rate in review period	88%	93%	87%
Percentage of book on payroll deduction model	2%	4%	6%
Number of branches	5	4	4
Number of satellite offices	0	0	0
Permanent staff	85	48	37
Commission-based staff	0	0	0
Contribution to Letshego's revenue	1%	N/A	N/A
Credit insurance in place	Yes	No	No
Loan products as a percentage of total loans:			
Salary Loans	16%	21%	26%
Group Loans	20%	18%	10%
SME loans	62%	57%	58%
Payroll	2%	4%	6%

Note: Micro Africa Rwanda was acquired on 1 June 2012 and was included in the group's results from that date.
Note: Micro Africa Rwanda has a financial year end of 31 December.

South Sudan

Fast facts

10,314,021
Population

505,518
Formally employed

153,372
Government employees

149
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place:	No
Regulator:	Bank of South Sudan

After two prolonged periods of conflict (1955-1972 and 1983-2005) in which perhaps 2.5 million people died, South Sudan finally attained independence from its northern neighbour on 9 July 2011. Since independence the country has face numerous difficulties and a January 2012 decision by the government to shut down oil production had a devastating impact on GDP. South Sudan does not have large external debt or structural trade deficits and has received more than $4 billion in foreign aid since 2005. The country is scheduled to resume oil production soon, and once this occurs, economic growth during 2013 could reach an astonishing 70 percent.

MicroAfrica in South Sudan

	2013	2012	2011
Year established - 2006			
Number of customers	5,262	6,517	2,762
Average value of loans	P4.6k	P2.9k	P2.1k
Average collection rate in review period	93%	95%	95%
Percentage of book on payroll deduction model	0%	0%	0%
Number of branches	7	7	5
Number of satellite offices	0	0	0
Permanent staff	72	72	59
Commission-based staff	0	0	0
Contribution to Letshego's revenue	1%	N/A	N/A
Credit insurance in place	No	No	No
Loan products as a percentage of total loans:			
Salary Loans	15%	33%	28%
Group Loans	37%	56%	72%
SME loans	47%	11%	0%
Individual Loans	1%	0%	0%

Note: Micro Africa South Sudan was acquired on 1 June 2012 and was included in the group's results from that date.
Note: Micro Africa South Sudan has a financial year end of 31 December.

Uganda

Fast facts

33,796,000
Population

555,900
Formally employed

250,000
Government employees

95
Global ranking:
GDP (Purchasing Power Parity) scale

Central Registry in place: Yes
Regulator: No

Geoffrey Kitakule,
CEO (42)
Nationality: Uganda
Joined Letshego: 2008
Qualifications: MBA (Finance); MSc Computer Science; Bachelor of Statistics; Master of Laws in Information Technology and Telecommunications
Shareholding: 20,000

The country's independence from Britain in 1962 was followed by years of instability but relative stability has been the order of the day for more than two decades. Since 1990 economic reforms ushered in an era of solid economic growth and the country has received about $2 billion in multilateral and bilateral debt relief. While the global economic downturn hurt Uganda's exports, GDP growth has largely recovered due to past reforms and sound management of the downturn. Real GDP growth is expected to rise to 4.25 percent in 2013, up from 3.4 percent registered in the 2012 financial year.

Letshego Uganda Limited

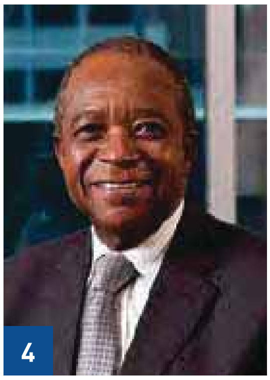
	2013	2012	2011
Year established - 2005			
Number of customers	32,125	31,579	28,485
Average value of loans	P6.0k	P4.5k	P3.4k
Average collection rate in review period	83%	95%	98%
Percentage of book on payroll deduction model	100%	100%	100%
Number of branches	13	13	13
Number of satellite offices	23	23	16
Permanent staff	48	50	44
Commission-based staff	132	132	127
Contribution to Letshego's revenue	5%	5%	5%
Credit insurance in place	No	No	No

Micro Africa in Uganda

	2013	2012	2011
Year established - 2001			
Number of customers	15,455	8,818	4,096
Average value of loans	P2.3k	P2.5k	P3.3k
Average collection rate in review period	88%	84%	92%
Percentage of book on payroll deduction model	4%	7%	4%
Number of branches	6	7	2
Number of satellite offices	0	0	0
Permanent staff	94	66	26
Commission-based staff	0	0	0
Contribution to Letshego's revenue	1%	N/A	N/A
Credit insurance in place	Yes	Yes	No
Salary Loans	14%	19%	29%
Group Loans	59%	49%	25%
SME loans	24%	30%	46%
Government payroll	1%	2%	0%
Housing Micro Finance	2%	0%	0%

Note: Micro Africa Uganda was acquired on 1 June 2012 and was included in the group's results from that date.
Note: Micro Africa Uganda has a financial year end of 31 December.

Board of Directors



1. John Alexander Burbidge (62)

Chairman and Chairman of the Nominations Committee and member of the Investment Committee
CA

Mr Burbidge qualified as a Chartered Accountant in the UK and served in various senior management and board positions over a 27 year period with the African Life Group. These included the role of Managing Director, Executive Director, Chief Financial Officer and Company Secretary during his career with Botswana Insurance Holdings Limited and the African Life Group. In 1999 he was appointed to the Board of the African Life Group being responsible for the development and management of the African expansion which included operations in Botswana, Lesotho, Namibia, Kenya, Zambia, Ghana and Tanzania. He held this position until his retirement in 2007. Mr Burbidge is also a director of FSG Limited, a company listed on the Botswana Stock Exchange.

Appointed to the Board: 2002
Nationality: UK
Shareholding: None
Residence: George, RSA

2. Margaret Dawes (55)

Non-Executive Director, Chairperson of the Group Audit and Risk Committee and Member of the Remuneration Committee
CA

Ms Dawes represents Botswana Insurance Holdings Limited on the Letshego Board. She has held various senior positions in the financial services and auditing industry in both the UK and South Africa. She leads the Rest of Africa division of Sanlam Developing Markets, part of the Sanlam Group which holds a controlling shareholding in Botswana Insurance Holdings Limited. Her responsibilities include the strategic management of the entities in Botswana, Ghana, Kenya, Tanzania and Zambia. Prior to her current position she held various roles within African Life and Sanlam Developing Markets. She also represents Sanlam Developing Markets on various other boards and committees.

Appointed to the Board: 2009
Nationality: South Africa
Shareholding: None
Residence: Johannesburg, RSA

3. Gaffar Hassam (37)

Non-Executive Director, Member of the Group Audit and Risk Committee and the Investment Committee and the Nominations Committee
FCCA, MBA (Oxford Brookes)

Gaffar is the Chief Executive Officer of Botswana Insurance Holdings Limited and represents the company on the Letshego Board. He has held various roles with Botswana Insurance Holdings since joining the company in 2003. Prior to this, Gaffar worked with PricewaterhouseCoopers in Malawi and Botswana.

Appointed to the Board: 2009
Nationality: Malawi
Shareholding: None
Residence: Gaborone, Botswana

4. Legodile E Serema (65)

Independent Non-Executive Director
Member of the Nominations Committee
BSc (University of Minnesota, St Paul, USA); Various marketing qualifications

Legodile has served the Botswana Government and many different organisations in Botswana since 1971 including the Botswana Meat Commission, Botswana Ash and Sugar Industries. He was a Councillor in the Lobatse Town Council from 2004 to 2009 and served as Mayor from 2007 to 2009. Legodile sits on the Boards of a number of other companies.

Appointed to the Board: 2009
Nationality: Botswana
Shareholding: None
Residence: Lobatse, Botswana

5. Jan A Claassen (60)

Group Managing Director
BCom; LLB; Advanced Executive Programme (UNISA)

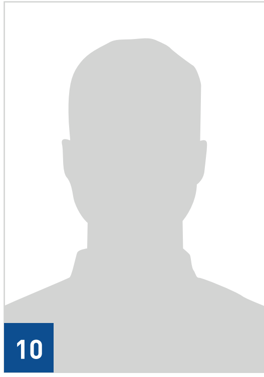
Jan has been the MD of Letshego since July 2003. Prior to joining Letshego, he spent seven years at First National Bank of Namibia as the Deputy Managing Director. He spent the first twenty years of his career at First National Bank of South Africa in Johannesburg and has also worked in Malawi.

Appointed to the Board: 2003
Nationality: South Africa
Residence: Gaborone, Botswana
Shareholding: None

6. Idris Mohammed (42)

Non-Executive Director
Chairman of Remuneration Committee, Chairman of the Investment Committee and member of the Group Audit and Risk Committee and the Nominations Committee
CFA; BSc (Industrial Engineering); MBA (Finance and Strategic Management, Wharton School, University of Pennsylvania)

Idris is a Partner at Development Partners International, a leading pan-African private equity management firm based in London. He was previously a Vice President at WPA Inc., the fund manager for Africa International Financial Holdings. Before that, Idris was a Vice President in the Special Situations Group at Goldman Sachs. He began his financial career at Core States Financial Corp (now part of Wells Fargo) in the asset management business. He subsequently held positions in treasury and asset/liability management. Idris is a Chartered Financial Analyst and holds a BSc in Industrial Engineering from Lehigh University and an MBA in



Finance and Strategic Management from the Wharton School of the University of Pennsylvania. He is a citizen of Nigeria and the US.

Appointed to the Board: 2010
Nationality: USA
Residence: London, UK
Shareholding: None

7. Dumisani Ndebele (47)

Director: Risk and Compliance

BAcc (Hons); MBA (University of Derby) (UK); FCMA; FCPA

Dumisani joined Letshego in February 1999 as the Finance and Administration Manager. He became the Finance Director in 2002 and moved to his current role of Director: Risk and Compliance in 2006. Dumisani's previous experience includes roles at: PricewaterhouseCoopers in Zimbabwe and Botswana; Cash Bazaar Holdings Botswana; Anglo American Botswana; and De Beers Botswana. He trained with PricewaterhouseCoopers in Zimbabwe for his articles under the Institute of Chartered Accountants Zimbabwe. He is a member of the Institute of Directors Southern Africa (IoDSA), the Information Systems Audit and Control Association (ISACA), as well as the Institute of Internal Auditors.

Appointed to the Board: 2004
Nationality: Botswana
Residence: Gaborone, Botswana
Shareholding: 3,000,000 shares

8. Stephen Price (60)

Independent Non-Executive Director

BA (Hons) Chemical Engineering, CA

Stephen was appointed to the Letshego Board in 2013. A UK native currently residing in Dubai, Stephen is a fellow of the Institute of Chartered Accountants in England and Wales. Previously an 18-year partner at Ernst & Young UK, he is a co-founding partner of FSI Capital, an advisory team that supports investment into the financial services sector in emerging markets around the world. Stephen has extensive experience of providing M&A, transaction advisory and consulting services to banks and other financial institutions in the UK and internationally, having focused for the last 20 years on emerging markets. Stephen has an impressive track record in leading complex projects in transitional economies with large integrated Client / Advisor teams. His project experience spans more than 40 countries in Asia Pacific, Central and Eastern Europe, the Middle East, the Sub-Continent and the Caribbean.

Appointed to the Board: 2013
Nationality: UK
Shareholding: None
Residence: Dubai, UAE

9. Robert Thornton (60)

Independent Non-Executive Director

BA (Hons) History and German

Robert joined the Letshego Board in 2013. Robert's previous experience includes roles at: SSB Bank Ltd in Ghana; Bridge Bank Group Cote d'Ivoire in the Ivory Coast; and Citibank NA. Most recently, he was appointed CEO of West Africa Enterprise Capital in the Ivory Coast. As CEO of West Africa Enterprise Capital, Robert plays an integral role in numerous short term assignments for offshore investment funds, including Blakeney Management, Development Partners International (DPI), and Dangote Group. Most of the work involves due diligence and investment follow up at various financial institutions. Robert has trained extensively with Citibank in areas such as strategy, risk, marketing, and HR management. He has many years of banking and consulting experience with extensive African experience and cross-cultural skills.

Appointed to the Board: 2013
Nationality: USA
Shareholding: None
Residence: Abidjan, Ivory Coast

10. Josias De Kock (54)

Independent Non-Executive Director

B Comm, B Acc, CA, Higher Diploma in Taxation, Executive Development Programme (University of Manchester)

Josias joined the Letshego Board in 2013 with a wealth of experience as a chartered accountant and as member of the SA Institute of Chartered Accountants. Josias wields a number of academic qualifications including a B Comm, B Acc, CA, Higher Diploma in Taxation, and participation in the Executive Development Programme from University of Manchester.
His extensive background working within the banking and insurance industry has seen Josias serve, most recently, as Head of Credit and Advances and then as Group Risk Manager at BOE Bank Ltd (Boland PKS), before moving on to work at PSG Investment Bank Ltd. Josias also served as Chief Risk Officer of the Sanlam Group and the Chief Financial Officer at Premier Foods.

Appointed to the Board: 2013
Nationality: RSA
Shareholding: None
Residence: Stellenbosh, RSA

Senior Management

Jan Claassen (60)
Group Managing Director
BCom; LLB; Advanced Executive Programme (UNISA)
Nationality: RSA
Joined Letshego: 2003
Shareholding: None

Lydia Andries (40)
Group Head of Corporate Strategy and Communication
BSc Actuarial Science; MSc Actuarial Science; MSc Strategic Management
Nationality: Botswana
Joined Letshego: 2008
Shareholding: 25,000 shares

Dumisani Ndebele (47)
Director of Risk and Compliance
BAcc (Hons); MBA (University of Derby) (UK); FCMA; FCPA
Nationality: Botswana
Joined Letshego: 1999
Shareholding: 3,000,000 shares

Colm Patterson (41)
Group Chief Financial Officer
FCA (Ireland); CPA (Botswana)
Nationality: Ireland
Joined Letshego: 2007
Shareholding: 1,000,000 shares

Onkemetse Mtonga (35)
Group Business Development Manager
Bachelor of Accounting, ACCA
Nationality: Botswana
Joined Letshego: 2010
Shareholding: None

Duduetsang Olsen-Namanyane (35)
Group Chief Information Officer Bachelor of Business Administration; MSc Strategic Management
Nationality: Botswana
Joined Letshego: 2009
Shareholding: 207,983 shares

Portia Ketshabile (44)
Group Human Resource Manager
Diploma in Personnel and Training Management; Management Development Programme
Nationality: Botswana
Joined Letshego: 2000
Shareholding: 28,775 shares

Shawn Bruwer (36)
Group Chief Operations Officer
BCom; CIMA; Various certificates in banking and credit management
Nationality: Namibia
Joined Letshego: 2006
Shareholding: 4,429,999 shares

Barati Rwelengera (35)
Group Risk and Compliance Manager
AAT; ACCA; CPA; (Botswana)
Nationality: Botswana
Joined Letshego: 2008
Shareholding: 184,305 shares

Mythri Sambasivan George (34)
Group Finance Manager
CIMA; FCCA; ACPA
Nationality: India
Joined Letshego: 2010
Shareholding: 118,213

Andrew Knight (45)
Group Projects Manager
B Eng (Hons); Electronic Engineering, Sun Certified Enterprise Architect; MBCS
Nationality: UK
Joined Letshego: 2011
Shareholding: None

Our approach to running our business is all-inclusive and comprehensive. We must consider not only the commercial imperative of growing our profits sustainably, but our broader impact, being a constantly growing provider of financial services through Africa.

Governance

Sustainability Report

Corporate Social Investment

Corporate Governance

Sustainability Report

The purpose of this report is to build trust, provide information to and educate our readers, the general public, our shareholders, and investors.

Our approach to running our business is all-inclusive and comprehensive, recognising that our accountability towards the communities in which we operate and conducting our business ethically, and in a manner that enhances the economic and social well-being of our stakeholders, is an important part of our licence to operate.

We must consider not only the commercial imperative of growing our profits sustainably, but our broader impact, being a constantly growing provider of financial services through Africa. To this end, the critical success factor we have identified to sustainable development is financially responsible lending.

Scope of the report

This sustainability report covers the 2013 financial year and has drawn on the King III Code of Governance Principles and GRI guidelines. It extends to Letshego's subsidiaries. The report covers stakeholder engagement and material business issues.

Stakeholder engagement

Communicating and engaging with our stakeholders is an important part of Letshego's sustainability strategy. We have identified seven groups of stakeholders and put in place processes and strategies to ensure that the Group maintains regular informal and formal communication with each of them.

Through these relationships, the Group is able to identify and report on any issues that may arise as a result of these interactions. We undertake to provide information that is truthful, accurate, timely, consistent and relevant to stakeholders in making their decisions. Below is a table summarising identified stakeholder groups, how the Group engages with them, issues raised and actions taken over the past year.

Stakeholders	Method of communication	Issues raised	Action taken
Customers	• Advertisements • Website • Annual report • Call centres • Branches	• Affordability • Responsible lending • Over-borrowing	• Adherence to regulations • Driving central registries • "Letshego 1 Loan" campaign
Shareholders, investors and analysts	• Annual General Meeting • Presentations • Site visits • Annual report • Corporate website • Investment updates	• Sustainability of profits • Over-commitment (customers' borrowing levels)	• Continued regional expansion • Conservative but steady growth • Affordability checks • Central registries
Government and regulators	• Specific meetings • Industry forums	• Compliance with new and existing legislation	• Ensuring own and peer compliance
Employees	• African Tripod quarterly magazine	• Focus on ethical conduct • Development and progression of staff	• Training and transfer of skills
Business organisations	• Consumer lenders forum in each region	• Responsible lending • Fair competition	• Engaging with Government to take in concerns • Engage with rivals to ensure fair conduct
Suppliers and service providers	• Regular meetings	• None	• Not applicable
Media	• Media releases • Press office • Presentations • Corporate web site	• Sustainability of profits • Over-commitment (customers' borrowing levels)	• Conservative but steady growth • Affordability checks • Central registries

Identifying material issues

Material issues reflect the organisation's significant economic, environmental and social impacts and have a strong bearing on stakeholders' assessments and decisions about the Group. How effectively the Group manages these issues affects its ability to achieve its strategic goals.

A number of material issues have been identified through a process of engagement with our internal and external stakeholders. These were determined using a number of methods including local benchmarking, the development of a risk mitigation matrix, analysis of previous issues and conducting surveys amongst some of our stakeholders. Our key material issues are summarised as follows:

Material issue	Sub-issue	Comment on performance
Delivering sustainable financial performance	• Distribution of economic value generated • Sustainability of profits • Sustainability of funding	• Growth strategy across Africa bearing fruit • Diversification strategy implemented • Funding lines established
Providing compliant and responsible financial services	• Responsible lending	• Promoting the establishment of central registries in countries in which we operate
Focusing on customers	• Affordability	• Revised pricing structures
Managing our human resources	• Staff transformation • Staff development • Gender equality	• Invested in training and development
Ensuring ethical behaviour and good corporate governance	• Risk management • Internal controls	• Conducted a gap analysis with regard to King III • Updated risk management matrix • Engaged with competitors to ensure fair conduct
Corporate Social Investment	• Assisting communities in which we operate	• CSI commitments of 1% of after tax profit on a per country basis
Efficient and reliable systems	• Investing in new technologies	• New ICT systems acquired and being implemented on a phased basis

Delivering a sustainable financial performance

Our business model has allowed us to continue to expand and grow our operations across the continent. As part of our operational strategy we aim to diversify our business into a broader financial services business and expand our operations into selected countries, which demonstrate good growth potential and sound economic fundamentals.

The management of risk is also critical to ensuring the continued financial viability of Letshego. A risk matrix was developed to ensure risks are properly assessed and control measures put in place to manage them.

The table below describes the most significant operational and strategic risks the Group faces and how they are addressed:

Risk	Treatment
Funding risk Being a non-deposit taking institution, we need to constantly ensure sufficient lines of funding at optimum costs to finance our growing asset base	• Lines of credit from commercial banks have been put in place • Lines of credit from development finance institutions are established • Listing of MTN program on the JSE and BSE • Process of applying for deposit taking licences started
Credit risk Since the greater part of our business risk is mitigated by deducting instalments at source, the residual risk arises due to employment attrition	• Compliance with take home pay and affordability regulations • Promote the establishment of Central Registries in each country • Rigorous collection systems and teams • Maintain relationships with regulators, employers, unions and Central Registers • Set up and testing of alternative deduction options
Currency risk As a result of multinational operations	• Match borrowing currency with lending currency • Avoid liabilities in USD, STG, Euro, etc • Review hedging options to mitigate forex exposures
Strategic risk Limited product offering and reliance on a single geography	• Developing alternative revenue streams • Expansion into other countries • Invest in more flexible debtors' systems • Banking licence potential being explored for deposit base
Operational risk Lack of policing and abuse of salary deduction codes by operators may result in over-commitment of customers	• Support and promote the establishment of central registers in countries in which we operate • Promote for more industry regulations
Competition risk Local and foreign competition in consumer lending entering the market	• Competitor analysis • Monthly management reporting • Advertising and marketing • Corporate Social Responsibility initiatives
Commercial or business risk • Global financial crisis put pressure on governments to change domestic fiscal policies • Shrinkage of donor funding and access to foreign loans to finance national budgets • Governments may freeze new employment or retrench civil servants • Recinding/non-granting of deduction code • Death, disability or resignation of borrower	• Group looking to increase its market share in non traditional markets • Monitoring and more regional diversification • Set up alternative deduction options • Death, disability and/or comprehensive insurance on each loan

Providing compliant and responsible financial services

Key drivers of change in the consumer finance payroll-based deduction industry will include developments in legislation or the regulatory framework, such as the establishment of the Non-Bank Financial Institution Regulatory Authority (NBFIRA) in Botswana. Central registers are emerging as best practice across the industry where the salary-based model is in place. We have assisted in the establishment of Central Registries in a number of countries, which will ensure that responsible lending practices are standardised across the industry. The main aim of Central Registries is to administer and manage non-statutory deductions from Government employees' salaries and to ensure compliance with minimum pay legislation or regulations. Central Registers are in place in Botswana, Namibia, Swaziland and Uganda.

At country level, Letshego works with regulators to ensure that we comply with national laws as relevant to our business.

