



Audited Consolidated Financial Results

for the year ended 31 January 2014

* Profit before tax ▲ 1% * Profit after tax ▼ 2% * Advances ▲ 33% * Earnings per share ▼ 9% * Final dividend of 3.2 thebe per share

HIGHLIGHTS

The Board of Directors is pleased to present an extract of the audited consolidated financial results of the Letshego Holdings Limited Group ("the Group") for the year ended 31 January 2014. Highlights for the year include:

- Advances to customers increased by 33% to P4.4 billion (2013: P3.3 billion)
- Impairment charges of 1.7% on average net advances (2013: 1.3%)
- 58% of profits before tax generated outside of Botswana (2013: 40%)
- BWP 350 million raised from the maiden issue of Letshego's BSE listed medium term note programme in November 2013
- Sale of Zambia subsidiary concluded in December 2013
- Dividend declared during the year equates to 25% of profit after tax.

Financial performance

During a challenging year, a satisfactory performance was achieved in terms of growth in the advances book with the main contributions coming from our three largest markets, Botswana, Namibia and Mozambique.

The quality of the advances book was within target levels with an impairment charge on the net portfolio of 1.7% for the year as compared to 1.3% in the prior year.

The Group remains well capitalised and has cash resources of over P300 million which are available to further grow the business.

Profit growth was flat year on year (increasing by 1% to P849 million on prior year) which was a result of the pressure on margins, various strategic investments in technology and group expansion initiatives. Earnings per share are lower due to the conversion of a loan to equity earlier in the financial year.

Key features of the financial results include:

- Strong portfolio growth in Botswana, Namibia and Mozambique
- Continued investment in technology costs as part of strategic transformation
- Higher cost base of Micro Africa group of companies while scale is being developed
- Foreign exchange gains on open group positions
- Impairment costs remain within group target levels
- Impairment charge taken against assets in South Sudan due to political uncertainty and contingent costs provided for against assets in Swaziland

Funding

The Group has sufficient funding in place for existing operations in the immediate future and continues to explore the most effective methods of funding operations and growth.

Board of Directors

During the year Mr J A Claassen retired as the Group Managing Director and was replaced by Mr A C M Low, who was also appointed to the board. Mr Claassen subsequently resigned from the board during January 2014 and the board wishes to thank him for his contribution to the Group.

During the year Messrs Josias de Kock, Hannington Karuhanga, Stephen Price and Robert Thornton were appointed to the board as independent non-executive directors

Subsequent to the year end, Mrs Margaret Dawes resigned from the board and was replaced by her alternate director, Mr Gerrit van Heerde.

Change of year end

The board has decided to change the year end to 31 December to align the year end to the calendar year. Therefore, Letshego will prepare interim results for the six month period to 31 July 2014 which will be published on or around mid-October 2014, and then prepare audited results for the 11 months ended 31 December 2014. These will be published on or around mid-March 2014.

Renewal of cautionary announcement

As announced to Shareholders on the 25th February 2014 the Board of Directors would like to inform Shareholders that the Group has entered into negotiations with a third party in the East Africa region which, if successfully concluded, and subject to all regulatory approvals, may result in a transaction that could have an impact on the price of the Company's securities.

Accordingly, Shareholders are advised to continue to exercise caution when dealing in Letshego Holdings Limited's securities until a further announcement is made.

Prospects

The Group continues to actively explore new regions in Africa, new business streams, both through acquisitive and "green fields" methods.

Given prevailing economic conditions, the Directors expect continued growth in the advances book during the financial period to 31 December 2014 and continued profitability.

Dividends

Notice is hereby given that the board has declared a final dividend of 3.2 thebe per share for the year ending 31 January 2014. This brings the total dividends declared during the current financial period to 7.4 thebe (P160 million).

In terms of the Botswana Income Tax Act (Cap50:01) as amended, withholding tax at the rate of 7.5% or any other currently enacted tax rate will be deducted from the final gross dividend for the year ended 31 January 2014.

Important dates pertaining to this dividend are:

Declaration date 16 April 2014
Last date to register 2 May 2014
Dividend payment date on or about 9 May 2014

For and on behalf of the Board of Directors.

