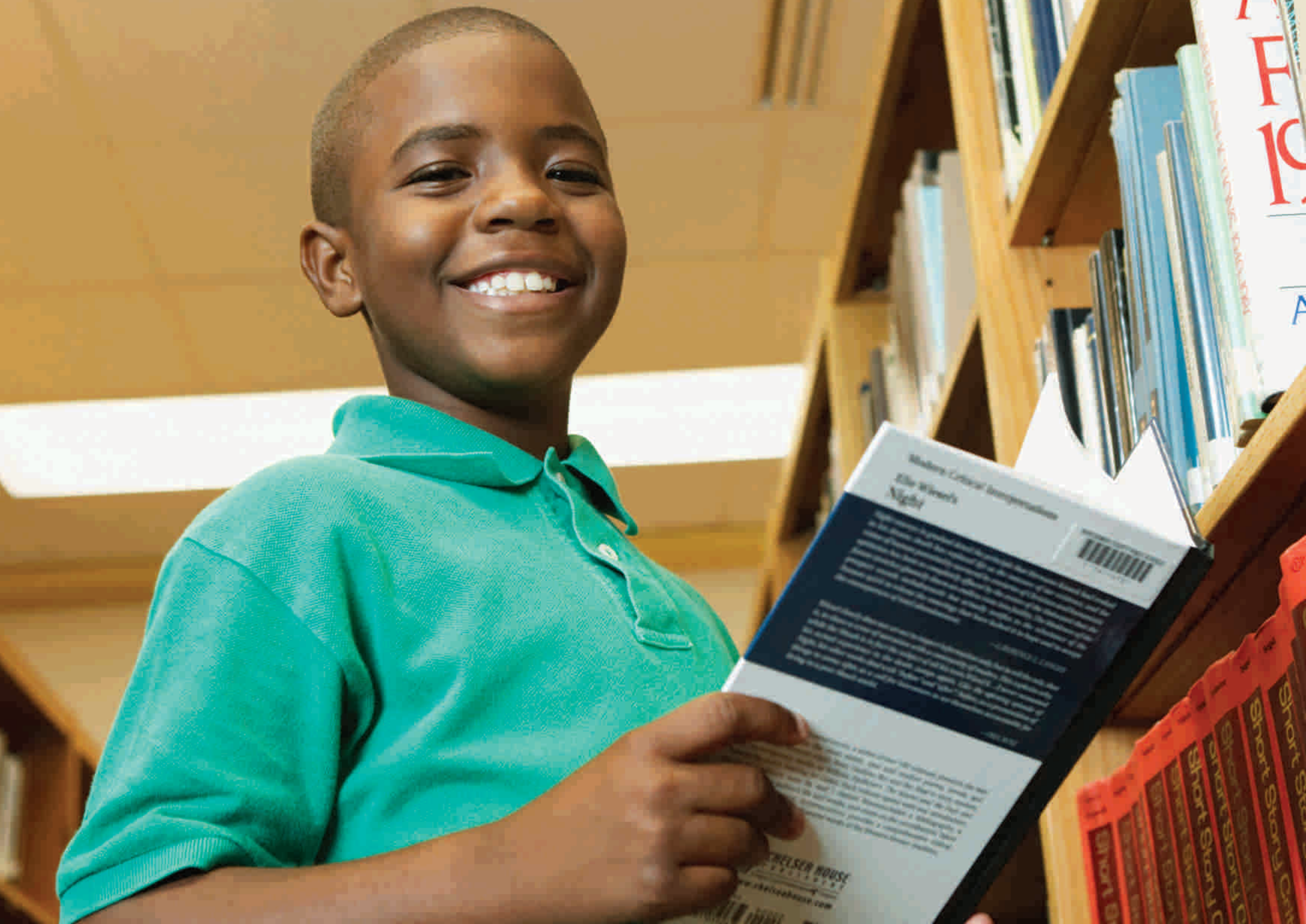
Letshego
Your preferred financial partner

LETSHEGO HOLDINGS LIMITED

ANNUAL REPORT 2010

Letshego | MP Swaziland FINANCIAL SERVICES | MP Uganda Financial Services | Letshego Tanzania | Letshego Zambia | Letshego Namibia | Letshego Mozambique


Short Story

AFRICAN FOOTPRINT

Letshego | MP Swaziland Financial Services | MP Uganda Financial Services | Letshego Tanzania | Letshego Zambia | Letshego Namibia | Letshego Mozambique

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BACKGROUND AND NATURE OF BUSINESS

Letshego Holdings Limited is a consumer financial services provider in sub-Saharan Africa, is listed on the Botswana Stock Exchange and is a Botswana International Financial Services Centre accredited company.

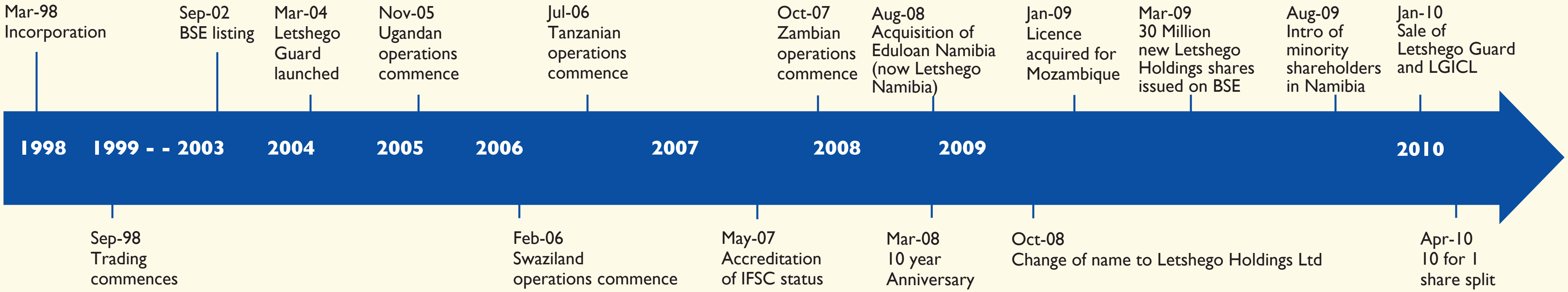
Letshego was incorporated in Botswana in March 1998 and started trading in Botswana in September of the same year.

The Group's main activity is to extend short to medium term, personal, unsecured loans to formally employed individuals. Its customers are individuals that are formally employed by government, parastatals and the private sector. Loan repayments are deducted at source through the payroll systems of participating employers. Under this deduction methodology the participating employer grants a code that allows Letshego to deduct repayments due on loans directly from an employee's salary.

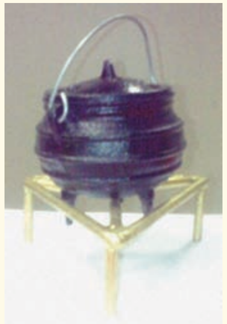
Based on the same payroll deduction business model, a pan African expansion plan was adopted to ensure continued growth and geographic diversification. The Company has expanded into five other countries, namely Tanzania, Swaziland, Uganda, Zambia and Namibia between 2005 and 2008 and Mozambique is expected to commence in 2010.

LETSHEGO GROUP MILESTONES

Regional consumer finance group listed on the Botswana Stock Exchange ("BSE")



CORPORATE INFORMATION



Letshego is a Setswana term for "support" (verb) and 'tripod stand' (noun). The traditional tripod stand is used to support pots when cooking food, or heating water over a fire.

In the same way, Letshego loans are designed to support our customers for a variety of purposes - general consumption, education, home improvements, general household assets and thus improving their standard of living.

Vision

To be a pan African leader of affordable, appropriate and high quality financial services.

Our Values

Professionalism
- We pledge to treat all who come in contact with us with professionalism.

Integrity
- We will conduct all our business dealings with integrity.

Teamwork
- We believe in working together, as teamwork is valuable to us.

Respect
- Our teamwork is founded on mutual respect for those with whom we come into contact.

Customer Service
- Our customers' are important to us. We pledge superior customer service.

Selflessness and Excellent Communication
- We pleadge to be courteous in the nature of our service and provide effective and open communication, keeping all stakeholders informed.

GROUP STRUCTURE
at 31 January 2010

Dormant Subsidiaries:

Letshego Life Insurance Limited (100%)
Micro Provident Malawi Limited (100%)
Micro Provident Ghana Limited (100%)

Note
Letshego Guard (Pty) Limited and Letshego Guard Insurance Company Limited were sold on 31 January 2010
Letshego Life Insurance Limited is in the process of being deregistered
Letshego Financial Services Mozambique, SA has not commenced trading

CORPORATE INFORMATION

Continued

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
Plot 50371
Fairground Office Park
Gaborone

Independent External Auditors
KPMG Certified Public Accountants
Plot 67977
Fairground Office Park
Gaborone

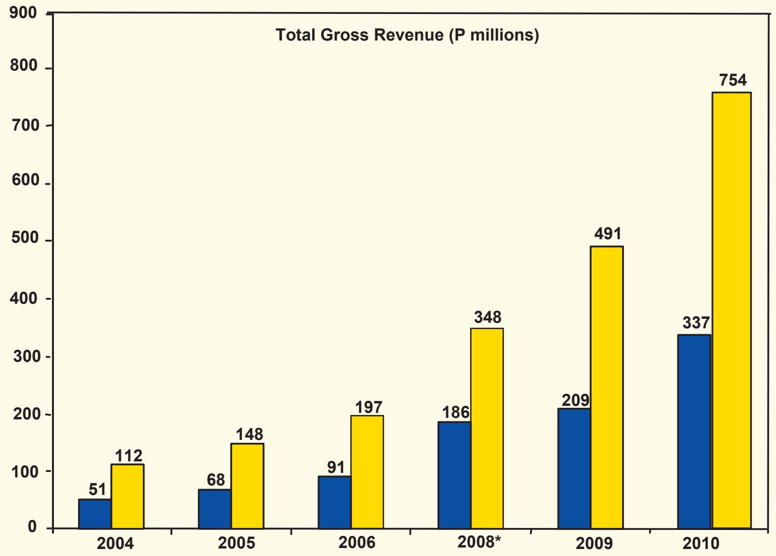
Transfer Secretaries
PricewaterhouseCoopers (Proprietary) Limited
Plot 50371
Fairground Office Park
Gaborone

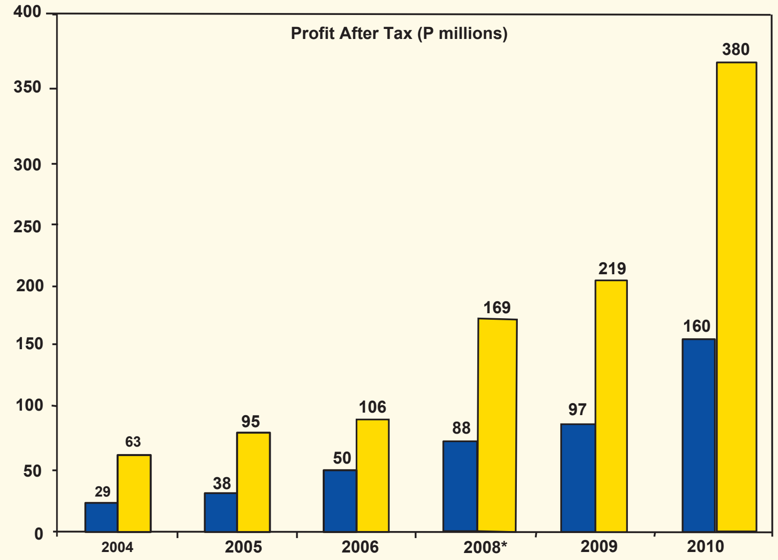
ARMSTRONGS
ATTORNEYS NOTARIES & CONVEYANCERS

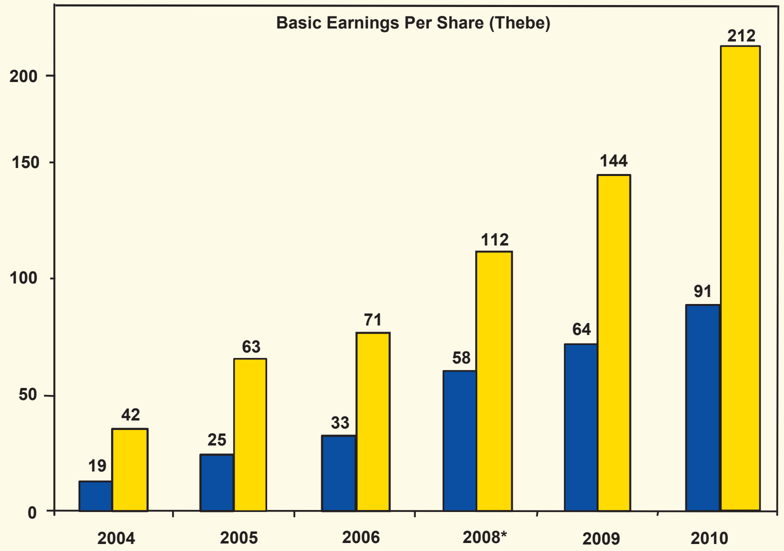
Attorneys / Legal Advisors
Armstrongs
5th Floor, Barclays House
Khama Crescent
Gaborone

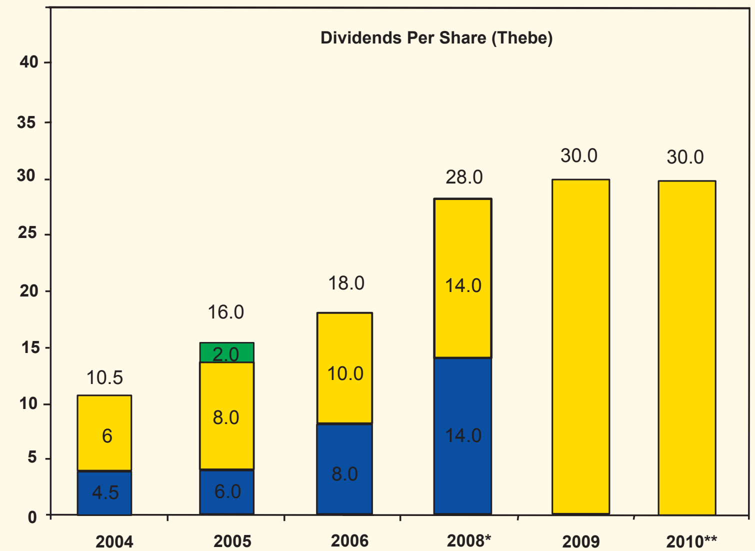
Bankers
Barclays Bank of Botswana Limited
First National Bank of Botswana Limited
First National Bank of Swaziland Limited
First National Bank of Namibia Limited
First National Bank of Mozambique Limited
Standard Chartered Bank Botswana Limited
Standard Chartered Bank Tanzania Limited
Standard Chartered Bank Uganda Limited
Standard Chartered Bank Zambia Limited

FINANCIAL HIGHLIGHTS







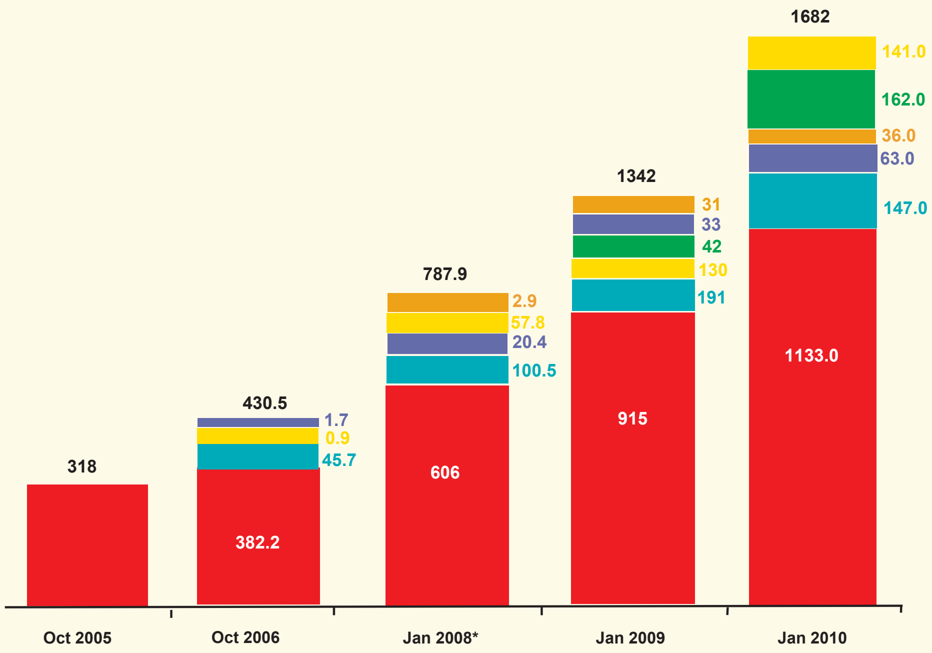


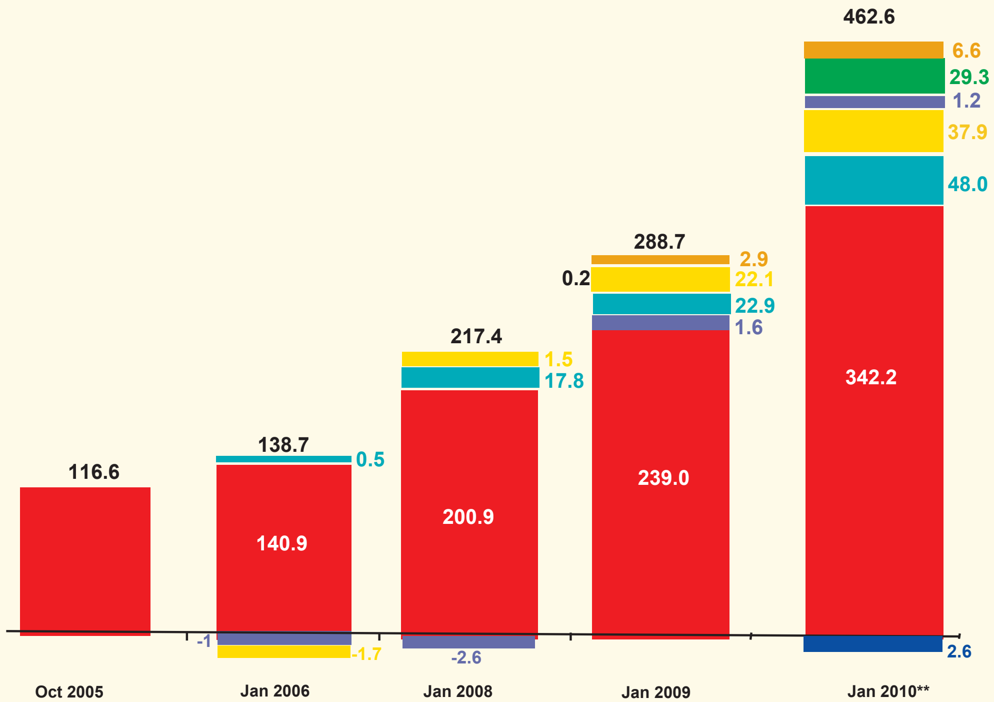
Interim Annual Special

*Note - 2008 is for a fifteen month period (interim nine months). All other periods are for twelve months (interim six months).
**Note - 2010 dividend per share is before the 10 for 1 share split that was approved by Shareholders on 12 April 2010 and effected on 16 April 2010.

FINANCIAL HIGHLIGHTS

Continued





Botswana Swaziland Tanzania Uganda Zambia Namibia Mozambique

*Note - 2008 is for a fifteen month period. All other periods are twelve months
**Note - 2010 excludes once off gain on the disposal of LG and LGICL

NON EXECUTIVE DIRECTORS

Chairman of the Board of Directors

Cuthbert Moshe Lekaukau

Nationality	Botswana
Age	66
Residence	Gaborone, Botswana
Years as a Director	8
Shareholding	483,000 shares*

Mr Lekaukau, who has been the Chairman of Letshego since 2002, has served the Government of Botswana previously as a Senior Public Officer in various capacities from 1973 to 1996. For 12 of those years he served as Permanent Secretary in the then Ministries of Works, Transport and Communications; Mineral Resources and Water Affairs as well as the Ministry of Agriculture. He was awarded a Presidential Order of Honour in 1996 in recognition of his efficient and devoted service to the country.

In December 1996, he was appointed to start Botswana Telecommunications Authority as the founding Executive Chairman and served there until December 2006. His last position until 2009 was the founding Director General of the Government Implementation Coordination Office in the Office of the President, having rejoined the Public Service in May 2007 to oversee and coordinate implementation of projects and timely delivery of services in Botswana.

Mr Lekaukau has served various corporate institutions which include: Chairman of Turnstar Holdings Limited, Chairman of Botswana Telecommunications Corporation, Botswana Diamond Valuing Company (Proprietary) Limited, Water Utilities Corporation, Air Botswana Corporation, Botswana Railways Corporation, Botswana Vaccine Institute, Botswana Agricultural Resources Board, Botswana Power Corporation, Finance House (Proprietary) Limited and Governing Council of Botswana College of Agriculture. Mr Lekaukau has served as Vice Chairman of Botswana Meat Commission, Debswana Diamond Company (Proprietary) Limited and Soda Ash Botswana (Proprietary) Limited. Mr Lekaukau has been a Director of Botswana Development Corporation Limited, De Beers Centenary AG, De Beers Consolidated Mines Limited, Diamond Trading Company (Proprietary) Limited, BMC (UK) Holdings Limited, Table Bay Cold Storage (Proprietary) Limited (RSA), National Development Bank Limited, Leno Holdings (Proprietary) Limited and as a member of the Council of the University of Botswana.

Mr Lekaukau has also held positions in international and regional organisations e.g. Chairman of the Board of Commonwealth Telecommunications Organisation (CTO) and Chairman of the SADC Telecommunications Regulatory Association of Southern Africa (TRASA). He was also the founding Chairman of Leno Holdings (Proprietary) Limited.

Mr Lekaukau who is an Attorney at-law holds an LLB (UBLS in conjunction with Edinburgh University), LL.M (Columbia University-NYC) and a Commonwealth Certificate in Legislative Drafting.

*Note: All references to shareholding is before the 10 for 1 share split that was approved by shareholders on the 12 April 2010 and effected on 16 April 2010

NON EXECUTIVE DIRECTORS

Continued

Independent Non Executive Director

John Alexander Burbidge

Nationality	UK
Age	59
Residence	George, RSA
Years as a Director	8
Shareholding	None

Mr Burbidge qualified as a chartered accountant in the UK and was part of the African Life Group serving in various senior management and board positions over a 27 year period with the group. These included the role of managing director, executive director, chief financial officer and company secretary during his career with Botswana Life and the African Life Group. Some of the highlights of this career include the involvement in the listing of African Life on the JSE in 1990 and playing a leading role in the acquisition of a controlling stake in Botswana Insurance Holdings by African Life Group.

In 1999, Mr Burbidge was appointed to the African Life Group Board responsible for the development and management of the African expansion which included operations in Botswana, Lesotho, Namibia, Kenya, Zambia, Ghana and Tanzania, a position he held until his retirement from African Life in 2007. Mr Burbidge is also a director of FSG Limited, a company that is also listed on the Botswana Stock Exchange.

Mr Burbidge has been a director of Letshego Holdings Limited since 2002 and is the current Chairman of the Group Audit and Risk and the Investment Committees.

Mr Burbidge is a Chartered Accountant and a member of the Institute of Chartered Accountants of England and Wales.

Non Executive Director (representing PAIP-PCAP-FMO Letshego Limited)

Kofi Jude Bucknor

Nationality	Ghana
Age	54
Residence	Accra, Ghana
Years as a Director	2
Shareholding	None

Mr Bucknor is the Managing Partner of Kingdom Zephyr Africa Management with extensive financial institutions experience. He began his professional career at Chemical Bank in New York in 1979 after obtaining an MBA (Finance) degree from Columbia University in New York. He also holds a BSc (Administration) degree from the University of Ghana, Legon. Mr Bucknor was a former Treasurer of the African Development Bank, Executive Director of Lehman Brothers and Managing Director of CAL Merchant Bank in Ghana.