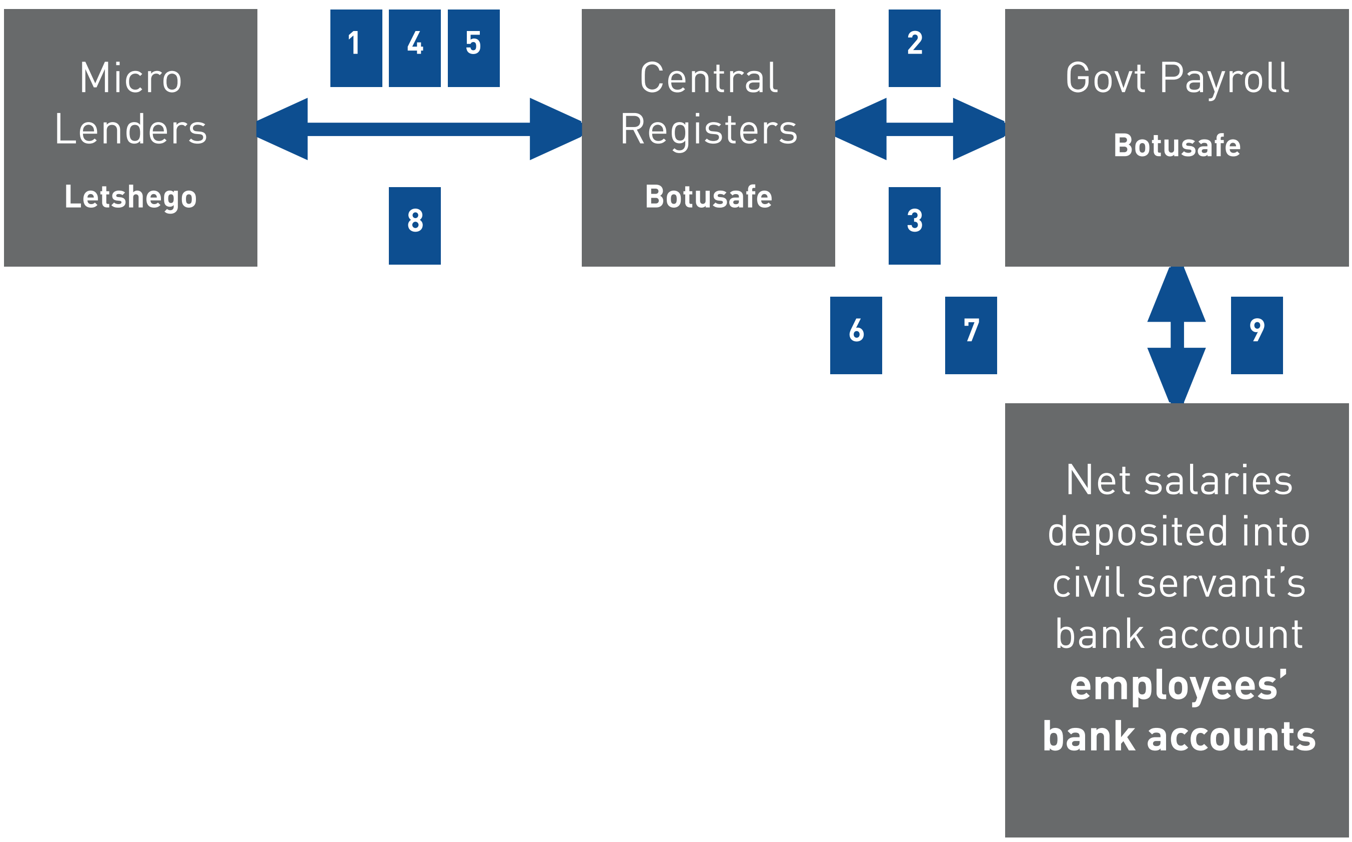
During the year under review, the Group did not engage in any legal action for anti-competitive behaviour, anti-trust or monopoly practices and was not fined nor sanctioned for non-compliance with any laws or regulations.

About Central Registers

The Letshego Group advocates the adoption of a Central Register in each of the countries in which we operate. We believe that these institutions are essential for the sustainability of lending and serve to protect the interests of both borrowers as well as lenders.

At present Namibia, Swaziland and Uganda each have an independently owned Central Register while Botswana has two.

The process flow of a Central Register is:



1. Micro lenders seek approval for affordability for all the loan applications from the Central Register. Details of the loan, the civil servant, employee number, salary, and proposed loan deduction are sent to Central Register.
2. Central Register checks with the Government central payroll for affordability for all loan applications submitted by micro lenders.
3. Government sends response regarding affordability qualification.
4. Central Register communicates this to the micro lenders.
5. At the end of the month micro lenders send affordability compliant deductions to the Central Register.
6. Central Register consolidates the all deductions for all the micro lenders and re-verifies with approved deductions. One repayment request is then sent to the Government central payroll.
7. As part of the Central Register agreement, the Government deducts the loan repayments from the Central payroll and pays all the creditors including the Central Register.
8. When the repayment is received by the Central Register, it is deconsolidated and the correct payment is forwarded to the micro lenders.
9. Net salaries after payroll deductions are deposited to the various banks of the civil servants.

Affordability

The central premise of a Central Registry is "affordability" – to ensure that the civil servant is able to afford the loan being applied for. Calculations of what constitutes "affordability" differ. In some instances it is determined as a fixed amount of "take home" pay; in others as a percentage of basic pay. Letshego believes that both these determinants require revision for the following reasons:

1. Fixed take home pay.
- Not all deductions are submitted to the Central Register, making it difficult to accurately assess take home pay.
- A set figure for take home pay does not take account of each borrower's individual circumstances.
- The prescribed take home pay figure needs to be adjusted for inflation on an annual basis.

2. Percentage of basic pay.
- Definitions of what constitutes basic pay are not standardised.

The same fixed percentage for low and high earners cannot be equated. For example: 10% of P1,000, would leave the civil servant with only P900 for all his other living expenses; 10% of P10,000 would leave the civil servant with P9,000 for living expenses.

Right: Key Address by Faidika Non Executive Director Joseph Rugumyamheto at Letshego Tanzania's CSR function

Focusing on our customers

Our customers are central to the sustainability of our business. We conduct regular market research to understand customer needs and improve customer satisfaction. We ensure that our customers are provided with clear information and are appropriately informed before, during and after the point of sale. Letshego also provides education programmes that improve the financial literacy of our customers, assisting them in making important decisions when it comes to borrowing. Our employees are trained to ensure that they provide customers with appropriate advice that takes into account their financial circumstances.

Affordability remains an important issue. Product pricing therefore plays a central role in our sustainability and must take into account competitiveness in the market. During the past financial year, we reviewed the pricing strategy of our products to ensure that they remain attractive to customers on the one hand and allow us to deliver sound financial results on the other.

Letshego insures loans against mortality and disability risks to ensure customers, or their survivors, are not burdened by the loan in the event of death, disability or even, in some instances, retrenchment.

For entry-level consumers, access to finance remains a challenge, especially for customers living outside of urban areas. One of Letshego's strategic imperatives is to ensure that our offerings remain innovative to suit the needs of different customer segments. As part of this we continue to look at new ways to strengthen our distribution channels through our branch network. We currently have 204 branches across the countries in which we operate. We are also investigating the use of mobile technology to improve accessibility even further.

The introduction of the Micro Africa business to the group has broadened the customer base with its core market of SME and group scheme lending.

Customer complaints are managed through a central complaints mechanism and follow-up action tracked and recorded. No incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship were recorded nor were any complaints regarding breaches of customer privacy and losses of customer data reported.

Measures to protect our customers throughout the product life cycle are outlined below:

Loan cycle	Risk of consumer abuse	Protective measures
Before sale	Incorrect or misleading advertising	Clear written communication with potential customers regarding products offered and information required as part of loan application process
At time of sale	Inappropriate contract wording	The Letshego Group has standardised contracts with disclosure of costs and other loan terms
	Legislation	The Group adopts host country usury/ lending legislation regulations and in the absence of such laws aligns its operations with the National Credit Act of South Africa
	Unfair discrimination	Letshego requires that reasons be given to customers for rejection of loan applications
	Penalties imposed for loan cancellation	Letshego has a mandatory "cooling off" period across the Group during which the borrower can cancel the loan without penalty
After sale	Inaccurate recording of borrower payments	Provide statements of account at the request of the customer and at no cost to the customer
	Illegal payment collection methods	Collections are made through the pay-roll system
	Actions against a borrower who has no legal recourse or defence	The Group endeavors to resolve its disputes outside of court
	Abusive behaviour in the collection process	Collections are made through the pay-roll system
	Disclosure of borrower information to other parties	Borrower's information can only be shared with the borrower's written consent

Letshego's strength lies in its team of 1165 employees. Employees work in a trusting environment, which is free from discrimination, prejudice, bias, harassment and violation.

Managing our human resources

Letshego's strength lies in its team of 1165 employees. Employees work in a trusting environment, which is free from discrimination, prejudice, bias, harassment and violation. Employee rights and labour regulations are respected through human resources management, industrial relations and legal & compliance frameworks implemented throughout the Group. Employees are free to belong to a trade union or collective bargaining council.

Executives and management interact with staff on the basis of an open-door policy and employees are given the necessary infrastructure, training and support required to perform their duties professionally, effectively, efficiently and diligently. We strive to ensure that each employee's contribution is fairly rewarded and recognised. The Remuneration Committee monitors remuneration and reward structures to ensure that employees are compensated with competitive remuneration packages.

Left: Letshego Mozambique staff with the Group Managing Director
Above: Letshego Tanzania staff at work

- **Salary benchmarking**
  Letshego uses independent remuneration specialists to undertake general and sector-specific salary surveys to benchmark staff remuneration. In general, Letshego remunerates at the upper quartile of the 50th percentile. The Company also uses the Group's Long Term Incentive Plan to allow key employees to become shareholders in Letshego.

- **Up-skilling local employees**
  Letshego employs local employees in its various operations as much as possible. Efforts to increase these at all levels of the organisation, particularly at senior management level, are starting to bear fruit. Approximately 99% of our employees are from local communities.

- **Pension scheme**
  A key objective for the Letshego Group Pension scheme is to provide for employees retirement and to educate members in retirement-related matters.

- **Skills development and training**
  Letshego continues to invest significantly in developing its employees. The Group has established dedicated programmes to identify and develop high potential employees. These programmes improve general management skills and specific functional expertise. These programmes cater for international development opportunities and open up pan-African employment opportunities, facilitating the dissemination of expertise across the Group.

- **Employee wellness**
  Letshego has an HIV/Aids policy and promotes healthy lifestyles and living. An HIV/Aids awareness day is celebrated annually and in conjunction with medical scheme service providers and other stakeholders. An employee wellness day is held on an annual basis to ensure that employees are aware of their overall health status. Free HIV/Aids testing is also conducted on site and employees are encouraged to know their status.

Below: The Letshego Holdings Limited Finance team at a team building event

- **Succession planning**
  Succession planning forms part of the Group's staff retention policies and this includes training and career development. The Group has linked its succession planning and employment equity strategies to focus on skills development and the training of its employees. This allows employees to take advantage of internal opportunities for advancement. Each subsidiary, with the assistance of the Human Resources Department, is responsible for putting plans in place to ensure the smooth succession of key executives. The succession strategy includes, where appropriate, the recruitment of talented individuals from outside the Group.

Ensuring ethical behaviour and good corporate governance

Ethical leadership is prioritised in the King III Code of Governance Principles and our Board ensures that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship. Good corporate governance at Letshego is promoted by the Board and its committees to which various aspects are delegated. The major committees and their functions are summarised as follows:

- The Board formulates Group strategy, risk management and corporate governance philosophy. It also approves investment undertakings, is accountable to stakeholders and ensures regulatory and statutory compliance.

- The Executive Committee is responsible for implementing Board approved strategies and decisions. It also approves systems, policies and procedures and manages operational risks.

Above: The Letshego Botswana ladies football team
Right: Letshego Holdings Limited staff at a Finance department team-building session

- The Group Audit and Risk Committee is responsible for the review of the Group's financial reports, ongoing monitoring and management of risks and approval of annual internal audit plans. It also ensures the monitoring of the ethical conduct of the Group and review of compliance with applicable laws and regulations.

- The Investment Committee reviews and recommends to the Board in terms of all new strategic investments and major funding initiatives that the Group may enter into, including the mechanism for investment.

- The Group Remuneration Committee formulates Group-wide remuneration strategies and policies (including those applicable to the Board), and monitors the implementation of these strategies and policies. It ensures that directors and staff are fairly rewarded and that market related reward strategies are implemented. It also establishes performance targets for the Group's incentive scheme.

- The Nominations Committee is responsible for ensuring the board is appropriately constituted and then monitoring its performance.

Governance of sustainability

Ultimate accountability and responsibility for sustainable development rests with the Letshego Board of Directors. The sustainability strategy is integrated into the Group's longer-term objectives and permeates all operating divisions. Targets are set for the year ahead and we are in the process of developing a scorecard with which to compare performance from year to year.

Corporate Social Responsibility

Corporate social responsibility (CSR) at Letshego isn't just about doing the right thing. It means behaving and doing business responsibly. At Letshego we understand the value of CSR work and believe that it creates a corporate culture in which employees are committed to attend to and doing their part to improve the livelihood and welfare of the people in their communities and their environment.

Left: Children from Botswana Retired Nurses Association Pre-School attending the Lady Khama Charitable Trust Family Fun Day sponsored by Letshego Botswana

Right: Letshego Botswana staff building a vegetable garden for the Gamodubu Child Care Trust
Bottom: Letshego Botswana CEO playing football at a Wellness Day event

This ethos is personified in our annual "LETS (Lets-hego) Give" day. Held annually during the first weekend of September, the day involves all members of staff volunteering their time and skills, through the use of the Group's resources to carry out projects within the communities in which they work.

In the review period, the Group once again committed 1% profit after-tax for CSR across all subsidiaries, with our LETS Give initiatives adding to the many projects undertaken and supported. Once apportioned CSR funds, CEOs have responsibility to invest that money.

Projects undertaken and supported by the subsidiaries are expected to comply with our Group CSR Policy that sets out the areas on which our efforts are to be focused. These are:

1. Arts and culture
2. HIV/Aids issues
3. Poverty eradication and welfare
4. Education
5. Youth Development
6. Sports development at grassroots level
7. Entrepreneurship and SME development
8. Environment

These are some of the projects undertaken by the Letshego Group in the review period:

Botswana

'Let's Give Day' activities covered all four regions of Botswana.

>> **In Gaborone**, staff went to the Gamodubu Child Care Trust to build a vegetable garden. In addition Letshego donated school shoes to the children and garden tools. The company also supports Gamodubu Child Care Trust by making monthly donations towards essentials such as groceries and toiletries.

>> **Maun Region.** The Maun and Ghanzi branches embarked on a massive cleaning campaign of Maun village, focusing in particular on the popular Thamalakane River. At the end of the cleaning, campaign Letshego staff donated some permanent refuse bins to be set up along the river.

>> **Palapye Region.** Palapye, Selebi-Phikwe and Serowe branch staff members spent a day with children at the House of Hope Trust in Palapye which cares for orphaned and vulnerable children as well as people infected and/or affected by HIV/AIDS. On the day, staff members cooked for the children and donated groceries worth P10,000 to the Trust.

>> **Francistown Region:** The Francistown and Letlhakane teams started a backyard garden at a home based care centre for the deaf in Francistown. Staff members built garden

Supporting micro-credit

In the review period, the Group once again committed 1% profit after-tax for CSR across all subsidiaries, with our LETS Give initiatives adding to the many projects undertaken and supported.

Above: An example of an SMME business funded by Micro Africa Limited.

plots and planted a variety of vegetables Garden tools were also donated.

>> **House donation:** On 5 May, 2012, Letshego Botswana in conjunction with the Department of Engineering Services (DBES) office in Serowe, donated a house to a deserving resident of the area.

>> **BOSANet:** Botswana Substance Abuse Support Network (BOSASNet is an NGO that provides substance abuse education, prevention, and rehabilitation services to the general public. Letshego sponsored the BOSASNet family educational and fun day, organised to mark the network's first substance abuse month, with a P5,000 donation and T-shirts.

>> **Cheshire Foundation.** Letshego worked with the Cheshire Foundation to take 400 children from SOS Village in Tlokweng and the Baylor Clinic to the Brian Boswell circus. Each child was also given a Letshego tee-shirt, a festive lunch and ice cream.

>> **General donation:** Letshego Financial Services Botswana donated about P700,000 to various NGOs during its annual donation dinner.

>> **Mogoditshane Fighters:** Letshego was the key sponsor of the soccer club's Wellness Day which started with a clean-up at the Mogoditshane cemetery in the morning before continuing with health checks for everyone involved.

Tanzania

>> **Faidika Inawezesha Maisha Campaign.** Inawesha Maisha means touching lives and the team in Tanzania was able to touch 50 lives of disabled individuals at the launch of the campaign. The company's donation of wheelchairs, refrigerators, tailoring machines and welding machines will enable the beneficiaries to participate in economic activities and earn a living.

Above: Letshego Uganda donating school textbooks.

Committing to tomorrow's energy

Letshego donated 220 Mathematics, 220 English and 215 Science books to each of the lowest performing schools in last year's Primary Leaving Examinations in selected districts in which the company operates.

>> **Empowerment seminar for the disabled:** 105 disabled people, including many of those previous supported by the company, attended the seminar. Each received a training booklet in English and Swahili to impart skills in relationship building, time management, business etiquette, goal setting and prioritizing, self-motivation, innovation and personal budgeting.

Uganda

>> **School book donation:** Research in Uganda has cited that poor pupil-to-book ratio is one of the causes of declining performance of primary schools in the country. Letshego donated 220 Mathematics, 220 English and 215 Science books to each of the lowest performing schools in last year's Primary Leaving Examinations in selected districts in which the company operates.

Mozambique

>> **Casa Dos Desamparados foundation:** To mark its first year of operations, Letshego donated essential items to the Casa Dos Desamparados foundation, an organisation set up in 1994 to assist with the resettlement of the population and integration of families that were affected and displaced by the war into the community. The foundation currently houses 94 people.

Swaziland

>> **The Esicojeni Foundation:** Letshego sponsored the organisation's annual End Hunger walk – themed Walk themed 'Walk for hunger, empower the future' to the tune of SZL50,000.

>> **Sigcaweni High School:** Letshego donated a computer and stationery packs worth SZL10,000 to the school which is located in the Manzini region.

Above: Letshego Tanzania CEO opening a CSR workshop

Corporate Governance

Letshego's Board of Directors is committed to upholding strong corporate governance throughout the Group. During the past year concerted efforts were made towards considering the recommendations of the King III Report (King III) introduced by the Institute of Directors (South Africa) in September 2009.

A gap analysis is conducted annually in applying the principles outlined in King III, as appropriate to the business. Actions and timelines are agreed by the Board to address any gaps that are identified on a continuous basis. Governance is actively monitored to identify opportunities for improvement of operational and corporate practices. Letshego strives to maintain high standards of business ethics and integrity throughout the Group.

The Board

Structure

Letshego had a unitary Board of eight directors until 30 November 2012, comprising three independent nonexecutive directors, three non-executive directors and two executive directors. On 30 November 2012, Mr C M Lekaukau an independent non-executive Chairman retired thus leaving seven board members. Mr J A Burbidge, one of the independent non-executive board members was appointed as Chairman. The executive in charge of the finance function is not a director. At least one third of the non-executive directors rotate every year in line with Board Charter which is aligned to King III.

Subsequent to the year end date, three new independent non-executive directors were appointed to the board.

A brief curriculum vitae of each director is set out on pages 42 and 43.

The Board conducts self-assessment annually, while plans are being developed to introduce formal performance assessments for individual directors. Board self-assessment is designed to ensure that the Board and members of various subcommittee are conscious of the Board culture, areas for improvement and the need for constructive change. The self-assessment exercise provides open and constructive two-way feedback to Board

Right: Former Board Chairman, CM Lekaukau, with the current Chairman, John Burbidge

members which enables collective establishment of acceptable level of performance in various principal governance areas.

The Board meets at least once every quarter. Four Board meetings were held during the year. Directors are fully briefed by the Company Secretary and provided with all necessary information sufficiently ahead of the scheduled board meetings to enable effective discharge of their responsibilities. The Board compiles an annual work plan to ensure all relevant matters for Board consideration are prioritised and addressed. Members of senior management, assurance providers and professional advisers may attend meetings by invitation only, but they do not form part of the quorum of any meeting.

The non-executive directors are individuals who objectively contribute a wide range of industry skills, knowledge and experience to the Board and are not involved in the daily operations of the Group. All non-executive directors have unrestricted access to management at any time. When required, non-executive directors are entitled to access the external auditors and, at the Group's expense, are able to seek independent professional or expert advice on any matters pertaining the Group.

Non-executive directors meet regularly without executive management to execute objective judgement on the affairs of the Group and to contribute to the performance and actions of executive management.

Role of the Board

The Board provides effective leadership based on an ethical foundation and ensures that the Group is and is seen to be a responsible corporate citizen. It uses an Enterprise Risk Management framework to align strategy and risk.

In addition the Board:

- Ensures the Group has an effective independent Group Audit and Risk Committee
- Oversees the governance of risk by ensuring that appropriate enterprise risk management frameworks are in place and functioning properly
- Manages the governance of enterprise information technology
- Ensures compliance with applicable laws and adherence to non-binding rules, codes and standards
- Puts in place an effective risk-based internal audit.

Board Charter

The Board Charter, which is aligned to King III, sets out the following:

- Board's responsibilities and functions
- Role of the Board, the shareholders, the Chairman, individual Board members, the Company Secretary and other Executives of the Group
- Powers delegated to various board committees of the Group
- Matters reserved for final decision-making or pre-approval by the Board
- Policies and practices of the Board in respect of matters such as corporate governance, trading by Directors in the securities of the Group, declaration and conflicts of interest, Board meeting documentation, alternative dispute resolution, business rescue proceedings and procedures.

Above: Letshego senior management sharing a light moment with the Board Chairman and an alternate non-executive Director.

Company Secretary

The Company Secretary plays a critical role in the Corporate Governance of the Group. He acts as an adviser to the Board, guiding individual directors and committees in areas such as Corporate Governance, updates on legal and statutory amendments and the effective execution of directors' responsibilities and fiduciary duties. He is currently an executive director.

The Company Secretary ensures that Board and Committee Charters are kept up to date and that Board papers are circulated. He also assists in eliciting responses, input and feedback for Board and Board Committee meetings. The Company Secretary assists the Nominations Committee in ensuring that the correct procedures are followed for the appointment of directors.

Whenever deemed necessary, the Company Secretary reviews the rules and procedures applicable to the conduct of the affairs of the Board. If necessary, the services and guidance of the corporate sponsor and other experts are procured to ensure that the directors have adequate insight to discharge their responsibilities effectively. Furthermore, the Company Secretary assists in the process of self-assessment of the Board and its sub-committees.

Board processes

Appointments to the Board

New Board appointments are proposed by the Nominations Committee, taking into account the appropriate balance of skills, experience and diversity required to lead, control and best represent the Group. To this end, the Committee submits a formal proposal to the Board for its consideration. Background and reference checks are performed before the nomination and appointment of directors. The appointment of non-executive directors is formalised through a letter of appointment and the Board makes full disclosure regarding individual directors to enable shareholders to make their own assessment of directors.

Ongoing training and development of directors is provided where necessary.

Succession planning

Letshego promotes succession planning for all key positions. Succession plans are integrated into the key performance areas at management and executive levels.

Succession plans are reviewed by the Remuneration Committee for key Group personnel through the year and report-backs are given to the Board at subsequent meetings. Board succession is the responsibility of the Nominations Committee.