J A Burbidge Chairman A C M Low Managing Director

GABORONE, 16 April 2014

NON EXECUTIVE DIRECTORS:

J A Burbidge (Chairman) (GB), G Hassam (Malawi), J de Kock (RSA), H Karuhanga (Uganda), I M Mohammed (USA), S Price (GB), L E Serema (Botswana), R Thornton (USA), G van Heerde (RSA), R N Alam (alternate to I M Mohammed) (USA)

EXECUTIVE DIRECTORS:

A C M Low (Managing Director) (UK), D Ndebele (Director: Risk and Compliance) (Botswana)

TRANSFER SECRETARIES:

PricewaterhouseCoopers (Pty) Limited, Plot 50371, Fairground Office Park, Gaborone, Botswana

REGISTERED OFFICE:

Plot 50371, Fairground Office Park, Gaborone, Botswana

www.letshego.com

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 January 2014 (Audited) P '000	31 January 2013 (Audited) P '000	Change %
ASSETS			
Cash and cash equivalents	310,525	807,254	
Advances to customers	4,427,757	3,336,204	33
Other receivables	101,911	38,349	
Long term receivables	-	11,468	
Plant and equipment	53,988	14,559	
Intangible assets	6,117	12,457	
Goodwill	55,250	49,948	
Deferred taxation	14,617	8,939	
Total assets	4,970,165	4,279,178	16
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	127,217	78,828	
Cash collateral	42,293	34,185	
Income tax	46,517	28,327	
Borrowings	1,249,871	1,277,395	
Total liabilities	1,465,898	1,418,735	3
Shareholders' equity			
Stated capital	959,554	689,243	
Foreign currency translation reserve	(94,827)	(45,982)	
Share based payment reserve	17,470	19,173	
Legal reserve	2,696	-	
Retained earnings	2,522,666	2,112,485	19
Total equity attributable to equity holders of the parent company	3,407,559	2,774,919	
Non-controlling interest	96,708	85,524	
Total shareholders' equity	3,504,267	2,860,443	
Total liabilities and equity	4,970,165	4,279,178	16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 January 2014 (Audited) P '000	31 January 2013 (Audited) P '000	Change %
Interest income	1,176,176	1,074,822	9
Interest expense	(62,488)	(108,807)	(43)
Net interest income	1,113,688	966,015	15
Fee and commission income	134,236	132,907	
Other operating income	122,202	58,043	
Operating income	1,370,126	1,156,965	18
Employee benefits	(199,658)	(123,086)	
Other operating expenses	(255,772)	(157,395)	
Net income before impairment and taxation	914,696	876,484	4
Impairment of advances	(64,495)	(35,097)	84
Profit before taxation	850,201	841,387	1
Taxation	(205,511)	(181,750)	
Profit from continuing operations	644,690	659,637	(2)
Discontinued operations			
Loss on sale of subsidiary	(1,060)	-	
Profit for the year	643,630	659,637	(2)

Attributable to:	31 January 2014 (Audited) P '000	31 January 2013 (Audited) P '000
Equity holders of the parent company	601,151	628,084
Non-controlling interest	42,479	31,553
Profit for the year	643,630	659,637

Other comprehensive income, net of tax	31 January 2014 (Audited) P '000	31 January 2013 (Audited) P '000
Foreign currency translation differences arising from foreign operations	(55,303)	(15,833)
Total comprehensive income for the year	588,327	643,804

Attributable to:	31 January 2014 (Audited) P '000	31 January 2013 (Audited) P '000
Equity holders of the parent company	552,636	614,623
Non-controlling interest	35,691	29,181
Total comprehensive income for the year	588,327	643,804

Weighted average number of shares in issue during the year (millions)	2014	2013
Dilution effect - number of shares (millions)	27.6	195
Number of shares in issue at the end of the year (millions)	2,167	1,999
Basic earnings per share (thebe)	30.2	33.1
Diluted earnings per share (thebe)	29.8	30.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	31 January 2014 (Audited) P '000	31 January 2013 (Audited) P '000
Operating activities		
Profit before taxation	850,201	841,387
Add : Amortisation and depreciation	8,251	5,417
: Impairment of advances	11,051	1,670
: Loss on disposal of subsidiaries	1,060	-
Movement in working capital and other changes	(1,141,388)	(243,292)
Cash (used in)/from operations	(270,825)	605,182
Taxation paid	(163,858)	(166,828)
Net cash (used in) / from operating activities	(434,683)	438,354
Investing activities		
Net cash used in investing activities	(109,753)	(45,675)
Financing activities		
Dividends paid	(177,738)	(133,568)
Net receipts on borrowings/equity raising	225,445	474,531
Net cash from financing activities	47,707	340,963
Net movement in cash and cash equivalents	(496,729)	733,642
Cash and cash equivalents at the beginning of the year	807,254	73,122
Cash and cash equivalents at the end of the year	310,525	807,254