He has served or still serves on several boards including: Ashanti Goldfields Corporation (Ghana), Normandy Mining (Australia), Pep Stores (Ghana), Newmont Mining Corporation (Ghana), TA Holdings Limited (Zimbabwe), Ecobank Transnational Corporation (Togo), Asset & Resource Management (Nigeria), CNIA Assurance (Morocco) and Chirano Gold Mines (Ghana). He also served as Chairman of the Council of the Ghana Stock Exchange and the Council of the University of Education, Winneba, Ghana.

Mr Bucknor was first appointed to the board during 2005 and more recently again in January 2008 and is currently the Chairman of the Group Remuneration Committee and also serves on the Group Audit and Risk Committee.

NON EXECUTIVE DIRECTORS

Continued

Non Executive Director (representing Botswana Insurance Holdings Limited)

Margaret Dawes

Nationality	RSA
Age	52
Residence	Johannesburg, RSA
Years as a Director	1
Shareholding	None

Mrs Dawes leads the 'Rest of Africa' division of Sanlam Developing Markets. This includes responsibilities for Botswana, Ghana, Kenya, Tanzania and Zambia. Prior to this she held various roles within African Life and Sanlam Developing Markets since 2005. Margaret also represents Sanlam Developing Markets on various boards, audit committees, investment committees and human resources committees.

Mrs Dawes qualified as a chartered accountant in the UK in 1983 and has held various senior positions in the financial services and auditing industry in both the UK and RSA since then.

Sanlam Developing Markets is part of the Sanlam Group which holds a controling shareholding in Botswana Insurance Holdings Limited.

Margaret serves on the Group Audit and Risk Committee.

Non Executive Director (representing Botswana Insurance Holdings Limited)

Gaffar Hassam

Nationality	Malawi
Age	34
Residence	Gaborone, Botswana
Years as a Director	1
Shareholding	None

Mr Hassam has had various roles with the Botswana Insurance Holdings Limited Group since 2003 and is currently the Chief Operating Officer of Botswana Life Insurance Limited. Prior to joining the Botswana Insurance Holdings Group, Gaffar was with PricewaterhouseCoopers in Malawi and Botswana.

Gaffar is a fellow member of the Association of Chartered Certified Accountants (FCCA) and also holds various other insurance related qualifications.

NON EXECUTIVE DIRECTORS

Continued

Independent Non Executive Director

Legodile E Serema

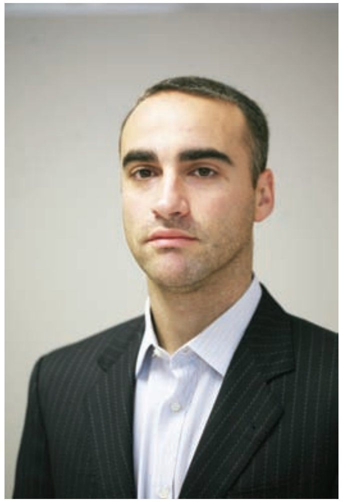
Nationality	Botswana
Age	62
Residence	Lobatse, Botswana
Years as a Director	1
Shareholding	None

Mr Serema holds a Bachelor of Science from the University of Minnesota, St Paul, USA and has various marketing qualifications.

Mr Serema has served 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.

Mr Serema was previously on the board of Botswana Railways and holds a number of other directorships.

Non Executive Director (representing PAIP-PCAP-FMO Letshego Limited)



Panos Voutyritsas

Nationality	Greece
Age	33
Residence	Johannesburg, RSA
Years as a Director	2
Shareholding	None

Mr Voutyritsas is a Partner at Kingdom Zephyr Africa Management, a pan African private equity company sponsored by Kingdom Holding, the private investment vehicle of HRH Prince Alwaleed of Saudi Arabia, and Zephyr Management LP, a New York based asset manager. With Kingdom Zephyr's US $600 million of committed capital as of February 2010, Mr Voutyritsas has completed a number of private equity investments in Africa since the company's inception in 2004.

Mr Voutyritsas joined Kingdom Zephyr in 2003 and is based in Johannesburg. Previously, he worked in investment banking and leveraged finance at Salomon Smith Barney in New York and was part of the founding team of Soros Real Estate Partners, in Greece and South Eastern Europe. He has extensive experience in investment banking and private equity.

Mr Voutyritsas has a BSc in Operations Research & Industrial Engineering from Cornell University.

Mr Voutyritsas has been on the Board since January 2008 and also is a member of the Remuneration and the Investment Committees.

EXECUTIVE DIRECTORS

Group Managing Director

Jan Abraham Claassen

Nationality	RSA
Age	57
Years with Letshego	7
Residence	Gaborone, Botswana
Shareholding	580,295

Mr Claassen has been Managing Director of Letshego since July 2003. Prior to joining Letshego, he spent 7 years at First National Bank of Namibia as 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. Mr Claassen holds a B.Com, LLB and has completed an Advanced Executive Programme with UNISA.

In his time as Managing Director of Letshego, the group has grown from having one company in Botswana employing 30 people with four branches, to the current group of seven operating subsidiaries with over 450 employees, in seven countries with a branch network of over 100 branches.

Director: Risk and Compliance

Dumisani Ndebele

Nationality	Botswana
Age	44
Years with Letshego	11
Residence	Gaborone, Botswana
Shareholding	280,977

Mr Ndebele 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 August 2006.

Mr Ndebele's previous experience includes roles at PricewaterhouseCoopers 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 of Zimbabwe.

Mr Ndebele is a Fellow member of the Chartered Institute of Management Accountants (UK) as well as being a Fellow Certified Public Accountant (Botswana). He is a member of the Institute of Directors (IoD - RSA) the Information Systems Audit and Control Association (ISACA) as well as the Institute of Internal Auditors. He also holds a Bachelor of Accountancy Honours Degree and a Masters in Business Administration (MBA) from the University of Derby (UK).

GROUP SENIOR MANAGEMENT TEAM


LYDIA ANDRIES


SHAWN BRUWER


PORTIA KETSHABILE


DUDUETSANG OLSEN


COLM PATTERSON


REBAONE PHEKO


BARATI RWELENGERA

Lydia Andries

Nationality	Botswana
Age	37
Position	Group Head Corporate Strategy and Communication
Residence	Gaborone, Botswana
Years with Letshego	2
Qualifications	BSc Actuarial Science & MSc Actuarial Science
Shareholding	None

Shawn Bruwer

Nationality	Namibia
Age	33
Position	Group Chief Information Officer
Residence	Gaborone, Botswana
Years with Letshego	4
Qualifications	BCom, CIMA, Various Certificates in Banking and Credit Management
Shareholding	44,967

Portia Ketshabile

Nationality	Botswana
Age	41
Position	HR Manager
Residence	Gaborone, Botswana
Years with Letshego	9
Qualifications	AAT, Diploma in Personnel and Training Management, Management Development Program
Shareholding	10,000

Duduetsang Olsen

Nationality	Botswana
Age	32
Position	Group Business Process Manager
Residence	Gaborone, Botswana
Years with Letshego	1
Qualifications	Bachelor of Business Administration (BBA); Kent State University, USA; Msc Strategic Management, Derby, UK
Shareholding	None

Colm Patterson

Nationality	Ireland
Age	38
Position	Group Chief Financial Officer
Residence	Gaborone, Botswana
Years with Letshego	3
Qualifications	FCA (Ireland), CPA Botswana
Shareholding	30,000

Rebaone Pheko

Nationality	Botswana
Age	43
Position	Finance Manager
Residence	Gaborone, Botswana
Years with Letshego	9
Qualifications	FCCA (UK), CPA Botswana
Shareholding	None

Barati Rwelengera

Nationality	Botswana
Age	32
Position	Risk and Compliance Manager
Residence	Gaborone, Botswana
Years with Letshego	2
Qualifications	AAT, ACCA, CPA Botswana
Shareholding	7,059

COUNTRY CEO's

GEOFFREY KITAKULE

FREDERICK MMELESI

MARION MOORE

WILLEM STEENKAMP

PETER WHITE

Vusi Dlamini

Nationality	Swaziland
Age	40
Position	CEO, Micro Provident Swaziland (Pty) Limited
Residence	Manzini, Swaziland
Years with Letshego	2
Qualifications	BCom, ACCA
Shareholding	9,355

Geoffrey Kitakule

Nationality	Uganda
Age	39
Position	CEO, Micro Provident Uganda Limited
Residence	Kampala, Swaziland
Years with Letshego	2
Qualifications	Masters of Business Administration (Finance), MSC Computer Science, Bachelor of Statistics, Master of Laws in Information Technology and Telecommunications
Shareholding	11,622

Frederick Mmelesi

Nationality	Botswana
Age	41
Position	CEO, Letshego Financial Services (Pty) Limited (Botswana)
Residence	Gaborone, Botswana
Years with Letshego	11
Qualifications	AAT, Masters of Business Administration (MBA), Executive Development Program
Shareholding	74,603

Marion Moore

Nationality	RSA
Age	56
Position	CEO, Letshego Tanzania Limited
Residence	Dar Es Salaam, Tanzania
Years with Letshego	3
Qualifications	CPA, CISA
Shareholding	25,093

Willem Steenkamp

Nationality	Namibia
Age	59
Position	CEO, Letshego Financial Services (Namibia) (Pty) Limited
Residence	Windhoek, Namibia
Years with Letshego	7
Qualifications	BA DEd
Shareholding	None

Peter White

Nationality	UK
Age	65
Position	CEO, Letshego Financial Services Limited (Zambia)
Residence	Lusaka, Zambia
Years with Letshego	1
Qualifications	ACIB
Shareholding	None

CHAIRMAN'S REPORT

I have great pleasure in presenting my report to the shareholders of Letshego Holdings Limited for the financial year ended 31 January 2010.

Highlights

The Board of Directors of Letshego Holdings Limited are pleased to present the consolidated audited financial results for the year ended 31 January 2010.The highlights for the financial reporting period include:

- Loans and advances to customers have grown to over P1.6 billion (2009: P1.3 billion), an increase of 25% over the prior year
- Profit before tax has increased by 60% to P462,6 million from P288,6 million
- Increase in earnings per share of 33% after taking into account the share issue successfully completed in March 2009
- Cost to income ratio reduced from 24% to 22% - this remains a very competitive industry benchmark
- Return on average assets of 23% (2009: 20%) and return on average equity of 37% (2009: 39%)
- Impairment expense on average loans and advances to customers has increased to 3.2% (2009: 2.9%) but remains a very competitive industry benchmark
- P120.4 million (2009:P49.7 million) profit before tax (26% (2009:17%) generated outside of Botswana

All of the above figures exclude the once off profit before tax of P42.5m arising on the sale of Letshego Guard (Pty) Limited ("LG") and Letshego Guard Insurance Company Limited ("LGICL") which was completed on 31 January 2010.

Developments during the year

A number of developments took place during the financial period:

- Conclusion of sale of LG and LGICL
- Introduction of new minority shareholders in Namibia
- Rebranding of Letshego Namibia and Letshego Tanzania
- Strengthening the capital base of subsidiaries in Namibia, Uganda, Zambia and Tanzania
- Introduction of a central registry in Swaziland

Financial performance

Overall the Directors are satisfied with the financial performance of the Group during the year.

Botswana remains the most significant market for Letshego as it accounts for 67% (2009: 68%) of the period end advances book and 74% (2009: 83%) of the Group's profit before tax. Operations outside of Botswana continue to gain critical mass and have contributed P120.4 million to group profit before tax.

Botswana remains the most significant market for Letshego as it accounts for 67% (2009: 68%) of the period end advances book and 74% (2009: 83%) of the Group's profit before tax. Operations outside of Botswana continue to gain critical mass and have contributed P120.4 million to group profit before tax.

A summary loan book and profitability per country is provided below.

Country	Net Loans to Customers At 31 Jan 2010 P'million	Increase/ (Decrease) %	Profit / (Loss) Increase Before Tax P'million	Increase/ (Decrease) %
Botswana - LHL	-	-	58.7	151%
Botswana - Legal Guard	-	-	14.7	- %
Botswana - LFSB	1,133	24%	268.8	33%
Swaziland	147	(23%)	48.0	107%
Tanzania	141	8%	37.9	70%
Uganda	63	93%	1.2	(20%)
Zambia	36	18%	6.6	N/a
Namibia	162	281%	29.3	N/a
Mozambique	-	N/a	(2.6)	N/a
Total	**1,682**	**25%**	**462.6***	**60%**

LHL: Letshego Holdings Limited
Legal Guard: Letshego Guard (Pty) Limited
LFSB: Letshego Financial Services (Pty) Limited - Botswana

* Excluding the once off profit before tax of P42.5 million arising on the sale of LG and LGICL

CHAIRMAN'S REPORT

Continued

Profitability is acceptable with excellent growth in contribution to group profits from Botswana, Namibia, Swaziland and Tanzania. Uganda and Zambia have not achieved internal targets for contribution to Group profitability and specific actions are being taken to address this. Mozambique recorded a small loss which was expected as operations have not yet commenced.

The loan book in Swaziland declined due to the disruption in operations during the period leading up to the introduction of the central registry. Profitability was not impacted as the average loan book remained higher than the prior period.

The growth in the Uganda loan book has not yet translated into profitability but this is expected to normalise in the current financial period.

The increase in operational expenses reflects the growth of the Group. The investment in people and infrastructure positions the Group and augurs well for sustained growth going forward.

To this end the staff complement increased by 36% representing 481 employees (2009: 354), customer numbers increased by 38% to 130,136 (2009: 93,965) and the number of branches increased to 137 (2009:106).

Impairment and non performing advances to customers

The overall level of impairments and non performing loans remains in line with expectations. Over 95% of customers are civil servants of their respective countries in which the Group operates. In general, this sector has been stable and has not seen any significant impact arising from recent and ongoing global economic challenges.

A summary of the impairment provision and income statement charge per country is provided below.

Country	Impairment Provision (B/S) At 31 Jan 2010 P'million	%	Impairment Charge (I/S) 12 months P'million	% of ave book
Botswana	20.0	1.72%	24.9	2.39%
Swaziland	1.7	1.15%	5.3	3.04%
Tanzania	3.4	2.37%	3.7	2.68%
Uganda	1.7	2.72%	2.8	5.92%
Zambia	1.4	4.02%	5.0	14.9%
Namibia	2.4	1.48%	8.4	8.17%
Total	**30.6**	**1.78%**	**50.1**	**3.26%**

Impairment provision: is the % in relation to the period end advances book
Impairment charge : is the % in relation to the average advances book

The impairment charges for Namibia, Uganda and Zambia are above the Group's target range.

Namibia - there was a once off charge to write off historical debts to bring the impairment change in line with Group norms. These are not expected to reoccur.

Uganda and Zambia - the Group has taken a very conservative approach on these books and the situation is expected to normalise in the current year.

Swaziland - the Group intends to introduce credit life insurance during the current year similar to what is in place in Botswana and Namibia.

New markets

New start-up operations and targeted acquisitions continue to be explored by the Group. This is in line with the next phase of the Pan African expansion strategy.

Regulatory environment

It is evident that there will be an introduction of regulation or more enforcement of regulation in the industry over time. This is good for consumers, their employers and the industry. Letshego will continue to fully support these initiatives and is also well positioned in this regard. The proposed regulations from NBFIRA in Botswana and the introduction of a Central Registry in Swaziland are examples of this and are supported by the Group.

Funding

At the year-end date, total borrowings were P377.6 million (2009: P644.3 million) representing a debt to equity ratio of 28% (2009: 97%). The Directors believe that this presents a platform for Letshego to leverage its balance sheet for further borrowing opportunities.

Shareholders approved a convertible loan for the Pula equivalent of USD 36.0 million on 12 April 2010. These funds are available for a period of 18 months.

Over and above this, efforts continue to be made to identify new lines of credit and the Group is exploring a number of alternatives locally, regionally and internationally. Given international financial markets, it is evident that it will be more challenging to source funding which if available, may come at a premium. Shareholders will be advised in due course regarding any outcome of these matters as the continued access to funding will be a determining factor of the Group's sustainable growth prospects.

CHAIRMAN'S REPORT

Continued

Communication
During the year the Group's web site was upgraded and more improvements are planned to be made to the web site over time. The web site allows information about the Group and all communications to shareholders to be available via this forum.

The internal quarterly newsletter, the African Tripod, is now in its second year as a medium to keep all staff aware of developments within the Group. This newsletter is also available on the Group's web site.

Human Resources
The Letshego team continues to be strengthened with a number of new appointments during the year. The Group performs regular benchmarking exercises to ensure remuneration policies and practices are in line with best practice. The Group has a Long Term Incentive Plan ("LTIP")in place for key management and this aligns their goals with the shareholders – over 20 members of staff have become shareholders in Letshego via the LTIP.

Further details regarding Human Resources are included in the Group Sustainability repor t section of the annual report.

Enterprise Risk Management
The Group established an Internal Enterprise Risk Management (ERM) department during the 2008 financial period. This department has overall responsibility for implementing all risk and compliance strategies for the Group and has performed internal reviews of all operating areas since its establishment.

Social Responsibility
The Group continues to support the principle of social responsibility, believing it to be one of the core pillars of good corporate citizenship. Further details regarding the Corporate Social Investment (CSI) initiatives are included in a separate section of the annual report.

The total value of donations, sponsorships and corporate social responsibility initiatives were as follows:

2010 Group P'000	2009 Group P'000	2010 Company P'000	2009 Company P'000
991	1,031	115	130
===	===	===	===

Post period end developments
Our subsidiary in Swaziland has received in principle approval to be registered with the Central Bank of Swaziland as a non deposit taking financial institution. Operations in Mozambique have not yet started but are expected to commence during the 2010 calender year.

Future outlook
The Directors expect continued growth in the loan book during the financial year to 31 January 2011 and continued profitability, albeit both being at lower levels of growth than was achieved during the current year.

Change in Directors
Dr Hassy H B Kitine resigned from the board during the period under review having served on the Letshego board since 2007. Dr Hassy's invaluable contribution to the Group is recognised and appreciated.

I would also like to take this opportunity to welcome M. Dawes, G. Hassam and L.E. Serema who joined the board during the year.

Acknowledgements
In conclusion, I wish to thank our shareholders, board of directors, management and staff, customers and those Government Departments and Staff Associations who have assisted us with their advice and contributions to the continuing success of the Group over the past financial period.

I would also like to take this opportunity to thank our colleagues at Letshego Guard (Pty) Limited for the contribution that they have made to the Letshego Group since 2004.

C M Lekaukau
Chairman

GABORONE, 12 April 2010

Letshego Group MD meeting guests at official launch of Letshego Namibia in August 2009

Letshego team answering questions from shareholders at the EGM

DIRECTORS' REPORT AND RESPONSIBILITY STATEMENT

The directors have pleasure in submitting to the shareholders their report and the audited financial statements of the Group for the year ended 31 January 2010.

Nature of business

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

Stated capital

On 6th March 2009, 30 million new shares were issued at P12.00 per share in terms of an offer for subscription. This increased the stated capital from P35 million at 31 January 2009 to P388 million. On 15 May 2010, 935,355 shares were issued at P9.90 in terms of the Group's long term incentive plan bringing the stated capital to P396 million.

Subsidiary companies

On 31 January 2010, being the effective date of sale, two subsidiaries, Letshego Guard (Pty) Limited and Letshego Guard Insurance Company Limited were sold to Botswana Insurance Holdings Limited.The results of these subsidiaries were consolidated up to 31 January 2010.

Another subsidiary, which was dormant, Letshego Life Insurance Limited, is in the process of being deregistered.

Dividends

Current year

A first and final dividend of P55.2 million or 30 thebe per share (pre share split or 3 thebe per share post share split) gross of withholding tax has been proposed and will be paid to shareholders on or around 7th May 2010.

There may be need to reassess the dividend policy at subsequent reporting periods depending on the cash requirements of the Group.

Prior year

A final dividend of P54.7 million (30 thebe per share gross of withholding tax) for the year ended 31 January 2009 was paid to shareholders on 22 May 2009.

Directors

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

* C.M. Lekaukau 1	(Chairman)
* J.K. Bucknor 2	
* J.A. Burbidge 3	
* M. Dawes 4	(Appointed 22 April 2009)
* G. Hassam 5	(Appointed 22 April 2009)
J.A. Claassen 4	(Managing Director)
* Dr Hassy HB Kitine 6	(Resigned 30 July 2009)
D. Ndebele 1	
* L.E. Serema 1	(Appointed 22 April 2009)
* P. Voutyritsas 7	

* Non-executive

1 Botswana 2 Ghana 3 UK 4 RSA 5 Malawi 6 Tanzania 7 Greece

Directors' shareholdings

The aggregate number of shares held directly by directors is 1,344,272 (pre share split) (2009: 793,435). Full details of this shareholding are available at the registered office of the company or at the office of the transfer secretaries.

DIRECTORS' REPORT AND RESPONSIBILITY STATEMENT

Continued

Mr Steenkamp handing over a cheque (N$100 000) to Dagbreek School, at the launch of Letshego Namibia

Botswana Deputy High Commissioner to Namibia delivering her speech at the launch of Letshego Namibia in August 2009

Letshego Namibia CEO, Mr Willem Steenkamp giving a vote of thanks at the launch of Letshego Namibia in August 2009

Long Term Incentive Plan

The Group operates an equity-settled conditional Long Term Incentive Plan (LTIP), which was approved by shareholders at the Extraordinary General Meeting held on 20 December 2005. Under the plan, conditional awards are granted to management and key employees. The number of vesting awards is subject to achievement of certain market and non-market conditions. The grant date fair value of awards granted to employees is recognised as staff costs over the performance 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.

Statement of responsibility

The company's directors are responsible for the preparation and fair presentation of the annual financial statements, comprising the statement of financial position at 31 January 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2003 (No. 32 of 2004) of Botswana.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements and ensuring that they are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements:

The annual financial statements were approved for issue by the Board of Directors on 12 April 2010 and are signed on its behalf by:

C.M. LEKAUKAU
CHAIRMAN

J.A. CLAASSEN
MANAGING DIRECTOR

CORPORATE GOVERNANCE

Board

- Formulation of Group strategy, risk management and corporate governance philosophy
- Approval of investment undertakings
- Accountability to stakeholders
- Regulatory/statutory compliance

Sub - Committees

Group Audit & Risk Committee

- Review of Group financial reports
- Ongoing monitoring and management of risks
- Approval of annual internal audit plans
- Monitoring the ethical conduct of the Group
- Review of compliance with applicable laws and regulations

Investment Committee

- Reviewing and recommending to the board regarding all new strategic investments and major funding initiatives the Group may enter into, including the mechanism for investment

Group Remuneration Committee

- Reviewing the remuneration policies of the Group
- Ensuring that directors and staff are fairly rewarded
- Ensuring that market related reward strategies are adhered to
- Established performance targets for the Group's incentive scheme

Executive Committee

- Approval of management accounts, business plans, quarterly forecasts reporting on KPI
- Approval of systems, policies and procedures
- Management of operational risks
- Implementation of board approved strategies and decisions

The ongoing maintenance of high standards of corporate governance is considered by the Group to be of the utmost importance. The Board of Directors is committed to attaining the highest standards of integrity, accountability and transparency in order to retain the support of all stakeholders.

Board of Directors

The formal maintenance of high standards of corporate ethics in the conduct of the Group's affairs is the responsibility of the board. To this end, the Group endorses the King II code of corporate governance and the Botswana Stock Exchange's code on best practice on corporate governance and strives to operate in broad compliance with their respective recommendations.

Both the board and senior management are required to constantly assess the control and risk management procedures and to ensure that implementation and regular reviews of such procedures take place.

The board comprised seven non-executive and two executive directors. The board is chaired by an independent non-executive chairman. All board members are suitably experienced and have a clear understanding of their role in corporate governance. The non-executive directors are considered to be independent of management and their role is to bring objectivity and independent judgement to board deliberations and decisions. They are also responsible for chairing board sub-committees and have unrestricted access to management and all company records.

CORPORATE GOVERNANCE

Continued

All directors may take independent professional advice, as is required to fulfil their duties, at the Group's expense. The board is responsible for the maintenance of sound internal controls, risk management, the preparation and integrity of the annual financial statements, compliance with all laws and regulations and the establishment of key policies and objectives. It therefore has full and effective control of the company and is accountable and responsible for its performance to all stakeholders.

Meetings of the board take place on a quarterly basis to monitor performance against budget, to formulate and review strategies and policies and to consider those issues on which they will be requested to make decisions. Management is responsible for the provision to the board of appropriate and timely information.

All directors are subject to retirement by rotation and re-election by shareholders at least every three years and their contributions are subject to regular review.