Right: The Board Chairman of Letshego Swaziland delivering a speech on Wellness Day

Board sub-committees

In assisting the Board to discharge its collective duties, certain Board responsibilities have been delegated to the Group Audit and Risk Committee, Group Remuneration Committee, Investment Committee, Nominations Committee and Executive Committee. In so doing, the Board is cognisant of its ultimate responsibility for leading and directing the affairs of the Group. The Board and sub-committees have each established an annual work plan to ensure that relevant matters are addressed as appropriate.

Each sub-committee is governed by formal terms of reference which are reviewed annually for adequate alignment to prevailing legislation, regulations and best Corporate Governance trends. The terms of reference for all sub-committees are being reviewed to ensure compliance with the King III Report going forward. Committees comprise a majority of non-executive directors. Committees are free to take independent, external professional advice at cost to the Group subject to an approval process being followed.

Based on the outcome of sub-committee self-assessment exercises, the Board is of the opinion that the sub-committees have effectively discharged their responsibilities in accordance with their specific terms of reference.

Group Audit and Risk Committee

The Group Audit and Risk Committee is responsible for oversight of risk management in the Group. It comprises non-executive Board members: Mr JA Burbidge (Chairman of the Committee until 3 December 2013 when he was appointed as the Chairman of the Board and thus relinquished membership and Chairmanship of the Committee), Ms M Dawes (Committee Chairperson from 3 December 2012) and Mr I Mohammed. Mr G Hassam, a non-executive board member was appointed to the Group Audit and Risk Committee on 14 January 2013. Subsequent to the year end Mr S Price and Mr JS De Kock were appointed to the Audit and Risk Commitee on 17 April 2013.

The Group Audit and Risk Committee performs an independence role with accountability to the Board. The Committee members are sufficiently qualified and experienced in matters such as financial reporting, internal financial controls, external and internal audit processes, corporate law, risk management and IT governance processes within the Group. The Board has satisfied itself that all members of the Committee act independently.

The Committee meets at least twice annually, but more often if necessary. Four meetings were held during the year under review.

The Committee has unrestricted access to the external and internal auditors. The Chairman of the Committee represents the Group Audit and Risk Committee at the annual general meeting each year.

The Committee is responsible for recommending the appointment of the external auditors. It is tasked with the responsibility of nominating the external auditors for appointment, approving the terms of engagement and remuneration for the external audit engagement and monitoring and reporting on the independence of the external auditors in the annual financial statements. The Committee defines a policy for non-audit services provided by the external auditor and must approve the contracts for non-audit services. The Committee also reviews the quality and effectiveness of the external audit and is informed of any reportable irregularities identified and reported by the internal and external auditor. It is satisfied with the independence of the external auditor.

Above: Board member Robert Thornton and CFO Colm Patterson

The Committee assists the Board with all financial reporting and reviews the annual financial statements as well as the preliminary announcements and interim financial information. It further provides the Board with its views on a regular assessment of the going concern status of the Group and regularly reviews the appropriateness of the capital structure. The Committee specifically oversees financial reporting risks, internal financial controls and fraud and IT risks as they relate to financial reporting.

The Group's whistle-blowing arrangements are approved and monitored by the Committee.

The Committee also considers the risk management policy and plan and monitors the risk management process. A policy and plan for a system and process of risk management has been developed and is in place. This highlights the Board's responsibility for risk governance. The Board approves the risk management policy and plan and ensures that the risk management plan is continuously monitored.

The risk strategy is managed by means of an enterprise risk management framework. Management is responsible for integrating risk in the day-to-day activities of the Group. The Director of Risk and Compliance is a suitably experienced person who has access to and interacts regularly on strategic matters with the Board and/or appropriate Board committees. Effective and ongoing risk assessments are performed and a systematic, documented, formal risk assessment is conducted once a year. Risks are prioritised and ranked to align responses and interventions. The risk assessment process involves the risks affecting the various income streams of the Group, the critical dependencies of the business, the sustainability and the legitimate interests and expectations of stakeholders. Risk assessments adopt a top-down approach and the Board regularly receives and reviews a register of the Group's key risks. The Board ensures that key risks are quantified where practicable.

Findings by the external auditors arising from their annual statutory audit are tabled and presented at a Group Audit and Risk Committee meeting following the audit. The Committee endorses action plans for management to mitigate noted concerns. In subsequent meetings, management reports on actions taken until all issues are fully resolved. This process highlights areas requiring improvement and helps to ensure that internal control weaknesses are addressed timeously. In order to report annually to the Group's stakeholders and the Board, the Committee has access to the Group's records, facilities, employees and any other resources necessary to discharge its responsibilities effectively.

The internal audit function is overseen by the Committee and this assists the Board in assessing the Group's risk management and governance compliance and is governed by an internal audit charter. The charter is updated and approved by the Group Audit and Risk Committee annually.

The Director of Risk and Compliance is a member of the Executive Committee. This is considered appropriate for the size of the organisation. The Group Risk and Compliance Manager is responsible for implementing the internal audit strategy and reports functionally to the Director of Risk and Compliance who, in turn, reports on internal audit matters to the Group Audit and Risk Committee. The Board is ultimately responsible for the Group's risk management framework.

With the assistance of the Group Audit and Risk Committee, the Directors have satisfied themselves that an adequate system of internal controls is in place to mitigate significant risks identified to an acceptable level, and the Directors are satisfied that nothing has come to their attention during the year to indicate that a material breakdown in the effective functioning of this system within the Group has occurred.

The Committee has considered and is satisfied with the expertise and experience of the Chief Financial Officer, who performs the duties of a financial director. Further, the Committee has considered and is satisfied with the independence of the external auditors and with the effectiveness of the Group's internal audit function.

The Group Audit and Risk Committee has recommended the annual financial statements for approval to the Board.

M Dawes
Group Audit and Risk Committee Chairperson
17 April 2013

Remuneration and HR Committee

The Remuneration and HR Committee is responsible for reviewing the remuneration policies of the Group. It comprises Mr I Mohammed (Chairman), Mr CM Lekaukau and Ms M Dawes. Mr Lekaukau resigned as Chairman of the Board and thus relinquished his membership of the Committee. Mr JA Burbidge became a member of the Committee with effect from 3 December 2012 until 17 April 2013. Mr R Thornton was appointed to the committee on 17 April 2013.

Remuneration and HR Committee Report

During the past year, the Committee met twice as required in the Committee's terms of reference which are reviewed and approved by the Board annually. These also outline its composition, objectives, processes and remuneration guidelines.

The Committee is responsible for ensuring that the Group's executive directors and management are rewarded fairly in accordance with their individual contribution to the Group's overall performance objectives. Further, the Committee makes recommendations to the Board on non-executive directors' fees. The Committee's responsibilities are aimed at ensuring that the Board has sufficient resources with the prerequisite mix of expertise, experience and diversity to fulfil the strategic intentions of the Group.

Remuneration policy

A strategic objective for Letshego is to attract and retain high calibre individuals. Executive and management remuneration is formulated in a manner which aligns the reward of these employees with changes in the value delivered and recognises and rewards individual contributions. Surveys conducted by independent consultants indicate that basic salaries paid by the Group are industry and market aligned. In awarding annual increases to employees, consideration is given to an employee's performance as well as the impact of inflation in the countries in which the Group operates.

Executive and management remuneration comprises the following elements:

- Base salary: This is cash based and is reviewed annually.
- Annual incentive: This discretionary portion of remuneration increases as a proportion of maximum potential earnings as the employee reaches higher levels of seniority. Payable in cash, the annual incentive is determined according to the achievement of predetermined performance targets by the employee and by the Group.
- Long-term incentive: This is an additional discretionary reward measure that awards qualifying members of staff shares in the Group over a three-year vesting period. Vesting conditions are aligned to those of shareholders as well as the Group's strategic objectives.
- Benefits: These vary from country to country depending on local norms. Benefits include retirement funding, medical insurance and life and disability insurance.

Non-executive directors

After conducting research into trends in non-executive director remuneration, non-executive Directors' fees are proposed by the Remuneration Committee. Non-executive Directors' fees are fixed for the year. Generally, directors of subsidiaries and the Company Board are remunerated on a structure consisting of an annual retainer and sitting fees for meetings attended. Non-executive Directors do not receive any fees which are related to the performance of the Group and do not participate in any share-based payments or incentives.

Directors' attendance and remuneration – year ended 31 January 2013. All figures in BWP.

Directors	Board Attendace	Audit Committee Attendance	Remco Committee Attendance	Investment Committee Attendance	Nominations Committee Attendance	Board Meetings	Retainer	Audit Committee	Remuneration Committee	Investment Committee	Nominations Committee	Total
C M Lekaukau	3/3	-	2/2	-	1/1	87,000	763,135	-	54,570	-	-	904,705
J A Burbidge	4/4	3/4	-	2/2	2/2	110,855	51,031	81,855	-	54,570	27,285	325,596
I Mohammed	4/4	4/4	2/2	2/2	2/2	109,140	49,047	109,140	54,570	54,570	27,285	403,752
L E Serema	4/4	-	-	-	2/2	109,140	49,047	-	-	-	27,285	185,472
M Dawes	4/4	4/4	2/2	-	-	109,140	49,047	109,140	54,570	-	-	321,897
G Hassam	4/4	1/1	-	2/2	2/2	109,140	49,047	27,285	-	54,570	27,285	267,327
D Ndebele	4/4	4/4	2/2	2/2	2/2	-	-	-	-	-	-	-
J A Claassen	4/4	4/4	2/2	2/2	-	-	-	-	-	-	-	-
Total						**634,415**	**1,010,354**	**327,420**	**163,710**	**163,710**	**109,140**	**2,408,749**

Note: MR CM Lekaukau - Retainer fee figure for year end January 2013 include once off payment amounting P659,556.67

Executive directors

Executive directors' incentive bonuses are evaluated and recommended by the Remuneration Committee for approval of the Board.

Executive directors' remuneration – year ended 31 January 2013. All figures in BWP.

Executive Directors	For management services	Pension fund contributions	Performance bonus	Total
J A Claassen	2,967,000	-	3,036,000	6,003,000
D Ndebele	1,685,877	168,587	280,000	2,134,464

In terms of the Long Term Incentive Scheme 4,791,746 shares vested to the executive directors during the year.

Top three earners (that are not executive directors)

Remuneration of the top three earners, who are not executive directors, for the year ended 31 January 2013 was as follows: All figures in BWP.

	For management services	Pension fund contributions	Performance bonus	Total
Employee 1	1,552,533	155,253	500,000	2,207,786
Employee 2	1,586,382	-	600,000	2,186,382
Employee 3	1,483,629	148,362	500,000	2,131,991

In terms of the Long Term Incentive Scheme 3,614,416 shares vested to the top three earners during the year.

I M Mohammed

Remuneration and HR Committee Chairman

17 April 2013

Above: Letshego Botswana staff with the CEO and non-executive Director Mr Serema

Investment Committee

The Committee's role is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the implementation of the Group strategic investment objectives. It meets as needed. Mr JA Burbidge chaired the meeting until 3 December 2012 when he became the board Chairman and thus relinquished the chairmanship of the Committee. Mr I Mohammed assumed the role of chairman from 3 December 2012. The other members of the Committee are Mr JA Claassen and Mr G Hassam. On 17 April 2013 Mr JS De Kock and Mr R Thornton were appointed to the committee with Mr JS De Kock taking the role of Chairman from that date.

The Committee is responsible for:

- critically reviewing and making recommendations to the Board regarding all new strategies, investments and major funding initiatives the Group may enter into
- determining the mechanism for investment
- selecting between priority and non-priority investments
- deciding on appropriate funding mechanisms in the context of the overall funding strategy of the Group, including the possibility of new equity/equity linked issues.

The Committee met twice during the year.

I M Mohammed
Investment Committee Chairman
17 April 2013

Nominations Committee

The Nominations Committee assists the Board in discharging its duties relating to the following:

- To make recommendations to the Board on all new Board appointments
- To undertake a formal process of reviewing the balance and effectiveness of the Board
- Identifying the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner in order to ensure Board effectiveness and focus
- To make recommendations to the Board

on the appointment of new executive and non-executive Directors, including making recommendations on the composition of the Board in general and the balance between executive and non-executive directors appointed to the board.

- To make recommendations for Directors who are retiring by rotation, for re-election.

Further the Committee has oversight of the following:

- Directors' induction: The Committee oversees the induction of incoming directors with the Group's operations, its business environment, and the sustainability issues relevant to its business.

- Performance evaluation: The Committee is responsible to annually review the effectiveness of the Board and its Committees and its individual members and for this purpose develops appropriate methodologies to perform the performance evaluations and make recommendations to the board.

- Directors' development: The Committee is also responsible for providing regular briefings on relevant matters relevant to the business of the Group regarding risks, applicable laws, accounting standards and policies and the environment in which the company is operating through use of internal and external professional experts.

The Committee meets at least once a year. During the year under review, the committee held two meetings.

J A Burbidge
Chairman
17 April 2013

Governance and compliance

IT governance framework

The Group has developed an IT governance framework. The Group's operations and sustainability is critically dependent on Information Technology.

The value of IT, the management of IT-related risks and increased requirements for control over information are key elements of IT enterprise governance.

The framework addresses the following in line with best practice:

- The activities and functions of the IT organisation are aligned, to enable and support the priorities of the organisation

- IT delivers envisioned benefits against the strategy, costs are optimised, relevant best practices incorporated and the value created for the organisation by its IT investments is maximised
- The optimal investment is made in IT and critical IT resources are responsibly, effectively and efficiently managed and utilised
- Compliance requirements are understood; there is an awareness of risk and the organisation's appetite for risk is managed
- Performance is optimally tracked and measured and envisioned benefits are realised, including the implementation of strategic initiatives, resource utilisation and the delivery of IT services
- Synergies between IT initiatives are enabled and where applicable, IT choices are made in the best interest of the Group as a whole.

Legal compliance

The Board is ultimately responsible for overseeing the Group's compliance with laws, rules, codes and standards in terms of King III. The Board has delegated to management, responsibility for the implementation of an effective legal compliance framework and processes as envisaged by King III.

King III Compliance

Compliance with King III, as a widely accepted global corporate governance code, is a priority for the Letshego Board and executive management team. The gaps in compliance with King III are assessed annually with a view to addressing them accordingly in order to ensure full compliance.

The following King III gaps are noted as at 31 January 2013:

Board and its Committee composition

- No formal succession planning for the role of Chairman
- Need for appointment of Deputy Chairman
- Two out of seven board members are independent non-executive directors
- The executive in charge of finance is not a director
- The Company Secretary is an executive director
- All the three members of the Group Audit and Risk Committee are not independent non-executive directors
- All the three members of the Remuneration Committee are not independent non-executive directors
- All the three members of the Investment Committee are not independent nonexecutive directors

Explanation: Board and Subcommittee composition post balance sheet

As of the date of approval of the financial statements on 17 April 2013, three additional independent non-executive directors were appointed thus bringing the total number of board members to ten of which five are independent non-executive directors. Two further board appointments are expected to be made during the 31 January 2014 financial year end to bring the number of independent non-executive directors to seven and thus be a majority of directors.

Performance evaluation

- The Board has not embarked on performance evaluation of its individual non-executive board members
- Executive directors are appraised based on predetermined strategic objectives and achievement of specific Group financial performance targets that are approved by the Board annually
- Self-assessments are conducted annually for the Board and its committees.

The self-assessments which are based on a scoring system, cover a number of areas on the responsibilities of the Board and its committees, such as governance issues, risk management, strategy formulation and evaluation, performance measurement and monitoring, executive management evaluation, compensation and succession planning, etc. Through the scores, the Board and its committees are able to determine the weaknesses and strengths. Strategic objectives are then agreed for the weaknesses and action plans with timelines are drawn to implement the agreed actions in order to improve the scores in the future.

Explanation – performance evaluation

The board and its committees have continued to make commendable progress in the area of self-assessment and an appropriate evaluation framework is to be considered for individual board members' evaluation.

Approach to risk management

Compliance and risk management falls under the same portfolio at Letshego. The Director of Risk and Compliance provides the Board with assurance that the Group is compliant with applicable laws and regulations across its Africa subsidiaries.

External audit

The external auditors are responsible for reporting on whether the financial statements are fairly presented and that they are prepared in compliance with International Financial Reporting Standards. Their audit also includes an assessment of selected key internal controls. The preparation of the annual financial statements and the adequacy of the system of internal controls remains the responsibility of the directors.

Reputation management

Internal and external matters that can impact Letshego's reputation are regularly monitored and reported on. Corporate communication is managed in a structured manner to ensure that accurate information is disseminated consistently to all stakeholders. All customer complaints are tracked and appropriate corrective action is implemented as soon as practicable.

Letshego uses an internally developed customer satisfaction index to ensure that critical aspects of customer service delivery are maintained at a certain high level. Where relevant, the Group adheres to industry-regulated codes of conduct in the countries in which it operates.

D Ndebele
Director of Risk and Compliance
17 April 2013


Letshego

The Group Directors have the pleasure of submitting to the shareholders their report and audited financial statements.

Audited Annual Financial Statements

The Directors have pleasure in submitting to the shareholders their report and the audited financial statements of Letshego Holdings Limited (the Company) and its subsidiaries (the Group) for the year ended 31 January 2013.

Nature of business

The Group is engaged in the provision of short to medium-term secured and unsecured loans to employees in the public, quasi-public and private sectors.

Stated capital

On 16 May 2012 13,640,378 ordinary shares were issued at various prices in terms of the Group's long term incentive plan.
This increased the stated capital by P19,367,563.

In the prior year on 26 April 2011, 14,674,696 ordinary shares were issued at various prices in terms of the Group's long term incentive plan. This increased the stated capital by P19,742,927.

Subsidiary companies

- On 1 June 2012 the Group finalised a transaction to acquire a 62.52% shareholding in Micro Africa Limited.
- During September 2012 Letshego Financial Services Lesotho Limited commenced operations.

Dividends

Current year

An interim dividend of 4.2 thebe per share was declared on 16 October 2012.

A second and final dividend of 4.0 thebe per share was declared on 17 April 2013.

Both of these dividends were for the year ended 31 January 2013.

Prior year

A first and final dividend of 2.5 thebe per share for the year ended 31 January 2012 was declared on 24 April 2012.

Directors

The following persons were directors of the company during the period:

* C.M. Lekaukau [1]	(Chairman)	(Resigned 30 November 2012)
* J.A. Burbidge [3]	(Chairman)	(Appointed Chairman 1 December 2012)
* M.M. Dawes [4]		(Alternative Director – Gerrit van Heerde [4])
* G. Hassam [5]		
J.A. Claassen [4]	(Managing Director)	
* J de Kock [4]		(Appointed 1 March 2013)
D. Ndebele [1]		
* S Price [3]		(Appointed 1 April 2013)
* I.M. Mohammed [2]		(Alternative Director – RN Alam [2])
* R Thornton [2]		(Appointed 1 April 2013)
* L.E. Serema [1]		

* Non-executive
[1] Botswana [2] USA [3] UK [4] RSA [5] Malawi

Directors' shareholdings

The aggregate number of shares held directly by directors at 31 January 2013 is 3,000,000 (2012: 15,701,964). Full details of this shareholding are available at the registered office of the company or at the office of the transfer secretaries.

Long Term Incentive Plan

The Group operates an equity-settled conditional Long Term Incentive Plan (LTIP), which was approved by shareholders at an Extraordinary General Meeting held on 20 December 2005. Under the plan, conditional share awards are granted to management and key employees. With effect from 1 February 2008, the number of vesting share awards is subject to achievement of certain non-market conditions. Prior to this date, vesting of share awards was subject to the achievement of certain market and non-market conditions, which required a fair valuation element. With the removal of market conditions, the estimation of shares to vest for a year is based on internal projections as to the specified conditions being achieved. Shares are awarded in the holding company, Letshego Holdings Limited, which is listed on the Botswana Stock Exchange.

Statement of responsibility

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements and the annual financial statements of Letshego Holdings Limited, comprising the statements of financial position at 31 January 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards.
The directors are also responsible for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and effective system of risk management, as well as the preparation of the supplementary schedules included in those financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe the businesses will not be going concerns in the foreseeable future.

The auditor is responsible for reporting on whether the consolidated annual financial statements and annual financial statements of the Company are fairly presented in accordance with International Financial Reporting Standards.

Approval of the consolidated annual financial statements and annual financial statements of the Company:
The consolidated annual financial statements and annual financial statements of the Company, as identified in the first paragraph, were approved by the Board of Directors on 17 April 2013 and are signed on its behalf by:

J.A. Burbidge
Chairman

J.A. Claassen
Managing Director

KPMG, Chartered Accountants
Audit
Plot 67977, Off Tlokweng Road
Fairground Park
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Independent auditor's report
To the members of Letshego Holdings Limited

We have audited the accompanying group annual financial statements and the annual financial statements of Letshego Holdings Limited, which comprise the consolidated and separate statements of financial position as at 31 January 2013, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 81 to 128.

Directors' Responsibility for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the group annual financial statements and the annual financial statements give a true and fair view of, the consolidated and separate financial position of Letshego Holdings Limited as at 31 January 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards

KPMG

KPMG
Certified Auditors
Practicing Member: Francois Roos (20010078:45)

Gaborone
Date: 21 May 2013

Statements of Financial Position

AT 31 JANUARY 2013

	Note	GROUP 2013 P'000	GROUP 2012 P'000	COMPANY 2013 P'000	COMPANY 2012 P'000
ASSETS					
Cash and cash equivalents	3	807,254	73,612	600,133	11,976
Advances to customers	4	3,336,204	3,034,639	-	-
Other receivables	5	26,206	18,730	21,078	14,223
Short term investments	7.1	12,143	24,187	-	-
Taxation refundable		-	-	-	2,476
Long term receivables	6	11,468	11,120	11,468	11,120
Investment in subsidiary companies	7	-	-	1,759,586	1,893,365
Plant and equipment	8	14,559	9,513	1,055	1,534
Intangible assets	9	12,457	3,291	11,475	2,848
Goodwill	10	49,948	27,824	-	-
Deferred taxation	25.1	8,939	9,809	2,085	4,793
Total assets		**4,279,178**	**3,212,725**	**2,406,880**	**1,942,335**
LIABILITIES AND EQUITY					
Liabilities					
Trade and other payables	11	78,828	70,732	23,543	23,466
Cash collateral	12	34,185	-	-	-
Taxation payable		28,327	14,275	4,648	-
Borrowings	13	1,277,395	802,864	917,576	434,509
Total liabilities		**1,418,735**	**887,871**	**945,767**	**457,975**
Shareholders' equity					
Stated capital	14	689,243	669,876	689,243	669,876
Foreign currency translation reserve		(45,982)	(32,521)	-	-
Share based payment reserve	15	19,173	15,654	12,711	10,266
Retained earnings		2,112,485	1,617,969	759,159	804,218
Total equity attributable to equity holders of the parent company		**2,774,919**	**2,270,978**	**1,461,113**	**1,484,360**
Non - controlling interest	16	85,524	53,876	-	-
Total shareholders' equity		**2,860,443**	**2,324,854**	**1,461,113**	**1,484,360**
Total liabilities and equity		**4,279,178**	**3,212,725**	**2,406,880**	**1,942,335**

Statements of Comprehensive Income

FOR THE YEAR ENDED 31 JANUARY 2013

	Note	GROUP 2013 P'000	GROUP 2012 P'000	COMPANY 2013 P'000	COMPANY 2012 P'000
Interest income	19	1,074,822	900,514	168,391	128,827
Interest expense	20	(108,807)	(65,395)	(56,030)	(38,369)
Net interest income		**966,015**	**835,119**	**112,361**	**90,458**
Premium income	22.1	86,992	64,243	-	-
Insurance fees	22.2	(8,008)	(5,708)	-	-
Net interest and insurance income		**1,044,999**	**893,654**	**112,361**	**90,458**
Fee and commission income	21	132,907	92,133	-	-
Other operating income	22.5	6,218	5,172	48,515	374,997
Operating income		**1,184,124**	**990,959**	**160,876**	**465,455**
Employee benefits	23	(123,086)	(100,297)	(41,159)	(46,477)
Other operating expenses	24	(157,395)	(113,367)	(24,631)	(22,299)
Claims mitigation reserve movement	22.3	(1,306)	(686)	-	-
Insurance claim expense	22.4	(25,853)	(21,268)	-	-
Net income before impairment and taxation		**876,484**	**755,341**	**95,086**	**396,679**
Impairment of advances	4	(35,097)	(44,109)	-	-
Profit before taxation		**841,387**	**711,232**	**95,086**	**396,679**
Taxation	25	(181,750)	(133,433)	(6,577)	(25,751)
Profit for the year		**659,637**	**577,799**	**88,509**	**370,928**
Attributable to :					
Equity holders of the parent company		628,084	555,944		
Non - controlling interest		31,553	21,855		
Profit for the year		**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 year		643,804	550,639	88,509	370,928
Attributable to :					
Equity holders of the parent company		614,623	533,197		
Non - controlling interest		29,181	17,442		
Total comprehensive income for the year		**643,804**	**550,639**		
Basic earnings per share – (thebe)	26	33.1	29.6		
Fully diluted earnings per share – (thebe)	26	30.1	27.0		
Dividends per share : interim (thebe) - paid	27	4.2	-		
: final (thebe) - proposed	27	4.0	2.50		
Weighted average number of shares in issue during the period (millions)	26	1,995	1,953		
Number of shares in issue at the end of the period (millions)	14	1,999	1,985		
Dilution effect - number of shares (millions)	26	195	189		

Statements of Changes in Equity

FOR THE YEAR ENDED 31 JANUARY 2013

GROUP

	Note	Stated Capital P'000	Retained Earnings P'000	Share Based Payment Reserve P'000	Foreign Exchange Translation Reserve P'000	Non Controlling Interest P'000	Total 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 year							
Profit for the year		-	628,084	-	-	31,553	659,637
Other comprehensive income, net of income tax							
Foreign currency translation reserve		-	-	-	(13,461)	(2,372)	(15,833)
Transactions with owners, recorded directly in equity							
Allocation of subsidiary net assets to NCI at acquisition		-	-	-	-	2,467	2,467
Allocation to share based payment reserve	15	-	-	22,886	-	-	22,886
New shares issued from long term incentive scheme	15	19,367	-	(19,367)	-	-	-
Dividends to equity holders	27	-	(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 year							
Profit for the year		-	555,944	-	-	21,855	577,799
Other comprehensive income, net of income tax							
Foreign currency translation reserve		-	-	-	(22,747)	(4,413)	(27,160)
Transactions with owners, recorded directly in equity							
Sale of minority interest in subsidiaries		-	1,656	-	-	1,619	3,275
Allocation to share based payment reserve	15	-	-	22,853	-	-	22,853
New shares issued from long term incentive scheme	15	19,744	-	(19,744)	-	-	-
Dividend paid by subsidiary		-	-	-	-	(3,340)	(3,340)
Dividends to equity holders	27	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**

COMPANY

	Note	Stated Capital P'000	Retained Earnings Reserve P'000	Share Based Payment P'000	Foreign Exchange Translation Reserve P'000	Non Controlling Interest P'000	Total P'000
Balance at 1 February 2012		669,876	804,218	10,266	-	-	1,484,360
Total comprehensive income for the year							
Profit for the year		-	88,509	-	-	-	88,509
Transactions with owners, recorded directly in equity							
New shares issued from long term incentive scheme	15	19,367	-	(19,367)		-	-
Allocation to share based payment reserve	15	-	-	21,812	-	-	21,812
Dividends to equity holders	27	-	(133,568)	-	-	-	(133,568)
Balance at 31 January 2013		**689,243**	**759,159**	**12,711**	**-**	**-**	**1,461,113**
Balance at 1 February 2011		412,814	706,937	8,626	-	-	1,128,377
Total comprehensive income for the year							
Profit for the year		-	370,928	-	-	-	370,928
Transactions with owners, recorded directly in equity							
New shares issued from long term incentive scheme	15	19,744	-	(19,744)		-	-
Allocation to share based payment reserve	15	-	-	21,384	-	-	21,384
Dividends to equity holders	27	237,318	(273,647)	-	-	-	(36,329)
Balance at 31 January 2012		**669,876**	**804,218**	**10,266**	**-**	**-**	**1,484,360**

Statements of Cash Flows

FOR THE YEAR ENDED 31 JANUARY 2013

		GROUP		COMPANY	
	Note	2013 P'000	2012 P'000	2013 P'000	2012 P'000
OPERATING ACTIVITIES					
Cash generated from / (used in) operations	17	593,138	(76,330)	110,544	59,800
Income tax (paid) / refunded		(166,828)	(178,775)	3,255	(64,284)
Net cash flows from / (used in) operating activities		**426,310**	**(255,105)**	**113,799**	**(4,484)**
INVESTING ACTIVITIES					
(Investment) / divestment in subsidiaries		(26,239)	-	133,779	(485,129)
(Investment) / divestment in short term investments		12,044	(11,594)	-	-
Dividends received from subsidiaries		-	-	-	352,339
Proceeds from sale of property, plant and equipment		207	95	11	3
Purchase of property, plant and equipment	8	(9,355)	(5,949)	(226)	(450)
Purchase of intangible assets	9	(10,288)	(3,373)	(8,705)	(2,792)
Net cash flows used in investing activities		**(33,631)**	**(20,821)**	**124,859**	**(136,029)**
FINANCING ACTIVITIES					
Dividends paid		(133,568)	-	(133,568)	-
Finance obtained from third parties		739,663	338,946	616,338	164,860
Repayment of borrowings		(265,132)	(41,256)	(133,271)	(13,357)
Net cash flows from financing activities		**340,963**	**297,690**	**349,499**	**151,503**
Net movement in cash and cash equivalents		**733,642**	**21,764**	**588,157**	**10,990**
Movement in cash and cash equivalents					
At the beginning of the year		73,612	51,848	11,976	986
Movement during the year		733,642	21,764	588,157	10,990
At the end of the year	3	**807,254**	**73,612**	**600,133**	**11,976**

Reporting entity
Letshego Holdings Limited (the "Company") is a company incorporated in Botswana. The address of the company, which is a limited liability company, is Letshego Place, Plot 22 Khama Crescent, Gaborone. The consolidated financial statements of the Company as at and for the year ended 31 January 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is primarily engaged in the provision of short to medium-term unsecured loans to employees of the public, quasi-public and private sectors.

The Company and Group financial statements for the year ended 31 January 2013 have been approved for issue by the Board of Directors on 17 April 2013.

The following principal accounting policies, which are consistent with prior years, have been adopted in the preparation of these financial statements:

Statement of compliance
The financial statements have been prepared in accordance with the International Financial Reporting Standards.

Basis of preparation
The financial statements are presented in Botswana Pula, which is the Group's reporting currency. Except where indicated, financial information presented in Pula has been rounded to the nearest thousand.

The financial statements have been prepared on the historical cost basis except for financial instruments which are disclosed at fair value. The financial statements incorporate the following principal accounting policies which are consistent with those of the prior year.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Significant judgements made by management in the application of International Financial Reporting Standards consist mainly of loans and advances, impairment and share based payment calculations as disclosed in note 2. Judgement is also applied to the valuation of goodwill recognised (note 10) and the probability of having sufficient taxable profits against which deferred tax assets may be utilised (note 25).

Basis of consolidation
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The carrying amount of goodwill is assessed annually. An impairment loss recognised on goodwill is not reversed in a subsequent period.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Details of the subsidiary companies are set out in note 7 to the financial statements.

Intra group balances and any unrealised income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non – controlling interest

The interest of minority shareholders in the consolidated equity and results of the Group are shown separately in the consolidated statement of financial position and statement of comprehensive income. Minority shareholders are viewed as equity participants of the Group and all transactions with minorities are therefore accounted for as equity transactions and included in the consolidated statement of changes in equity.

Recognition and de-recognition of assets and liabilities

The Group recognises an asset when it obtains control of a resource as a result of past events and future economic benefits are expected to flow to the Group. The Group derecognises a financial asset when it loses control over the contractual rights that comprise the asset and consequently transfers the substantive risks and benefits associated with the asset. A financial liability is derecognised when it is legally extinguished.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment in value.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the plant and equipment.

Computers	3 years
Furniture and fittings	4 years
Office equipment	5 years
Motor vehicles	4 years

The residual value and useful life of each part of plant and equipment, if not insignificant, is reassessed annually. Gains and losses on disposal of plant and equipment items are determined by comparing proceeds with the carrying amounts and included in the statement of comprehensive income.

Foreign currency transactions

Transactions conducted in foreign currencies are translated to Pula at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Pula at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Pula at foreign exchange rates at the dates the values were determined.

Foreign operations' financial statements

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Botswana Pula at the rates ruling at the financial period end. The income and expenses of foreign operations are translated to Botswana Pula at rates approximating those ruling at the dates of the transactions. Foreign currency differences are recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, either in part or in full, the relevant amount in the foreign currency translation reserve is transferred to the statement of comprehensive income.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Operating leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Computer software development costs and intangible assets

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Computer software development costs and intangible assets (continued)

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development.

The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimate useful life of software is three to ten years.

Other receivables
Other receivables comprise prepayments, deposits and other recoverables which arise during the normal course of business.

Cash and cash equivalents
For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdraft facilities subject to sweeping arrangements.

Provisions
Provisions are recognised when the Group has a present legal obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case the related income tax is also recognised in equity.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using tax rates enacted at the reporting date, and any adjustment of tax payable for previous years.

Deferred tax
Deferred tax is provided on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is charged to the statement of comprehensive income except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination. The effect on tax of any changes in tax rates is recognised in the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Revenue recognition
Interest income is recognised in the statement of comprehensive income at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and administration charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee and commission income
Fees and commissions are recognised on an accrual basis when the service has been provided. Commission and fees arising from group credit life insurance scheme are recognised on a time-apportionate basis over the period the service is provided.

Interest from bank deposits
Interest from bank deposit is earned on an accruals basis at the agreed interest rate with the respective financial institution.

Other income
Other income comprises profit share and once-off joining fees. Profit share is recognised as profits are declared by the insurer on a notification basis. Once off joining fees are recognised in the statement of comprehensive income on a cash basis in the month a member takes insurance cover.

Dividend income
The Group recognises dividends when the Group's right to receive payment is established. This is on the 'last day to trade' for listed shares, and on the 'date of declaration' for unlisted shares. Dividend income includes scrip dividends, irrespective of whether there is an option to receive cash instead of shares.

Stated capital
Stated capital is recognised at the fair value of the consideration received.

Dividends paid
Dividends on ordinary shares are recognised against equity in the period in which they are approved by the directors. Dividends declared after the reporting date are not recognised as a liability in the statement of financial position.

Borrowings
Borrowings are recognised initially at fair value, generally being their issue proceeds, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings.

Employee benefits
Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is recognised for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. The Company operates a defined contribution retirement benefit fund.

The Group also operates an employee bonus incentive scheme. The provision for employee bonus incentive is based on a predetermined group policy and is recognised in other accruals. The accrual for employee bonus incentives is expected to be settled within 12 months.

Payroll administration costs
Administration costs are charged by employers for payroll deduction facilities. These costs are set-off against recoveries made from clients. Where the Group is not able to recover in full such administration costs, they are recognised in the statement of comprehensive income as incurred.

Share-based payment transactions
The Group operates an equity-settled conditional Long Term Incentive Plan (LTIP). Conditional awards are granted to management and key employees. The number of vesting awards is subject to achievement of non-market conditions.

The grant date fair value of awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards that vest.

Share-based payment transactions (continued)

The Group expenses the fair value of the employee services received in exchange for the grant of the options, over the vesting period of the options, as employee costs, with a corresponding credit to a share-based payment reserve in the statement of changes in equity. The total value of the services received is calculated with reference to the fair value of the options on grant date.

The fair value of the options is determined excluding non-market vesting conditions. These vesting conditions are included in the assumptions of the number of options expected to vest. At each reporting date, the Group revises its estimate of the number of options expected to vest.

The Group recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

Amounts recognised for services received if the options granted do not vest because of failure to satisfy a vesting condition, are reversed through the statement of comprehensive income. If options are forfeited after the vesting date, an amount equal to the value of the options forfeited is debited against the share based payment reserve and credited against retained earnings.

The proceeds received net of any attributable transaction costs are credited to stated capital when the options are exercised.

Segment reporting
A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares arising from the Long Term Incentive Plan (LTIP) awards and convertible loan instruments.

Contingent liabilities
The Group recognises a contingent liability where, it has a possible obligation from past events, the existence of which will be confirmed only by the occurrence of one or more uncertain events not wholly within the control of the Group, or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Related party transactions
Related parties comprise Directors and key management personnel of the Group and Companies with common ownership and/or Directors.

Financial assets and liabilities

Recognition
The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains rights to service a transferred financial asset for a fee. The transferred asset is derecognised in its entirety if it meets the derecognition criteria. An asset or liability is recognised for the servicing rights, depending on whether the servicing fee is more than adequate to cover servicing expenses (asset) or is less than adequate for performing the servicing (liability).

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments fair value is determined by using valuation techniques.

Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models. The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments like options and interest rate and currency swaps. For these financial instruments, inputs into models are market observable.

For more complex instruments, the Group would use proprietary models, which usually are developed from recognised valuation models. Some or all of the inputs into these models may not be market observable, and are derived from market prices or rates or are estimated based on assumptions.

When entering into a transaction, the financial instrument is recognised initially at the transaction price, which is the best indicator of fair value, although the value obtained from the valuation model may differ from the transaction price. This initial difference, usually an increase, in fair value indicated by valuation techniques is recognised in income depending upon the individual facts and circumstances of each transaction and not later than when the market data becomes observable.

The value produced by a model or other valuation technique is adjusted to allow for a number of factors as appropriate, because valuation techniques cannot appropriately reflect all factors market participants take into account when entering into a transaction. Valuation adjustments are recorded to allow for model risks, bid-ask spreads, liquidity risks, as well as other factors. Management believes that these valuation adjustments are necessary and appropriate to fairly state financial instruments carried at fair value.

Identification and measurement of impairment
At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through statement of comprehensive income.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the amortised acquisition cost and current fair value out of equity to statement of comprehensive income.

When a subsequent event causes the amount of impairment loss on an available-for-sale debt security to decrease, the impairment loss is reversed through the statement of comprehensive income.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised directly in the statement of changes in equity. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

Designation at fair value through profit or loss
The Group has designated financial assets and liabilities at fair value through profit or loss when either:
- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Cell captive insurance
The Group operates a captive cell which provides underwriting services to the Group on all Namibia and Swaziland domiciled customer loan balances on which premiums are fully paid. Loss events that qualify as life risks, such as death and disability, are insured through this cell. Monthly premiums are collected from customers by the Group and are paid into the insurance cell.

Premium reserves are recognised as income against which the following are appropriated:

- Claims paid;
- Claims admitted, but not yet paid;
- Claims incurred but not yet reported;
- Expenses incurred in connection with the underwriting and investments relating to the Group;
- Underwriting regulatory and administration fees.

Premium income is recognised on a gross basis in the month to which the premium relates. Single premiums are accounted for when the collection of the premium in terms of the policy is reasonably assured. Actual and admitted claims are recognised against premiums in the month the loss events occur.

Outstanding claims incurred but not yet reported are estimated and included in comprehensive expenses. This includes provisions for claims in the event that a present or constructive obligation exists due to a past loss event, and which can be reliably estimated. Any surplus resulting out of gross premiums after allocation of investment income, claims and fees may be paid out to the company bi-annually as a dividend. Dividends are recognised in the Group statement of comprehensive income in the reporting period that these are approved by the Directors. Risk of credit loss is not substantially transferred. Further, the recognition, measurement and administration of the cell are conducted or significantly influenced by the Group. The results of the cell are therefore consolidated into those of the Company and the Group.

1 FINANCIAL RISK MANAGEMENT

Introduction and overview
The Group has exposure to the following risks from financial instruments:

- credit risk
- interest rate risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

1.1 Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has established the Group Audit and Risk Committee ("GARC"), Remuneration Committee ("Remco"), Investment Committee, Group Executive Committee ("Exco") and subsidiary companies' Advisory Committees ("ADCO") which are responsible for developing and monitoring Group risk management policies in their respective areas. All Board committees have both executive and non-executive members, apart from the Group Exco which comprises of executive directors and senior management and reports regularly to the Board of Directors and its sub committees on their activities.

The Group's Enterprise Risk Management framework is established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and responsibilities.

1.2 Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, employer default risk, country and sector risk).

The provision of unsecured loans to formally employed individuals is the main aspect of the Group's business. As such, exposure to credit risk and the management of this risk is a key consideration for the Board.

The model that the Group uses to mitigate this risk is arrangements with the respective employers of Letshego customers to allow the employer to deduct the monthly loan repayment directly from the employees' (the Letshego customer) salary. This salary deduction code model is used throughout the Group with the exception of Micro Africa operations, which are made up of group, SMME and payroll lending.

For the portion of the customer advances portfolio that is not extended to Government and civil service employees with installments deducted at payroll source, credit risk occurs chiefly at the individual obligor level. To mitigate this risk, the Group applies a variety of measures, the most significant of which are:-

i) Securing non-payroll deduction loans with cash collateral contribution from customers;
ii) Credit scoring and customer education in advance of the extension of credit to customers;
iii) Regular review of group, SMME and individual borrowers' financial status including personal visits by loan officers and supervisors.

Management of credit risk
As set out above, the main activity of the Group is the provision of unsecured loans to formally employed individuals. The Board of Directors has delegated responsibility for the oversight of credit risk to its respective CEO's and credit departments of each subsidiary. However, this must be viewed in light of the overall framework of the exclusive use of 'salary deduction codes' as the loan repayment mechanism for the payroll deduction business.

It is the responsibility of each CEO to ensure that the Group's policies regarding credit risk, credit scoring, collateral contribution, affordability levels and minimum take home pay is complied with at all times.

Each subsidiary ensures these procedures are performed as part of the loan application and disbursement process. Thereafter, the performance of the loan book is monitored by the in-country credit department which is assisted by head office via the finance department. Each credit department, reporting to the local CEO and supported by the finance department, is responsible for management of the Group's credit risk.

With effect from 1 June 2012, with the acquisition of the Micro Africa Limited ("MAL") Group, the Group is also exposed to credit risk from advancing funds to customers who are part of group lending schemes, or who engage in small, micro and medium sized enterprises ("SMMEs"). At 31 January 2013, MAL contributed 4.4% or P145.7 million to the Group net advances.

Loan application process

Payroll deduction business
Clients are employees of participating employers. Where an employer is not a participating employer, Letshego engages with that employer and obtains a deduction authorisation to enable deductions of the installment from the employees' monthly salary.

All loans / services provided are repayable in equal monthly installments that are collected through a salary deduction authorisation (Salary Deduction Code) granted by the participating employer, i.e. deduction at source. The participating employer does not guarantee loans advanced to employees, and is only obliged to deduct the monthly installments payable, from the employee's salary prior to the salary being paid into the employee's bank account. The deductions are subsequently paid directly to Letshego on a monthly basis, by the participating employer. Loan proceeds are electronically transferred to the employee's bank accounts to eliminate the risk of carrying cash.

Loans are only granted to employees who are able to present their last two months' original salary advice (this differs by country) and have an active bank account. This is a prerequisite as loans are not disbursed in cash. The main criteria considered by the Group is the loan applicant's ability to meet his/her financial commitments and to remain with sufficient funds to fund household needs. The Group applies this criteria for all customers and this is complimentary to any regulatory requirements.

Group and SMME lending
Loan applicants are required to submit their personal financial statutes as well as complete a loan application form along with the field officers' to reflect this, as well as the financial viability of the customer's loan proposal. A credit scoring is then completed based on which the loan disbursement value is determined or recommended.

Letshego offers life insurance products to all its clients in Botswana, Namibia, Mozambique, Zambia, Lesotho and Swaziland, which cover the repayment of the outstanding capital balances on the loan to Letshego in the event of death or permanent disability of the customer. This saves Letshego having to pursue the deceased's estate to recover any outstanding balance or having any claim against the loan holder's employment benefits. In addition to the life cover offered in Namibia, Letshego Namibia and Letshego Holdings Limited invested in Hollard Life Namibia Life Limited (HLNL). Through this vehicle Letshego Namibia's and Letshego Financial Services Swaziland's advances books are insured for risk of default including such risks as loss of employment, employer default, absconscion and even temporary disability. As such risk of loss to the Group is further minimised. In the countries where no such cover is in place such as Kenya, Rwanda, South Sudan, Uganda and Tanzania this risk is addressed through pricing and provisioning policies.

The insurance cover existent in Mozambique similarly extends to all risks as covered in Namibia and Swaziland operations.

Monitoring of monthly collections
In the event that a customer does not have sufficient funds from their net salary or income to meet their monthly loan installment the reasons for this are immediately established. If the customer is no longer employed then the loan is written off and recovery efforts are commenced.

If the customer has changed employment, to an employer with which the Group does not have a 'deduction code', then the use of pre-authorised direct debit mandates are utilised to recover loan repayments from the bank account of the customer.

If a customer is on a reduced salary, for example when taking study or maternity leave, then loan repayments are rescheduled to recommence full repayments once the customer returns to full salary.

1 FINANCIAL RISK MANAGEMENT (continued)

1.2 Credit risk (continued)

If, in the case of Group and SMME customers, the customer is either untraceable or does not have sufficient funds to meet his / her / their loan obligations, rescheduling, liquidation of collateral or write off (as a last resort) are considered.

Follow up action on non performing loans

For loans that are written off, the credit departments follow set procedures to recover repayments. This involves, in certain instances, the appointment of legal agents to secure debt judgments. Where the legal right over cash or other forms of collateral is already established, liquidation of such collateral against outstanding amounts is pursued.