Executive Committee

The Executive Committee is responsible for the implementation of strategy and managing the Group's affairs. The committee comprises the two executive directors and senior management and meets on a regular basis. The committee has a clear mandate to implement board decisions and to manage the day to day risks and operations of the Group.

The members of the Executive Committee are:

J.A. Claassen	Group Managing Director and Chairman
D. Ndebele	Director of Risk and Compliance and Secretary
L. Andries	Group Head Corporate Strategy and Communication
S. Bruwer	Group Chief Information Officer
C. Patterson	Group Chief Financial Officer

Operations Committee

The Operations Committee is responsible for the implementation Group policies and procedures. The committee comprises senior management and meets on a monthly basis.

D. Olsen	Group Business Process Manager and Chairperson
B. Rwelengera	Risk and Compliance Manager and Secretary
P. Ketshabile	HR Manager
R. Pheko	Finance Manager - Letshego Holdings Limited

The following attend Executive Committee and Operational Committee meetings by invitation:

V. Dlamini	CEO, MP Swaziland
G. Kitakule	CEO, MP Uganda
F.W. Mmelesi	CEO, LFS Botswana
M. Moore	CEO, Letshego Tanzania
W. Steenkamp	CEO, LFS Namibia
P. White	CEO, LFS Zambia

Group Audit and Risk Committee

The membership of the Group Audit and Risk Committee is as follows:

J.A. Burbidge	(Chairman)
J.K. Bucknor	
M. Dawes	(Appointed 22 April 2009)

The Group Managing Director, Group Chief Financial Officer, Group Chief Information Officer and the Director of Risk and Compliance all attend Group Audit and Risk Committee ("GARC") meetings by invitation. Representatives of the Risk and Compliance Department ("RCD") and external auditors are also expected to attend Group Audit and Risk Committee meetings. On an ad hoc basis the Chairman has the right to call in any other employee of the Group. Members of the Executive Committee, the Risk and Compliance Department, the external auditors and non-executive directors have unrestricted access to the Chairman of the Group Audit and Risk Committee. The committee meets at least two times a year.

The duties and responsibilities of the Group Audit and Risk Committee include but are not limited to the following:

- review of Executive Committee ("EXCO") reports detailing the adequacy and overall effectiveness of the Group's risk management function and its implementation by management; and reports on internal control and any recommendations, and confirm that appropriate action has been taken;
- review of risk philosophy, strategy and policies recommended by EXCO. The GARC ensures compliance with such policies, and with the overall risk profile of the Group;
- review the controls over significant risks;
- the procedures for identifying business risks and controlling their impact on the Group;
- the Group's policies for preventing or detecting fraud;
- the Group's policies for ensuring compliance with relevant regulatory and legal requirements;
- the operational effectiveness of internal controls, policies and procedures;
- monitoring the ethical conduct of the Group, its executives and senior officials;
- reviewing any statements on ethical standards or requirements for the Group and assisting in developing such standards and requirements;
- compliance with the law and regulations of any other applicable statute and of controlling bodies; and
- environmental and social issues.

CORPORATE GOVERNANCE

Continued

Risk and Compliance Department Function ("RCD")

The scope of work of the Risk and Compliance Department is to determine whether the Group's network of risk management, control and governance processes, within the Enterprise Risk Management framework that has been approved by the board, as designed and represented by management, is adequate and functioning in a manner to ensure that:

- risks are appropriately identified and managed;
- interaction with the various governance groups within the Group are fully documented and occurs appropriately;
- significant financial, managerial, and operating information is accurate, reliable, and timely;
- employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- resources are acquired and applied economically, used efficiently, and adequately safeguarded;
- programmes, plans and objectives are achieved and continuously applied;
- quality and continuous improvement are fostered in the Group's control and risk management processes;
- significant legislative or regulatory issues impacting the Group are recognised and addressed appropriately and communicated throughout the Group;
- company secretarial and Botswana Stock Exchange requirements are duly complied with;
- liaise with the external auditors to co-ordinate the internal audit programs with their requirements and standards.

Opportunities for improving management control, profitability and the Group's image may be identified during audits. These are communicated to the appropriate level of management.

On a quarterly basis, the RCD reviews the Group's strategic objectives, updating the understanding of the current risks facing the Group in achievement of these objectives. These risks are rated and the high risk areas are accordingly afforded priority in the internal audit reviews to be conducted during the period. These plans and analyses are also submitted to the Group Audit and Risk Committee on a quarterly basis for consideration and approval.

RCD communicates and liaises with the external auditors with regard to their work and findings in order to avoid duplications as well as to ensure synergy in the overall risk management framework.

Remuneration Committee

The membership of the Remuneration Committee is as follows:

J.K. Bucknor	Chairman
C.M. Lekaukau	
P. Voutyritsas	

The Group Managing Director, Group Chief Financial Officer and the Director of Risk and Compliance all attend Remuneration Committee meetings by invitation.

The responsibilities and objectives of the committee are the following:

- monitor and review the remuneration policies of the Group;
- ensure that executive directors and senior management are appropriately and fairly rewarded;
- ensure that market related reward strategies are adhered to; and
- establish performance targets for the Group's incentive scheme.

The executive directors and senior management play no part in decisions regarding their own remuneration. The Committee meets at least two times a year.

Investment Committee

The membership of the Investment Committee is as follows:

J.A. Burbidge	Chairman
J.A. Claassen	
P. Voutyritsas	

The Group Chief Financial Officer and the Director of Risk and Compliance attend the Investment Committee meetings by invitation.

The Committee's role is to assist the Board of Directors in fulfilling its oversight responsibility regarding the implementation of the Group strategic investment objectives. The Committee is responsible for:

- critically reviewing and making recommendations to the Board regarding all new strategic investments and major funding initiatives the Group may enter into;
- the mechanism for investment (start up operations, mergers, acquisitions, joint ventures etc);
- 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; and
- attending to such matters as the Board may determine from time to time.

The Committee meets on a needs basis.

CORPORATE GOVERNANCE

Continued

Board Attendance Register and Remuneration - year ended 31 January 2009

Director	Board Attendance	Audit Committee Attendance	Remco Committee Attendance	Board Meetings	Audit Committee	Remuneration Committee	Subsidiary Board	Total
				P	P	P	P	P
C.M. Lekaukau	4/4	-	5/5	160,884	-	103,005	68,849	333,738
J.K. Bucknor	3/4	3/3	1/1	97,283	61,313	20,438	-	179,033
J.A. Burbidge	4/4	3/3	-	117,720	61,313	-		179,033
J.A. Claassen	4/4	3/3	5/5	-	-	-	-	-
Dr Hassy H B Kitine	3/4	-	-	97,283	-	-	-	97,283
M.C. Letshwiti	3/3	2/2	4/4	89,925	45,780	91,560	-	227,265
D. Ndebele	3/4	3/3	3/3	-	-	-	-	-
P. Voutyritsas	3/4	-	3/3	97,283	-	68,405	-	165,688
Total								1,182,040

Board Attendance Register and Remuneration - year ended 31 January 2010

Director	Board Attendance	Audit Committee Attendance	Remco Committee Attendance	Investment Committee	Board	Audit Committee	Remuneration Committee	Investment Committee	Subsidiary Board Meetings	Total
					P	P	P	P	P	P
C.M. Lekaukau	4/4	-	3/3	-	176,168	-	67,647	-	130,231	374,046
J.K. Bucknor	4/4	5/5	3/3	-	128,903	109,954	67,137	-	-	305,994
J.A. Burbidge	4/4	5/5	-	2/2	128,903	109,954	-	111,895	-	350,752
J.A. Claassen	4/4	5/5	3/3	2/2	-	-	-	-	-	-
Dr Hassy H B Kitine	2/2	-	-	-	64,452	-	-	-	-	64,452
D. Ndebele	4/4	5/5	-	-	-	-	-	-	-	-
P.Voutyritsas	3/4	-	2/3	2/2	106,524	-	44,758	44,758	20,438	216,478
L.E. Serema	2/2	-	-	-	97,920	-	-	-	-	97,920
M. Dawes	1/2	2/2	-	-	75,441	44,758	-	-	-	120,199
G. Hassam	2/2	-	-	-	97,920	-	-	-	-	97,920
Total										1,627,761

Note
Directors' fees for J.K. Bucknor and P.Voutyritsas were paid to Kingdom Zephyr African Management Limited the organisation that they represent. Kingdom Zephyr African Management Limited represents PAIP-PCAP-FMO Letshego Limited, a shareholder of Letshego Holdings Limited.
Directors' fees for M. Dawes and G. Hassam were paid to Sanlam Developing Markets Limited and Botswana Insurance Holdings Limited, the organisations that they represent.

CORPORATE GOVERNANCE

Continued

Remuneration - Executive Directors

Executive directors' remuneration for the period was as follows:

Year ended 31 January 2010	For Management Services	Pension Fund Contributions	Performance Bonus	Total
	P	P	P	P
J.A. Claassen	2,237,295	-	1,650,000	3,887,295
D. Ndebele	1,328,109	142,462	950,000	2,420,571

In addition, 334,160 shares vested during the period to J.A. Claassen and 178,897 shares vested to D. Ndebele in terms of the Group's long term incentive plan.

Year ended 31 January 2009	For Management Services	Pension Fund Contributions	Performance Bonus	Total
	P	P	P	P
J.A. Claassen	2184,404	-	1,371,915	3,556,319
D. Ndebele	1,291,500	126,000	811,125	2,228,625

Closed Period

The closed periods for trading in the holding company's shares by directors and employees is from the beginning of the months of both the interim and the year end (i.e. 1 July and 1 January) up to the date of publication of the interim and final results in the print media and on the Group's web site www.letshego.com

Directors and employees are prohibited from dealing in the holding company's shares during such periods in which they are privy to unpublished price sensitive information.

C.M. LEKAUKAU
CHAIRMAN

J.A. CLAASSEN
MANAGING DIRECTOR

CORPORATE SOCIAL INVESTMENT

The Group's Corporate Social Investment ("CSI") program concentrates on assisting the communities in which we operate through investments in the areas of education, culture and arts, welfare and poverty alleviations, disability, orphans, youth, environment and HIV/AIDS sectors where our primary criteria for success will be the real difference that we make in the lives of the beneficiaries that we assist.

The Group's target is to use up to 1% of the Group's Profit After Tax for CSI initiatives.

During the year under review the Letshego Group approved a comprehensive Corporate Social Investment (CSI) policy and will partner with those organisations or individuals whom it believes can have a genuine impact on the lives of receipients and who prioritise social improvements rather than monetary returns. The Letshego Group CSI policy outlines a funding procedure through which financial support is directed to projects that seek to add value to people's lives. The key areas of focus for the policy are:

- Sport development at grass roots level
- Cultural development
- Environment
- Welfare and Poverty Alleviation, with a focus on the youth
- Music, art and culture
- HIV/AIDS
- Employee Involvement (volunteer work in any of the above focus areas).

The Group's CSI committee was formally established during the financial year to manage and coordinate the Group's corporate social investment efforts. The Committee has two primary functions:

- To act as the oversight committee for all CSI projects supported by the Letshego Group; and
- To monitor and encourage individual subsidiaries within the Letshego Group to initiate and successfully execute CSI projects.

During the financial year ended 31 January 2010 the Group invested P991,000 in CSI projects. These included the following initiatives which are analysed by country:

Letshego Holdings Limited Botswana

Letshego supported and sponsored the Lady Khama Charity Dinner for the fourth consecutive year. The proceeds of the event are donated to various deserving NGO's as identified by its Trustees.

Uganda

Partnership with Alive Medical Services ("AMS") in provision of HIV-related support to HIV positive Uganda police service personel

Micro Provident Uganda ("MPU") partnered with AMS to provide nutritional support by providing food parcels to service personal who are in the Police Force and currently receiving HIV/AIDS treatment. Nutritional support is a key element of AMS's provision of the comprehensive HIV care strategy that they have implemented. Food parcels were provided to more than 400 HIV positive AMS patients on two nutritional days for a period of four months from November 2009.

Guest of Honor, Dr Zainabu Akol, Uganda Aids Control Program, together with Mr.Geoffrey Kitakule, CEO, MP Uganda, hand over a food pack to one of AMS beneficiaries

Alive Medical Services Clinic - the venue of the partnership between MP Uganda and AMS in providing nutritional support to policemen living with HIV/AIDS

Contribution of water tanks to schools in northern Uganda

MPU provided water storage tanks to schools in northern Uganda, a province hit hard by two decades of conflict and internal displacement. The school children in the area have benefited from clean safe treated water at their schools.

CORPORATE SOCIAL INVESTMENT

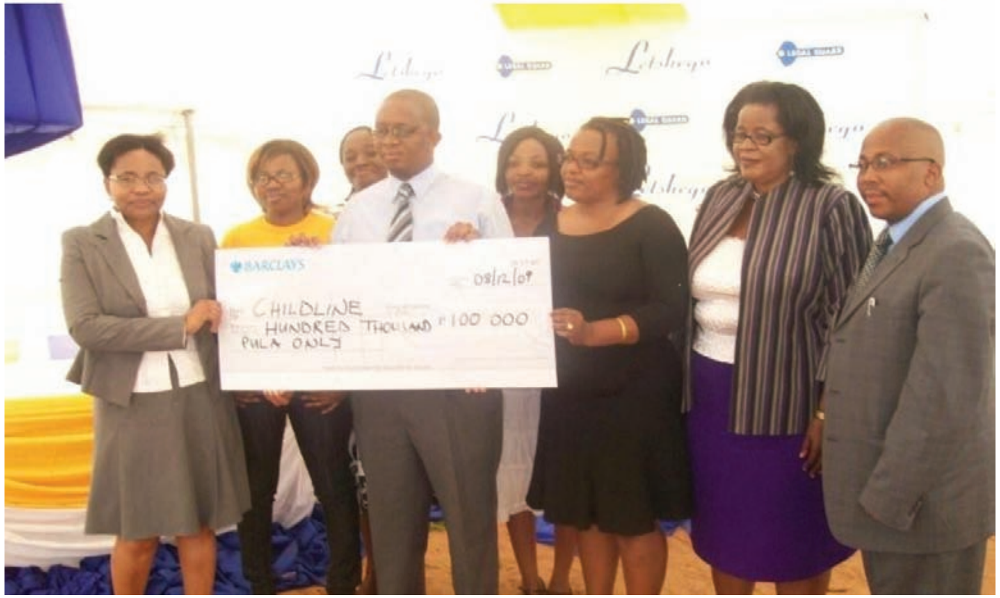
Continued

Donation of bicycles to Gulu village health teams

MPU provided resources in the form of bicycles to support health initiatives currently being implemented by the Ministry of Health at district level, specifically the Village HealthTeam ("VHT") initiative.VHTs are involved in health service provision at grassroots level through community mobilization for treating minor ailments, routine immunization, HIV/AIDS counseling and testing; and informing the community about services available at health units.They visit from door to door checking on the welfare of the residents.Where possible, they offer the first line of treatment or refer the patients to the nearest health facility for more serious health issues. The bicycles provided will enable VHTs to easily undertake home visits and reach more people during their health outreaches/home visits.

Mr. Giles Aijukwe of MP Uganda hands over the donated bicycles to Mr. Makmot Kitara, Deputy Chairman,on behalf of the Village Health Teams Initiative

MPU team and Gulu Village Health Team



Letshego Botswana Donating to Childline Botswana

Botswana

Childline Botswana Annual Donation

Letshego Financial Services Botswana ("LFSB") donates towards this organization's operating costs on an annual basis.The organization helps abused, neglected and abandoned children and contributes towards the prevention and management of child abuse in Botswana.

Cancer Association of Botswana (CAB) Annual Donation

LFSB also donated towards the operating costs of Cancer Association of Botswana. CAB is a NGO providing cancer prevention and health promotion programs in Botswana by facilitating access to health care services for cancer patients and offering support and counseling to those affected.

Aids Day Charity Music Festival Annual Donation

LFSB co-sponsored the 5th major charity show in aid of HIV/AIDS orphans in Botswana and it has sponsored and supported the event successfully for the past two years.The event is commemorated on Aids day in an effort to sensitise people about HIV/AIDS pandemic and the proceeds are donated to HIV/AIDS orphans.

Primary and Secondary Schools Annual Donations

In support of the Company's long-held value that investment in educational initiatives is fundamental to the long-term wellness of the society, donations are made annually in response to specific requests for assistance from various schools throughout Botswana.

Donations to SOS Children's Village

LFSB made donations to SOS Children's Village in the form of clothes and toys. SOS village is an orphanage for underprivileged children.

CORPORATE SOCIAL INVESTMENT

Continued

Some of the participants from the SOS Village, Gaborone

Donation of Sport Kits for Ghanzi District Council (GDC) Botswana Games

LFSB purchased kits for various sports codes for the Ghanzi District Council to participate in the 2nd Botswana games. The goal of the Botswana Games is to promote the culture of sport for all at grass roots level and raise the standard of sport in Botswana.

Namibia

Dagbreek School for impaired children

Letshego Financial Services Namibia ("LFSN") donated to the Dagbreek School for the impaired and the money donated has been earmarked to be used for horse therapy which can dramatically improve certain disabilities and disorders. In addition LFSN donated towards the salary of a teacher to assist autistic children at the school.

Beautiful Gates Pre School

This is a school for HIV/AIDS orphans. LFSN donates monthly towards the operational costs of the school.

Cancer Association of Namibia (CAN)

LFSN donated funds to CAN towards the treatment and fight against cancer.

Employee Engagement

Letshego Group takes its social responsibility role seriously and promotes a culture where each employee understands and actively supports the aims of CSI initiatives within the Group. The Group gives its employees a chance to participate in a program of events and fundraising activities throughout the year to raise funds towards their chosen charity of the year in a fun, friendly environment.

Horse therapy at Dagbreek School for impaired children

SUSTAINABILITY REPORT

Our approach to sustainability reporting is one that embr aces the principles of the Letshego values: transparency, integration, opportunity, integrity, teamwork, communication, recognition, good governance and continuous enhancement. The board is accountable for the sustainability of the business and this is a standard board item.

Letshego recognises the importance of balancing its long-term business sustainability requirements with short-term focus and goals. Accordingly, Letshego has developed and continuously refines, strategies and policies that contribute to the sustainable development of the Group to ensure that both the financial and the non financial aspects of our businesses are appropriately evaluated and responsibly managed.

This report is divided into two categories:

- Our Business, and
- Our People.

Our Business

Letshego has successfully used a payroll deduction model as a core aspect of its business since it commenced operations in Botswana in 1998.

Payroll deduction

The Group's main activity is to extend short to medium term, personal and unsecured loans to its customers who are individuals that are employed by government, parastatals as well as the private sector. Loan repayments are facilitated through payroll systems of participating employers, whereby the participating employer grants a code that allows Letshego to deduct loan repayments directly from the salary.

Regulation

Key drivers for the consumer finance payroll based deduction industry, going forward, will include developments in legislation or the regulatory framework, such as the establishment of the Non Bank Financial Institution Regulatory Authority in Botswana.

Central Registries are the emerging best practice across the industry where the salary based model are in place. The Central Registry's is main role is to administer and manage non statutory deductions from Government employee's salaries and to ensure compliance with minimum take home pay legislation or regulations. Central Registries are in place in Botswana, Namibia and now more recently, Swaziland and Uganda.

Funding

Given that Letshego does not take deposits, access to funding is also a critical success factor for the Group. Letshego has successfully raised significant funding over the last two years and is well positioned in this regard. However, further efforts continue to be made to broaden the Group's funding base.

Competition

While we believe Letshego offers a number of competitive advantages in the markets in which we operate, we recognise the necessity to maintain, if not enhan ce, our competitive position. Our collaboration with stakeholders such as employers allows us key insight into the drivers of consumer finance demand. Customer attraction and retention and ultimately market share is generally based on product quality, pricing, brand recognition and customer service.

Currently the Group is working towards building one brand that is recognized on a pan African basis in the markets that Letshego operates. The strategy is to focus on building wider and long-term partnerships with our current and future customers and to build a strong brand that will underpin our ability to retain and grow market share.

Customers

Credit is a commercial transaction where the bargaining position of borrowers is generally weak, especially the low-income earners and Letshego recognizes the need for borrowers to be protected, to promote transparency in the market and to ensure fair treatment of the clients. Therefore in all our operations across Africa, Letshego adopts the country's respective Usury/Consumer Lending legislation and in the absence of such legislation it aligns its operations with other developed related legislations such as the National Credit Act of South Africa. This helps to ensure that Letshego customers understand the actual cost of credit and the consequences of default.

The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (available at: www.globalreporting.org) has been used as a framework for this report.

SUSTAINABILITY REPORT

Continued

Additional measures employed by Letshego Group to protect its customers are as follows:

Consumer Protection Across Letshego Group

Loan cycle	Risks to consumer abuse	Letshego 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 standardized contracts with disclosure of costs and other loan terms
	Legislation	The Group adopts host country Usury/Lending Act or regulations and in the absence of such act aligns its operations with the National Credit Act of South Africa.
	Unfair discrimination in lending decision	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 payroll system
	Actions against a borrower who has no legal recourse or defense	The Group endeavours to resolve its disputes outside of court
	Abusive behaviour in the collection process	Collections are made through the payroll system
	Disclosure borrower information to other parties	Borrower's information can only be shared with the borrower's written consent

SUSTAINABILITY REPORT

Continued

Our people

Our people play a critical role in the success of the business and the following is relevant in this regard.

Human Capital Sustainability

Human capital is a key component of Letshego's business. Letshego values its employees and endevours to recruit and retain the best skills in the market. Continuous reviews are performed of compensation and benefits, skills development and opportunities.

Salary Benchmarking

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

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

Employee Wellness

Letshego has an HIV/Aids policy and promotes healthy lifestyle and living. An HIV/Aids awareness day is celebrated annually on 1 December of each year . In conjunction with the medical aid scheme service providers and other stakeholders, an employee wellness day is organised 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.

Succession Planning

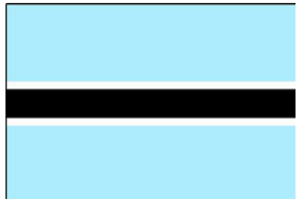
Succession planning forms part of the Group's staff retention policies, and this includes training and career development.

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 Group 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.

Conclusion

The Group's sustainability reporting will evolve with best practice and is expected to include a formal assessment in future reporting periods.

SUMMARY OF OPERATIONS BY COUNTRY



Botswana Letshego Holdings Limited

Key:
● Head Office

Letshego Holdings Limited is the holding company of the Group, is listed on the Botswana Stock Exchange and is accredited with the Botswana International Financial Services Centre ("IFSC"). The holding company provides management support through a shared service centre to subsidiaries in the areas of finance, ICT, human resources and communication.

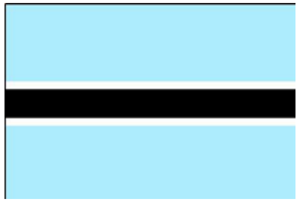
BOTSWANA – Letshego Holdings Limited

Company Statistics	2010	2009	2008
Number of Branches - Head Office	1	1	1
Number of Staff	41	35	31
Male	50%	52%	49%
Female	50%	48%	51%
Citizen	91%	89%	87%
Non Citizen	9%	11%	13%
Regulatory Authority	Non Bank Financial Institutions Regulatory Authority Botswana Stock Exchange		

Attendees at the EGM held in Gaborone during January 2009

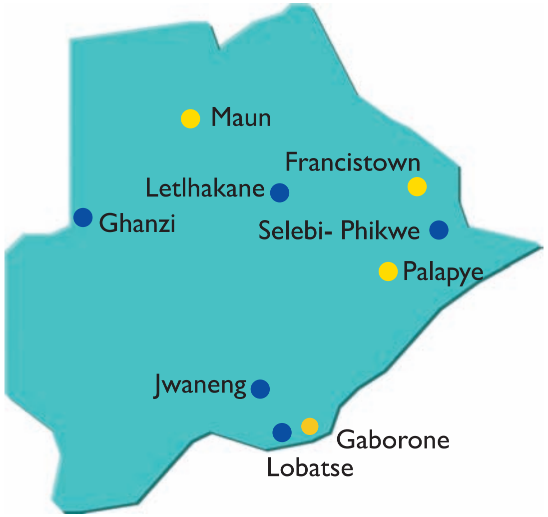
SUMMARY OF OPERATIONS BY COUNTRY

Continued



Francistown branch football team

Botswana Letshego Financial Services (Pty) Limited



Key:
- Main Branches
- Satelites

Company Statistics

	2010	2009	2008
Number of branches - main	4	4	4
Number of branches - satellite	5	5	4
Number of staff	89	89	81
Male	30%	38%	35%
Female	70%	62%	65%
Citizen	100%	100%	100%
Non Citizen	0%	0%	0%
Customers - employment by Governmentor quasi Government	95%	95%	95%
Customers - employment by Parastatals or the private sector	5%	5%	5%
Total number of customers	36,818	35,680	35,534
Average value of loans at 31 January	P31.6K	P25.6K	P17.0K
Average interest yield on advances to customers at 31 January	42.0%	40.7%	40.8%
% of book on payroll deduction model	99%	99%	100%
Collection statistics - average collection rate	98%	98%	98%
Central register in place	yes	yes	yes

COUNTRY STATISTICS

Population	1,800,000
Economically active	788,000
Formally employed	539,000
Government employees	112,000

Source: 2001 National census and Management estimates

Financial Highlights - Pula	31 Jan 2010 P'000	31 Jan 2009 P'000	31 Jan 2008 P'000
Net payouts	340,252	392,752	299,445
Impairment cost as a % of ave loan book	2.4%	2.4%	1.8%
Cost to income ratio	7.8%	8.0%	8.9%
Total income	432,002	329,474	233,585
Interest expense	(113,631)	(89,776)	(36,752)
Staff costs	(16,593)	(11,747)	(10,409)
Operating costs	(8,126)	(7,420)	(7,035)
Impairment of loans and advances	(24,880)	(19,198)	(10,101)
Profit before tax	268,772	201,333	169,288

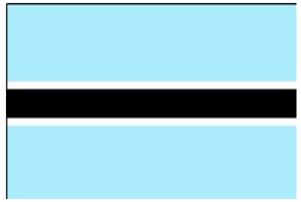
Regulatory Framework - Non Bank Financial Institutions Regulatory Authority

NOTE: 31 January 2008 is for a fifteen month period

LFSB Team at a Middle Management Workshop

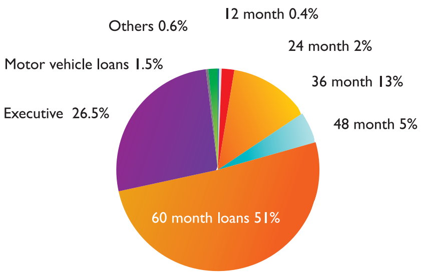
SUMMARY OF OPERATIONS BY COUNTRY

Continued



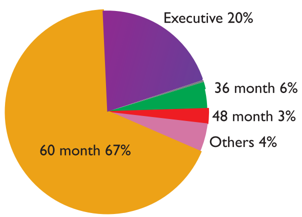
Botswana Letshego Financial Services (Pty) Limited

ANALYSIS OF ADVANCES TO CUSTOMERS 31 JANUARY 2008



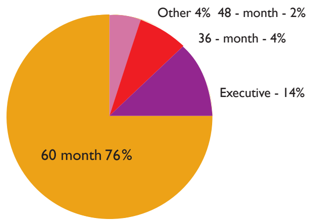
Total : BWP606m

31 JANUARY 2009



Total : BWP930m

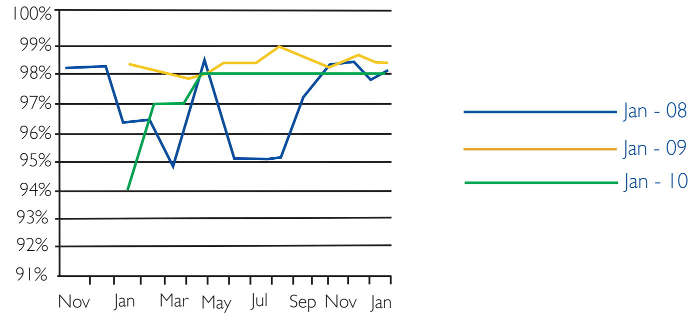
31 JANUARY 2010



Total: BWP 1,133.0m

ANALYSIS OF COLLECTION BY MONTH

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010

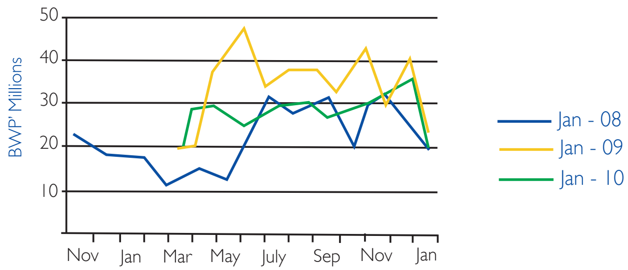


Board Attendance Registration and Remuneration

Year ended 31 January 2010	Nationality	Board Attendance	Remuneration P	
L.E. Serema (Chairman)	Botswana	2/2	69,505	Appointed 22 July 2009
F.W. Mmelesi (Chief Executive Officer)	Botswana	2/2	-	Appointed 9 July 2009
J.A. Claasen	RSA	2/2	-	
C.M. Lekaukau	Botswana	2/2	66,879	Appointed 9 July 2009
D. Ndebele	Botswana	2/2	-	

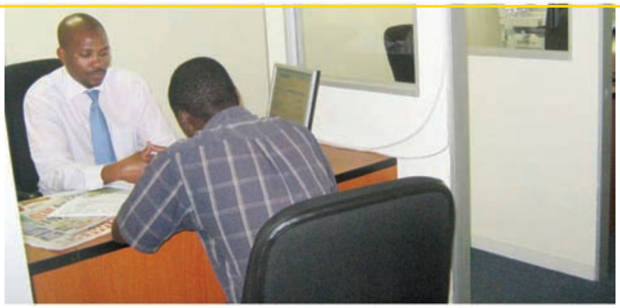
ANALYSIS OF NET PAYOUTS BY MONTH

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010



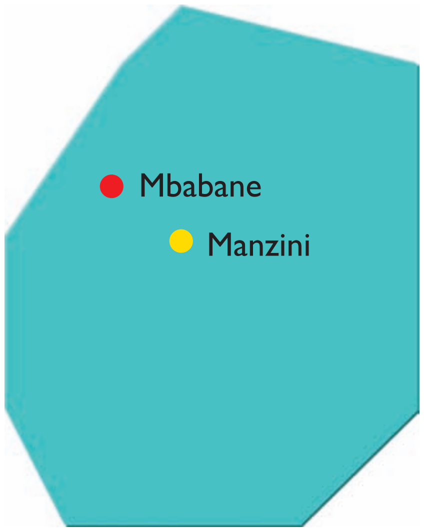
SUMMARY OF OPERATIONS BY COUNTRY

Continued



A sales consultant (Mbabane Branch) assisting a client

SWAZILAND Micro Provident Swaziland (Pty) Limited



Key:

- Head Office
- Main Branch

Company Statistics

	2010	2009	2008
Number of branches - main	2	2	2
Number of staff	14	17	15
Male	43%	47%	48%
Female	57%	53%	52%
Citizen	100%	100%	100%
Non Citizen	0%	0%	0%
Customers - employment by Government or quasi Government	100%	100%	100%
Customers - employment by Parastatals or the private sector	0%	0%	0%
Total number of customers	6,714	8,971	7,193
Average value of loans	P22.2K	P21.3K	P13.9K
Average interest yield on advances to customers	43.0%	36.3%	42.4%
% of book on payroll deduction model	100%	100%	100%
Collection statistics - average collection rate	99%	99%	99%
Central register in place	YES	No	No

Financial Highlights - Local Currency	31 Jan 2010 SEL'000	31 Jan 2009 SEL'000	31 Jan 2008 SEL'000
Total income	91,228	69,445	45,508
Interest expense	(24,448)	(29,862)	(17,151)
Staff costs	(2,757)	(2,310)	(1,222)
Operating costs	(2,947)	(2,690)	(2,247)
Impairment of loans and advances	(5,589)	(6,317)	(4,267)
Profit before tax	55,487	28,266	20,621

Financial Highlights - Pula	31 Jan 2010 P'000's	31 Jan 2009 P'000's	31 Jan 2008 P'000's
Net payouts	24,633	151,750	106,323
Impairment charge as a % of average loanbook	3.0%	3.7%	1.3%
Cost to income ratio	7.9%	13.0%	9.9%
Total income	78,954	56,841	37,197
Interest expense	(21,156)	(24,117)	(13,196)
Staff costs	(2,526)	(2,290)	(847)
Operating costs	(2,062)	(1,966)	(1,540)
Impairment of loans and advances	(5,212)	(5,501)	(3,802)
Profit before tax	47,998	22,967	17,812

NOTE: 31 January 2008 is for a fifteen month period

COUNTRY STATISTICS

Population	1,100,000
Economically active	150,000
Formally employed	100,000
Government employees	35,000

Source: Management estimates

Regulatory Framework - Money Lending and Credit Financing Act and the Employment Act

SUMMARY OF OPERATIONS BY COUNTRY

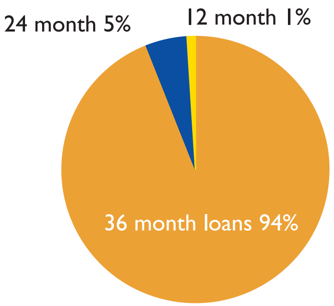
Continued

MPS team

SWAZILAND Micro Provident Swaziland (Pty) Limited

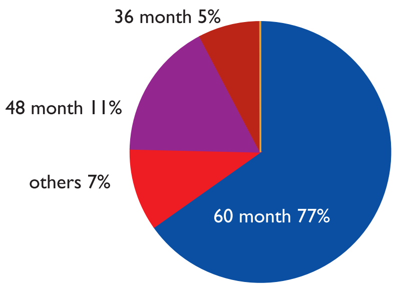
ANALYSIS OF ADVANCES TO CUSTOMERS

31 JANUARY 2008



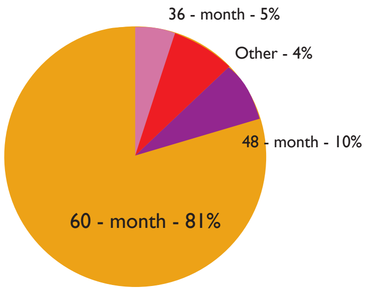
Total : BWP100.5m

31 JANUARY 2009



Total : BWP193.4m

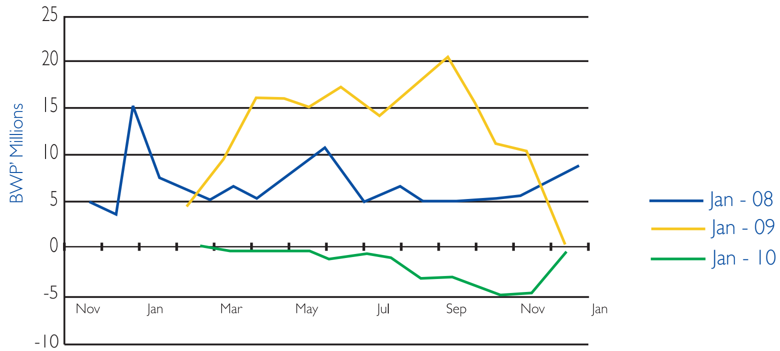
31 JANUARY 2010



Total: BWP 147m

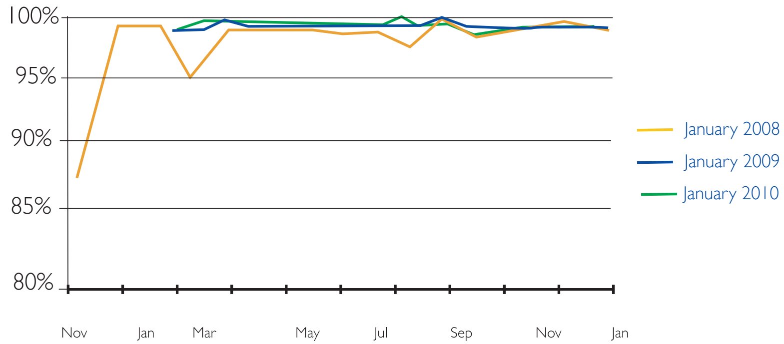
ANALYSIS OF NET PAYOUTS

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010



ANALYSIS OF COLLECTIONS

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010



Board Attendance Register and Remuneration

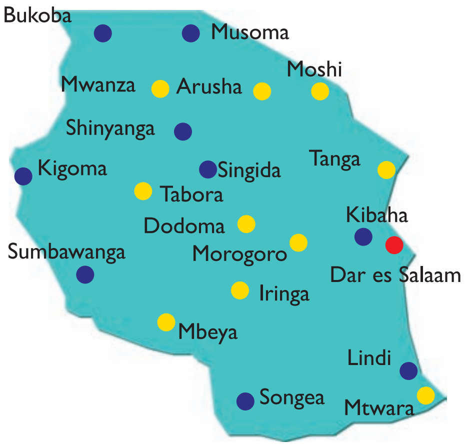
Year ended 31 January 2010	Nationality	Board Attendance	Remuneration P	
HRH Prince Lonkhokhela (Chairman)	Swaziland	3/3	123,794	
V.H. Dlamini (Chief Executive Officer)	Swaziland	3/3	-	
J.A. Claasen	RSA	3/3	-	
D. Ndebele	Botswana	3/3	-	
S. Nkonyane	Swaziland	2/2	54,001	Appointed 22 April 2009

Letshego Tanzania Limited Staff

SUMMARY OF OPERATIONS BY COUNTRY

Continued

TANZANIA Letshego Tanzania Limited (Formerly Micro Provident Tanzania Limited)



Key:

- Head Office
- Main Branches
- Satelite Branches

COUNTRY STATISTICS

Population	35,000,000
Economically active	21,200,000
Formally employed	16,000,000
Government employees	573,000

Source:Tanzanian National Statistics office and Management estimates

Regulatory Framework - N/A

Company Statistics

	2010	2009	2008
Number of branches - main	13	11	7
Number of branches - satellite	17	70	30
Number of staff	123	109	76
Male	46%	70%	70%
Female	54%	30%	30%
Citizen	99%	99%	99%
Non Citizen	1%	1%	1%
Customers - employment by Government or quasi Government	100%	100%	100%
Customers - employment by Parastatals or the private sector	0%	0%	0%
Total number of customers	32,833	24,061	13,484
Average value of loans at 31 January	P4.4K	P5.4K	P4.2K
Average interest yield on advances to customers	51.0%	66.7%	68.6%
% of book on payroll deduction model	100%	100%	100%
Collection statistics - average collection rate	100%	92%	75%
Central register in place	No	No	No

Financial Highlights - Local Currency	31 Jan 2010 TSH'000	31 Jan 2009 TSH'000	31 Jan 2008 TSH'000
Total income	12,969,383	8,883,521	3,213,860
Interest expense	(1,627,931)	(2,259,331)	(1,285,031)
Staff costs	(1,679,249)	(1,104,747)	(558,610)
Operating costs	(1,916,625)	(1,179,213)	(913,042)
Impairment of loans and advances	(722,616)	(539,652)	(118,532)
Profit before tax	7,022,962	3,800,578	338,645

Financial Highlights - Pula	31 Jan 2010 P'000's	31 Jan 2009 P'000's	31 Jan 2008 P'000's
Net payouts	72,297	80,937	56,000
Impairment charges a % of average loan book	2.7%	3.5%	0.2%
Cost to income ratio	31%	33%	7.6%
Total income	69,191	50,996	16,343
Interest expense	(8,992)	(12,690)	(6,525)
Staff costs	(8,860)	(6,328)	(3,059)
Operating costs	(9,857)	(6,454)	(4,543)
Impairment of loans and advances	(3,726)	(3,498)	(690)
Profit before tax	37,756	22,026	1,526

NOTE: 31 January 2008 is for a fifteen month period

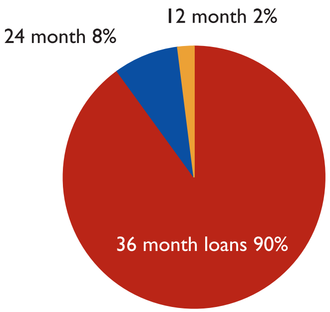
SUMMARY OF OPERATIONS BY COUNTRY

Continued

TANZANIA Letshego Tanzania Limited

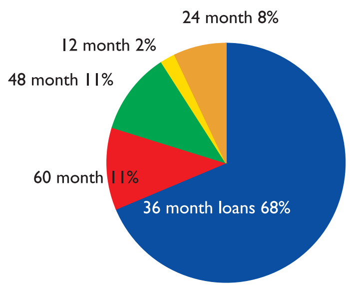
ANALYSIS OF ADVANCES TO CUSTOMERS

31 JANUARY 2008



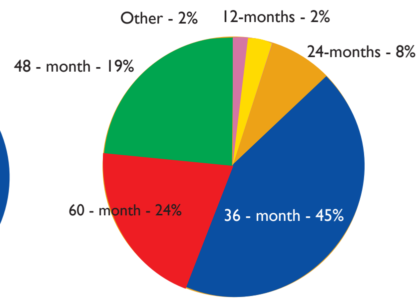
Total : BWP57.6m

31 JANUARY 2009



Total : BWP134.2m

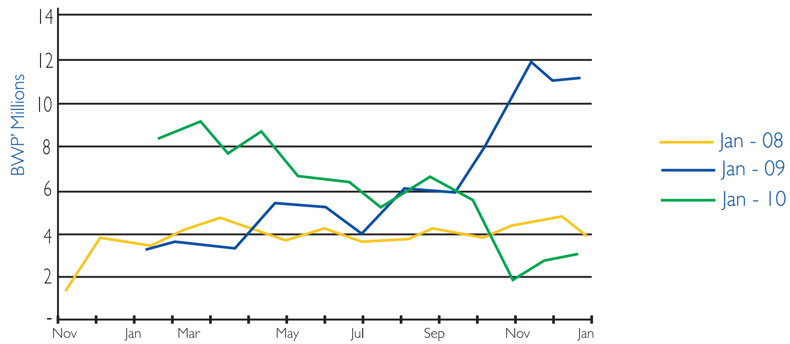
31 JANUARY 2010



Total: BWP 141m

ANALYSIS OF NET PAYOUTS

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010

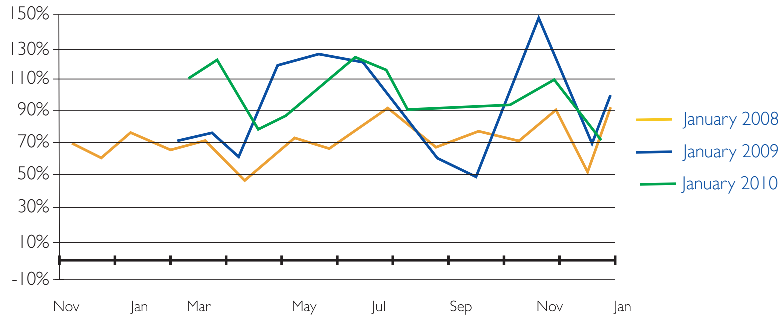


Board Attendance Register and Remuneration

Year ended 31 January 2010	Nationality	Board Attendance	Remuneration P	
Dr Hassy HB Kitine (Chairman)	Tanzania	3/3	122,782	
M.Moore (Chief Executive Officer)	RSA	3/3	-	
J. Rugumyamheto	Tanzania	2/3	64,922	
C.M. Lekaukau	Botswana	-	-	Resigned 28 August 2009
P.Voutyritsas	Greece	-	-	Resigned 9 October 2009
J.A. Claassen	RSA	3/3	-	
D. Ndebele	Botswana	3/3	-	

ANALYSIS OF COLLECTIONS

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010

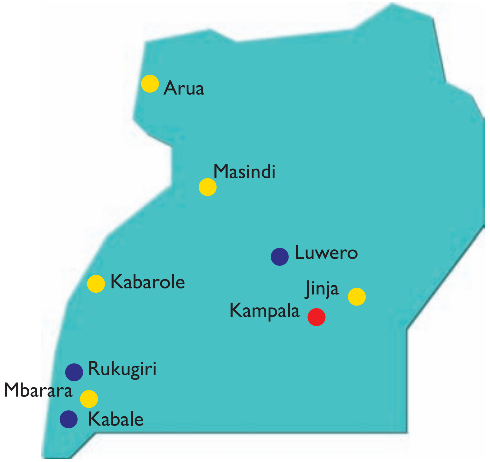


MP Uganda Kampala Office Team

SUMMARY OF OPERATIONS BY COUNTRY

Continued

UGANDA Micro Provident Uganda Limited



Key:

- Head Office
- Main Branches
- Satelite Branches

Company Statistics

	2010	2009	2008
Number of branches - main	11	6	5
Number of branches - satellite	11	3	3
Number of staff	151	61	37
Male	55%	49%	43%
Female	45%	51%	57%
Citizen	100%	100%	100%
Non Citizen	0%	0%	0%
Customers - employment by Government or quasi Government	100%	100%	100%
Customers - employment by Parastatals or the private sector	0%	0%	0%
Total number of customers	17,923	8,309	5,652
Average value of loans at 31 January	P3.6K	P3.9K	P3.5K
Average interest yield on advances to customers	39.5%	51.1%	60.0%
% of book on payroll deduction model	100%	100%	100%
Collection statistics - average collection rate	116%	97%	85%
Central register in place	No	No	No

Financial Highlights - Local Currency	31 Jan 2010 Ugx 000's	31 Jan 2009 Ugx 000's	31 Jan 2008 Ugx 000's
Total income	5,302.582	3,246.053	1,876.473
Interest expense	(1,385.417)	(1,186.886)	(844,627)
Staff costs	(1,361,594)	(560,536)	(297,345)
Operating costs	(1,323,758)	(903,766)	(744,146)
Impairment expense	(830,582)	(218,910)	(73,998)
Profit/(loss) before tax	401,231	375,955	(83,643)

Financial Highlights - Pula	31 Jan 2010 P'000's	31 Jan 2009 P'000's	31 Jan 2008 P'000's
Net payouts	72,847	25,737	23,264
Impairment cost as a % of average loan book	5.9%	3.5%	0.8%
Cost to income ratio	70.7%	71.8%	99.0%
Total income	19,152	13,684	6,774
Interest expense	(5,183)	(4,979)	(3,052)
Staff costs	(4,982)	(2,453)	(1,082)
Operating costs	(4,888)	(3,798)	(2,601)
Impairment of loans and advances	(2,892)	(939)	(269)
Profit/(loss) before tax	1,207	1,515	(230)

NOTE: 31 January 2008 is for a fifteen month period

COUNTRY STATISTICS

Population	30,700,000
Economically active	10,200,000
Formally employed	563,000
Government employees	315,000

Source: Uganda Burea of Statistics, Ministry of Public Service and Management estimates

Regulatory Framework - Money Lenders Act

SUMMARY OF OPERATIONS BY COUNTRY

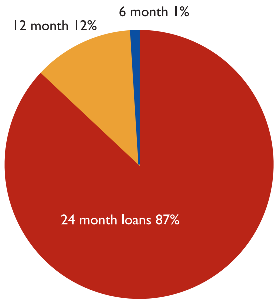
Continued

A group of teachers in Mbale District pose for a photo after winning instant prizes during the "Money Train Campaign". Some prizes lined up for winning are branded bicycles, T - shirts, basins, jerry cans, key holders and shopping vouchers.