Approval of new employers - payroll deduction

All new employers are subject to a set assessment criteria prior to entering into deduction code agreements. The approval is made by the Group Exco.

No cash transactions

Loan disbursements are performed electronically and funds are directly deposited into a customer's bank account. This reduces cash holding risk. Due to this methodology only customers with bank accounts can be assisted.

Regular audits of business units and credit processes are undertaken by the Risk and Compliance Department.

Impaired loans

Impaired loans and securities are loans and advances on which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due but not impaired loans

Past due but not impaired loans are those for which contractual repayments are past due but the Group believes that impairment is not appropriate on the basis of the specific case e.g. the customer may be on a reduced salary due to taking study leave, or the customer may be unable to meet loan obligations due to a temporary change in financial circumstances.

Loans with renegotiated terms

This applies in cases where, for payroll deduction lending, the employer does not make a loan deduction and this was not the fault of the customer. In such cases these loans are rescheduled so as not to penalise the customer. In case of Group and SMME lending, terms are negotiated when instalments are missed due to bank errors, co-borrowers' errors / default or temporary disruption of finances. The number and value of these loans was not significant during the financial period.

Allowances for impairment - payroll deduction lending

The Group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Impairment and provisioning - Group and SMME lending

The corporate policy requires the review of individual financial assets regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the age of arrears at reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses the realisable value of collateral held (including re-confirmation of its enforceability) and the age of arrears for that individual account.

Write-off policy

The Group writes off a loan balance, and any related allowances for impairment losses, when the Group Credit Committee determines that the loan is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation or that proceeds from collateral will will not be sufficient to pay back the entire exposure.

Maximum exposure to credit risk

The table below presents the maximum exposure to credit risk of financial instruments recognised on the statement of financial position and exposures not recognised in the statement of financial position, after taking account of any collateral held.

	Gross Advances P'000	Specific Provision P'000	Portfolio Provision P'000	Net Advances P'000	Security Held P'000
Maximum exposure to credit risk at 31 January 2013					
Southern Africa	2,713,097	(562)	(7,375)	2,705,160	-
East Africa	640,203	-	(9,159)	631,044	(34,185)
Total at 31 January 2013	**3,353,300**	**(562)**	**(16,534)**	**3,336,204**	**(34,185)**
Maximum exposure to credit risk at 31 January 2012					
Southern Africa	2,680,341	(2,358)	(8,705)	2,669,278	-
East Africa	369,724	(2,067)	(2,296)	365,361	-
Total at 31 January 2012	**3,050,065**	**(4,425)**	**(11,001)**	**3,034,639**	**-**

Credit quality

Through the Group's deduction code model, the Group is exposed to two main identifiable economic sectors namely government and private (including parastatals). Through the Group's SMME and group - lending business streams, the main economic sectors by which credit risk is taken on are individuals and / or group of individuals or owner - managed small businesses. These are all included in the segment titled "private" below.

The table below presents an analysis of the Group's net advances based on the sectors to which the Group is exposed:

	Government P'000	Private (including parastatals) P'000	Total net advances P'000
Analysis of sector risk at 31 January 2013			
Southern Africa	2,593,148	112,012	2,705,160
East Africa	492,614	138,430	631,044
	3,085,762	**250,442**	**3,336,204**
Analysis of sector risk at 31 January 2012			
Southern Africa	2,542,259	127,019	2,669,278
East Africa	365,361	-	365,361
	2,907,620	**127,019**	**3,034,639**

The table below presents an analysis by geographic location of the credit quality of advances based on the Group's internal credit rating.

	Southern Africa P'000	East Africa P'000	Total P'000
31 January 2013			
Neither past due nor impaired	2,583,996	610,083	3,194,079
Past due but not impaired	116,528	16,678	133,206
Impaired	12,573	13,442	26,015
Total gross advances to customers	2,713,097	640,203	3,353,300
Less: impairment provision	(7,937)	(9,159)	(17,096)
Net advances to customers at 31 January 2013	**2,705,160**	**631,044**	**3,336,204**

1 FINANCIAL RISK MANAGEMENT (continued)
1.2 Credit risk (continued)

	Government P'000	Private (including parastatals) P'000	Total net advances P'000
31 January 2012			
Neither past due nor impaired	2,554,869	333,596	2,888,465
Past due but not impaired	125,472	36,128	161,600
Total gross advances to customers	2,680,341	369,724	3,050,065
Less: impairment provision	(11,063)	(4,363)	(15,426)
Net advances to customers at 31 January 2012	**2,669,278**	**365,361**	**3,034,639**

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
Other exposures to credit risk				
Cash and cash equivalents	807,254	73,612	600,133	11,976
Short term investments	12,143	24,187	-	-
Other receivables (including long term receivables)	37,674	29,850	32,546	25,343
Investment in subsidiaries	-	-	1,759,586	1,893,365
	857,071	**127,649**	**2,392,265**	**1,930,684**

Cash and cash equivalents	All cash at banks is held with reputable institutions with good credit history and are regulated by the relevant national regulatory authority. As a result, the probability of loss due to credit risk is assessed as low.
Short term investments	Short term investments represent bank investment accounts with reputable financial institutions. The risk of loss due to credit risk is assessed as low.
Investment in subsidiaries	All subsidiaries are under the control of the parent company, which includes overall management and control of cash flows. All subsidiary companies are assessed for impairment and general credit risk at regular intervals, and no assessment of increased levels of credit risk were noted at the financial year end.

1.3 Interest rate risk
The Group is exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Generally, interest on advances to customers is fixed, whereas interest on borrowings is floating. The table below summarises the exposure to interest rate risk. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of repricing or maturity dates.

GROUP

	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Non-interest bearing P'000	Total P'000
31 January 2013						
ASSETS						
Cash and cash equivalents	807,254	-	-	-	-	807,254
Short term investments	12,143	-	-	-	-	12,143
Advances to customers	22,907	359,912	1,088,767	1,847,422	17,196	3,336,204
Other receivables (including long term receivables)	-	-	11,468	-	26,206	37,674
Plant and equipment	-	-	-	-	14,559	14,559
Intangible assets	-	-	-	-	12,457	12,457
Goodwill	-	-	-	-	49,948	49,948
Deferred taxation	-	-	-	-	8,939	8,939
	842,304	**359,912**	**1,100,235**	**1,847,422**	**129,305**	**4,279,178**

GROUP

	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Non-interest bearing P'000	Total P'000
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	78,828	78,828
Cash collateral	34,185	-	-	-	-	34,185
Borrowings	89,315	142,802	399,979	645,299	-	1,277,395
Taxation payable	-	-	-	-	28,327	28,327
Shareholders' equity	-	-	-	-	2,860,443	2,860,443
	123,500	142,802	399,979	645,299	2,967,598	4,279,178
Net interest sensitivity gap	**718,804**	**217,110**	**700,256**	**1,202,123**	**(2,838,293)**	**-**
31 January 2012						
ASSETS						
Cash and cash equivalents	73,612	-	-	-	-	73,612
Short term investments	24,187	-	-	-	-	24,187
Advances to customers	16,226	211,701	882,488	1,895,098	29,126	3,034,639
Other receivables (including long term receivables)	-	-	-	11,120	18,730	29,850
Plant and equipment	-	-	-	-	9,513	9,513
Intangible assets	-	-	-	-	3,291	3,291
Goodwill	-	-	-	-	27,824	27,824
Deferred taxation	-	-	-	-	9,809	9,809
	114,025	**211,701**	**882,488**	**1,906,218**	**98,293**	**3,212,725**
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	70,732	70,732
Borrowings	150,172	159,718	420,615	72,359	-	802,864
Taxation payable	-	-	-	-	14,275	14,275
Shareholders' equity	-	-	-	-	2,324,854	2,324,854
	150,172	159,718	420,615	72,359	2,409,861	3,212,725
Net interest sensitivity gap	**(36,147)**	**51,983**	**461,873**	**1,833,859**	**(2,311,568)**	**-**

COMPANY

	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Non-interest bearing P'000	Total P'000
31 January 2013						
ASSETS						
Cash and cash equivalents	600,133	-	-	-	-	600,133
Other receivables	-	-	11,468	-	21,078	32,546
Investment in subsidiaries	10,114	17,848	525,000	747,607	459,017	1,759,586
Plant and equipment	-	-	-	-	1,055	1,055
Intangible assets	-	-	-	-	11,475	11,475
Deferred taxation	-	-	-	-	2,085	2,085
	610,247	**17,848**	**536,468**	**747,607**	**494,710**	**2,406,880**
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	23,543	23,543
Borrowings	-	297,103	-	620,473	-	917,576
Taxation payable	-	-	-	-	4,648	4,648
Shareholders' equity	-	-	-	-	1,461,113	1,461,113
	-	297,103	-	620,473	1,489,304	2,406,880
Net interest sensitivity gap	**610,247**	**(279,255)**	**536,468**	**127,134**	**(994,594)**	**-**

1 FINANCIAL RISK MANAGEMENT (continued)
1.3 Interest risk (continued)

COMPANY

	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Non-interest bearing P'000	Total P'000
31 January 2012						
ASSETS						
Cash and cash equivalents	11,976	-	-	-	-	11,976
Other receivables	-	-	-	11,120	14,223	25,343
Taxation refundable	-	-	-	-	2,476	2,476
Investment in subsidiaries	201,130	-	-	1,246,214	446,021	1,893,365
Plant and equipment	-	-	-	-	1,534	1,534
Intangible assets	-	-	-	-	2,848	2,848
Deferred taxation	-	-	-	-	4,793	4,793
	213,106	**-**	**-**	**1,257,334**	**471,895**	**1,942,335**
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	23,466	23,466
Borrowings	28,053	55,000	279,097	72,359	-	434,509
Shareholders' equity	-	-	-	-	1,484,360	1,484,360
	28,053	55,000	279,097	72,359	1,507,826	1,942,335
Net interest sensitivity gap	**185,053**	**(55,000)**	**(279,097)**	**1,184,975**	**(1,035,931)**	**-**

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
The majority of the Group's borrowings are linked to variable interest rates. The average cost of borrowing in percentage terms was (including the impact of foreign exchange gains or losses)	10.46%	10.00%	8.29%	11.20%
The impact of a 1% increase in lending rates on interest expense would be adverse (P'000)	10,401	6,540	6,760	3,588
% change in profit before tax	1.2%	0.9%	7.1%	0.9%

The effect of a 1% decrease in interest rate would result in an equal and opposite decrease in interest expense.

1.4 Liquidity risk

Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk management deals with the overall profile of the statement of financial position, the funding requirements of the Group and cash flows. In quantifying the liquidity risk, future cash flow projections are simulated and necessary arrangements are put in place in order to ensure that all future cash flow commitments are met from the working capital generated by the Group and also from available financial institution facilities.

The following table shows the undiscounted cash flows on the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Group's expected cash flows on these instruments may vary from this analysis. For example, regular meetings and updates are provided to the Group's financiers so as to ensure that facilities and lines of credit remain open and unrecognised loan commitments are not all expected to be drawn down immediately.

GROUP

	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Non-sensitive P'000	Total P'000
31 January 2013						
Total assets	842,304	359,912	1,100,235	1,847,422	129,305	4,279,178
Total liabilities and equity	(123,500)	(142,802)	(399,979)	(645,299)	(2,967,598)	(4,279,178)
Net liquidity gap	718,804	217,110	700,256	1,202,123	(2,838,293)	-
31 January 2012						
Total assets	114,025	211,701	882,488	1,906,218	98,293	3,212,725
Total liabilities and equity	(150,172)	(159,718)	(352,403)	(72,359)	(2,409,861)	(3,144,513)
Net liquidity gap	(36,147)	51,983	530,085	1,833,859	(2,311,568)	-

COMPANY

	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 3 years P'000	From 3 years and above P'000	Non-sensitive P'000	Total P'000
31 January 2013						
Total assets	610,247	17,848	536,468	747,607	494,710	2,406,880
Total liabilities and equity	-	(297,103)	-	(620,473)	(1,489,304)	(2,406,880)
Net liquidity gap	610,247	(279,255)	536,468	127,134	(994,594)	-
31 January 2012						
Total assets	213,106	-	-	1,257,334	471,895	1,942,335
Total liabilities and equity	(28,053)	(55,000)	(279,097)	(72,359)	(1,507,826)	(1,942,335)
Net liquidity gap	185,053	(55,000)	(279,097)	1,184,975	(1,035,931)	-

1.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

Overall responsibility for managing market risk rests with the Group Audit and Risk Committee. Management is responsible for the development of detailed risk management policies (subject to review by the Group Audit and Risk Committee) and for the day to day implementation of those policies.

Currency risk

The result of foreign exchange positions on the Group's net investments in foreign subsidiaries is recognised in the statement of comprehensive income. Foreign currency risk arises as a result of fluctuations in exchange rates and the resultant impact on the Group's position.

The Group does not have any exposure to Sterling denominated liabilities. Assets and liabilities in each local currency are matched to a large extent. The Group has borrowings in Rand, Euros and Dollars. The Rand liabilities are matched with assets in Lesotho, Swaziland, Namibia and a fixed deposit placement with financial institutions (Note 3) which are part of the common currency area with South Africa. The Dollar liability is matched with cash and cash equivalents held in the currency.

1 FINANCIAL RISK MANAGEMENT (continued)
1.5 Market risk (continued)

	SA Rand	Swaziland Emalangeni	Tanzanian Shillings	Ugandan Shillings	Zambian Kwacha
	P'000	P'000	P'000	P'000	P'000
31 January 2013					
Cash and cash equivalents (including short term investments)	490,641	23,007	41,951	4,311	1,797
Advances to customers	-	130,611	333,533	178,653	6,823
Other receivables	-	919	3,083	1,701	87
Total assets	490,641	154,537	378,567	184,665	8,707
Borrowings	620,473	-	20,732	84,030	-
Trade and other payables	-	3,952	5,872	12,680	500
Total liabilities	620,473	3,952	26,604	96,710	500
Net exposure	(129,832)	150,585	351,963	87,955	8,207
Exchange rates at 31 January 2013 - assets: BWP 1.00 =	1.16	1.16	198.21	333.15	0.70
Exchange rates at 31 January 2013 - liabilities: BWP 1.00 =	1.09	1.09	195.46	332.40	0.64
31 January 2012					
Cash and cash equivalents	-	18,657	11,772	301	23,468
Advances to customers	-	147,829	236,941	128,420	8,965
Other receivables	-	562	729	621	69
Total assets	-	167,048	249,442	129,342	32,502
Borrowings	105,218	24,476	59,717	62,925	7,043
Trade and other payables	-	4,293	4,204	5,409	425
Total liabilities	105,218	28,769	63,921	68,334	7,468
Net exposure	(105,218)	138,279	185,521	61,008	25,034
Exchange rates at 31 January 2012 - assets: BWP 1.00 =	1.10	1.10	217.89	320.33	705.61
Exchange rates at 31 January 2012 - liabilities: BWP 1-00 =	1.04	1.04	213.07	318.29	697.43

Reclassification in 2012 Group

Included under SA Rand borrowings is amount of P72,359 from ZAR Private Placement - Investec.
This was included under the Botswana Pula borrowings.

Namibian Dollar	**Mozambican Meticais**	**Lesotho**	**Kenya Shillings**	**Rwanda Francs**	**South Sudan Pound**	**United States Dollar**	**Botswana Pula**	**Total Pula**
P'000	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**	**P'000**
58,302	13,591	31,808	9,261	3,747	1,590	453	138,938	819,397
613,502	398,942	22,614	64,001	37,921	16,935	-	1,532,669	3,336,204
4,824	3,566	166	2,687	773	753	-	19,115	37,674
676,628	416,099	54,588	75,949	42,441	19,278	453	1,690,722	4,193,275
-	18,503	-	45,734	22,076	12,722	-	453,125	1,277,395
9,916	4,976	457	21,160	3,442	16,687	18	33,353	113,013
9,916	23,479	457	66,894	25,518	29,409	18	486,478	1,390,408
666,712	392,620	54,131	9,055	16,923	(10,131)	435	1,204,244	2,802,867
1.16	3.78	1.16	11.30	83.19	0.41	0.13	1.00	
1.09	3.71	1.09	10.44	75.95	0.38	0.12	1.00	
21,227	651	-	-	-	-	-	21,723	97,799
536,989	159,117	-	-	-	-	-	1,816,378	3,034,639
6,080	1,707	-	-	-	-	-	20,082	29,850
564,296	161,475	-	-	-	-	-	1,858,183	3,162,288
-	12,073	-	-	-	-	-	531,412	802,864
7,807	2,365	-	-	-	-	-	46,229	70,732
7,807	14,438	-	-	-	-	-	577,641	873,596
556,489	147,037	-	-	-	-	-	1,280,542	2,288,692
1.10	3.64	1.10	12.05	84.75	0.39	0.14	1.00	
1.04	3.58	1.04	11.13	76.31	0.36	0.13	1.00	

1 FINANCIAL RISK MANAGEMENT (continued)
1.5 Market risk (continued)

Set out below is the impact of a 10% appreciation of the BW Pula

	SA Rand	Swaziland Emalangeni	Tanzanian Shillings	Ugandan Shillings	Zambian Kwacha	Namibian Dollar
	P'000	P'000	P'000	P'000	P'000	P'000
31 January 2013						
Cash and cash equivalents	446,037	20,915	38,137	3,919	1,634	53,001
Advances to customers	-	118,737	303,212	162,412	6,203	557,729
Other receivables	-	835	2,803	1,546	80	4,385
Total assets	446,037	140,487	344,152	167,877	7,917	615,115
Borrowings	564,067	-	18,847	76,391	-	-
Trade and other payable	-	3,593	5,338	11,527	454	9,015
Total liabilities	564,067	3,593	24,185	87,918	454	9,015
Net exposure - if 10% appreciation of BWP	(118,030)	136,894	319,967	79,959	7,463	606,100
Net exposure - at actual year end rates	(129,832)	150,585	351,963	87,955	8,207	666,712
Impact of 10% appreciation of BWP	11,802	(13,691)	(31,996)	(7,996)	(744)	(60,612)

A 10% depreciation would result in the inverse of the above.

	SA Rand	Swaziland Emalangeni	Tanzanian Shillings	Ugandan Shillings	Zambian Kwacha	Namibian Dollar
31 January 2012						
Cash and cash equivalents	-	16,961	10,702	273	21,334	19,297
Advances to customers	-	134,390	215,401	116,745	8,150	488,172
Other receivables	-	511	663	564	63	5,527
Total assets	-	151,862	226,766	117,582	29,547	512,996
Borrowings	95,652	22,251	54,289	57,204	6,402	-
Trade and other payable	-	3,903	3,822	4,917	386	7,097
Total liabilities	95,652	26,154	58,111	62,121	6,788	7,097
Net exposure - if 10% appreciation of BWP	(95,652)	125,708	168,655	55,461	22,759	505,899
Net exposure - at year end rates	(105,218)	138,279	185,521	61,008	25,034	556,489
Impact of 10% appreciation of BWP	9,566	(12,571)	(16,866)	(5,547)	(2,275)	(50,590)

Mozambican Meticais P'000	Lesotho P'000	Kenya Shillings P'000	Rwanda Francs P'000	South Sudan Pound P'000	United States Dollar P'000	Botswana Pula P'000	Total if Pula appreciated by P'000	Actual at year end P'000
12,356	28,917	8,419	3,407	1,445	412	138,938	757,537	819,397
362,675	20,558	58,183	34,474	15,395	-	1,532,669	3,172,247	3,336,204
3,241	151	2,443	702	684	-	19,115	35,985	37,674
378,272	49,626	69,045	38,583	17,524	412	1,690,722	3,965,769	4,193,275
16,821	-	41,577	20,069	11,565	-	453,125	1,202,462	1,277,395
4,523	416	19,237	3,129	15,170	16	33,353	105,771	113,013
21,344	416	60,814	23,198	26,735	16	486,478	1,308,233	1,390,408
356,928	49,210	8,231	15,385	(9,211)	396	1,204,244	2,657,536	2,802,867
392,620	54,131	9,055	16,923	(10,131)	435	1,204,244	2,802,867	-
(35,692)	(4,921)	(824)	(1,538)	920	(39)	-	(145,331)	-
592	-	-	-	-	-	21,723	90,882	97,799
144,652	-	-	-	-	-	1,816,378	2,923,888	3,034,639
1,552	-	-	-	-	-	20,082	28,962	29,850
146,796	-	-	-	-	-	1,858,183	3,043,732	3,162,288
10,975	-	-	-	-	-	531,412	778,185	802,864
2,150	-	-	-	-	-	46,229	68,504	70,732
13,125	-	-	-	-	-	577,641	846,689	873,596
133,671	-	-	-	-	-	1,280,542	2,197,043	2,288,692
147,037	-	-	-	-	-	1,280,542	2,288,692	
(13,366)	-	-	-	-	-	-	(91,649)	

1 FINANCIAL RISK MANAGEMENT (continued)

1.6 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks exposure and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by the Risk and Compliance Department. The results of reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Group Audit and Risk Committee and senior management of the Group.

1.7 Financial assets and liabilities not measured at fair value

The table below sets out the fair values of the Group's financial assets and financial liabilities not carried at fair value on the statement of financial position:

	Loans and receivables P'000	Amortised cost P'000	Total carrying amount P'000	Fair value P'000
31 January 2013				
Cash and cash equivalents	807,254	-	807,254	807,254
Short term investments	12,143	-	12,143	12,143
Advances to customers	3,336,204	-	3,336,204	3,336,204
Long term & other receivables	37,674	-	37,674	37,674
	4,193,275	-	4,193,275	4,193,275
Trade and other payables	-	78,828	78,828	78,828
Borrowings	-	1,277,395	1,277,395	1,277,395
	-	1,356,223	1,356,223	1,356,223
31 January 2012				
Cash and cash equivalents	73,612	-	73,612	73,612
Short term investments	24,187	-	24,187	24,187
Advances to customers	3,034,639	-	3,034,639	3,034,639
Long term & other receivables	29,850	-	29,850	29,850
	3,162,288	-	3,162,288	3,162,288
Trade and other payables	-	70,732	70,732	70,732
Borrowings	-	802,864	802,864	802,864
	-	873,596	873,596	873,596

Interest attracted by assets, incurred by liabilities, are related to market rates thus their respective fair values approximate to their carrying values.

1.8 Summary of all financial risks and potential impact

The table below summarises each of the risks raised in this note, along with the anticipated impact should the risks crystallise.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
Credit risk				
Effect of increase in emergence period by 1 month				
- increase in portfolio provision	5,511	3,895	-	-
Effect of increase in loss ratio by 1 %				
- increase in portfolio provision	7,885	7,519	-	-
	13,396	11,414	-	-
Effect on profit before tax	(2%)	(2%)	-	-
Interest rate risk				
Effect of increase in average borrowing cost by 1 %				
- increase in interest expense	10,401	6,540	6,760	3,588
Effect on profit before tax	(1%)	(1%)	(7%)	(1%)
Currency risk				
Effect of BWP appreciation by 10%				
- decrease in net foreign currency assets	145,331	91,649	-	-
Effect on profit before tax	(17%)	(13%)	-	-
	(20%)	(15%)	(7%)	(1%)

Summary
Impact of all above risks on profit before tax:
The impact of changes in variables in the opposing direction would be equal and opposite to the values shown above. The Group constantly evaluates these key risks through the process of governance, devises responses to risks as they arise, that are approved by the Executive Committee and Board of Directors.