UGANDA Micro Provident Uganda Limited

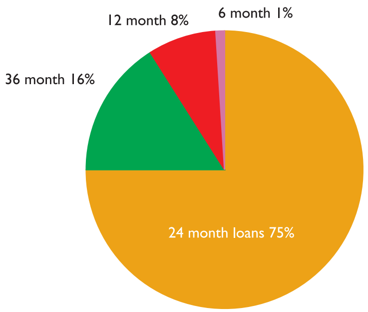
ANALYSIS OF ADVANCES TO CUSTOMERS

31 JANUARY 2008



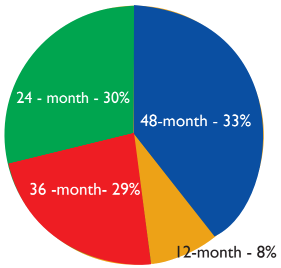
Total : BWP20.3m

31 JANUARY 2009



Total : BWP33.6m

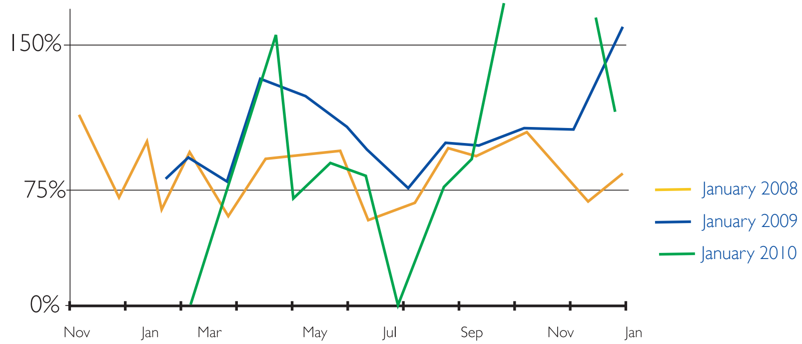
31 JANUARY 2010



Total: BWP 63m

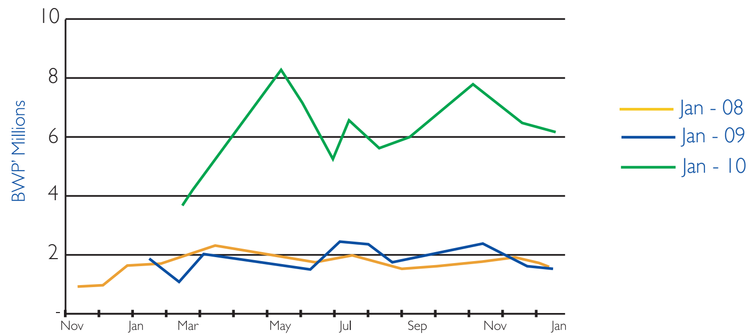
ANALYSIS OF COLLECTIONS

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010



ANALYSIS OF NET PAYOUTS

31 January 2008(15 Months) & 31 January 2009 & 31 January 2010



Board Attendance Register and Remuneration

Year ended 31 January 2010	Nationality	Board Attendance	Remuneration P	
J.A. Claassen (Chairman)	RSA	2/2	-	
G. Kitakule (Chief Executive Officer)	Uganda	2/2	-	
D. Ndebele	Botswana	2/2	-	

SUMMARY OF OPERATIONS BY COUNTRY

Continued

ZAMBIA Letshego Financial Services Limited

Company Statistics

	2010	2009	2008
Number of branches - main	2	2	1
Number of branches - satellite	1	0	0
Number of staff	28	17	12
Male	78%	68%	65%
Female	22%	32%	35%
Citizen	100%	100%	84%
Non Citizen	0%	0%	16%
Customers - employment by Government	99%	100%	100%
Customers - employment by Parastatals or the private sector	1%	0%	0%
Total number of customers	9,198	4,678	697
Average value of loans	P4.0K	P6.074	P4,562
Average interest yield on advances to customers	59.0%	56.3%	31.6%
% of book on payroll deduction model	100%	100%	100%
Collection statistics - average collection rate	104%	82%	88%
Central register in place	No	No	No

Financial Highlights - Local Currency	31 Jan 2010 ZMK 000's	31 Jan 2009 ZMK 000's	31 Jan 2008 ZMK 000's
Total income	11,923,365	5,590,048	303,186
Interest expense	(3,101,268)	(1,691,785)	(32,419)
Staff costs	(1,249,410)	(1,312,656)	(753,435)
Operating costs	(2,102,646)	(2,044,284)	(1,011,605)
Impairment expense	(713,124)	(241,777)	(44,202)
Profit / (loss) before tax	4,756,917	299,546	(1,538,475)

Financial Highlights - Pula	31 Jan 2010 P'000's	31 Jan 2009 P'000's	31 Jan 2008 P'000's
Net payouts	23,739	30,557	2,983
Impairment charge as a % of average loans	14.9%	3.4%	0.4%
Cost to income ratio	28.3%	88.3%	1004.2%
Total income	20,550	9,364	475
Interest expense	(4,349)	(2,793)	(190)
Staff costs	(1,687)	(2,332)	(1,210)
Operating costs	(2,904)	(3,470)	(1,647)
Impairment expense	(5,044)	(573)	(71)
Profit / (loss) before tax	6,566	196	(2,643)

NOTE: 31 January 2008 is for an operating period of four months

COUNTRY STATISTICS

Population	12,000,000
Economically active	4,100,000
Formally employed	2,500,000
Government employees	400,000

Source: Management estimates

Regulatory Framework - Licensed with the Central Bank of Zambia as a non deposit taking financial institution

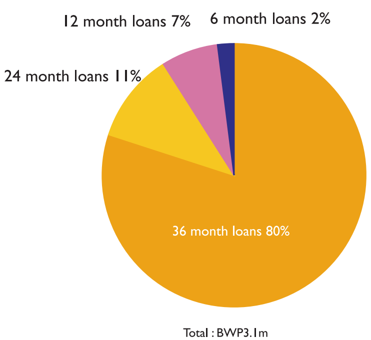
SUMMARY OF OPERATIONS BY COUNTRY

Continued

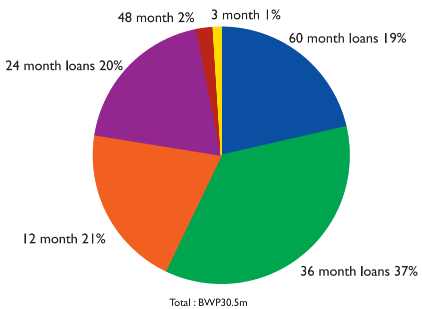
Lusaka Branch: Clients entering the Lusaka office

ZAMBIA Letshego Financial Services Limited

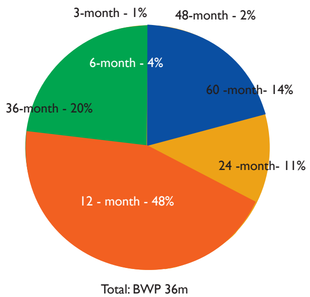
ANALYSIS OF ADVANCES TO CUSTOMERS 31 JANUARY 2008



31 JANUARY 2009

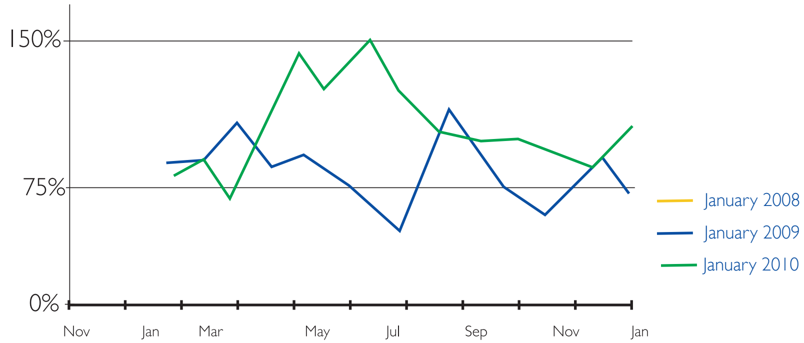


31 JANUARY 2010



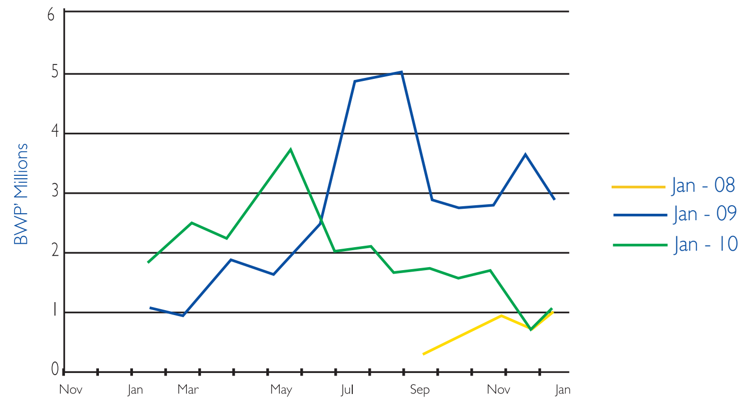
ANALYSIS OF COLLECTIONS

31 January 2008(4 Months) & 31 January 2009 & 31 January 2010



ANALYSIS OF NET PAYOUTS

31 January 2008(4 Months) & 31 January 2009 & 31 January 2010



Board Attendance Register and Remuneration

Year ended 31 January 2010	Nationality	Board Attendance	Remuneration P	
A.B. Chikwanda (Chairman)	Zambia	3/3	144,793	
B. Ngoma (Cheif Executive Officer)	Zambia	3/3	-	Resigned 19 Feb 2010
K.R. Hyslop	Zimbabwe	3/3	140,045	
J.K. Bucknor	Ghana	-	-	Resigned 3 Aug 2009
J.A. Claasen	RSA	3/3	-	

Windhoek Office

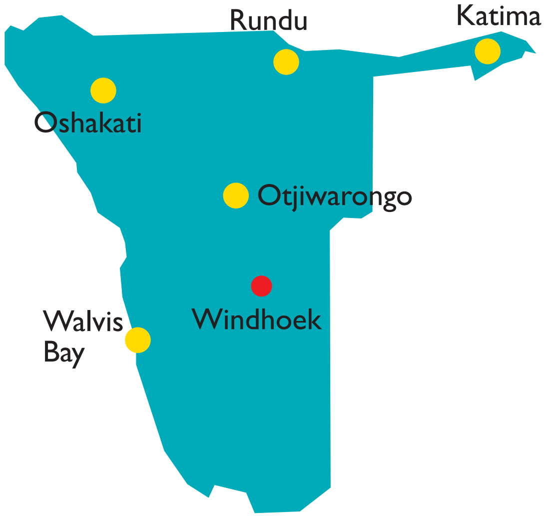
SUMMARY OF OPERATIONS BY COUNTRY

Continued

NAMIBIA

Letshego Financial Services (Namibia) (Pty) Limited

Formerly Eduloan (Namibia) (Pty) Limited



Key:

Head Office

Main Branches

Company Statistics

	2010	2009
Number of branches - main	7	6
Number of branches - satellite	2	2
Number of staff	35	33
Male	45%	42%
Female	55%	58%
Citizen	100%	100%
Non Citizen	0%	0%
Customers - employment by Government	97%	82%
Customers - employment by Parastatals or the private sector	3%	18%
Total number of customers	26,652	13,633
Average value of loans	P6.1K	P3.4K
Average interest yield on advances to customers	63.0%	69.0%
% of book on payroll deduction model	100%	100%
Collection statistics - average collection rate	98%	98%

Financial Highlights - Local Currency	31 Jan 2010 N$ 000's	31 Jan 2009 N$ 000's
Total income	73,021	12,823
Interest expense	(11,807)	(3,098)
Staff costs	(7,640)	(2,306)
Operating costs	(12,356)	(3,331)
Impairment expense	(9,457)	(709)
Profit before tax	31,761	3,379

Financial Highlights - Pula	31 Jan 2010 P'000's	31 Jan 2009 P'000's
Net payout	116,196	11,926
Impairment charges as a % of average loans	8.17%	3.0%
Cost to income ratio	35.2%	53.8%
Total income	65,399	10,322
Interest expense	(7,105)	(2,680)
Staff costs	(7,987)	(1,890)
Operating costs	(12,526)	(2,220)
Impairment expense	(8,437)	(557)
Profit before tax	29,344	2,975

COUNTRY STATISTICS

Population	2,000,000
Economically active	610,000
Formally employed	300,000
Government employees	80,000

Source: National Census 2001, Bank of Namibia Reports 2008 and Management estimates

Regulatory Framework - Namibian Financial Institutions Supervisory Authority (NAMFISA)

LFSN was acquired on 1 August 2008 and was consolidated for the five month period to 31 December 2008 in the Groups 2009 Annual Report. LFSN changed its year end to 31 January 2010 and this 13 month period was included in the 2010 Group results.

SUMMARY OF OPERATIONS BY COUNTRY

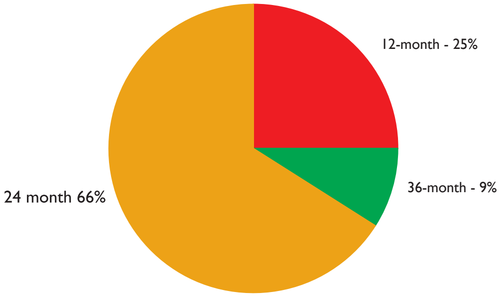
Continued

NAMIBIA

Letshego Financial Services (Namibia) (Pty) Limited
Formerly Eduloan (Namibia) (Pty) Limited

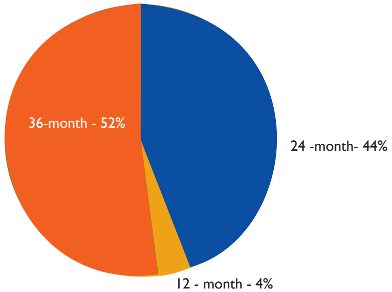
Letshego Namibia branded car

ANALYSIS OF ADVANCES TO CUSTOMERS 31 JANUARY 2009



Total : BWP42m

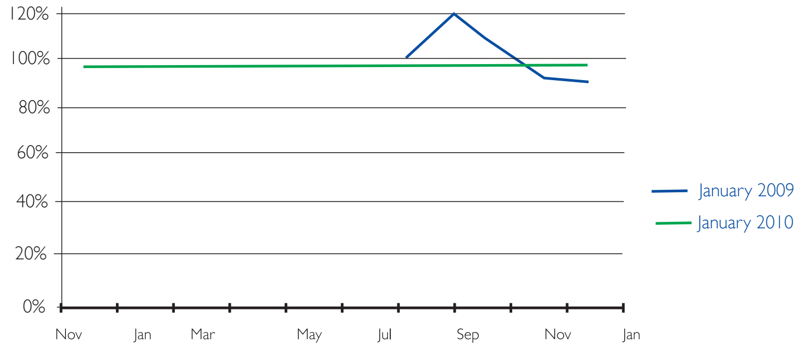
ANALYSIS OF ADVANCES TO CUSTOMERS 31 JANUARY 2010



Total: BWP 162m

ANALYSIS OF COLLECTIONS

31 January 2009 & 31 January 2010



ANALYSIS OF NET PAYOUTS

31 January 2009 & 31 January 2010

Board Attendance Register and Remuneration

Period ended 31 January 2010	Nationality	Board Attendance	Remuneration P	
R. Mbetjiha (Chairman)	Namibia	1/1	24,339	Appointed 1 Dec 2009
S. Berg (Chief Executive Officer)	Namibia	-	-	Resigned 7 July 2009
Dr W. Steenkamp (Chief Executive Officer)	Namibia	1/1	-	Appointed 21 July 2009
J.A. Claassen	RSA	1/1	-	

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Letshego Holdings Limited and its subsidiaries

KPMG

KPMG Certified Public Accountants
Plot 67977, Fairground Park
PO Box 1519, Gaborone, Botswana

Telephone +267 391 2400
Telefax +267 397 5281
www.kpmg.com

Report on the Financial Statements

We have audited the accompanying consolidated and separate annual financial statements of Letshego Holdings Limited and its subsidiaries, set out on pages 44 to 86, which comprise the statement of financial position as at 31 January 2010, and the income statements, statements of changes in equity and statements of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 2003 (No. 32 of 2004) of Botswana.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 financial statements present fairly, in all material respects the consolidated and separate financial position of Letshego Holdings Limited and its subsidiaries as of 31 January 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2003 (No 32 of 2004) of Botswana.

KPMG
13 April 2010

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 january 2010

	Note	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
Interest income	1	588,836	398,311	123,883	96,535
Interest expense	2	(50,935)	(72,196)	(8,701)	(36,131)
Net interest income		537,901	326,115	115,182	60,404
Fee and commission income	3	118,444	87,827	-	1,692
Other operating income	4	46,835	4,621	193,509	284,607
Operating income		**703,180**	**418,563**	**308,691**	**346,703**
Operating expenses					
Staff costs	5	(80,266)	(54,522)	(35,530)	(24,741)
Other operating costs	6	(67,517)	(45,930)	(18,264)	(11,977)
Net income before impairment and taxation		555,397	318,111	254,897	309,985
Impairment charge	11	(50,191)	(29,421)	-	-
Profit before taxation		**505,206**	**288,690**	**254,897**	**309,985**
Income tax	7	(125,206)	(69,626)	(41,032)	(48,145)
Profit for the year		**380,000**	**219,064**	**213,865**	**261,840**
Attributable to:					
Equity holders of the parent company		370,160	216,057		
Minority interest		9,840	3,007		
Profit for the year		**380,000**	**219,064**		
Other comprehensive income, net of income tax					
Foreign currency translation differences arising from foreign operations		3,953	6,168	-	-
Total comprehensive income for the year		**383,953**	**225,232**	**213,865**	**261,840**
Attributable to:					
Equity holders of the parent company		376,388	224,952		
Minority interest		7,565	280		
Total comprehesive income for the year		**383,953**	**225,232**		
Basic earnings per share - (thebe)	8	212.0	144.6	119.3	172.8
Diluted earnings per share - (thebe)	8	203.1	141.5	116.2	168.1
Dividends per share : interim (thebe) - paid	9	-	-	-	-
: final (thebe) - proposed (pre share split)	9	30.0	30.0	30.0	30.0
		30.0	30.0	30.0	30.0
Weighted average number of shares in issue during the period (millions)	8	179.2	151.5	179.2	151.1
Dilution effect - number of shares (millions)		4.7	3.3	4.7	3.3
Number of shares in issue at the end of the period (millions)	20	182.4	151.5	182.4	151.5

STATEMENTS OF FINANCIAL POSITION
at 31 january 2010

	Note	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
ASSETS					
Cash and cash equivalents	10	104,462	5,165	50,475	22
Advances to customers	11	1,682,257	1,342,557	-	-
Other receivables	12	74,520	8,453	59,442	3,293
Long term receivables	13	8,387	-	8,387	-
Investment in subsidiary companies	14	-	-	1,159,800	814,123
Property, plant and equipment	15	6,610	7,152	1,580	2,103
Intangible assets	16	553	596	553	596
Goodwill	17	25,760	25,760	-	-
Income tax		-	-	-	2,626
Deferred taxation	7	12,872	11,338	1,708	3,103
Total assets		**1,915,421**	**1,401,021**	**1,281,945**	**825,866**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Trade and other payables	18	129,698	80,114	34,926	29,547
Income tax		38,769	5,042	6,722	-
Borrowings	19	377,638	644,385	150,254	231,968
Total liabilities		**546,105**	**729,541**	**191,902**	**261,515**
Shareholders' equity					
Stated capital		396,019	35,092	396,019	35,092
Foreign currency translation reserve	20	827	4,439	-	-
Share based payment reserve	21	18,287	10,588	13,747	8,104
Retained earnings		932,365	616,948	680,277	521,155
Total equity attributable to equity holders of the parent company		**1,347,498**	**667,067**	**1,090,043**	**564,351**
Minority interest	24	21,818	4,413	-	-
Total shareholders' equity		**1,369,316**	**671,480**	**1,090,043**	**564,351**
Total liabilities and shareholders' equity		**1,915,421**	**1,401,021**	**1,281,945**	**825,866**

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 january 2010

GROUP	Note	Stated Capital P'000	Retained Earnings P'000	Share Based Payment Reserve P'000	Foreign Exchange Translation Reserve P'000	Minority Interest P'000	Total P'000
Balance at 1 February 2009		35,092	616,948	10,588	4,439	4,413	671,480
Total comprehensive income for the period							
Profit for the period		-	370,160	-	-	9,840	380,000
Other comprehensive income, net of income tax							
Foreign currency translation reserve		-	-	-	(3,612)	7,565	3,953
Transactions with owners, recorded directly in equity							
New shares issued	20	353,612	-	-	-	-	353,612
New shares issued from long term incentive scheme	21	7,315	-	(7,315)	-	-	-
Allocation to share based payment reserve	21	-	-	15,014	-	-	15,014
Dividends to equity holders	9	-	(54,743)	-	-	-	(54,743)
Balance at 31 January 2010		**396,019**	**932,365**	**18,287**	**827**	**21,818**	**1,369,316**
GROUP							
Balance at 1 February 2008		35,092	422,107	3,923	(1,449)	1,594	461,267
Total comprehensive income for the period							
Profit for the period		-	216,057	-	-	3,007	219,064
Other comprehensive income, net of income tax							
Foreign currency translation reserve		-	-	-	5,888	280	6,168
Transactions with owners, recorded directly in equity							
Allocation to share based payment reserve	21	-	-	6,665	-	-	6,665
Dividends to equity holders			(21,216)	-	-	-	(21,216)
Dividends to minority holders		-	-	-	-	(468)	(468)
Balance at 31 January 2009		**35,092**	**616,948**	**10,588**	**4,439**	**4,413**	**671,480**

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 january 2010
Continued

	Note	Stated Capital P'000	Retained Earnings P'000	Share Based Payment Reserve P'000	Total P'000
COMPANY					
Balance at 1 February 2009		35,092	521,155	8,104	564,351
Total comprehensive income for the period					
Profit for the period		-	213,865	-	213,865
Other comprehensive income, net of income tax					
Foreign currency translation reserve		-	-	-	-
Transactions with owners, recorded directly in equity					
New shares issued	20	353,612	-	-	353,612
New shares issued from long term incentive scheme	21	7,315	-	(5,420)	1,895
Allocation to share based payment reserve		-	-	11,063	11,063
Dividends to equity holders	9	-	(54,743)		(54,743)
Balance at 31 January 2010		**396,019**	**680,277**	**13,747**	**1,090,043**
COMPANY					
Balance at 1 February 2008		35,092	280,531	2,854	318,477
Total comprehensive income for the period					
Profit for the period		-	261,840	-	261,840
Other comprehensive income, net of income tax					
Foreign currency translation reserve		-	-	-	-
Transactions with owners, recorded directly in equity					
Allocation to share based payment reserve	21	-		5,250	5,250
Dividends to equity holders		-	(21,216)	-	(21,216)
Balance at 31 January 2009		**35,092**	**521,155**	**8,104**	**564,351**

STATEMENTS OF CASH FLOWS
for the year ended 31 january 2010

	Note	GROUP 2010	GROUP 2009	COMPANY 2010	COMPANY 2009
OPERATING ACTIVITIES		P'000	P'000	P'000	P'000
Cash generated from /(utilised in) operations	22	98,195	(186,045)	45,681	68,848
Income tax paid		(91,945)	(77,400)	(32,453)	(52,830)
Net cash from operating activities		**6,250**	**(263,445)**	**13,228**	**16,018**
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in subsidiaries	14	-	-	(345,677)	(274,587)
Dividends received from subsidiaries		-	-	102,109	256,748
Proceeds from sale of property, plant and equipment		12	-	11	-
Proceeds from sale of subsidiaries		56,668	-	56,668	-
Purchase of property, plant and equipment	15	(3,179)	(5,276)	(464)	(1,639)
Purchase of intangible assets	16	(269)	(368)	(269)	(368)
Acquisition of business		-	(31,980)	-	(33,058)
Net cash utilised in investing activities		**53,232**	**(37,624)**	**(187,622)**	**(52,904)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid (net of withholding tax)	9	(48,949)	(19,250)	(48,949)	(19,250)
Dividends paid to minority shareholders		-	(468)	-	-
Gross repayments made on borrowings		(266,747)	(10,061)	(81,714)	-
Gross receipts from borrowings		1,899	326,812	1,898	49,532
Net cash raised from share issue	20	353,612	-	353,612	-
Net cash generated from financing activities		**39,815**	**297,033**	**224,847**	**30,282**
Net movement in cash and cash equivalents		**99,297**	**(4,036)**	**50,453**	**(6,604)**
Movement in cash and cash equivalents					
At the beginning of the period		5,165	9,201	22	6,626
Movement during the period		99,297	(4,036)	50,453	(6,604)
At the end of the period	10	**104,462**	**5,165**	**50,475**	**22**

ACCOUNTING POLICIES
for the year ended 31 january 2010

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 (IFRSs) and in the manner required by the Companies Act, 2003 (No. 32 of 2004).

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 ongoing 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 28.

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 minority 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 income statement.

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 on note 13 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.

Recognition and de-recognition of assets and liabilities
The company 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 company. The company 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.

ACCOUNTING POLICIES
for the year ended 31 january 2010 (Continued)

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

Depreciation is charged to the income statement 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 lives 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 amount and included in the income statement.

Foreign currencies 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 balance sheet date are translated to Pula at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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 profit or loss.

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

Operating leases
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement 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.

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 profit or loss 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 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 cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdraft facilities subject to sweeping arrangements.

ACCOUNTING POLICIES
for the year ended 31 january 2010 (Continued)

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 income statement 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 balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax
Deferred tax is provided using the balance sheet liability method, based 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 balance sheet date.

Deferred tax is charged to the income statement 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 income statement, 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 income statement at amortised cost using the effective interest method. The effective interest 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 income statement in the month a member takes insurance cover on a cash basis.

Dividend income
The group recognises dividends when the groupís 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.

ACCOUNTING POLICIES
for the year ended 31 january 2010 (Continued)

Stated capital
Ordinary share capital is recognised at the fair value of the consideration received and the excess amount over the nominal value of shares issued is treated as share premium.

Dividends paid
Dividends on ordinary shares are recognised against equity in the period in which they are approved by the company's shareholders. Dividends declared after the balance sheet dates are not recognised as a liability in the balance sheet.

Borrowings
Borrowings are recognised initially as the proceeds are received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings.

Employee benefits
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet 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 company is not able to recover in full such administration costs, they are recognised in the income statement 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 certain market and 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.

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 groupís 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 or loss 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.

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.

ACCOUNTING POLICIES
for the year ended 31 january 2010 (Continued)

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 balance sheet, 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 balance sheet. 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).

The Group also derecognises certain assets when it charges off balances pertaining to the assets deemed to be uncollectible.

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.

ACCOUNTING POLICIES
for the year ended 31 january 2010 (Continued)

For more complex instruments, the Group uses 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 on the balance sheet.

Identification and measurement of impairment

At each balance sheet 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 judgement 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 profit or loss.

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 profit or loss. 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 profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
1 INTEREST INCOME				
Advances to customers	582,698	396,439	-	-
Other - deposits with banks	6,138	1,872	5,732	212
- related party (note 26.1)	-	-	118,151	96,323
	588,836	**398,311**	**123,883**	**96,535**
2 INTEREST EXPENSE				
Overdraft facilities and term loans	41,770	49,991	11,708	21,327
Related party (note 26.1 and note 26.2)	19,857	22,508	7,503	13,672
Foreign exchange (gain) / loss	(10,692)	2,697	(10,510)	1,132
	50,935	**72,196**	**8,701**	**36,131**
3 FEE AND COMMISSION INCOME				
Administration fees - legal expense insurance agency	18,004	16,357	-	-
Administration fees - lending	92,700	63,194	-	-
Arrangement fees from related party (note 26.1)	-	-	-	1,692
Credit life insurance commission (note 18.3 and note 26.8)	3,595	5,274	-	-
Credit life administration fees (note 18.3 and note 26.8)	4,145	3,002	-	-
	118,444	**87,827**	**-**	**1,692**

Note: The administration fees from the legal expenses insurance agency arise from Letshego Guard (Pty) Ltd. This subsidiary was sold on 31 January 2010 (see note 26.5)

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
4 OTHER OPERATING INCOME				
Profit on sale of LG & LGICL (note 26.5)	42,568	-	54,877	-
Profit share from legal expenses insurance agency	2,290	3,420	-	-
Profit on disposal of property, plant and equipment	1	-	1	-
Management fees from related parties (note 26.1)	-	-	30,763	21,088
Guarantee fees from related parties (note 26.1)	-	-	5,759	6,771
Dividend from related party (note 26.1)	-	-	102,109	256,748
Sundry income	1,976	1,201	-	-
	46,835	**4,621**	**193,509**	**284,607**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
Continued

	GROUP		COMPANY	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000
5 STAFF COSTS				
Salaries and wages	40,434	30,995	10,604	8,929
Staff incentive (note 18.2)	14,875	8,671	6,679	4,045
Staff pension fund contribution	3,636	2,407	877	733
Directors' remuneration - for management services (executive)	6,307	5,784	6,307	5,784
Long term incentive plan	15,014	6,665	11,063	5,250
	80,266	**54,522**	**35,530**	**24,741**
6 OTHER OPERATING COSTS				
Accounting and secretarial fees	530	592	207	429
Advertising	8,787	7,707	132	280
Audit fees - current year	1,325	1,058	251	159
- prior year under provision	192	100	-	-
- other fees paid to auditors	238	197	-	36
Bank charges	2,749	2,466	695	319
Computer expenses	2,525	2,059	1,778	1,503
Consultancy fees	2,296	550	816	86
Depreciation - Computer equipment (note 15)	1,448	817	575	180
- Office furniture and equipment (note 15)	1,451	1,580	397	496
- Motor vehicles (note 15)	292	102	-	-
Amortisation of intangible assets (note 16)	312	763	312	735
Directors' fees - non executive	1,627	1,182	1,648	1,182
Loss on disposal of property, plant and equipment	48	-	-	-
Operating lease rentals - property	7,175	4,060	1,017	919
Other operating expenses	16,622	12,836	8,041	3,415
Payroll administration costs	8,320	1,622	-	-
Professional fees	2,169	925	-	-
Telephone and postage	2,823	2,306	384	324
Travel	6,588	5,008	2,011	1,914
	67,517	**45,930**	**18,264**	**11,977**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

Continued

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
7 INCOME TAX				
Company taxation				
- Basic taxation	86,923	49,036	15,697	9,762
- Additional company taxation	33,659	24,234	6,803	3,502
- Under provision from prior year	3,068	3,214	-	102
- Withholding tax on dividends paid	(5,793)	(1,964)	(5,793)	(1,964)
- Withholding tax on dividends received	-	-	14,700	38,512
	117,857	74,520	31,407	49,914
- Deferred taxation movement	(1,534)	(4,971)	1,395	(1,787)
- Capital gains tax arising on sale of subsidiaries	7,727	-	7,727	-
- Other taxes	1,156	77	503	18
	125,206	**69,626**	**41,032**	**48,145**

7.1 Additional company taxation (Botswana) available to be offset against withholding tax on dividends

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
Balance at the beginning of the period			38,522	36,984
Arising in the current period			6,803	3,502
Withholding tax on dividends paid			(5,793)	(1,964)
Balance at the end of the year			**39,532**	**38,522**

All cumulative Additional Company Tax falls away on 30 June 2010 if not utilised.

7.2 Deferred taxation

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
Balance at the beginning of the period	(11,338)	(6,367)	(3,103)	(1,316)
Current year movement	(1,534)	(4,971)	1,395	(1,787)
Balance at the end of the period	**(12,872)**	**(11,338)**	**(1,708)**	**(3,103)**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

Continued

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
7 INCOME TAX (Continued)				
7.2 Deferred taxation				
Deferred taxation arises from temporary differences on the following items:				
Property, plant and equipment	(127)	690	164	180
Share based payment provision	3,376	1,968	1,411	1,314
Staff incentive provision	115	1,652	115	1,609
General impairment provision	6,979	6,841	-	-
Taxation losses	233	55	-	-
Deferred rent provision	(26)	132	18	-
Leave Pay	74	-	-	-
Income received in advance	2,248	-	-	-
	12,872	**11,338**	**1,708**	**3,103**
7.3 Reconciliation of current taxation				
Income before taxation	505,206	288,690	254,897	309,985
Tax calculated at relevant tax rates	120,582	73,270	30,226	13,265
Under provision from prior period	3,068	3,214	-	102
Expenses and revenues not deductible for tax purposes	7,349	(4,894)	1,899	(1,770)
Withholding tax on dividends paid	(5,793)	(1,964)	(5,793)	(1,964)
Withholding tax on dividends received	-	-	14,700	38,512
	125,206	**69,626**	**41,032**	**48,145**

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on after taxation earnings of P380 000 000 (2009 - P219,064,000) and the weighted average number of shares in issue during the period of 179.2 (2009 : 151.5 million). The number of dilutive potential ordinary shares at the end of the period arising from unvested long term incentive share awards is 4.7 million (2009: 3.3 million). The calculation of diluted earnings per share is based on profit for the period of P380 000 000 (2009:219,064,000) and shares amounting to 187.1 million (2009:154.8 million).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

Continued

9 DIVIDENDS PER SHARE

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At a board of directors meeting held on 12 April 2010, a first and final dividend in respect of the year ended 31 January 2010 of P0.30 per share prior to a share split of 10 for 1(i.e post share split this became P0.03 per share)(2009: first and final dividend of P0.30 per share) amounting to total of P55.2 million (2009: final dividend of P54.7 million) was proposed. The financial statements for the year ended 31 January 2010 do not reflect this resolution, which will be accounted for in shareholders equity as an appropriation of retained earnings in the year ending 31 January 2011. The withholding tax of P5.6million arising on the first and final dividend (2009: withholding tax on first and final dividend of P5.8 million) has not been recognised in the financial statements and will be available for set off against the income tax charge for the year ended 31 January 2011. No interim dividend was declared in respect of 2010 (2009: Nil).

	GROUP		COMPANY	
	2010	2009	2010	2009
	P'000	P'000	P'000	P'000
10 CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	54,462	5,165	475	22
Short term bank deposits	50,000	-	50,000	-
	104,462	**5,165**	**50,475**	**22**
The short term bank deposits are held as security for borrowings. Refer to Note 19.				
11 ADVANCES TO CUSTOMERS				
Gross advances to customers	1,712,903	1,365,833	-	-
Less : impairment provisions	(30,646)	(23,276)	-	-
Net advances to customers	**1,682,257**	**1,342,557**	**-**	**-**
Certain advances to customers are pledged as security for borrowings as set out in note 19.				
Maturity analysis of advances to customers				
Maturity within 1 year	217,725	77,976	-	-
Maturity after 1 year but within 2 years	296,972	118,666	-	-
Maturity after 2 years but before 5 years	1,167,560	1,145,915	-	-
	1682,257	**1,342,557**	**-**	**-**
Provision for impairment				
Balance at the beginning of the period	23,276	13,524	-	-
Impairment adjustment	7,370	9,752	-	-
Balance at the end of the period	**30,646**	**23,276**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

Continued

	GROUP		COMPANY	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000
11 ADVANCES TO CUSTOMERS (Continued)				
Charges to the income statement				
Amounts written off	65,592	32,385	-	-
Recoveries during the period	(22,771)	(12,716)	-	-
Impairment adjustment	7,370	9,752	-	-
	50,191	**29,421**	**-**	**-**
12 OTHER RECEIVABLES				
Accounts receivable from subsidiaries	-	-	-	1,790
Deposits and prepayments	1,854	2,125	580	-
Administration fees receivable	12,954	3,791	-	-
Due from Botswana Insurance Holdings Limited (note 26.4)	56,668	-	56,668	-
Other receivables	3,044	2,537	2,194	1,503
	74,520	**8,453**	**59,442**	**3,293**
Maturity analysis of other receivables				
Non-current portion				
Deposits and prepayments	1,854	2,125	580	-
Current portion				
Accounts receivable from subsidiaries	-	-	-	1,790
Administration fees receivable	12,954	3,791	-	-
Due from Botswana Insurance Holdings Limited (note 26.4)	56,668	-	56,668	-
Other receivables	3,044	2,537	2,194	1,503
	72,666	6,328	58,862	3,293
	74,520	**8,453**	**59,442**	**3,293**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

Continued

	GROUP		COMPANY	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000
13 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 have ceeded their shares in Letshego Financial Services (Namibia)(Pty) Ltd as security for the loan from Letshego Holdings Limited. Kumwe Investment Holding Limited owns 15% of Letshego Financial Services (Namibia) (Pty) Limited	**8,387**	**-**	**8,387**	**-**
14 INVESTMENT IN SUBSIDIARY COMPANIES				
Company				
Letshego Financial Services Botswana (Proprietary) Limited - ordinary shares at cost	-	-	30,000	30,000
Letshego Financial Services Zambia (Proprietary) Limited - ordinary shares and preference shares at cost	-	-	18,960	5,856
Letshego Guard Insurance Company Limited - shares at cost	-	-	-	2,000
Letshego Life Insurance Limited - shares at cost	-	-	-	2,000
Letshego Tanzania Limited (Formerly Micro Provident Tanzania Ltd) - Ordinary shares and preferance shares at cost	-	-	68,911	650
Letshego Financial Services Namibia (Proprietary) Limited - shares at cost	-	-	68,385	33,058
Micro Provident Swaziland (Proprietary) Limited - shares at cost	-	-	1	1
Micro Provident Uganda Limited - ordinary shares and preferance shares at cost	-	-	31,000	1,000
Micro Provident Mozambique, SA - shares at cost	-	-	1,575	-
	-	**-**	**218,832**	**74,565**
Micro Provident Swaziland (Proprietary) Limited - term loan	-	-	62,563	120,862
Micro Provident Uganda Limited - current account	-	-	(14)	(411)
Letshego Financial Services Botswana (Proprietary) Limited - term loan	-	-	765,342	582,470
Letshego Guard Insurance Company Limited - current account	-	-	-	(1,999)
Letshego Life Insurance Limited - current account	-	-	-	(1,999)
Letshego Financial Services Namibia (Proprietary) Limited - term loan	-	-	94,771	-
Letshego Tanzania Limited (Formerly Micro Provident Tanzania Ltd) - current account	-	-	13,402	-
Letshego Tanzania Limited (Formerly Micro Provident Tanzania Ltd) - term loan	-	-	-	32,582
Letshego Financial Services (Proprietary) Limited - current account (Zambia)	-	-	1,292	-
Letshego Financial Services (Proprietary) Limited - term loan (Zambia)	-	-	-	8,053
Letshego Financial Services Mozambique, SA - current account	-	-	3,612	-
	-	-	940,968	739,558
	-	**-**	**1,159,800**	**814,123**

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14 INVESTMENT IN SUBSIDIARY COMPANIES (Continued)

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

Subsidiary company	Country of incorporation	Nature of business	% holding
Letshego Financial Services (Namibia) (Proprietary) Limited	Namibia	Unsecured consumer lending	85 (2009:100)
Letshego Financial Services (Proprietary) Limited	Botswana	Unsecured consumer lending	100
Letshego Financial Services Limited	Zambia	Unsecured consumer lending	100
Micro Provident Uganda Limited	Uganda	Unsecured consumer lending	100
Micro Provident Swaziland (Proprietary) Limited	Swaziland	Unsecured consumer lending	85
Letshego Tanzania Limited	Tanzania	Unsecured consumer lending	85
Micro Provident Ghana Limited	Ghana	Dormant	100
Micro Provident Malawi Limited	Malawi	Dormant	100

Micro Provident 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.
The Swazi Emalengeni (SEL) and the ZAR are both members of the Common Currency Area and have the same effective exchange rate and interest rates.

Letshego Financial Services (Proprietary) Limited (LFSB) - term loan

The loan is denominated in BW Pula, bears interest at Botswana prime plus 2% per annum, is unsecured and has a term of 10 years.
The loan to LFSB is held as security for borrowings as set out in note 19.

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. The Namibian dollar is also a member of the Common Currency Area.

Letshego Tanzania Limited

The loan was converted to preferance shares during the period.

Letshego Financial Services Limited (Zambia)

The loan was converted to preference shares during the period.

Current accounts

The current accounts are denominated in Pula, interest free and are settled on a quarterly basis.

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for the year ended 31 january 2010

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15 PROPERTY, PLANT AND EQUIPMENT

GROUP

Cost	**Motor vehicles P'000**	**Computer equipment P'000**	**Office furniture & equipment P'000**	**Total P'000**
Balance at 1 February 2009	601	5,209	6,820	12,630
Additions	515	1,122	1,542	3,179
Disposals	-	(405)	(921)	(1,326)
Balance at 31 January 2010	1,116	5,926	7,441	14,483
Accumulated Depreciation				
Balance at 1 February 2009	106	1,971	3,401	5,478
Depreciation charge for the period	292	1,448	1,451	3,191
Disposals	-	(294)	(502)	(796)
Balance at 31 January 2010	398	3,125	4,350	7,873
Net Book Value at				
31 January 2010	**718**	**2,801**	**3,091**	**6,610**
31 January 2009	**495**	**3,238**	**3,419**	**7,152**

COMPANY

Cost	**Motor vehicles P'000**	**Computer equipment P'000**	**Office furniture & equipment P'000**	**Total P'000**
Balance at 1 February 2009	-	1,838	2,178	4,016
Additions	-	379	85	464
Disposals	-	(30)	-	(30)
Balance at 31 January 2010	-	2,187	2,263	4,450
Accumulated Depreciation				
Balance at 1 February 2009	-	466	1,447	1,913
Depreciation charge for the period	-	575	397	972
Disposals	-	(15)	-	(15)
Balance at 31 January 2010	-	1,026	1,844	2,870
Net Book Value at				
31 January 2010	**-**	**1,161**	**419**	**1,580**
31 January 2009	**-**	**1,372**	**731**	**2,103**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
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16 INTANGIBLE ASSETS

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
Computer software	3,026	3,025	3,026	2,658
Additions	269	368	269	368
Amortisation	(2,742)	(2,797)	(2,742)	(2,430)
Net Book Value at 31 January	**553**	**596**	**553**	**596**

Intangible assets with a cost of P367,000 and amortisation of P367,000 were sold during the year.

17 GOODWILL

	GROUP 2010 P'000	GROUP 2009 P'000
Carry value of goodwill	**25,760**	**25,760**

Goodwill arose from the aquisition of Letshego Financial Services (Namibia) (Pty) Ltd.

Fair value of assets and liabilities

	GROUP 2010 P'000	GROUP 2009 P'000
Property, plant and equipment	-	2,038
Investments	-	1
Trade and other receivables	-	125
Borrowings	-	(20,909)
Other financial liabilities	-	(11,542)
Advances to customers	-	42,303
Cash and cash equivalents	-	1,078
Provision	-	(1,540)
Deferred taxation	-	(1)
Income taxation	-	(690)
Trade and other payables	-	(1,694)
Foreign currency translation	-	(1,871)
Net assets acquired	**-**	**7,298**
Cash Consideration paid:	-	(33,058)
Net cash outflow on aquisition	-	25,760
Cash consideration paid	-	33,058
Cash acquired	-	(1,078)
	-	**31,980**

100% of the issued share capital of Letshego Financial Services (Namibia) (Pty) Ltd, a private company incorporated and operating in Namibia since 2002, was aquired on 1 August 2008.

The goodwill arising on acquisition was initially measured in terms of IFRS and the fair value of assets and liabilities approximated closely their carrying value at year end date. The carrying value of goodwill was reassessed and no objective impairment indicators were noted.

On 1 August 2009, 15% of Letshego Financial Services (Namibia) (Pty) Ltd was sold to Kumwe Investment Holdings Limited as set out in note 13.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

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	GROUP		COMPANY	
18 TRADE AND OTHER PAYABLES	**2010 P'000**	**2009 P'000**	**2010 P'000**	**2009 P'000**
Trade and other payables	32,776	38,676	7,319	11,206
Staff incentive provision (note 18.2)	19,591	14,899	13,939	10,273
Deferred income (note 18.3)	63,663	26,539	-	-
Related party payables (note 26.5)	13,668	-	13,668	8,068
	129,698	**80,114**	**34,926**	**29,547**
18.1 Maturity analysis of trade and other payables				
Non-current portion				
Deferred income	37,760	20,106	-	-
	37,760	**20,106**	**-**	**-**
Current portion				
Deferred income	25,903	6,433	-	-
Staff incentive provision	19,591	14,899	13,939	10,273
Trade and other payables	32,776	38,676	7,319	11,206
Related party payables (note 26.5)	13,668	-	13,668	8,068
	91,938	**60,008**	**34,926**	**29,547**
Total trade and other payables	**129,698**	**80,114**	**34,926**	**29,547**
18.2 Movement in staff incentive provision				
Balance at the beginning of the period	14,899	6,228	10,273	6,228
Current period charge (note 5)	14,875	8,671	6,679	4,045
Paid during the period	(10,183)	-	(3,013)	-
Balance at the end of the period	**19,591**	**14,899**	**13,939**	**10,273**
18.3 Movement in deferred income				
Balance at the beginning of the period	26,539	16,318	-	-
Raised / transfer during the period	44,864	18,497	-	-
Credit life insurance commission (note 3)	(3,595)	(5,274)	-	-
Credit life administration fees (note 3)	(4,145)	(3,002)	-	-
Balance at the end of the period	**63,663**	**26,539**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

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19 BORROWINGS

	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
Long term borrowings				
African Alliance Botswana Liquidity Fund	15,000	25,000	15,000	25,000
Barclays Bank of Botswana Limited	39,519	70,000	39,519	70,000
First National Bank of Botswana Limited	-	15,080	-	15,080
International Finance Corporation	112,442	113,069	55,135	54,266
Investec Asset Management Botswana (Proprietary) Limited	55,000	-	-	-
Netherlands Development Finance Company (FMO)	30,552	55,597	-	-
	252,513	278,746	109,654	164,346
Short term borrowings				
African Banking Corporation of Botswana Limited	-	29,982	-	-
Barclays Bank of Botswana Limited	37,827	54,183	37,827	54,183
BIFM Capital Investment Fund Two (Proprietary) Limited	45,000	45,000	-	-
Botswana Building Society	-	50,000	-	-
First National Bank of Botswana Limited	-	12,357	-	12,357
First National Bank of Swaziland Limited	-	13,195	-	-
Investec Asset Management Botswana (Proprietary) Limited	-	55,000	-	-
Standard Bank of Namibia Limited	-	19,133	-	-
Standard Chartered Bank of Botswana Limited	8,920	27,167	-	1,082
Standard Chartered Bank Tanzania Limited	3,047	24,910	2,773	-
Standard Chartered Bank Uganda Limited	30,331	31,767	-	-
Standard Chartered Bank Zambia Limited	-	2,945	-	-
	125,125	365,639	40,600	67,622
Total borrowings	**377,638**	**644,385**	**150,254**	**231,968**

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19 BORROWINGS (Continued)

LONG TERM BORROWINGS

First National Bank of Botswana Limited

The 3 year term loan from FNB attracted interest at a fixed rate of 12.75% per annum and had the option to be repaid or converted to an overdraft facility at the end of its term in March 2009.The loan was dominated in BW Pula. The loan was repaid in full after it expired in March 2009.

The loan shared the same security as the overdraft facility - refer to note under short term borrowings.

African Alliance Botswana Liquidity Fund

P10 000 000 of the P25 000 000 12 month promissory note facility was repaid on its expiry in March 2009. The remaining P15 000 000 promissory note facility expired in December 2009 and was renewed for a further 12 month period with a fixed interest rate of 11% per annum. The promissory notes are unsecured and denominated in BWP.

Netherlands Development Finance Company (FMO)

The term loan from FMO is used exclusively for Letshego Tanzania Limited and is denominated in Tanzanian Shillings.
The loan bears interest at the12 month average 182 day Tanzanian treasury bill rate plus 1.65% per annum.
The loan is repayable in six equal semi annual installments, commencing 1 April 2009. Interest is paid semi annually in April and September each year.
The loan is secured by a corporate guarantee from Letshego Holdings Limited.

International Finance Corporation (IFC)

The term loan from IFC has been allocated to Letshego Holdings Limited, Micro Provident Swaziland (Proprietary) Limited and Letshego Financial Services Limited (Zambia). The loan to Letshego Holdings Limited and Micro Provident Swaziland Limited are denominated in South African Rand (ZAR) and the loan to Letshego Financial Services Limited (Zambia) is dominated in Zambian Kwacha.

The loans bear interest rates as follows:

- Letshego Holdings Limited	3 months JIBAR rate plus 1.8%
- Micro Provident Swaziland (Pty) Limited	3 months JIBAR rate plus 2.3%
- Letshego Financial Services Limited (Zambia)	364 day Zambian treasury bill rate plus 4%

The loans are repayable in 10 equal semi annual instalments commencing on 15 December 2009. Interest is paid quarterly.

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

Barclays Bank of Botswana Limited

The term loan from Barclays Bank of Botswana Limited attracts interest at prime less 1.5% per annum and is repayable in fourteen equal monthly installments commencing on June 2009. The loan is denominated in BWP.
The loan shares the same security as the overdraft facility. Refer to note under short term borrowings.