2 USE OF ESTIMATES AND JUDGMENTS

2.1 Impairment

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group regularly reviews its loan portfolio and makes judgments in determining whether an impairment loss should be recognised in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce the differences between loss estimates and loss experience.

Sensitivity analysis of impairment charges is shown as follows

	31 January 2013 Portfolio Provision P'000	31January 2012 Portfolio Provision P'000
Southern Africa		
Impact on change to emergence period - from 3 months to 4 months		
- increase in provision	2,458	3,156
Impact on change to loss ratio - increase in provision	6,303	6,599

2 USE OF ESTIMATES AND JUDGMENTS (continued)
2.1 Impairment (continued)

	31 January 2013 Portfolio Provision P'000	31January 2012 Portfolio Provision P'000
East Africa		
Impact on change to emergence period - from 3 months to 4 months - increase in provision	3,053	739
Impact on change to loss ratio - increase in provision	1,582	920
Overall total	13,396	11,414

*** Southern Africa includes:** Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zambia
**** East Africa includes:** Kenya, Rwanda, South Sudan, Tanzania and Uganda

The emergence periods used in the current year are consistent with prior year.

2.2 Share-based payment transactions
The Group operates an equity settled conditional Long Term Incentive Plan (LTIP). The plan is now only based on non market conditions. These non market performance conditions are determined by the Remuneration Committee. The number of awards to vest are assessed and adjusted for the attrition in participants as well as the extent of achievement of those conditions at the reporting dates. The assumptions are that there will be an 85% vesting probability. Although based on historical experience, the estimated achievement of conditions is considered accurate.

Sensitivity analysis
The table below details the impact on the profit following a deviation from the 85% vesting probability.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
Impact of a 10% deviation (2013: 75% vesting; 2012: 60%)	896	2,285	272	2,138
Impact of a 25% deviation (2013: 60% vesting; 2012: 75%)	2,802	5,713	556	5,346
Impact of a 50% deviation (2013: 35% vesting; 2012: 20%)	5,979	11,426	1,233	10,691

In the event that more than 85% of the shares vest the impact would be adverse to profit. In the event that less then 85% of the shares vest, the impact would be favourable to profit.

2.3 Goodwill
As required by IAS 36, the goodwill values in respect of Letshego Holdings Namibia (Pty) Limited, Letshego Tanzania Limited and Micro Africa Limited were evaluated for impairment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and the suitable discount rate in order to calculate the present value.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
3 CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	316,613	73,612	109,492	11,976
Short term bank deposits	490,641	-	490,641	-
	807,254	**73,612**	**600,133**	**11,976**

Short term bank deposits constitute amounts held in fixed deposit with external financial institutions. The deposit attracts interest at 5.0% per annum (2012: nil). Cash at bank is held with reputable financial institutions with good credit standing. Certain cash and short term deposits are pledged as security to borrowings as set out in note 13.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
4 ADVANCES TO CUSTOMERS				
Gross advances to customers	3,353,300	3,050,065	-	-
Less : impairment provisions - specific	(562)	(4,425)	-	-
: impairment provisions - portfolio	(16,534)	(11,001)		
Net advances to customers	3,336,204	3,034,639	-	-
Certain advances to customers are pledged as security to borrowings as set out in note 13.				
Maturity analysis of advances to customers				
Maturity within 1 year	382,819	227,927	-	-
Maturity after 1 year but within 3 years	1,088,767	882,488	-	-
Maturity after 3 years but before 5 years	1,864,618	1,924,224	-	-
	3,336,204	**3,034,639**	**-**	**-**
Impairment of advances				
Balance at the beginning of the year	15,426	24,197	-	-
Impairment adjustment	1,670	(8,771)	-	-
Balance at the end of the year	**17,096**	**15,426**	**-**	**-**
An analysis of net advances by credit risk, including related impairment provisions, is contained in Note 1.2 to these financial statements.				
Charges to the statement of comprehensive income				
Amounts written off	98,436	105,263	-	-
Recoveries during the year	(65,009)	(52,383)	-	-
Impairment adjustment	1,670	(8,771)	-	-
	35,097	**44,109**	**-**	**-**
5 OTHER RECEIVABLES				
Deposits and prepayments	8,678	3,327	586	855
Dividend receivable from cell captive	-	-	9,142	9,412
Credit life claims receivable	4,090	6,787	1,256	-
Withholding tax and value added tax receivable	11,313	7,086	10,094	3,559
Other receivables	2,125	1,530	-	397
	26,206	**18,730**	**21,078**	**14,2236**
6 LONG TERM RECEIVABLES				
Kumwe Investments (Pty) Ltd				
The loan is denominated in Namibian Dollars and bears interest at Namibian prime interest rate. Kumwe Investment Holdings Limited has ceded its shares in Letshego Financial Services (Namibia) (Pty) Limited as security for the loan from Letshego Holdings Limited. Kumwe Investment Holdings Limited owns 15% of Letshego Financial Services (Namibia) Pty Limited. The loan is repayable by way of dividends due to Kumwe as and when dividends are declared and / or monies are accrued to Kumwe as a result of services rendered by Kumwe to the Company. This loan was repaid in full during February 2013, (refer note 31).				
	11,468	**10,962**	**11,468**	**10,962**

6 LONG TERM RECEIVABLES (continued)

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
Letshego Financial Services Mozambique - Messrs. Timbila, Dai, Mataruca The loans were denominated in Mozambique Meticais (MZN) and did bear interest at Mozambique prime interest rate. The three shareholders had ceded their shares in Letshego Financial Services (Mozambique) SA Limited as security for the loan from Letshego Holdings Limited. The three shareholders together hold 3.75% of the ordinary share capital of Letshego Financial Services (Mozambique) SA Limited. These loans were repaid in full in July 2012.	**-**	**158**	**-**	**158**
	11,468	**11,120**	**11,468**	**11,120**

7 INVESTMENT IN SUBSIDIARY COMPANIES

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
Shareholding (all at cost) & other balances				
Letshego Financial Services Botswana (Proprietary) Limited - ordinary shares	-	-	30,000	30,000
Letshego Financial Services Botswana (Proprietary) Limited - term loan	-	-	470,884	1,043,601
Micro Africa Limited - ordinary shares	-	-	26,239	-
Micro Africa Limited - loan account	-	-	17,491	-
Letshego Financial Services Lesotho (Proprietary) Limited - ordinary shares	-	-	3,061	2,921
Letshego Financial Services Lesotho (Proprietary) Limited - loan account	-	-	54,044	-
Letshego Financial Services Mozambique, SA- ordinary shares and preference shares	-	-	21,947	16,408
Letshego Financial Services Mozambique, SA - loan account	-	-	373,445	134,895
Letshego Financial Services Namibia (Proprietary) Limited -ordinary shares and preference shares	-	-	275,795	275,795
Letshego Financial Services Namibia (Proprietary) Limited - term loan	-	-	195,707	154,608
Letshego Financial Services Swaziland (Proprietary) Limited - ordinary shares	-	-	1	1
Letshego Financial Services Swaziland (Proprietary) Limited - term loan	-	-	27,329	29,079
Letshego Tanzania Limited (formerly Micro Provident Tanzania Limited) - ordinary shares and preference shares	-	-	71,086	71,086
Letshego Tanzania Limited (formerly Micro Provident Tanzania Limited) - loan account	-	-	130,432	59,140
Letshego Uganda Limited (formerly Micro Provident Uganda Limited) - ordinary shares and preference shares	-	-	30,850	30,850
Letshego Uganda Limited (formerly Micro Provident Uganda Limited) - current & dividend account	-	-	29,797	26,021
Letshego Financial Services Zambia (Proprietary) Limited - ordinary and preference shares	-	-	37	18,960
Letshego Financial Services Zambia (Proprietary) Limited - current account	-	-	1,441	-
	-	-	1,759,586	1,893,365

In September 2010, Letshego Holdings Limited acquired 100 "Class B" shares, of par value N$0.01 each, in Hollard Life Namibia Limited, a cell captive which provides insurance cover for qualifying credit loss events on the Letshego Financial Services Swaziland customer advances portfolio. The related balances to this investment are disclosed in notes 7.1 and 11.1. While the investment entitles Letshego Financial Services Swaziland to use of the Hollard Life Namibia Limited Life insurance licence, risk of loss lies substantially with Letshego Financial Services Swaziland, and consequently the results of the cell are consolidated into the results of the Letshego Holdings Limited Group, which controls aspects such as pricing and dividend declaration.

Similarly, Letshego Financial Services Namibia (Proprietary) Limited acquired 100% "Class B" shares, of par value N$0.01 each, effective January 2010, in Hollard Life Namibia Limited. This investment similarly entitles Letshego Financial Services Namibia (Proprietary) Limited to comprehensive credit risk insurance by Hollard Namibia. As risks, rewards and control lie substantially with Letshego Financial Services Namibia (Proprietary) Limited, the results of this Namibia cell captive are consolidated into Letshego Financial Services Namibia (Proprietary) Limited and, consequently, into Letshego Holdings Limited Group. The balances related to this investment are disclosed in notes 7.1 and note 11.1.

The nature of the businesses of the subsidiary companies and the ownership details are provided below:

Subsidiary company	Country of incorporation	Nature of business	2013 % holding	2012 % holding
Letshego Financial Services (Proprietary) Limited	Botswana	Unsecured consumer lending	100	100
Micro Provident Ghana Limited	Ghana	Dormant	100	100
Micro Africa Limited	Kenya	Group lending, SMME and unsecured consumer lending	62.52	-
Letshego Financial Services Lesotho	Lesotho	Unsecured consumer lending	95	95
Micro Provident Malawi Limited	Malawi	Dormant	100	100
Letshego Financial Services Mozambique, SA	Mozambique	Unsecured consumer lending	96.25	96.25
Letshego Financial Services (Namibia) (Proprietary) Limited	Namibia	Unsecured consumer lending	85	85
Hollard Life Namibia Limited - Namibia and Swaziland consumer loans	Namibia	Cell captive insurance	100	100
Letshego Financial Services Swaziland (Proprietary) Limited	Swaziland	Unsecured consumer lending	85	85
Letshego Tanzania Limited	Tanzania	Unsecured consumer lending	87	87
Letshego Uganda Limited	Uganda	Unsecured consumer lending	85	85
Letshego Financial Services Zambia Limited	Zambia	Unsecured consumer lending	100	100

The terms and conditions attaching to subsidiary companies - other balances with Letshego Holdings Limited are detailed below:

Letshego Financial Services Swaziland (Proprietary) Limited - term loan
The loan is denominated in South African Rand (ZAR), bears interest at Swaziland prime plus 4% per annum, is unsecured and has a term of 10 years, commencing October 2008.

The Swazi Emalangeni (SEL) and the ZAR are both members of the Common Currency Area and have the same effective exchange rate.

Letshego Financial Services Botswana (Proprietary) Limited - term loan
The loan is denominated in Botswana Pula, bears interest at Botswana prime per annum, is unsecured and has a term of 10 years.

The loan arose from the transfer of the lending business of the holding company to Letshego Financial Services Botswana (Proprietary) Limited in January 2007.

The loan to Letshego Financial Services Botswana (Proprietary) Limited is held as security for borrowings as set out in note 13.

Letshego Financial Services Namibia (Proprietary) Limited - term loan
The loan is denominated in Namibian Dollars, bears interest at Namibian prime plus 2% per annum, is unsecured and has a term of 10 years commencing June 2009. The Namibian Dollar is also a member of the Common Currency Area, thereby sharing the same effective exchange rate with the ZAR and SEL.

Letshego Uganda Limited
The loan is denominated in Botswana Pula, bears interest at Botswana prime plus 2% per annum, is unsecured and has a term of 5 years commencing February 2012.

Letshego Tanzania Limited
The loan is denominated in Botswana Pula, bears interest at Botswana prime plus 2% per annum, is unsecured and has a term of 5 years, commencing February 2012.

Letshego Financial Services Mozambique, SA
The loan is denominated in Mozambican Meticais (MZN), bears interest at prime plus 4% per annum as published by First National Bank of Mozambique, is unsecured and has a term of 5 years, commencing on July 2012.

7 INVESTMENT IN SUBSIDIARY COMPANIES (continued)

Letshego Financial Services Lesotho
The loan is denominated in Maloti (M), bears interest at prime plus 4% per annum as published by First National Bank of Lesotho, is unsecured and has a term of 5 years, commencing on December 2012.

Micro Africa Limited
The loan is denominated in Botswana Pula, bears interest at Botswana prime per annum plus 4%, is unsecured and has a term of 5 years, commencing June 2012.

Current accounts
The current accounts are denominated in Pula, interest free and repayable on demand.

7.1 Short-term Investments

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
Investments	12,143	24,187	-	-

In January 2010, Letshego Financial Services Namibia and Letshego Holdings Limited invested in a life insurance cell captive company, Hollard Life Namibia Limited (HLNL). HLNL has been established to provide life insurance cover to Letshego Namibia and Letshego Financial Services Swaziland clients. The short term investments are in respect of funds placed in an investment account resulting from net premiums after deduction of claims, regulatory, agency and licencing fees and commissions; this investment account is available for distribution of dividends to Letshego Namibia and Letshego Holdings Limited, after setting an actuarially determined claims mitigation reserve. The funds are on call and interest rates vary from 4.763% to 5.5050% per annum.

8 PLANT AND EQUIPMENT

GROUP	Motor vehicles	Computer equipment	Office furniture & equipment	Total
Cost	P'000	P'000	P'000	P'000
Balance at 1 February 2012	1,574	9,539	10,312	21,425
Additions	376	2,948	6,031	9,355
Disposals	(102)	(195)	(257)	(554)
Balance at 31 January 2013	1,848	12,292	16,086	30,226
Accumulated Depreciation				
Balance at 1 February 2012	856	6,233	4,823	11,912
Depreciation charge for the year	544	1,876	1,875	4,295
Disposals	(100)	(181)	(259)	(540)
Balance at 31 January 2013	1,300	7,928	6,439	15,667
Net book value at 31 January 2013	**548**	**4,364**	**9,647**	**14,559**
31 January 2012	**718**	**3,306**	**5,489**	**9,513**
COMPANY				
Balance at 1 February 2012	144	2,986	1,403	4,533
Additions	-	152	74	226
Disposals	-	(17)	-	(17)
Balance at 31 January 2013	144	3,121	1,477	4,742
Accumulated Depreciation				
Balance at 1 February 2012	18	2,215	766	2,999
Depreciation charge for the year	36	459	210	705
Disposals	-	(17)	-	(17)
Balance at 31 January 2013	54	2,657	976	3,687
Net book value at 31 January 2013	**90**	**464**	**501**	**1,055**
31 January 2012	**126**	**771**	**637**	**1,534**

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
9 INTANGIBLE ASSETS				
Computer software				
Opening balance	4,022	3,380	3,385	3,324
Additions	1,367	642	-	61
Amortisation	(4,584)	(3,462)	(3,346)	(3,268)
Closing balance	**805**	**560**	**39**	**117**
Work in progress				
Opening balance	2,731	-	2,731	-
Additions	8,921	2,731	8,705	2,731
Closing balance	**11,652**	**2,731**	**11,436**	**2,731**
Total intangible assets	**12,457**	**3,291**	**11,475**	**2,848**

Intangible assets consists of software and work in progress
Computer software relates to existing lending and financial reporting software acquired by the Group. Computer software is amortised over the expected useful life of the asset, which for off-the shelf software is 3 years.

Work in progress comprises of costs incurred in the system development process currently ongoing in respect of the customised lending and financial reporting modules of the Group. The cost will continue to be recognised as work in progress until the system is commissioned for use at which point it will be transferred to computer software and amortised over its useful life which is estimated to be 10 years.

	Group		Company	
	2013	2012	2013	2012
10 GOODWILL				
Goodwill arose on the acquisition of:				
Letshego Financial Services Namibia (Proprietary) Limited	25,760	25,760	-	-
Letshego Tanzania Limited	2,064	2,064		
Micro Africa Limited	22,124	-	-	-
	49,948	27,824	-	-

Letshego Financial Services (Namibia) (Proprietary) Ltd
100% of the issued share capital of Letshego Financial Services (Namibia) (Proprietary) Ltd (formerly Eduloan (Proprietary) Ltd), a private company incorporated and operating in Namibia since 2002, was acquired on 1 August 2008. This gave rise to goodwill of P25,760,000 (2012: P25,760,000). In 2009,15% of the issued share capital was sold to a non-controlling shareholder Kumwe Investments (Proprietary) Limited. Refer to note 6.

Letshego Tanzania Limited
2% of the issued share capital of Letshego Tanzania was acquired from Dr Hassy H B Kitine, the current Chairman of Letshego Tanzania and former Director of Letshego Holdings Limited. The purchase consideration amounted to USD 300,000 (P2,174,670) and the net asset value at the date of sale was established at P110,669. The resultant goodwill of P2,064,001, based on the fair value of the net assets acquired was recognised during the year ended 31 January 2011.

Micro Africa Limited
62.52% of the issued share capital of Micro Africa Limited was acquired on 1 June 2012. The purchase consideration amounted to USD 3,300,000 (P26,239,192). The resultant goodwill of P22,123,728, based on the fair value of the net assets acquired was recognised.

During the financial year, the Group assessed the recoverable amount of goodwill, and determined that it was not impaired in respect of all cash generating units noted above. The recoverable amount of the cash generating units was determined in reference to the value in use. The discount rate used is local prime lending rate and the period is five years. A gradually increasing growth in cash flows estimated for the next four years results in a recoverable amount in excess of carrying amount. Therefore, no impairment has been recognised (2012: Nil).

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
11 TRADE AND OTHER PAYABLES				
Trade and other payables	58,676	40,395	11,377	11,791
Claims mitigation reserve (note 11.1)	4,025	3,574	-	-
Staff incentive provision (note 11.2)	14,214	20,905	5,435	11,675
Deferred income (note 11.3)	1,913	5,858	6,731	-
	78,828	**70,732**	**23,543**	**23,466**

11.1 The claims mitigation reserve arising in 2013 of P4.025 million (2012: P3.574 million) relates to the actuarially evaluated reserve for credit losses incurred but not yet reported arising from the customer portfolios of Letshego Namibia and Letshego Financial Services Swaziland which have both been insured through Hollard Life Namibia Limited. Neither insurance nor financial risk are substantially transferred to Hollard; this reserve is consolidated into the results of Letshego Namibia and Letshego Holdings Limited Group respectively. The reserve is estimated based on historically observed credit loss history that is projected over the life of the customer portfolio including consideration of discounted cash flows to cover loss events after discounted premiums are taken into account.

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
11.2 Movement in staff incentive provision				
Balance at the beginning of the year	20,905	19,880	11,675	11,741
Current period charge (note 23)	12,680	14,288	2,002	7,336
Paid during the year	(19,371)	(13,263)	(8,242)	(7,402)
Balance at the end of the year	**14,214**	**20,905**	**5,435**	**11,675**
11.3 Movement in deferred income				
Balance at the beginning of the year	5,858	47,533	-	-
(Transferred) / Raised during the year	(1,868)	(36,187)	6,731	-
Credit life insurance commission (note 21)	(1,108)	(2,927)	-	-
Credit life administration fees (note 21)	(969)	(2,561)	-	-
Balance at the end of the year	**1,913**	**5,858**	**6,731**	**-**

The deferred income arises on the issue of credit life insurance to the customers of Letshego Financial Services Botswana. This covers the repayment of the outstanding capital balances on the loans to Letshego in the event of death or permanent disability of the customer. The underwriting was moved to Botswana Life Insurance Limited during 2009. Botswana Life Insurance Limited is a shareholder in Letshego Holdings Limited. The terms and conditions of the insurance contract are on normal commercial terms. Refer to note 29 for details on related parties.

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
12 CASH COLLATERAL				
Cash collateral on loans and advances	**34,185**	**-**	**-**	**-**

Micro Africa Limited holds collateral against loans and advances to customers mainly in the form of cash. Fair value of collateral held is therefore estimated to approximate closely to carrying amounts disclosed.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
13 BORROWINGS				
Long term borrowings				
ADP I Holdings 2	247,103	246,238	247,103	246,238
African Alliance Botswana Liquidity Fund	50,000	55,000	50,000	55,000
Chase Bank guarantee	5,138	-	-	-
CORDAID	6,206	-	-	-
Oiko Credit	8,026	-	-	-
International Finance Corporation	-	64,377	-	32,859
Investec Asset Management Botswana (Proprietary) Limited	55,000	55,000	-	-
Medium Term Note - JSE Listed Bond	620,473	-	620,473	-
Micro Enterprise Support Program	9,664	-	-	-
Norfund	22,569	-	-	-
OXFAM NOVIB	3,190	-	-	-
UNCDF	3,312	-	-	-
ZAR Private Placement - Investec	-	72,359	-	72,359
Others	14,597	-	-	-
	1,045,278	492,974	917,576	406,456
Short term borrowings				
Banc ABC (Botswana) Limited	-	44,195	-	-
Banc ABC Tanzania Limited	20,732	18,218	-	-
Banco Terra Mozambique	18,503	-	-	-
Barclays Bank Botswana Limited	-	28,053	-	28,053
BIFM Capital Investment Fund Two (Proprietary) Limited	100,000	100,000	-	-
Chase Bank	9,747	-	-	-
First National Bank Botswana	-	2,580	-	-
First National Bank of Mozambique	-	12,073	-	-
Standard Chartered Bank Botswana Limited	1,023	351	-	-
Standard Chartered Bank Tanzania Limited	-	23,347	-	-
Standard Chartered Bank Uganda Limited	67,560	62,925	-	-
UBA Tanzania	-	18,148	-	-
Others	14,552	-	-	-
	232,117	309,890	-	28,053
Total borrowings	**1,277,395**	**802,864**	**917,576**	**434,509**

Long term borrowings

ADP I Holdings 2
The convertible loan is denominated in Botswana Pula and bears interest at a fixed rate of 10% per annum. Interest is serviced semi annually. ADP I Holdings 2 has the option to convert the debt to equity within three years of the issue of the Loan Note (expiring on 20 May 2013) at an exercise price of P1.60 per share.

African Alliance Botswana Liquidity Fund
The promissory note facilities of P20 000 000 and P30 000 000 have terms of 12 months and 6 months respectively with a fixed interest rate of 9% per annum. The promissory notes are unsecured and are denominated in Botswana Pula. The notes are rolled over on maturity and as a result are revolving and long term in nature.

Chase Bank guarantee
This loan is an amount deposited with the company as a guarantee to enable it to advance loans to the employees of Chase Bank under employees share ownnership plan, 'ESOP'. The amount is repayable within five years or on repayment in full of individual employee loans advanced by Micro Africa Limited. The amount is interest free.

CORDAID
The unsecured loans were obtained in September 2011 and March 2012 at interest rates of 5% and 9% per annum, respectively. The loans are repayable in full in 5 years.

Oiko Credit
The Kshs 38 million loan bears interest at 12.46% per annum and is repayable in full in 4 years, commencing September 2012. The loan is secured by a corporate guarantee and pledge on portfolio.

13 BORROWINGS (continued)

International Finance Corporation ("IFC")
The term loan from IFC was allocated to Letshego Holdings Limited, Letshego Financial Services Swaziland (Proprietary) Limited, and Letshego Financial Services Limited (Zambia). The loans to Letshego Holdings Limited and Letshego Financial Services Swaziland (Proprietary) Limited were denominated in South African Rand ("ZAR") and the loan to Letshego Financial Services Limited (Zambia) was denominated in Zambian Kwacha("ZMK").

These loans did bear interest as follows:

- Letshego Holdings Limited	3 month JIBAR rate plus 1.8% per annum
- Letshego Financial Services Swaziland (Proprietary) Limited	3 month JIBAR rate plus 2.3% per annum
- Letshego Financial Services Limited (Zambia)	364 day Zambian treasury bill rate plus 4% per annum

The loans were repayable in 10 equal semi annual installments commencing on 15 December 2009. Interest was paid quarterly on the Letshego Holdings Limited and Letshego Financial Services Swaziland (Proprietary) Limited balances and bi-annually on the Letshego Financial Services Limited (Zambia) balances.

These loans were secured by:
- an unlimited pari passu cession of the loan and advances book of Letshego Financial Services (Botswana) (Proprietary) Limited

- an unlimited pari passu cession of the loan between Letshego Holdings Limited and Letshego Financial Services (Botswana) (Proprietary) Limited.

The loans were repaid in full during December 2012.

Investec Asset Management Botswana (Proprietary) Limited
The term loan from Investec Asset Management Botswana (Proprietary) Limited is denominated in Botswana Pula and bears interest at 13.25% per annum which is fixed for the duration of the loan commencing June 2009. The loan is repayable in one payment in June 2014. The loan is secured by a corporate guarantee from Letshego Holdings Limited.

Medium Term Note - JSE Listed Bond
The Company completed the listing of a Medium Term Note programme with a combination of fixed and floating senior secured bonds on the Johannesburg Stock Exchange. This was issued on 13 December 2012 under the first tranche as follows:

Floating Rate bond - "LHL01" 3 - month JIBAR rate plus 500 basis points compounded quarterly and maturing December 2015
Fixed Rate bond - "LHL02" Fixed coupon of 10.70% compounded semi-annually and maturing December 2015
Floating Rate bond - "LHL03" 3 - month JIBAR rate plus 500 basis points compounded quarterly and maturing December 2016

The LHL01, 02 and 03 bonds are denominated in ZAR. They are secured by the loan and advances book of Letshego Financial Services (Botswana) (Proprietary) Limited and Letshego Financial Services Namibia (Proprietary) Limited.

Micro Enterprises Support Programme Trust (MESPT)
The Company obtained additional loans of Kshs 30 million and Kshs 20 million in July 2010 and September 2010 respectively which are repayable in thirty six monthly instalments commencing from 1 November 2010 and 1 January 2011 respectively. The loans are secured by a floating debenture over all assets of the company and are payable monthly over the loan term of 36 months at an interest rate of 11% per annum on a reducing balance basis.

Norfund
The Group obtained a loan from Norfund of Kshs 167 million in August 2011. The loan is secured by a floating debenture over all assets of the company and is repayable over 30 months at an interest rate of 15% per annum on a reducing balance basis.

OXFAM NOVIB
The Kshs 33 million loan was obtained in March 2012 and bears interest at 13.8% per annum on a reducing balance basis. The loan is repayable in 2 years and is secured by a corporate guarantee.

UNCDF
The unsecured loan of Kshs 57 million, bears interest at 3% per annum and has a term of 5 years, commencing July 2007.

ZAR Private Placement - Investec
The paper did attract interest at 3 months JIBAR plus 650 basis points per annum and matured on July 2016. Interest was paid quarterly. The loan was fully repaid during December 2012

Short term borrowings

Banc ABC Limited
The Group has overdraft facilities with Banc ABC which have been allocated and bear interest as follows:

Company	Amount	Interest Rate	Bank
Letshego Financial Services (Proprietary) Limited (Botswana)	BWP 45 million	Prime less 2%	Banc ABC (Botswana)
Letshego Tanzania Limited	BWP 20 million	Prime plus 1%	Banc ABC (Tanzania) Limited

The facilities are secured by corporate guarantees from Letshego Holdings Limited and cession of Letshego Tanzania Limited's loan book covering 200% of the facility. The facility held with Banc ABC Tanzania Limited was repaid after year end.

Banco Terra Mozambique
The loan facility of MZN 70 million attracts interest at the Banco Terra lending rate plus a margin of 2.0% per annum, repayable in full by 21 September 2017. The loan is secured by a portion of the Letshego Financial Services Mozambique SA advances to customers.

Barclays Bank of Botswana Limited
The BWP 70 million overdraft facility did attract interest at Botswana prime less 1.25% per annum and was repayable on demand.

The overdraft facility was secured by a pari passu cession of the Company's loan to Letshego Financial Services (Proprietary) Limited (Botswana), a pari passu cession of the loan book of Letshego Financial Services (Proprietary) Limited (Botswana) and a guarantee by Letshego Holdings Limited.

This overdraft facility was settled in full in April 2012.

Bifm Limited
The facility of BWP 100 million attracts interest at 10% and is repayable on demand. Interest is paid monthly and the facility is secured by corporate guarantee from Letshego Holdings Limited.

Chase Bank
The overdraft facility of P14.8 million attracts interest at 5.75% per annum and is secured by a fixed deposit of up to 70% of the amount. The facility is renewable every year.

First National Bank of Botswana Limited
The overdraft facilities were secured by a pari passu cession of the Company's loan to Letshego Financial Services (Proprietary) Limited (Botswana) and by a pari passu cession of the loan book of Letshego Financial Services (Proprietary) Limited (Botswana). All facilities held with First National Bank were repaid during the year.

Standard Chartered Bank - term loans
The Group had term loans with Standard Chartered Bank which were allocated and did bear interest as follows:

Company	Amount	Interest Rate	Bank
Letshego Uganda Limited	BWP 50 million	Ugandan Base Rate less 0.50%	Standard Chartered Bank of Uganda

The term loan was repaid in the prior year and was denominated in Ugandan Shillings.

Standard Chartered Bank - overdraft facilities
The Group has overdraft facilities with Standard Chartered Bank which have been allocated and bear interest as follows:

Company	Amount	Interest Rate	Bank
Letshego Tanzania Limited	BWP 25 million	Prime less 1.50%	Standard Chartered Bank of Tanzania
Letshego Uganda Limited	BWP 75 million	Ugandan base rate less 1.0%	Standard Chartered Bank of Uganda
	BWP 100 million		

13 BORROWINGS (continued)

Each of the facilities is denominated in the respective local currency and is repayable on demand.

The term loan and the overdraft facilities are secured by the terms of the security sharing agreement which includes:
- an unlimited pari passu cession of the loan and advances book of Letshego Financial Services (Proprietary) Limited (Botswana) and Letshego Financial Services Namibia (Proprietary) Limited.

- an unlimited pari passu cession of the loan between Letshego Holdings Limited and Letshego Financial Services (Proprietary) Limited (Botswana) and between Letshego Holdings Limited and Letshego Financial Services Namibia (Proprietary) Limited.

UBA Tanzania Limited
The overdraft facility of BWP 19 million did attract interest at prime less 2% and was repayable on demand. It was secured by ZMK cash reserves fixed at 6% per annum. This was repaid in full in June 2012.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
14 STATED CAPITAL				
Issued: 1,998,638,314 ordinary shares of no par value (2012: 1,984,997,966)	**689,243**	**669,876**	**689,243**	**669,876**
Number of shares at the beginning of the period	1,984,998	1,841,423	1,984,998	1,841,423
Shares issued during the year	13,640	143,575	13,640	143,575
Number of shares at the end of the period	**1,998,638**	**1,984,998**	**1,998,638**	**1,984,998**

In terms of the Group LTIP (note 15), shares with a value of P19.367 million (2012: P19.744 million) vested at Group level. This increased the number of shares in issue by 13.641 million shares (2012: 14.675 million shares).

CAPITAL MANAGEMENT
"The company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The company monitors the adequacy of its capital using internally measured benchmarks such as gearing, return on equity and forecasts of asset and profitability performance. These measures are broadly in line with, or more stringent than, industry norm.

A risk based approach is also adopted whereby balances with counterparties are required to be supported by capital to a greater extent than other internally held assets."

Every shareholder shall have one vote for every share held subject to the rights of the holders of any shares entitled to any priority, preference or special privileges. All dividends shall be declared and paid to the members in proportion to the shares held by them respectively.

15 SHARE INCENTIVE SCHEME
The Group operates an equity-settled conditional Long Term Incentive Plan (LTIP), which was approved by shareholders of the holding company at an Extraordinary General Meeting which was held on 20 December 2005. Under the plan, conditional share awards are granted to management and key employees. With effect from 1 February 2008, the number of vesting share awards is subject to achievement of certain non-market conditions. Prior to this date, vesting of share awards was subject to the achievement of certain market and non market conditions, which required a fair valuation element. With the removal of market conditions, the estimation of shares to vest for a year is based on internal projections as to the specified conditions being achieved. Shares are awarded in the holding company, Letshego Holdings Limited, which is listed on the Botswana Stock Exchange.

Shares granted in terms of the plan may not exceed 10% of the issued ordinary shares of the holding company. The maximum number of shares which can be allocated to any individual participant under the scheme is 1% of the issued ordinary shares of the holding company.

The share awards outstanding at 31 January 2013 have exercise prices of BWP 1.65, BWP 1.84 and BWP 1.50 and vesting periods of 3, 15 and 27 months respectively.

The cost of services received using internally available information on achievement of performance conditions is P22.886 million (2012: P22.853 million) at Group level, and P21.812 million (2012: P21.384 million) at Company level.

	Group		Company	
	2013	**2012**	**2013**	**2012**
	P'000	**P'000**	**P'000**	**P'000**
The fair value of services received are as follows:				
Outstanding at the beginning of the year	15,654	12,545	10,266	8,626
Granted during the year	22,886	22,853	21,812	21,384
Exercised during the year	(19,367)	(19,744)	(19,367)	(19,744)
	19,173	**15,654**	**12,711**	**10,266**
16 NON - CONTROLLING INTEREST				
Opening balance	53,876	38,155	-	-
Share of current year profit after tax	31,553	21,855	-	-
Share of foreign currency translation reserve	(2,372)	(4,413)	-	-
Allocation of subsidiary net assets to NCI at acquisition	2,467	1,619	-	-
Dividend paid by subsidiary	-	(3,340)	-	-
	85,524	**53,876**	**-**	**-**
17 CASH GENERATED FROM OPERATIONS				
Profit before taxation	841,387	711,232	95,086	396,679
Adjustments for :				
- Amortisation of intangible assets (note 9)	1,122	388	78	194
- Depreciation (note 8)	4,295	3,384	705	1,098
- Impairment of advances movement (note 4)	1,670	(8,771)	-	-
- Deferred income - credit life commission (note 11.3)	(1,108)	(2,927)	-	-
- Deferred income - credit life administration fees (note 11.3)	(969)	(2,561)	-	-
- Loss (profit) on disposal of plant and equipment	(193)	2	(11)	(3)
- Profit on sale of subsidiaries	-	-	-	(2,440)
- Long term incentive plan provision (note 15)	22,886	22,853	21,812	21,384
- Unrealised foreign currency translation losses/(gains)	(9,251)	(14,848)	-	395
- Dividend from subsidiaries	-	-	-	(352,339)
Changes in working capital :				
Movement in advances to customers	(303,235)	(726,988)	-	-
Movement in other and long - term receivables	(7,824)	(10,691)	(7,203)	(10,845)
Movement in trade and other payables	10,173	(47,403)	77	5,677
Movement in cash collateral	34,185	-	-	-
Cash generated from / (used in) operations	**593,138**	**(76,330)**	**110,544**	**59,800**
18 CAPITAL COMMITMENTS				
Authorised by the directors:-				
- Not contracted for	**70,110**	**36,799**	**60,679**	**32,151**

The capital expenditure will be financed from the Group's existing resources, and ongoing operations.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
19 INTEREST INCOME				
Advances to customers	1,067,804	899,480	-	-
Other - deposits with banks	7,018	1,034	5,322	2,321
- related party (note 29.1)	-	-	163,069	126,506
	1,074,822	**900,514**	**168,391**	**128,827**
20 INTEREST EXPENSE				
Overdraft facilities and term loans	56,615	36,500	22,249	12,004
Related party (note 29.2)	47,875	46,994	27,623	28,190
Foreign exchange loss / (gains)	4,317	(18,099)	6,158	(1,825)
	108,807	**65,395**	**56,030**	**38,369**
21 FEE AND COMMISSION INCOME				
Administration fees - lending	125,345	82,068	-	-
Credit life insurance commission (note 11.3)	1,108	2,927	-	-
Credit Life settlement profit share (note 29.1)	5,485	4,577	-	-
Credit life administration fees (note 11.3)	969	2,561	-	-
	132,907	**92,133**	**-**	**-**

Included in credit life insurance commission is an amount of P1,107,749 (2012: P2,926,897) earned from a related party (refer note 29.1). Included in credit life administration fees is an amount of P969,280 (2012: P2,561,036) earned from a related party (refer note 29.1).

Reclassification in 2012 Group

Included in administration fees - lending is amount P4,460,213 (2012: P4,934,634) relating to processing fees and arragement fees. These were included under other operating income in the prior year.

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
22.1 Premium income				
Letshego Financial Services Namibia (Proprietary) Limited	72,274	46,595	-	-
Letshego Financial Services Swaziland (Proprietary) Limited	14,718	17,648	-	-
	86,992	**64,243**	**-**	**-**
22.2 Insurance fees				
Letshego Financial Services Namibia (Proprietary) Limited	7,204	4,535	-	-
Letshego Financial Services Swaziland (Proprietary) Limited	804	1,173	-	-
	8,008	**5,708**	**-**	**-**
22.3 Claims mitigation reserve movement				
Letshego Financial Services Namibia (Proprietary) Limited	1,270	48	-	-
Letshego Financial Services Swaziland (Proprietary) Limited	36	638	-	-
	1,306	**686**	**-**	**-**
22.4 Insurance claim expense				
Letshego Financial Services Namibia (Proprietary) Limited	21,117	14,843	-	-
Letshego Financial Services Swaziland (Proprietary) Limited	4,736	6,425	-	-
	25,853	**21,268**	**-**	**-**

Notes 22.1, 22.2, 22.3 & 22.4 relates to income and expenditure recognised by the Group in relation to the Cell Captive Insurance.

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
22.5 OTHER OPERATING INCOME				
Profit on disposal of plant and equipment	193	-	11	3
Management fees from related parties (note 29.1)	736	694	29,496	16,238
Guarantee fees from related parties (note 29.1)	-	-	2,907	3,959
Arrangement fees from related parties (note 29.1)	-	-	5,555	-
Dividend from related party (note 29.1)	-	-	10,533	352,339
Dividend income from investment	2,733	-	-	-
Profit on disposal of subsidiary	-	-	-	2,440
Sundry income	2,556	4,478	13	18
	6,218	**5,172**	**48,515**	**374,997**

Included in sundry income is an amount relating to finance charges that was earned from a related party amounting to P374,000 (2012: P293,000). Refer to note 29.1.

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
23 EMPLOYEE BENEFITS				
Salaries and wages	73,803	52,079	14,685	15,480
Staff incentive (note 11.2)	12,680	14,288	2,002	7,336
Staff pension fund contribution	5,469	3,691	990	829
Directors' remuneration – for management services (executive)	8,137	7,896	8,271	7,896
Long term incentive plan	22,997	22,343	15,211	14,936
	123,086	**100,297**	**41,159**	**46,477**

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
24 OTHER OPERATING EXPENSES				
Accounting and secretarial fees	780	683	286	309
Advertising	15,527	10,114	603	206
Audit fees - current year	2,100	1,125	615	567
- prior year under / (over) provision	13	25	-	(451)
Bank charges	3,711	3,055	866	1,197
Computer expenses	5,732	3,590	4,038	3,049
Consultancy fees	5,865	3,810	4,247	1,318
Depreciation - Computer equipment (note 8)	1,876	1,866	459	856
- Office furniture and equipment (note 8)	1,875	1,220	210	224
- Motor vehicles (note 8)	544	300	36	18
Amortisation of intangible assets (note 9)	1,122	388	78	194
Directors' fees – non executive	2,409	1,811	2,409	1,811
Loss on disposal of plant and equipment	-	2	-	-
Operating lease rentals - property	13,632	10,272	3,320	1,881
Other operating expenses	77,925	55,722	3,317	4,459
Payroll administration costs	2,089	1,717	-	-
Professional fees	5,401	5,582	1,520	3,976
Telephone and postage	6,290	4,293	483	395
Travel	10,504	7,792	2,144	2,290
	157,395	**113,367**	**24,631**	**22,299**

Included in directors' fees are amounts paid to related parties amounting to P993,000 (2012: P838,000) at both Company and Group level. Refer to note 29.2.

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
25 TAXATION				
Company taxation				
- Basic taxation	188,654	163,130	11,789	9,013
- Over provision from prior year	(7,774)	(806)	(7,920)	(959)
- Withholding tax on dividends paid	-	(36,329)	-	(36,329)
- Witholding tax paid on dividends paid	-	2,046	-	2,046
- Withholding tax on interest received	-	(213)	-	(213)
- Withholding tax on dividends received	-	2,839	-	51,439
	180,880	130,667	3,869	24,997
- Deferred taxation movement	870	2,766	2,708	754
	181,750	**133,433**	**6,577**	**25,751**
25.1 Deferred taxation				
Balance at the beginning of the period	9,809	12,575	4,793	5,547
Current year movement	(870)	(2,766)	(2,708)	(754)
Balance at the end of the period	**8,939**	**9,809**	**2,085**	**4,793**
Deferred taxation arises from temporary differences on the following items:				
Plant and equipment	123	(1,232)	567	422
Share based payment provision	4,219	3,653	2,797	2,258
Staff incentive provision	3,826	4,322	1,196	2,568
General impairment provision	2,551	2,772	-	-
Taxation losses	832	-		-
Deferred rent provision	(243)	78	46	24
Leave pay provision	388	134	-	-
Deferred (expenditure) / income	(2,759)	82	(2,521)	(479)
	8,937	**9,809**	**2,085**	**4,793**
25.2 Reconciliation of current taxation				
Profit before taxation	841,387	711,232	95,086	396,679
Tax calculated at relevant tax rates	185,105	156,471	20,919	87,270
Under provision from prior period	(7,774)	(806)	(7,920)	(959)
Foreign income taxed at 15%	(8,394)	(2,802)	(8,394)	(2,802)
Expenses and revenues not deductible for tax purposes	12,813	14,853	1,972	1,189
Withholding tax on dividends paid	-	(34,283)	-	(34,283)
Withholding tax on dividends received taxed at 15%	-	-	-	(24,664)
	181,750	**133,433**	**6,577**	**25,751**

26 EARNINGS PER SHARE

The calculation of basic earnings per share is based on after taxation earnings of P659,637,000 (2012: P577,799,000) and the weighted average number of shares in issue during the year of 1.995 billion (2012 : 1.953 billion).

The number of dilutive potential ordinary shares at the end of the year arising from unvested long term incentive share awards is 41.9 million (2012: 36.3 million) and from the convertible loan note is 153.2 million (2012: 153.2 million). The total potential dilutive ordinary shares are 195.1 million (2012: 189.5 million). The calculation of diluted earnings per share is based on profit for the year of P659,637,000 (2012: P577,799,000) and shares amounting to 2.190 billion (2012: 2.142 billion).

27 DIVIDEND PER SHARE

Current year

An interim dividend of 4.2 thebe per share was declared on 16 October 2012, amounting to P83.9 million. A second and final dividend of 4.0 thebe per share was declared on 17 April 2013, amounting to P86.7 million. Both these dividends were for the year ended 31 January 2013.

Prior year

A first and final dividend of 2.5 thebe per share for the year ended 31 January 2012 was declared on 24 April 2012, amounting to P49.6 million.

28 SEGMENT INFORMATION

Following the introduction of the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Group Managing Director (the Chief Operating Decision-Maker), who is responsible for allocating resources to the reportable segments and assessing performance. All operating segments used by the Group meet the definition of a reportable segment.

The Group operates in eleven countries, namely Botswana, Kenya, Lesotho, Mozambique, Namibia, Rwanda, South Sudan, Swaziland, Tanzania, Uganda and Zambia. The geographical segments represent the Group's primary segments, divided by sub-region in Africa, namely Southern and East Africa.

The Group has not identified any secondary segments. The Group's two primary segments are made up as follows:

i) Southern Africa - This primary segment represents the operations in Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zambia.

ii) East Africa - This primary segment represents the operations in Kenya, Rwanda, South Sudan, Tanzania and Uganda.

	Southern Africa*		East Africa**		Eliminations		Group	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000	2013	2012	2013 P'000	2012 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**	**79,752**	**-**	**-**	**841,387**	711,232
Taxation consolidated							(181,750)	(133,433)
Profit for the year consolidated							**659,637**	577,799
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)	(4,364)	-	-	(17,096)	(15,426)
Net advances	**2,705,160**	**2,669,279**	**631,044**	**365,360**	**-**	**-**	**3,336,204**	**3,034,639**
Total segment assets	**5,255,430**	**4,682,469**	**713,180**	**383,415**	**(1,689,432)**	**(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	**2,575,758**	**2,425,601**	**532,409**	**315,429**	**(1,689,432)**	**(1,853,159)**	**1,418,735**	**887,871**

RATIO ANALYSIS ON GEOGRAPHIC SEGMENTS

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%			78.0%	94.5%
Collection rates	98.8%	98.0%	106.5%	110.7%			96.2%	103.1%
% of book on deduction code model	95.3%	97.6%	78.1%	100.0%			97.8%	99.0%
Customers employed by government (%)	96.6%	96.5%	78.1%	100.0%			94.4%	96.0%
Customers employed by parastatal or private sector (%)	3.4%	3.5%	21.9%	0.0%			5.6%	4.0%
Debt to equity (%) (Includes intercompany borrowings)	42.4%	28.0%	34.8%	38.9%			46.0%	35.4%
Cost to income ratio (%)	24.0%	22.0%	36.0%	32.0%			26.0%	24.0%

* Southern Africa includes: Botswana, Lesotho, Mozambique, Namibia, Swaziland and Zambia
** East Africa includes : Kenya, Rwanda, South Sudan, Tanzania and Uganda

29 RELATED PARTY TRANSACTIONS

The Group identifies a related party if an entity or individual:

- directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the entity (this includes parent companies and subsidiaries);
- has an interest in the entity whether it gives it significant control or not;
- has control over the entity;
- is an associate company, joint venture or is jointly controlled; or
- is a member of key management personnel of the Group. Key management personnel comprise the Group Managing Director, the Group Risk and Compliance Director, the Group Chief Financial Officer, the Group Head Corporate Strategy and Communication, the Group Chief Information Officer and the Group Human Resources Manager.