Investec Asset Management Botswana (Propreitary) Limited

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

SHORT TERM BORROWINGS

Barclays Bank of Botswana Limited

The Botswana Pula 70 million overdraft facility attracts interest at Botswana prime less 1.25% per annum and is repayable on demand.
The overdraft facility is secured by a pari passu cession of the loan to Letshego Financial Services (Pty) Limited (Botswana) and by a pari passu cession of the loan book of Letshego Financial Services (Pty) Limited (Botswana).

First National Bank of Botswana Limited

The BWP15 million overdraft facility attracts interst at prime less 1.25% per annum and is repayable on demand.
The overdraft facilities are secured by a pari passu cession of the loan to Letshego Financial Services (Pty) Limited (Botswana) and by a pari passu cession of the loan book of Letshego Financial Services (Pty) Limited (Botswana).

NOTES TO THE FINANCIAL STATEMENTS
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19 BORROWINGS (Continued)

Standard Chartered Banks - term loan
The Group has term loans with Standard Chartered Bank which have been allocated and bear interest as follows:

Company	Amount	Interest Rate	Bank
Letshego Tanzania Limited	BWP 50 million	Prime less 1%	Standard Chartered Bank of Tanzania Limited
Micro Provident Uganda Limited	BWP 30 million	Uganda Base Rate less 0.50%	Standard Chartered Bank of Uganda Limited
Letshego Financial Services Limited (Zambia)	BWP 15 million	Zambia Base Rate plus 1.50%	Standard Chartered Bank of Zambia Limited
	BWP 95 million		

The term loans are due for repayment on 31 October 2010 and are denominated in the respective local currency

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

	Amount	Interest Rate	Bank
Letshego Holdings Limited	BWP 9 million	Botswana Prime less 1%	Standard Chartered Bank of Botswana Limited
Letshego Tanzania Limited	BWP 23 million	Tanzania Prime less 1.50%	Standard Chartered Bank of Tanzania Limited
Micro Provident Uganda Limited	BWP 15 million	Uganda Base Rate less 0.50%	Standard Chartered Bank of Uganda Limited
Letshego Financial Services Limited (Zambia)	BWP 8 million	Zambia Base Rate plus 1%	Standard Chartered Bank of Zambia Limited
	BWP 55 million		

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:
- an unlimited pari passu cession of the loan and advances book of Letshego Financial Services (Proprietary) Limited (Botswana)
- an unlimited pari passu cession of the loan between Letshego Holdings Limited and Letshego Financial Services (Proprietary) Limited (Botswana)
- a lien over BWP 50 million being held on deposit with Standard Chartered Bank of Botswana Limited

BIFM Capital Investment Fund Two (Proprietary) Limited
The 90 day promissory notes have a maximum face value of BWP45 million, attracts interest at the 91day Bank of Botswana Treasury Bill rate plus 2.8% and are secured by a corporate guarantee from Letshego Holdings Limited.

First National Bank of Swaziland Limited
The overdraft facility of SEL 25 million dedicated to Micro Provident Swaziland (Proprietary) Limited attracts interest a Swaziland prime less 1%, is repayable on demand, denominated in Swaziland Emalangeni and is secured by:
- guarantee of SEL 10 million from Letshego Holdings Limited
- unlimited letter of suretyship from Letshego Holdings Limited
- cession of Micro Provident Swaziland (Proprietary) Limited advances to customers book

African Banking Corporation Botswana Limited
A cash advance facility of BWP 30 million which attracted interest at Botswana Prime minus 2% and was secured by a corporate guarantee from Letshego Holdings Limited. The facility was denominated in BWP. The facility was repaid during the period.

Botswana Building Society
The 90 day promissory notes have a maximum face value of Botswana Pula 50 million and attract interest at the 91 day Bank of Botswana Treasury Bill rate plus 1%. The promissory notes are secured by a corporate guarantee from Letshego Holdings Limited. The promisory notes were repaid during the period.

Investec Asset Management (Pty) Limited
The 90 day promissory notes attracted interest at the 91 day Bank of Botswana Treasury Bill plus 1%, were secured by a corporate guarantee by Letshego Holdings limited. The promissory notes were converted into a 5 year term loan in June 2009.

Standard Bank of Namibia Limited
The overdraft facility of NAD 25 million dedicated to Letshego Financial Services (Namibia) (Proprietary) Limited attracts interest at Namibia prime less 1% is repayable on demand is denominated in Namibian Dollars and is secured by:
- unlimited letter of surety ship from letshego Holdings Limited
- cession of Letshego Financial Services (Namibia) (Proprietary) Limited advances to customers book.

First National Bank of Namibia Limited
The overdraft facility of NAD 33 million dedicated to Letshego Financial Services (Namibia) (Proprietary) Limited which attracts interest at Namibia prime less 1% repayable on demand is denominated in Namibian Dollars and is secured by a guarantee for NAD 33 million by Letshego Holdings Limited

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	GROUP 2010 P'000	GROUP 2009 P'000	COMPANY 2010 P'000	COMPANY 2009 P'000
20 STATED CAPITAL				
Issued: 182,475,236 ordinary shares of no par value (2009: 151,544,881)	**362,442**	**1,515**	**362,442**	**1,515**
During the period 930 355 new ordinary shares were issued as part of the group long term incentive plan Refer to note 21. On 6 March 2009, 30 million new ordinary shares were issued as part of an offer for subscription.				
Share premium				
Arising on the private issue of 100 ordinary shares of P0.01 each at a premium of P5,999.00 per share	600	600	600	600
Arising on the public issue of 30,000,000 ordinary shares of P0.01 each at a premium of P0.99 per share	29,700	29,700	29,700	29,700
Arising on the issue of 1,214,992 ordinary shares of P0.01 each at a premium of P3.24 per share	3,937	3,937	3,937	3,937
Arising on the issue of 329,889 ordinary shares of P0.01each at a premium of P3.24 per share	1,069	1,069	1,069	1,069
Less: cost of issue - listing expenses	(1,729)	(1,729)	(1,729)	(1,729)
Total share premium	33,577	33,577	33,577	33,577
Total stated capital	**396,019**	**35,092**	**396,019**	**35,092**

All shares in issue of P0.01 par value each prior to the commencement of the Botswana Companies Act 2003 have been converted into shares of no par value. Such conversion does not affect the rights and obligations attached to the shares. With the commencement of the Botswana Companies Act 2003 on 3 July 2007 the stated capital comprises all the called up, issued and fully paid share capital and the associated share premium account.

21 SHARE INCENTIVE SCHEME

The group operates an equity settled conditional Long Term Incentive Plan (LTIP),which was approved by shareholders at an Extraordinary General Meeting which was held on 20 December 2005. Under the plan, conditional awards are granted to management and key employees of the group. The number of vesting awards is subject to achievement of certain market and non-market conditions. Share granted in terms of the plan may not exceed 10% of the issued ordinary shares of the 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 company. Shares awards under the plan have been made annually since 2005. The vesting period of the awards is generally three years.

	GROUP 2010 AWARDS '000	GROUP 2009 AWARDS '000	COMPANY 2010 AWARDS '000	COMPANY 2009 AWARDS '000
Outstanding at the beginning of the period	3,299	2,016	2,457	1,469
Granted during the period	2,685	1,516	1,710	1,022
Exercised during the period	(930)	-	(930)	-
Forfeited during the period	(426)	(233)	(152)	(34)
Outstanding at the end of the period	4,628	3,299	3,085	2,457

	2007 Awards	2008 Awards	2009 Awards
Weighted average exercise price	P8.35	P14.80	P10.45
Weight average vesting period	Zero months	12 months	24 months

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21 SHARE INCENTIVE SCHEME (Continued)

The fair value of services received using the Monte Carlo valuation model as follows:

	GROUP		COMPANY	
	2010 FAIR VALUE P'000	2009 FAIR VALUE P'000	2010 FAIR VALUE P'000	2009 FAIR VALUE P'000
Outstanding at the beginning of the period	10,588	3,923	8,104	2,854
Granted during the period	15,014	6,665	11,063	5,250
Exercised during the period	(7,315)	-	(5,420)	-
	18,287	**10,588**	**13,747**	**8,104**

	GROUP		COMPANY	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000
22 CASH GENERATED FROM OPERATIONS				
Operating income before taxation	505,206	288,690	254,897	309,985
Adjustments for:				
-Amortisation of intangible assets (note 16)	312	763	312	735
-Depreciation (note 15)	3,421	2,499	972	676
-Impairment provision movement (note11)	7,370	9,752	-	-
-Deferred income - credit life commission (note 18.3)	(3,595)	(5,274)	-	-
-Deferred income - credit life administration fees (note 18.3)	(4,145)	(3,002)	-	-
-Loss/(profit) on disposal of property plant and equipment	47	-	(1)	-
-Profit on sale of subsidiaries	(42,568)	-	(54,876)	
-Long term incentive plan provision	7,699	6,665	5,643	5,250
-Unrealised foreign currency translation gains	(3,613)	4,015	-	-
-Dividend from subsidiaries	-	-	(102,109)	(256,748)
Changes in working capital:				-
Movement in advances to customers	(347,070)	(520,453)	-	-
Movement in other receivables	(74,453)	(3,240)	(64,535)	961
Movement in trade and other payables	49,584	33,540	5,378	7,989
Cash generated from/(utilised in) operations	**98,195**	**(186,045)**	**45,681**	**68,848**
23 CAPITAL COMMITMENTS				
Authorised by the directors:				
-Not contracted for	**10,555**	**15,500**	**6,322**	**9,012**

The capital expenditure will be financed from the Group's existing resources

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

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24 MINORITY INTEREST

	GROUP		COMPANY	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000
Opening balance	4,413	1,594	-	-
Share of current period profit after tax	9,840	3,007	-	-
Share of foreign currency translation reserve	7,565	280	-	-
Dividends paid to minority	-	(468)	-	-
	21,818	**4,413**	-	-

25 FINANCIAL RISK MANAGEMENT

(a) Introduction and overview
The Group has exposure to the following risks from financial instruments:
- credit risk
- interest rate risk
- liquidity risk
- market risks
- operational risks

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.

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), Remunaration Committee (Remco), Investment Committee, Group Executive Committee("Exco"),Group Operations Committee and Subsidiary Companies Advisory Committees 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 Group Exco which comprises of executive directors and senior management and report regularly to the Board of Directors and its subcommittees on its 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 adherences 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 obligations.

(b) 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, 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 employee's (the Letshego customer) salary. This salary deduction code model is used throughout the Group.

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 collection mechanism.

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25 FINANCIAL RISK MANAGEMENT (Continued)

Management of credit risk (Continued)
It is the responsibility of each CEO to ensure that the Group's policies regarding credit risk, affordability levels, minimum take home pay and adherence to Group limits and local legislation regarding 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.

Loan application process
Clients are employees of participating employers. Where an employer is not a participating employer, Letshego engages with the employer and obtains a deduction authorisation to enable deductions of the loan repayments from the employee's 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 employer. The participating employer does not guarantee loans advanced to employees and is only obligated 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 account 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 company is the loan applicant's ability to meet his/her financial commitments and to remain with sufficient funds to fund household needs. The company applies this criteria for all customers and this complimentary to any regulatory requirements.

Letshego offers life insurance products to all its clients in Botswana and Namibia, 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 the countries where no such cover is in place, then this risk is addressed through pricing and provisioning policies.

Monitoring of monthly collections
In the event that a customer does not have sufficient funds from their net salary 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 recoveries efforts are commenced.

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

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

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 attorneys or collection agents to secure debt judgements.

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

No cash transactions
Loan disbursments are processed electronically and funds are directly deposited into a customer's bank accounts. This reduces cash holding risk. Due to this methodology only customers with bank accounts can be assisted.

Regular audit 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 principle and interest due according to the contractual terms of the loan.

Past due but not impaired
Past due but not impaired loans are those for where contractual repayments are past due dates 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.

NOTES TO THE FINANCIAL STATEMENTS
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25 FINANCIAL RISK MANAGEMENT (Continued)

Loan with renegotiated terms
This applies in cases where the employer does not make a loan deduction and this is not the fault of the customer. In such cases these loans are rescheduled so as not to penalise the customer. The number and value of these loans was not significant during the financial period.

Allowances for impairment
The Group establishes an allowance for impairment losses on assets carried at amortised costs that represent 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.

Write-off policy
The Group writes off a loan balance, and any related allowances for impairment losses, when Group Credit determines that the loan is uncollectible. This determination is reached after considering information such as the occurance of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation.

Maximum exposure to credit risk at 31 January 2010	Gross Advances P'000	Security held P'000	Specific Provision P'000	Portfolio Provision P'000	Net Advances P'000
Botswana	1,154,467	-	13,211	6,681	1,134,575
Swaziland	148,974	-	596	1,123	147,255
Tanzania	144,402	-	2,589	778	141,035
Uganda	64,454	-	1,378	376	62,700
Zambia	37,034	-	493	995	35,546
Namibia	163,572	-	510	1,916	161,146
Total at 31 January 2010	**1,712,903**	**-**	**18,777**	**11,869**	**1,682,257**

Maximum exposure to credit risk at 31 January 2009	Gross Advances P'000	Security held P'000	Specific Provision P'000	Portfolio Provision P'000	Net Advances P'000
Botswana	930,936	-	10,548	5,335	915,053
Swaziland	193,398	-	-	1,403	191,995
Tanzania	134,556	-	2,957	1,073	130,526
Uganda	33,247	-	528	174	32,545
Zambia	30,533	-	71	369	30,093
Namibia	43,163	-	818	-	42,345
Total at 31 January 2009	**1,365,833**	**-**	**14,922**	**8,354**	**1,342,557**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
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25 FINANCIAL RISK MANAGEMENT (Continued)

Advances to customers that are past due or impaired - 31 January 2010	Botswana P'000	Swaziland P'000	Tanzania P'000	Uganda P'000	Zambia P'000	Namibia P'000	Total P'000
Neither past due or impaired	1,117,981	148,483	133,669	62,798	35,401	162,941	1,661,273
Past due but not impaired	36,486	491	10,733	1,656	1,633	631	51,630
Impaired	-	-	-	-	-	-	-
Total gross advances to customers	1,154,467	148,974	144,402	64,454	37,034	163,572	1,712,903
Less: impairment provision	19,892	1,719	3,367	1,754	1,488	2,426	30,646
Net advances to customers at 31 January 2010	**1,134,575**	**147,255**	**141,035**	**62,700**	**35,546**	**161,146**	**1,682,257**

Advances to customers that are past due or impaired - 31 January 2009	Botswana P'000	Swaziland P'000	Tanzania P'000	Uganda P'000	Zambia P'000	Namibia P'000	Total P'000
Neither past due or impaired	910,958	192,610	128,642	32,628	30,462	39,527	1,334.827
Past due but not impaired	19,978	788	5,914	619	71	1,999	29,369
Impaired	-	-	-	-	-	1,637	1,637
Total gross advances to customers	930,936	193,398	134,556	33,247	30,533	43,163	1,365,833
Less: impairment provision	15,883	1,403	4,030	702	440	818	23,276
Net advances to customers at 31 January 2009	**915,053**	**191,995**	**130,526**	**32,545**	**30,093**	**42,345**	**1,342,557**

Refer also to note 30, Significant Accounting Estimates and Judgments and the related sensitivity analysis.

Other exposures to credit risk	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
Cash and cash equivalents	104,462	5,165	50,475	22
Other receivables	82,907	8,453	67,829	3,293
Income tax	-	-	-	2,626
Investment in subsidiaries		-	1,159,800	814,123
	187,369	**13,618**	**1,278,104**	**820,064**

Cash and Cash Equivalents
All cash at banks is held with reputable financial institutions with good credit history and are regulated by the relevant national regulatory authority. As a result, the probability of a loss due to credit risk is assessed as low.

Income tax
Income tax is due from the Botswana Unified Revenue Services, a department of the Government of the Republic of Botswana and therefore the probability 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 on a regular basis, and no assessment of increased levels of credit risk was noted at the financial year end.

(c) Interest rate risk
There is an exposure to interest rate risk associated with the effects of fluctuations in the prevailing levels of the market rates on the financial position and cash flows. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Generally, interest on advances to customers is fixed, whereas interest on borrowings is floating. The table below summarises the exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined to be the earlier of the contractual repricing date or maturity.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
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25 FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk
GROUP

31 January 2010	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
ASSETS						
Cash and cash equivalents	104,462	-	-	-	-	104,462
Advances to customers	22,000	225,504	326,591	1,108,162	-	1,682,257
Other receivables (including long term receivables)	-	-	-	8,387	74,520	82,907
Property, plant and equipment	-	-	-	-	6,610	6,610
Intangible assets	-	-	-	-	553	553
Goodwill	-	-	-	-	25,760	25,760
Deferred taxation	-	-	-	-	12,872	12,872
	126,462	225,504	326,591	1,116,549	120,315	1,915,421
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	129,698	129,698
Borrowings	124,702	21,800	53,208	177,928	-	377,638
Income tax	-	-	-	-	38,769	38,769
Shareholders' equity	-	-	-	-	1,369,316	1,369,316
	124,702	21,800	53,208	177,928	1,537,783	1,915,421
Net assets /(liabilities)	**1,760**	**203,704**	**273,383**	**938,621**	**(1,417,468)**	**-**

31 January 2009	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
ASSETS						
Cash and cash equivalents	5,165	-	-	-	-	5,165
Advances to customers	7,918	70,058	118,666	1,145,915	-	1,342,557
Other receivables	-	-	-	-	8,453	8,453
Property, plant and equipment	-	-	-	-	7,152	7,152
Intangible assets	-	-	-	-	596	596
Goodwill	-	-	-	-	25,760	25,760
Deferred taxation	-	-	-	-	11,338	11,338
	13,083	70,058	118,666	1,145,915	53,299	1,401,021
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	80,114	80,114
Borrowings	366,392	68,893	51,364	157,736	-	644,385
Income tax	-	-	-	-	5,042	5,042
Shareholders' equity	-	-	-	-	671,480	671,480
	366,392	68,893	51,364	157,736	756,636	1,401,021
Net (liabilities)/assets	**(353,309)**	**1,165**	**67,302**	**988,179**	**(703,337)**	**-**

NOTES TO THE FINANCIAL STATEMENTS
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25 FINANCIAL RISK MANAGEMENT (Continued)

FINANCIAL RISK (CONTINUED)
COMPANY

31 January 2010	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
ASSETS						
Cash and cash equivalents	50,475	-	-	-	-	50,475
Other receivables	-	-	-	8,387	59,442	67,829
Investment in subsidiaries	18,292	-	-	922,676	218,832	1,159,800
Property, plant and equipment	-	-	-	-	1,580	1,580
Intangible assets	-	-	-	-	553	553
Deferred taxation	-	-	-	-	1,708	1,708
	68,767	-	-	931,063	282,115	1,281,945
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	34,926	34,926
Income tax	-	-	-	-	6,722	6,722
Borrowings	51,254	57,000	36,000	6,000	-	150,254
Shareholders' equity	-	-	-	-	1,090,043	1,090,043
	51,254	57,000	36,000	6,000	1,131,691	1,281,945
Net assets / (liabilities)	**17,513**	**(57,000)**	**(36,000)**	**925,063**	**(849,576)**	**-**
ASSETS						
Cash and cash equivalents	22	-	-	-	-	22
Other receivables	-	-	-	-	3,293	3,293
Investment in subsidiaries	-	-	-	739,558	74,565	814,123
Property, plant and equipment	-	-	-	-	2,103	2,103
Intangible assets	-	-	-	-	596	596
Income tax	-	-	-	-	2,626	2,626
Deferred taxation	-	-	-	-	3,103	3,103
	22	-	-	739,558	86,286	825,866
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	29,547	29,547
Borrowings	67,972	45,551	21,888	96,557	-	231,968
Shareholders' equity	-	-	-	-	564,351	564,351
	67,972	45,551	21,888	96,557	593,898	825,866
Net (liabilities)/assets	**(67,950)**	**(45,551)**	**(21,888)**	**643,001**	**(507,612)**	**-**

25 FINANCIAL RISK MANAGEMENT (continued)

The previous 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 of 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.

Sensitivity to changes to interest rates on borrowings
The majority of the Group's borrowings are linked to variable interest rates

	Group 2010	Group 2009	Company 2010	Company 2009
The average cost of borrowings in percentage was (including the impact of foreign exchange gains or losses)	9.96%	15.18%	4.55%	17.44%
The impact of a 1% increase in leanding rates on interest expense would be adverse	5,065,515	4,749.000	1,897,254	2,077,000
The impact of a 1% decrease in leanding rates on interest expense would be favourable	5,065,515	4,762.000	1,897,245	2,067,000

(d) 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 balance sheet, 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 institutions facilities.

(e) Market risks
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 cashflows 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 subsidiaries is recognised in the statement of comprehensive income.

The Group does not have any exposure to US Dollar, Sterling or Euro denominated liabilities. Assets and liabilites in each local currency are matched to a large extent. The Group has borrowings in Rand, but these are matched with assets in Swaziland and Namibia, which are part of the common currency area with South Africa.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
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25 FINANCIAL RISK MANAGEMENT (Continued)

The Group does not maintain significant open current positions. The Group has the following currency exposures (Pula equivalent) at the balance sheet date.

31 January 2010	SA Rand P'000	Swaziland Emalangeni P'000	Tanzanian Shillings P'000	Ugandan Shillings P'000	Zambian Kwacha P'000	Namibian Dollar P'000	Mozambique Meticash P'000	Botswana Pula P'000	Total P'000
Cash and cash equivalents	-	12,390	769	20	2.089	37.328	1,391	50,475	104,462
Advances to customers	-	147,255	141,035	62,700	35,546	161,146	-	1,134,575	1,682,257
Other receivables (including long term receivables)	-	-	298	236	398	21,714	166	60,095	82,907
Total assets	-	159.645	142,102	62,956	38,033	220,188	1,557	1,245,145	1,869,626
Borrowings	55,135	44,330	33,599	30,331	12,976	-	-	201,267	377,638
Trade and other payable	-	2,068	4,044	638	1,159	35,125	198	86,466	129,698
Total liabilities	55,135	46,398	37,643	30,969	14,135	35,125	198	287,733	507,336
Net exposure	(55,135)	113,247	104,459	31,987	23,898	185,063	1,359	957,412	1,362,290
Exchange rates at 31 January 2010 - assets BWP 1.00=	1.10	1.10	192.34	286,82	671,59	1.10	3831.57	1.00	
Exchange rates at 31 January 2010 - liabilities BWP 1.00=	1.14	1.14	196.94	286.31	681.21	1.14	3853.98	1.00	
31 January 2009									
Cash and cash equivalents	-	2	145	17	212	2,478	-	2,311	5,165
Advances to customers	-	191,995	130,526	32,545	30,093	42,345	-	915,053	1,342,557
Other receivables	-	-	580	448	91	113	-	7,221	8,453
Total assets	-	191,997	131,251	33,010	30,396	44,936	-	924,585	1,356,175
Borrowings	54,266	56,942	80,507	31,767	18,002	19,133	-	383,768	644,385
Trade and other payable	-	1,979	1,989	670	445	14,486	-	60,545	80,114
Total liabilities	54,266	58,921	82,496	32,437	18,447	33,619	-	444,313	724,449
Net exposure	(54,266)	133,076	48,755	573	11,949	11,317	-	480,272	631,676
Exchange rates at 31 January 2010 - assets BWP 1.00=	1.24	1.24	161.41	206,86	648,77	1.24	0.00	1.00	
Exchange rates at 31 January 2010 - liabilities BWP 1.00=	1.29	1.29	168.87	213.40	671.45	1.29	0.00	1.00	

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25 FINANCIAL RISK MANAGEMENT (Continued)

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

31 January 2010	SA Rand P'000	Swaziland Emalangeni P'000	Tanzanian Shillings P'000	Ugandan Shillings P'000	Zambian Kwacha P'000	Namibian Dollar P'000	Mozambique Meticash P'000	Botswana Pula P'000	Total if Pula appreciated by 10% P'000	Actual at year end P'000
Cash and cash equivalents	-	11,264	701	19	1,994	33.935	1,263	50,475	99,651	104,462
Advances to customers	-	138,625	128,214	56,999	33,452	146,496	-	1,134,575	1,638,361	1,682,257
Other receivables (including long term receivables)	-	-	403	281	378	20,010	151	60,095	81,318	82,907
Total assets	-	149,889	129,318	57,299	35,824	200,441	1,414	1,245,145	1,819,330	1,869,626
Borrowings	49,105	38,917	30,545	27,574	11,968	-	-	201,267	359,376	377,638
Trade and other payable	-	1,815	15,989	621	2,263	31,933	180	86,466	139,267	129,698
Total liabilities	49,105	40,732	46,534	28,195	14,231	31,933	180	287,733	498,643	507,336
Net exposure - if 10% appreciation in BWP	(49,105)	109,157	82,784	29,104	21,593	168,508	1,234	957,412	1,320,687	1,362,290
Net exposure - at year end rates	(55,135)	113,247	104,459	31,987	23,898	185,063	1,359	957,412	1,362,290	
Impact of 10% appreciation of BWP	6,030	(4,090)	(21,675)	(2,883)	(2,305)	(16,555)	(125)	-	(41,603)	

31 January 2009	SA Rand P'000	Swaziland Emalangeni P'000	Tanzanian Shillings P'000	Ugandan Shillings P'000	Zambian Kwacha P'000	Namibian Dollar P'000	Mozambique Meticash P'000	Botswana Pula P'000	Total if Pula appreciated by 10% P'000	Actual at year end P'000
Cash and cash equivalents	-	1	132	16	192	2,210	-	2,311	4,862	5,165
Advances to customers	-	182,065	118,659	29,587	27,357	37,032	-	915.053	1,309.753	1,342,557
Other receivables	-	-	527	829	83	217	-	7,221	8,877	8,453
Total assets	-	182,066	119,318	30,432	27,632	39,459	-	924,585	1,323.492	1,356,175
Borrowings	47,902	49,626	71,172	28,879	15,963	17,179	-	383,768	614,489	644,385
Trade and other payable	-	1,725	3,844	645	816	2,951	-	60.545	70,526	80,114
Total liabilities	47,902	51,351	75,016	29,524	16,779	20,130	-	444,313	685,015	724,499
Net exposure - if 10% appreciation in BWP	(47,902)	130,715	44,302	908	10,853	19,329	-	480,272	638,477	631,676
Net exposure - at year end rates	(54,266)	133,076	48,755	573	11,949	11,317	-	480,272	631,676	
Impact of 10% appreciation of BWP	6,364	(2,361)	(4,453)	335	(1,096)	8,012	-	-	6,801	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
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25 FINANCIAL RISK MANAGEMENT (Continued)

(f) Operational Risk

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 behaviour.

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 implimentation 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 reconcilliation 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 contigency 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 perodic reviews undertaken by the Risk and Compliance Department. The results of reviews are dscussed with the management of the business unit to which they relate, with summaries submitted by the Group Audit and Risk Committee and senior management of the Group.

(h) Financial assets and liabilities
Accounting classifications and fair values
The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities.

	Loans and receivables P'000	Other amortised cost P'000	Total carrying amount P'000	Fair value P'000
31 January 2010				
Cash and cash equivalents	-	104,462	104,462	104,462
Advances to customers	1,682,257	-	1,682,257	1,682,257
Other receivables	-	74,520	74,520	74,520
	1,682,257	178,982	1,861,239	1,861,239
Trading liabilities				
Trade and other payables	-	129,698	129,698	129,698
Income tax	-	38,769	38,769	38,769
Borrowings	-	377,638	377,638	377,638
	-	546,105	545,105	545,105

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25 FINANCIAL RISK MANAGEMENT (Continued)

	Loans and receivables P'000	Other amortised cost P'000	Total carrying amount P'000	Fair value P'000
31 January 2009				
Cash and cash equivalents	-	5,165	5,165	5,165
Advances to customers	1,342,557	-	1,342,557	1,342,557
Other receivables	-	8,453	8,453	8,453
	1,342,557	13,618	1,356,175	1,356,175
Trading liabilities				
Trade and other payables	-	80,114	80,114	80,114
Income tax	-	5,042	5,042	5,042
Borrowings	-	644,385	644,385	644,385
	-	729,541	729,541	729,541

26 RELATED PARTY TRANSACTIONS

The company is listed on the Botswana Stock Exchange and has transactions with certain shareholders. PAIP-PCAP-FMO Letshego Limited (PPFLL) (of which Netherlands Development Finance Company (FMO) is a shareholder), International Finance Corporation (IFC) and Botswana Insurance Holdings Limited are shareholders of Letshego Holdings Limited. Refer to page 89 for details of their shareholding.

PPFLL has two directors nominated by Kingdom Zephyr Africa Management (Proprietary) Limited (KZAMPL). BIHL also has two nominated directors.

The following transactions were carried out with related parties:-

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
26.1 Income received from subsidiary companies				
- Interest income (note 1)	-	-	118,151	96,323
- Management fees (note 4)	-	-	30,763	21,088
- Guarantee fee (note 4)	-	-	5,759	6,771
- Arrangement fee (note 3)	-	-	-	1,692
- Dividend (note 4)	-	-	102,109	256,748
	-	-	**256,782**	**382,622**
Expenses paid to subsidiaries				
- Interest (note 2)	**-**	**-**	**1,532**	**2,722**

	Group 2010 P'000	Group 2009 P'000	Company 2010 P'000	Company 2009 P'000
26.2 Expenses paid to related parties				
Kingdom Zephyr Africa Management (Proprietary) Limited				
- Directors' fees	522	342	522	342
International Finance Corporation				
- Interest (note 2)	14,337	14,561	5,971	10,950
Netherlands Development Finance Company				
- Interest (note 2)	5,520	7,947	-	-
Botswana Insurance Holdings Limited				
- Directors' fees	99	-	-	-

Transactions were carried out on commercial terms and conditions and at market rates.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
Continued

26 RELATED PARTY TRANSACTIONS (Continued)

26.3 Key management personnel remuneration(including executive directors)

	Group		Company	
	2010 P'000	**2009 P'000**	**2010 P'000**	**2009 P'000**
Paid during the period				
- For management services (note 5)	13,480	6,220	7,941	5,488
- As performance incentive bonuses	5,557	1,615	3,984	1,365
- Pension fund contribution	781	42	380	26
- Long term incentive plan	7,171	1,617	5,858	1,448
	26,989	**9,494**	**18,163**	**8,327**

26.4 Year end balances from transactions with related parties
Receivable from related parties (note 12)

Botswana Insurance Holdings Limited	**56,668**	**-**	**56,668**	**-**

26.5 Year end balances from transactions with related parties
Payable to related parties (note 18)

Letshego Guard (Proprietary) Limited and LGICL	**13,668**	**-**	**13,668**	**8,068**

Letshego Guard (Proprietary) Limited and Letshego Guard Insurance Limited were sold to Botswana Insurance Holdings Limited as at 31 January 2010. The profit on disposal is shown in note 4.

26.6 Borrowings from related parties - Refer note 19

26.7 Loans to subsidiary companies - Refer note 14

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

27 OPERATING LEASE COMMITMENTS

Where a group company is the lessee, the future minimum lease payments under non-cancellable building operating leases are as follows:

No later than 1 year	2,209	4,686	851	783
Later than 1 year and no later than 5 years	5,434	9,635	3,858	3,721
	7,643	**14,321**	**4,709**	**4,504**

28 POST BALANCE SHEET EVENTS

On 16 April 2010, the stated capital of Letshego Holdings Limited was subdivided by a fraction of 10 shares for each share in issue, this resulted in the stated capital of the company amounting to 1 824 724 360 shares from 182 475 236 shares.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010
Continued

29 SEGMENT INFORMATION

The main business segments of the Group are as follows:
Lending - Provision of short to medium term unsecured loans to employees of the public, quasi-public and private sectors.
Legal expense insurance agency - Marketing and administration of insurance products. This subsidiary was sold on 31 January 2010.

The Group operates in seven geographical regions, namely Botswana, Namiba, Swaziland, Tanzania, Uganda, Zambia and Mozambique.

Geographical segments

	Botswana		Swaziland		Tanzania		Uganda		Zambia		Namibia		Mozambique		Eliminations		Consolidated	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000
Operating income	496,630	324,522	57,798	32,724	60,199	38,400	13,969	8,705	16,201	6,571	58,293	7,642	90	-	-	-	703,180	418,563
Profit /(loss) before tax	384,912	239,011	47,998	22,967	37,756	22,026	1,207	1,515	6,566	196	29,344	2,975	(2,577)	-			505,206	288,690
Income tax expense																	(125,206)	(69,626)
Profit for the period																	380,000	219,064
Segment assets	1,627,960	1,138,393	160,199	192,517	144,303	132,768	63,685	33,480	38,945	31,438	216,443	48,913	2,539	-	(338,654)	(176,488)	1,915,421	1,401,021
Segment liabilities	363,061	501,837	94,110	180,549	130,190	116,066	45,856	32,932	31,270	31,963	214,888	42,682	5,384	-	(338,654)	(176,488)	546,105	729,541
Depreciation	1,607	1,371	158	132	440	389	196	172	215	206	763	228	42	-	-	-	3,421	2,498
Amortisation of intangible assets	312	763	-	-	-	-	-	-	-	-	-	-	-	-	-	-	312	763
Capital expenditure	3,179	2,122	-	13	-	468	-	118	-	423	-	2,132	-	-	-	-	3,179	5,276

Business segments

	Lending		**Insurance agency**		**Consolidated**	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000	2010 P'000	2009 P'000
Profit before tax	490,517	273,839	14,689	14,687	505,206	288,690
Segment assets	1,915,421	1,396,007	-	5,014	1,915,421	1,401,021
Segment liabilities	546,105	725,314	-	4,227	546,105	729,541
Depreciation	3,190	1,739	231	759	3,421	2,498
Amortisation of intangible assets	312	763	-	-	312	763
Capital expenditure	3,179	5,214	-	62	3,179	5,276

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 january 2010

Continued

30 USE OF ESTIMATES AND JUDGMENTS

30.1 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 it's loan portfolio and makes judgements 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 and differences between loss estimates and actual loss experience.

Sensitivity analysis on impairment charges is shown as follows

	31 January 2010			31 January 2009		
	Specific Provision P'000	Portfolio Provision P'000	Total 2010 P'000	Specific Provision P'000	Portfolio Provision P'000	Total 2009 P'000
Botswana						
Impact on change to emergence period - from 3 months to 4 months - increase in provision	-	1,878	1,878	-	1,778	1,778
Impact on change to loss ratio - 2.2% to 3.2% (2009: 1:73% to 2.73%) - increase in provision	-	2,884	2,884	-	1,018	1,018
Swaziland						
Impact on change to emergence period - from 3 months to 4 months - increase in provision	-	410	410	-	483	483
Impact on change to loss ratio - 3.3% to 4.3% (2009: 2.91% to 3.91%) - increase in provision	-	375	375	-		
Tanzania						
Impact on change to emergence period - from 5 months to 6 months - increase in provision	-	259	259	-	215	215
Impact on change to loss ratio - 2.3% to 3.3% (2009: 2.0% to 3.0%) - increase in provision	-	336	336	-	537	537
Uganda						
Impact on change to emergence period - from 4 months to 5 months - increase in provision	-	126	126	-	43	43
Impact on change to loss ratio - 2.3% to 3.3% (2009: 1.55% to 2.55%) - increase in provision	-	158	158	-	112	112
Zambia						
Impact on change to emergence period - from 5 months to 6 months - increase in provision	-	76	76	-	79	79
Impact on change to loss ratio - 11.2% to 12.2% (2009: 2.91% to 3.91%) - increase in provision	-	123	123	-	127	127
Namibia						
Impact on change to expected loss from 50% of impaired assets to 75% - increase in provision	-	981	981	409	-	409
Overall total	-	7,606	7,606	409	4,392	4,801

30 USE OF ESTIMATES AND JUDGMENTS (Continued)

30.2 Share-based payment transactions

The Group operates an equity-settled conditional Long Term Incentive Plan (LTIP). The market and non-market based performance conditions are determined by the Remuneration Committee. For market related performance conditions, the estimated grant fair value of awards to vest are determined using the Monte Carlo pricing model. For non-market related performance conditions, 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.

30.3 Goodwill

The judgements and assumptions made on the initial recognition were that the carrying amounts of net assets.

31 IFRS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of the financial statements of the Group for the year ended 31 January 2010, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Effective date
IFRIC 17	*Distribution of Non-Cash Assets to Owners*	Annual periods beginning on or after 1 July 2009
IAS 27 amendment	*Consolidated and Separate Financial Statements*	Annual periods beginning on or after 1 July 2009
IAS 39 amendment	*Eligible Hedged Items*	Annual periods beginning on or after 1 July 2009
There are 15 individual amendments to 12 standards.	*Improvements to International Financial Reporting Standards 2009*	Amendments are effective for annual periods beginning on or after 1 January 2010, or for annual periods beginning on or after 1 July 2009
IFRS 1 amendment	*First-time adoption of International Financial Reporting Standards*	Annual periods beginning on or after 1 July 2010
IFRS 1 (revised)	*First-time adoption of International Financial Reporting Standards*	Annual periods beginning on or after 1 July 2009
IFRS 3	*Business Combinations*	Annual periods beginning on or after 1 July 2009
Improvements IFRS 5	*Improvements to IFRSs 2008 – Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*	Annual periods beginning on or after 1 July 2009
IFRS 1 amendment	*Additional Exemptions for First-time Adopters*	Annual periods beginning on or after 1 January 2010
IFRS 2 amendment	*Group Cash-settled Share-based Payment*	Annual periods beginning on or after 1 January 2010
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*	Annual periods beginning on or after 1 July 2010
IFRIC 14 amendment	*Prepayments of a Minimum Funding Requirement*	Annual periods beginning on or after 1 January 2011
IAS 24 (AC 126) (revised)	*Related Party Disclosures*	Annual periods beginning on or after 1 January 2011
IFRS 9 (AC 146)	*Financial Instruments*	Annual periods beginning on or after 1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 january 2010

Continued

31. IFRS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE (Continued)

The following of the above Standards and Interpretations are not applicable to the Group and will therefore have no impact on future financial statements.

IFRIC 17 – distribution of non-cash assets to owners;

IAS 39 amendments – eligible hedged items;

IFRS 1 amendment and revised – first-time adoption of IFRS;

IFRS 5 – non-current assets held for sale;

IFRS 2 – group cash-settled share based payments;

IFRIC 19 – extinguishing financial liabilities with equity instruments;

IFRIC 14 – prepayments of a minimum funding requirement.

The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

IAS 24 (revised)

IAS 24 (revised) will be adopted by the Group for the first time for its financial reporting period ending 31 January 2012. The standard will be applied retrospectively. IAS 24 (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government related entities. Under IAS 24 (revised) the definition of a related party has been amended with the result that a number of new related party relationships have been identified.

IAS 27 amendments

IAS 27 will be adopted by the entity for the first time for its financial reporting period ending 31 January 2011. In accordance with IAS 27 amendments, acquisitions of additional non-controlling equity interests in subsidiaries have to be accounted for as equity transactions. Disposals of equity interests while retaining control are also accounted for as equity transactions. When control of an investee is lost, the resulting gain or loss relating to the transaction will be recognised in profit and loss. It has always been the Group's accounting policy to treat all acquisitions of additional interests in subsidiaries, as well as disposals of interests in subsidiaries as equity transactions. The Group will, however, change its accounting policy relating to the loss of control when an equity interest is retained. In future, when control is lost, through sale or otherwise, the resulting gain or loss recognised in profit and loss will include any re-measurement to fair value of the retained equity interest. All cash flows relating to acquisition and sale of interests in subsidiaries currently form part of the cash flows from investing activities. In future, changes in the equity holding in a subsidiary that do not result in loss of control will form part of cash flow from financing activities on the basis that these transactions are equity transactions. The amendments to IAS 27 also require that losses (including negative "other comprehensive income" as detailed in the revised IAS 1) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. The Group will in future change its accounting polices on the allocation of losses to non-controlling interests. In the past losses were allocated only until the non-controlling interests had a zero balance. The amendments to IAS 27 have resulted in consequential amendments being made to IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

IFRS 3

The revised IFRS 3 will be adopted by the entity for the first time for its financial reporting period ending 31 January 2011. IFRS 3 applies to all new business combinations that are occur after 1 July 2009. For these future business combinations, the Group will change its accounting policies to be in line with the revised IFRS 3. In future all transaction costs will be expensed and contingent purchase consideration will be recognised at fair value at acquisition date . For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit and loss.

IFRS 9

IFRS 9 will be adopted by the entity for the first time for its financial reporting period ending 31 January 2014. 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 entity 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.

FIVE YEAR FINANCIAL HISTORY

BALANCE SHEETS/STATEMENT OF FINANCIAL POSITION	2010 P'000	2009 P'000	2008 P'000	2006 P'000	2005 P'000
Assets					
Cash and cash equivalents	104,462	5,165	9,201	4,276	5,496
Advances to customers - gross	1,682,257	1,342,557	787,926	430,543	317,951
Other receivables	82,907	8,453	3,050	2,965	1,693
Property, plant and equipment	6,610	7,152	4,384	3,874	2,196
Intangible assets -	553	596	991	1,611	184
Goodwill	25,760	25,760	-	-	-
Deferred taxation	12,872	11,338	6,367	1,730	503
Total assets	**1,915,421**	**1,401,021**	**811,919**	**444,999**	**328,023**
Liabilities					
Trade and other payables	129,698	80,114	31,109	19,345	17,006
Taxation	38,769	5,042	12,818	4,161	351
Borrowings	377,638	644,385	306,725	97,929	69,007
Total liabilities	**546,105**	**729,541**	**350,652**	**121,435**	**86,364**
Shareholders' equity					
Share capital	396,019	35,092	35,092	1,500	1,500
Share premium	-	-	-	28,571	28,571
Foreign currency translation reserve	827	4,439	(1,449)	(2,576)	-
Share based payment reserve	18,287	10,588	3,923	4,900	-
Retained earnings	932,365	616,948	422,107	291,169	211,588
Total equity attributable to equity holders of the company	**1,347,498**	**667,067**	**459,673**	**323,564**	**241,659**
Minority interest	21,818	4,413	1,594	-	-
Total equity	**1,915,421**	**1,401,021**	**811,919**	**444,999**	**328,023**

INCOME STATEMENTS/STATEMENTS OF COMPREHENSIVE INCOME	2010 P'000	2009 P'000	2008 P'000	2006 P'000	2005 P'000
Interest income	588,836	398,311	278,357	170,352	135,001
Interest expense	(50,935)	(72,196)	(34,485)	(11,986)	(7,306)
Net interest income	**537,901**	**326,115**	**243,872**	**158,366**	**127,695**
Fee and commission income	118,444	87,827	64,788	22,725	10,981
Other operating income	44,835	4,621	5,655	4,300	2,047
Total income	**703,180**	**418,563**	**314,315**	**185,391**	**140,723**
Operating expenses					
Staff costs	(80,266)	(54,522)	(44,037)	(21,024)	(14,437)
Other operating costs	(67,517)	(45,930)	(37,170)	(22,372)	(11,401)
Operating income before impairment	**555,397**	**318,111**	**233,108**	**141,995**	**114,885**
Impairment (loss)/write-back	(50,191)	(29,421)	(15,666)	(3,262)	5,155
Operating income before taxation	505,206	288,690	217,442	138,733	120,040
Taxation	(125,206)	(69,626)	(48,481)	(32,072)	(24,806)
Net income for the period	**380,000**	**219,064**	**168,961**	**106,661**	**95,234**
Appropriations					
Dividends	(54,743)	(21,216)	(36,291)	(27,000)	(18,000)
Retained income	**325,257**	**197,848**	**132,670**	**79,661**	**77,234**
Attributable to :					
Equity holders of the parent company	370,160	216,057	167,229	106,581	95,234
Minority interest	9,840	3,007	1,732	80	-
	380,000	**219,064**	**168,961**	**106,661**	**95,234**

NOTE: 2008 is for a fifteen month period. All other periods are twelve months.

VALUE ADDED STATEMENTS
for the year ended 31 january 2010

	GROUP		COMPANY	
	2010 P'000	2009 P'000	2010 P'000	2009 P'000
Value added				
Value added is the wealth the company has created by providing loans to clients				
Interest income	588,836	398,311	123,883	96,535
Cost of services	(50,935)	(72,196)	(8,701)	(36,131)
Value added services	537,901	326,115	115,182	60,404
Fee and commission income	118,444	87,827	-	1,692
Other operating income	46,835	4,261	193,509	284,607
Other operating costs	(63,783)	(42,668)	(17,868)	(10,566)
Impairment provision	(50,191)	(29,421)	-	-
	589,206	**346,474**	**290,823**	**336,137**
Value allocated				
To employees				
Staff costs	80,266	54,522	35,530	24,741
To expansion and growth				
Retained income	325,258	197,848	159,123	240,624
Depreciation	3,421	2,499	310	676
Amortisation	312	763	87	735
Deferred tax	(1,534)	(4,971)	1,395	(1,787)
Other taxes	8,883	-	8,231	-
	336,340	196,139	169,146	240,248
To Government				
Taxation	117,857	74,597	31,404	49,932
To providers of capital				
Dividends to shareholders	54,743	21,216	54,743	21,216
	589,206	**346,474**	**290,823**	**336,137**
Summary	%	%	%	%
Employees	13.6	15.7	12.2	7.4
Expansion and growth	57.1	56.6	58.2	71.5
Government	20.0	21.5	10.8	14.9
Providers of capital	9.2	6.2	18.7	6.2
	100	**100**	**100**	**100**

SHAREHOLDER'S ANALYSIS
as at 31 january 2010

Top ten shareholders	2010 Shares held ('000) Number	%	2009 Shares held ('000) Number	%
• PAIP-PCAP-FMO Letshego Limited	41,741	22.9	41,741	27.5
• Botswana Life Insurance Ltd	24,833	13.6	19,833	13.1
• Stanbic Nominees Botswana (Pty) Ltd - Botswana Public Officers Pension Fund (BIFM)	18,839	10.3	5,585	3.7
• Barclays Botswana Nominees (Pty) Ltd - Investec Asset Management - 030/14	15,070	8.3	18,209	12.0
• Stanbic Nominees Botswana (Pty) Ltd - Botswana Insurance Fund Management Limited	12,671	6.9	4,326	2.9
• International Finance Corporation	10,609	5.8	10,609	7.0
• Barclays Botswana Nominees (Pty) Ltd - Investec Asset Management - SSB 001/1	6,862	3.8	12,487	8.2
• Barclays Botswana Nominees (Pty) Ltd - Flemings Asset Managements - 3582376	6,708	3.7	2,819	1.9
• Barclays Botswana Nominees (Pty) Ltd - State Street Bank (USA) - 001/111	3,830	2.1	2,476	1.6
• Barclays Botswana Nominees (Pty) Ltd - Stanbic Investment Management Services - 212/005	-	-	2,507	1.7
• Barclays Botswana Nominees (Pty) Ltd - SSB - 001/110	2,979	1.6	-	-
	144,142	79.0	120,592	79.6
Other corporate entities, nominees and trusts and individuals	38,333	21.0	30,953	20.4
Total	**182,475**	**100.0**	**151,545**	**100.0**

Directors' shareholdings	2010 Shares held Number ('000) Total	%	2009 Shares held Number ('000) Total	%
• C M Lekaukau	483	0.3	483	0.3
• J A Claassen	580	0.3	209	0.1
• D Ndebele	281	0.1	101	0.1
	1,344	**0.7**	**793**	**0.5**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 11th Annual General Meeting of the shareholders of Letshego Holdings Limited will be held at Gaborone Sun Hotel on Wednesday 28th July 2010 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 2010 together with the directors and auditor's reports thereon.

2. Resolution 2

To ratify the dividends declared and/or paid during the period :

First and final dividend of P55,242,688 (3 thebe per share post the 10 for 1 share split finalised on 16 April 2010) paid to shareholders on or about 7 May 2010.

3. Resolution 3

To confirm the following appointments of directors:

Messrs C.M. Lekaukau, J.K. Bucknor and P.Voutyritsas, who retire in accordance with Article 19.9 of the Constitution and, being eligible, offer themselves for re-election

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 KPMG as 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, Plot 169, Queens Road, Shri Ram House, First Floor, The Mall, P.O. Box 381, Gaborone, not less than 48 hours before the meeting.

By order of the board
D. Ndebele
Secretary

2 July 2010

FORM OF PROXY

LETSHEGO HOLDINGS LIMITED

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 The Gaborone Sun Hotel on Wednesday 28 July 2010 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____________________2010

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

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, Shri Ram House, First Floor, Plot 169 Queens Road, 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 26 July 2010)

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.

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