The Company is listed on the Botswana Stock Exchange. Botswana Insurance Holdings Limited, Investec Asset Management (Proprietary) Limited, International Finance Corporation (IFC) and PAIP-PCAP-FMO Letshego Limited (PPFLL) (of which Netherlands Development Finance Company (FMO) is a shareholder) are shareholders of Letshego Holdings Limited and have transacted with Letshego Holdings Limited during the year. BIFM Capital Investment Fund (Proprietary) Limited and Botswana Life Insurance Limited are subsidiaries of Botswana Insurance Holdings Limited. Refer to the annexure section for details of their shareholding.

Transactions with related parties

Transactions were carried out in the ordinary course of business and on an arms' length basis as detailed below:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	P'000	**P'000**	**P'000**	**P'000**
29.1 Income received from related parties				
- Botswana Insurance Holdings Limited - Commission fees (note 21)	1,108	2,927	-	-
- Botswana Insurance Holdings Limited - Administration fees (note 21)	969	2,561	-	-
- Botswana Insurance Holdings Limited - Finance charges	374	293	-	-
- Interest income from subsidiaries (note 19)	-	-	163,069	126,506
- Management fees from subsidiaries	-	-	28,760	15,544
- Management fees from Legal Guard (note 22)	736	694	736	694
- Guarantee fees from subsidiaries (note 22)	-	-	2,907	3,959
- Arrangement fees from subsidiaries (note 22)	-	-	5,555	-
- Dividend from subsidiaries (note 22)	-	-	10,533	352,339
	3,187	**6,475**	**211,560**	**499,042**

On 1 May 2009, the underwriting arrangement for the insurance products offered by the Letshego Financial Services Botswana in respect of its customer loans and advances was moved to Botswana Life Insurance Limited. Botswana Life Insurance Limited is a shareholder in Letshego Holdings Limited. The terms and conditions of the insurance contract are on normal commercial terms.

	Group 2013 P'000	Group 2012 P'000	Company 2013 P'000	Company 2012 P'000
29.2 Expenses paid to related parties				
Investec Asset Management (Proprietary) Limited				
- Interest	7,307	7,287	-	-
BIFM Capital Investment Fund Two (Proprietary) Limited				
- Interest	10,027	7,206	-	-
International Finance Corporation				
- Interest	5,152	7,007	2,234	3,163
Netherlands Development Finance Company				
- Interest	-	467	-	-
ADP I Holdings 2				
- Interest	25,389	25,027	25,389	25,027
Interest expenses paid to related parties	**47,875**	**46,994**	**27,623**	**28,190**
Botswana Insurance Holdings Limited				
- Directors' fees (note 24)	993	838	-	-
Other operating expenses	**993**	**838**	**-**	**-**

29 RELATED PARTY TRANSACTIONS (continued)

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
29.3 Compensation paid to key management personnel (including executive directors)				
Paid during the period				
- For management services	9,031	8,426	9,031	8,426
- As performance incentive bonuses	6,050	5,950	6,050	5,950
- Pension fund contribution	316	289	316	289
- Long term incentive plan	10,738	15,590	10,738	15,590
	26,135	**30,255**	**26,135**	**30,255**
Advances to key management personnel				
Advances	-	59	-	59

No impairments have been recognised in respect of the above advances (2012:nil). Interest rates are in line with market interest rates. For all the above, normal credit checks are performed. The loans are unsecured.

Balances with related parties

29.4 Balances due from related parties				
Legal Guard	-	56	-	56
29.5 Balances due to related parties				
Botswana Insurance Holdings Limited	7,017	10,517	-	-

29.6 Borrowings from related parties - Refer note 13

29.7 Loans to subsidiary companies - Refer note 7

29.8 Credit Life Insurance

During the financial year 2010 Letshego Financial Services (Proprietary) Limited Botswana, transferred its credit life insurance policy from Regent Botswana Limited to Botswana Life Insurance Holdings Limited, a subsidiary of BIHL under commercial terms and at arms' length.

30 OPERATING LEASE COMMITMENTS

Where the Group / Company is the lessee, the future minimum lease payments under non-cancellable building operating leases are as follows:

No later than 1 year	8,191	7,450	1,812	1,678
Later than 1 year and no later than 5 years	9,423	8,740	4,979	4,610
	17,614	**16,190**	**6,791**	**6,288**

31 SUBSEQUENT EVENTS

On 28 February 2013 the remaining 37.48% shares in Micro Africa Limited were acquired for a consideration of USD 1.9 million.

On 28 February 2013 Kumwe Investments Holdings Limited settled its long term loan payable to Letshego Holdings Limited in full. The loan balance as at 28 February 2013 was P11.468 million.

On 12 April 2013, ADP I Holdings 2 communicated its decision to exercise its right to convert its loan, at fixed interest, denominated in BWP, to Letshego Holdings Limited, to ordinary share capital (note 13).

On 17 April 2013, the directors declared a final dividend of 4.0 thebe per share.

32 IFRS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of the entity for the year ended 31 January 2013, the following Standards and Interpretations were in issue but not yet effective:

Standard / Interpretation	Short Title	Effective date
IAS 1 (revised)	Presentation of Financial Statements	Annual periods beginning on or after 1 January 2013.
IFRS 7 (revised)	Financial Instruments : Disclosures	Annual periods beginning on or after 1 January 2013.
IFRS 9	Financial instruments	Annual periods beginning on or after 1 January 2015.
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013.
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013.
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013.
IAS 27 (revised)	Separate Financial Statements	Annual periods beginning on or after 1 January 2013.
IAS 32	Presentation: Offsetting Financial Assets and Financial Liabilities	Annual periods beginning on or after 1 July 2014.

IAS 1 (revised): Presentation of Financial Statements

IAS 1 (revised) will be adopted by the Group and Company for the first time for its financial reporting period ending 31 January 2014. The standard will be applied retrospectively. IAS 1 (revised) amendment requires the Group and Company to present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related taxation effects for the two sub-categories have to be shown separately. This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements. This amendment will be applied retrospectively and the comparative information will be restated.

IFRS 7 (revised): Financial Instruments: Disclosures

IFRS 7 (revised) will be adopted by the Group and Company for the first time for its financial reporting period ending 31 January 2014. The standard will be applied retrospectively. IFRS 7(revised) requires the Group and Company to additionally disclose the transfer of financial assets that are not derecognised entirely or derecognised entirely but for which the entity retains continuing involvement. This amendment will be applied retrospectively and the comparative information will be restated.

IFRS 13: Fair Value Measurement

IFRS 13 will be adopted by the Group and Company for the first time for its financial reporting period ending 31 January 2014. The standard will be applied prospectively and comparatives will not be restated. The standard introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in the standard are as follows:

- Fair value is an exit price;
- Measurement considers characteristics of the asset or liability and not Group and Company - specific characteristics;
- Measurement assumes a transaction in the Group and Company's principle (or most advantageous) market between market participants;
- Price is not adjusted for transaction costs; and
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

The three-level fair value hierarchy is extended to all fair value measurements.

IFRS 9: Financial Instruments (2009)

IFRS 9 will be adopted by the Group and Company for the first time for its financial reporting period ending 31 January 2016. The standard will be applied retrospectively, subject to transitional provisions. IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39. Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. The impact on the financial statements for the Group and Company is not estimated to be significant as its most material financial instruments are loans and advances to customers and term borrowings, both of which are currently recognised and measured on the amortised cost basis.

32 IFRS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE (continued)

IFRS 9: Financial Instruments (2010)
IFRS 9 (2010) will be adopted by the Group and Company for the first time for its financial reporting period ending 31 January 2016. The standard will be applied retrospectively, subject to transitional provisions. IFRS 9 (2010) addresses the measurement and classification of financial liabilities and will replace the relevant sections of IAS 39. Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.
The impact of this standard on the Group's and Company's financial statements is not considered to be signficant.

IFRS 10: Consolidated Financial Statements
IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about the relevant activities are made,
- Assess whether the Company has power over the relevant activities by considering only the Group substantive rights,
- Assess whether the Company is exposed to variability in returns, and
- Assess whether the Company is able to use its power over the investee to affect returns for its own benefit.

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

IAS 27 (2011) Separate Financial Statements
IAS 27 (2011) will be adopted by for the first time for its financial reporting period ending 31 January 2014.
IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

The adoption of IAS 27 (2011) will not have a significant impact on the Group's and Company's financial statements.

Amendments to IAS 32 Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities
The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforeable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group and Company will adopt the amendment for the first time for its financial reporting period ending 31 Janaury 2016.
It is not expected that the standard will have a material impact on the Group's and Company's annual financial statements.

IFRS 11 Joint Arrangements
The standard will be applied retrospectively, subject to certain transitional provisions. The standard establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities. According to the standard, joint arrangements are divided into two types, each having its own accounting model:

Joint operations whereby the jointly controlling parties, known as joint operators, have rights and obligations for the liabilities, relating to the arrangement, or

Joint ventures whereby the joint controlling parties, known as joint ventures, have rights to the net assets of the arrangement.

In terms of the standard, all joint ventures will have to be equity accounted. The standard, which becomes effective for the company's 2014 financial statements, is not expected to have any impact on its financial statements.

32 IFRS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE (continued)

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 will be adopted by the Group and Company for the first time for its financial reporting period ending 31 January 2014.

IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.
The required disclosures aim to provide information to enable user to evaluate:

- the nature of, and risks associated with, an entity's interests in other entities, and

- the effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of the new standard will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities.

The adoption of the standard will not have a significant impact on the Group's and Company's financial statements.

	2013 P'000	2012 P'000	2011 P'000	2010 P'000	2009 P'000
STATEMENTS OF FINANCIAL POSITION					
Assets					
Cash and cash equivalents	807,254	73,612	51,848	104,462	5,165
Advances to customers - gross	3,336,204	3,034,639	2,298,880	1,682,257	1,342,557
Short term investments	12,143	24,187	12,593	-	-
Other receivables (including long term receivables)	37,674	29,850	19,159	82,907	8,453
Plant and equipment	14,559	9,513	7,045	6,610	7,152
Intangible assets	12,457	3,291	306	553	596
Goodwill	49,948	27,824	27,824	25,760	25,760
Deferred taxation	8,939	9,809	12,575	12,872	11,338
Total assets	**4,279,178**	**3,212,725**	**2,430,230**	**1,915,421**	**1,401,021**
Liabilities					
Trade and other payables	78,828	70,732	109,200	129,698	80,114
Cash collateral	34,185	-	-	-	-
Taxation payable	28,327	14,275	28,100	38,769	5,042
Borrowings	1,277,395	802,864	505,174	377,638	644,385
Total liabilities	**1,418,735**	**887,871**	**642,474**	**546,105**	**729,541**
Shareholders' equity					
Stated capital	689,243	669,876	412,814	396,019	35,092
Foreign currency translation reserve	(45,982)	(32,521)	(9,774)	827	4,439
Share based payment reserve	19,173	15,654	12,545	18,287	10,588
Retained earnings	2,112,485	1,617,969	1,334,016	932,365	616,948
Total equity attributable to equity holders of the company	2,774,919	2,270,978	1,749,601	1,347,498	667,067
Minority interest	85,524	53,876	38,155	21,818	4,413
Total equity and liabilities	**4,279,178**	**3,212,725**	**2,430,230**	**1,915,421**	**1,401,021**

Five year Financial History

FOR THE YEAR ENDED 31 JANUARY 2013

	2013 P'000	2012 P'000	2011 P'000	2010 P'000	2009 P'000
STATEMENTS OF COMPREHENSIVE INCOME					
Interest income	1,074,822	900,514	721,900	588,836	398,311
Interest expense	(108,807)	(65,395)	(42,959)	(50,935)	(72,196)
Net interest income	**966,015**	**835,119**	**678,941**	**537,901**	**326,115**
Premium income	86,992	64,243	30,696	-	-
Insurance fees	(8,008)	(5,708)	(2,358)	-	-
Net interest and insurance income	**1,044,999**	**893,654**	**707,279**	**537,901**	**326,115**
Fee and commission income	132,907	92,133	107,161	118,444	87,827
Other operating income	6,218	5,172	8,716	46,835	4,621
Total income	**1,184,124**	**990,959**	**823,156**	**703,180**	**418,563**
Operating expenses					
Employee benefits	(123,086)	(100,297)	(73,051)	(80,266)	(54,522)
Other operating costs	(157,395)	(113,367)	(73,538)	(67,517)	(45,930)
Claims expense	(1,306)	(686)	(2,825)	-	-
Insurance claim mitigation reserve	(25,853)	(21,268)	(8,069)	-	-
Operating income before impairment	**876,484**	**755,341**	**665,673**	**555,397**	**318,111**
Impairment loss	(35,097)	(44,109)	(38,957)	(50,191)	(29,421)
Operating income before taxation	**841,387**	**711,232**	**626,716**	**505,206**	**288,690**
Taxation	(181,750)	(133,433)	(153,379)	(125,206)	(69,626)
Net income for the period	**659,637**	**577,799**	**473,337**	**380,000**	**219,064**
Appropriations					
Dividends	(133,568)	(273,647)	(55,242)	(54,743)	(21,216)
Retained income	**526,069**	**304,152**	**418,095**	**325,257**	**197,848**
Attributable to :					
Equity holders of the parent company	628,084	555,944	456,893	370,160	216,057
Minority interest	31,553	21,855	16,444	9,840	3,007
	659,637	**577,799**	**473,337**	**380,000**	**219,064**

Group Value Added Statements

FOR THE YEAR ENDED 31 JANUARY 2013

	Group		Company	
	2013 P'000	2012 P'000	2013 P'000	2012 P'000
Value added				
Value added is the wealth the company has created by providing loans to clients				
Interest income	1,161,814	964,757	168,391	128,827
Cost of services	(116,815)	(71,103)	(56,030)	(38,369)
Value added services	1,044,999	893,654	112,361	90,458
Fee and commission income	132,907	92,133	-	-
Other operating income	6,218	5,172	48,515	374,997
Other operating costs	(179,137)	(131,547)	(23,848)	(21,007)
Impairment provision increase	(35,097)	(44,109)	-	-
	969,890	**815,303**	**137,028**	**444,448**
Value allocated				
To employees				
Staff costs	123,086	100,297	41,159	46,477
To expansion and growth				
Retained income	526,069	304,151	(45,059)	97,280
Depreciation	4,295	3,386	705	1,098
Amortisation	1,122	389	78	195
Deferred tax	870	2,766	2,708	754
Other taxes	-	-	-	-
	532,356	310,692	(41,568)	99,327
To Government				
Taxation	180,880	130,667	3,869	24,997
To providers of capital				
Dividends to shareholders	133,568	273,647	133,568	273,647
	969,890	**815,301**	**137,028**	**444,448**
Summary	%	%	%	%
Employees	12.7	12.3	30.0	10.5
Expansion and growth	54.9	38.1	(30.3)	22.1
Government	18.6	16.0	2.9	5.7
Providers of capital	13.8	33.5	97.4	61.7
	100	**100**	**100**	**100**

Analysis of Shareholding

FOR THE YEAR ENDED 31 JANUARY 2013

	2013 Shares held ('000)	%	2012 Shares held ('000)	%
Top ten shareholders				
Botswana Life Insurance Ltd	506,347	25.3	506,347	25.5
PAIP-PCAP-FMO Letshego Limited	-	-	77,419	3.9
Stanbic Nominees Botswana (Pty) Ltd				
- Botswana Public Officers Pension Fund (BIFM)	158,152	7.9	155,370	7.8
Standard Chartered Bank of Botswana Nominees (Pty) Ltd				
- Flemings Asset Managements - 3582376	200,536	10.0	150,274	7.6
Stanbic Nominees Botswana (Pty) Ltd				
- Botswana Insurance Fund Management Limited	120,327	6.0	128,840	6.5
Standard Chartered Bank of Botswana Nominees (Pty) Ltd				
- Investec Asset Management - 030/14	116,411	5.8	116,411	5.9
International Finance Corporation	40,945	2.0	81,889	4.1
Standard Chartered Bank of Botswana Nominees (Pty) Ltd - SSB 001/1	81,256	4.1	76,271	3.8
Standard Chartered Bank of Botswana Nominees (Pty) Ltd				
- SQM Frontier Africa Master Fund - SSB 001/224	65,939	3.3	63,939	3.2
Standard Chartered Bank of Botswana Nominees (Pty) Ltd				
- State Street Bank (USA) - 001/111	47,220	2.4	47,220	2.4
	1,337,132	66.9	1,403,980	70.7
Other corporate entities, nominees and trusts and individuals	661,506	33.1	581,018	29.3
Total	**1,998,638**	**100.0**	**1,984,998**	**100.0**

	2013 Shares held ('000) Number Total	%	2012 Shares held ('000) Number Total	%
Directors' shareholdings				
C M Lekaukau	-	-	1,070	0.1
J A Claassen	-	-	8,510	0.4
D Ndebele	3,000	0.2	6,122	0.3
	3,000	0.2	15,702	0.8

Notice of Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of the shareholders of Letshego Holdings Limited will be held at Lansmore Hotel on Wednesday 31 July 2013 at 4.30 p.m, with registration to commence at 4.00.p.m. for the following purposes:

ORDINARY BUSINESS
To consider and adopt the following ordinary resolutions :

1. **Resolution 1**
   To receive, consider and adopt the annual financial statements for the year ended 31 January 2013 together with the directors' and auditor's reports thereon.

2. **Resolution 2**
   To ratify the dividends declared and paid during the period being an interim dividend of 4.2 thebe per share paid to shareholders on or around 9 November 2012 and a final dividend of 4.0 thebe per share paid to shareholders on or around 10 May 2013.

3. **Resolution 3**
   To confirm the following appointments of directors:

   Messrs JA Burbidge, IM Mohammed and Madam M Dawes who retire in accordance with Article 19.9 of the Constitution and being eligible, offer themselves for re-election

   To confirm the following appointments of directors who filled casual vacancies on the board during or subsequent to the financial year ended 31 January 2013:

   Messers J de Kock, S Price and R Thornton in accordance with Article 19.4 of the Constitution

4. **Resolution 4**
   To approve the remuneration of the directors for the past financial period.

5. **Resolution 5**
   To approve the remuneration of the auditors for the past financial period.

6. **Resolution 6**
   To appoint auditors for the ensuing year.

7. **To transact other business which may be transacted at an Annual General Meeting.**

Proxies
A shareholder entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his/her stead. The person so appointed need not be a shareholder. Proxy forms should be deposited at Letshego Holdings Limited, 1st Floor, Letshego Place, Plot 22, Khama Crescent, The Mall, P.O. Box 381, Gaborone, not less than 48 hours before the meeting.

By order of the board
D. Ndebele
Secretary

10 May 2013

Notes

Letshego

Republic of Botswana
Registration number : Co. 98/442
Date of incorporation : 4 March 1998

Form of Proxy

For completion by holders of ordinary shares
(PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

For use at the Annual General Meeting of ordinary shareholders of the Company to be held at Lansmore Hotel on Wednesday 31 July 2013 at 4.30 p.m. Registration commences at 4.00 p.m.

I/We____
(name/s in block letters)
of_(address)____
being a member of Letshego Holdings Limited hereby appoint (see note 2)

Appoint (see note 2):
1.____or failing him/her,
2.____or failing him/her,
3. The Chairman of the meeting,
as my/our proxy to act for me/us at the Annual General Meeting which will be held for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name in accordance with the following instructions (see note 2):

	Number of Ordinary Shares		
	For	**Against**	**Abstain**
Ordinary resolution number 1			
Ordinary resolution number 2			
Ordinary resolution number 3			
Ordinary resolution number 4			
Ordinary resolution number 5			
Ordinary resolution number 6			

Signed at __________________________on__________________________2013

Signature
Assisted by (where applicable)____
Each shareholder is entitled to appoint one or more proxies (who need not be Member/s of the Company) to attend, speak and vote in place of that shareholder at the Annual General Meeting.

Please read the notes on the reverse side hereof.

Form of Proxy (continued)

NOTES

1. A shareholder may insert the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the Annual General Meeting". The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the Annual General Meeting as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A shareholder or his/her proxy is obliged to use all the votes exercisable by the shareholder or by his / her proxy.

3. Forms of proxy must be lodged at or posted to The Secretary, Letshego Holdings Limited, 1st Floor, Letshego Place, Plot 22, Khama Crescent, The Mall, P O Box 381, Gaborone to be received not less than 48 hours before the Annual General Meeting (i.e. not later than 5.00 p.m. Monday 29 July 2013)

4. The completion and lodging of this form will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.

5. The Chairman of the Annual General Meeting may -reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner in which the shareholder concerned wishes to vote.

6. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

7. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the Annual General Meeting or adjourned Annual General Meeting at which the proxy is to be used.

8. The authority of a person signing the form of proxy under a power of attorney or on behalf of a company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.

9. Where ordinary shares are held jointly, all joint shareholders must sign.

10. A minor must be assisted by his/her guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

Group Corporate Information

Letshego Holdings Limited
is incorporated in the Republic of Botswana

Registration number: Co. 98/442
Date of incorporation: 4 March 1998
A publicly listed commercial entity whose liability is limited by shares

Company Secretary and Registered Office
D. Ndebele
Letshego Place
First floor
22 Khama Crescent
Gaborone

Independent External Auditors
KPMG
Plot 67977
Fairground Office Park
Gaborone

Transfer Secretaries
PricewaterhouseCoopers (Proprietary) Limited
Plot 50371
Fairground Office Park
Gaborone

Attorneys / Legal Advisors
Armstrongs
Acacia House
Plot 53438
Cnr Khama Crescent Extension and PG Matante Road
Gaborone

Bankers
African Banking Corporation Tanzania Limited
Banc ABC Botswana Limited
Banco Terra Mozambique
Barclays Bank Botswana Limited
First National Bank Botswana Limited
First National Bank Namibia Limited
First National Bank Mozambique Limited
First National Bank Swaziland Limited
First National Bank Zambia Limited
National Microfinance Bank Tanzania Limited
Millenium BIM Limited
Stanbic Bank Botswana Limited
Stanbic Bank Uganda Limited
Standard Chartered Bank Botswana Limited
Standard Chartered Bank Tanzania Limited
Standard Chartered Bank Uganda Limited
Standard Chartered Bank Zambia Limited
United Bank of Africa Tanzania Limited
United Bank of Africa Uganda Limited
United Bank of Africa Zambia Limited

Letshego

www.letshego.com

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