RATIOS

	31 January 2014 (Audited)	31 January 2013 (Audited)
Annualised Return on average assets (%)	14%	18%
Annualised Return on average equity (%)	20%	26%
Cost to income ratio (%)	33%	24%
Debt to equity (%)	36%	45%

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Retained earnings P'000	Shared based payments reserve P'000	Foreign currency translation reserve P'000	Legal reserve P'000	Non-controlling interest P'000	Total P'000
Balance at 1 February 2013	689,243	2,112,485	19,173	(45,982)	-	85,524	2,860,443
Total comprehensive income for the year							
Profit for the period	-	601,151	-	-	-	42,479	643,630
Other comprehensive income, net of income tax	-	-	-	(48,515)	-	(6,788)	(55,303)
Foreign currency translation reserve	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity							
Non - Controlling Interest in MAL acquired	-	(6,301)	-	-	-	(4,446)	(10,747)
Allocation of shares to ADP I Holding 2	252,969	-	-	-	-	-	252,969
Allocation to Legal Reserve	-	(2,696)	-	-	2,696	-	-
Disposal of Letshego Financial Services (Zambia) Proprietary Limited	-	(4,235)	-	(329)	-	-	(4,564)
Allocation to share based payment reserve	-	-	15,639	-	-	-	15,639
New shares issued from long term incentive scheme	17,342	-	(17,342)	-	-	-	-
Dividends to equity holders	-	(177,738)	-	-	-	(20,062)	(197,800)
Balance at 31 January 2014	959,554	2,522,666	17,470	(94,826)	2,696	96,707	3,504,267
Balance at 1 February 2012	669,876	1,617,969	15,654	(32,521)	-	53,876	2,324,854
Total comprehensive income for the year							
Profit for the year	-	628,084	-	-	-	31,553	659,637
Other comprehensive income, net of income tax	-	-	-	(13,461)	-	(2,372)	(15,833)
Foreign currency translation reserve	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity							
New shares issued from long term incentive scheme	19,367	-	(19,367)	-	-	-	-
Allocation of subsidiary net assets to NCI at time of acquisition	-	-	-	-	-	2,467	2,467
Allocation to share based payment reserve	-	-	22,886	-	-	-	22,886
Dividends to equity holders	-	(133,568)	-	-	-	-	(133,568)
Balance at 31 January 2013	689,243	2,112,485	19,173	(45,982)	-	85,524	2,860,443

SEGMENTAL REPORTING

Regional geographical segments	Southern Africa*		East Africa**		Elimination		Group	
	31 Jan 2014 P'000	31 Jan 2013 P'000	31 Jan 2014 P'000	31 Jan 2013 P'000	31 Jan 2014 P'000	31 Jan 2013 P'000	31 Jan 2014 P'000	31 Jan 2013 P'000
Operating Income	1,020,282	898,927	349,844	258,039	-	-	1,370,126	1,156,966
Segment profit before tax	660,126	692,812	189,015	148,575	-	-	849,141	841,387
Taxation - consolidated	-	-	-	-	-	-	(205,511)	(181,750)
Profit for the period - consolidated							643,630	659,637
Gross advances to customers	3,753,459	2,713,097	702,445	640,203	-	-	4,455,904	3,353,300
Impairment provisions	(10,225)	(7,937)	(17,922)	(9,159)	-	-	(28,147)	(17,096)
Net advances	3,743,234	2,705,160	684,523	631,044	-	-	4,427,757	3,336,204
Total segment assets	5,479,895	5,255,430	905,940	713,181	(1,415,670)	(1,689,433)	4,970,165	4,279,178
Borrowings	1,005,507	1,092,102	244,364	185,293	-	-	1,249,871	1,277,395
Total segment liabilities	2,334,753	2,575,758	546,815	532,409	(1,415,670)	(1,689,433)	1,465,898	1,418,735

Ratio analysis on regional geographic segments	Southern Africa*		East Africa**		Group	
	2014	2013	2014	2013	2014	2013
Impairment charge to average advances (annualised)	1%	1%	5%	3%	2%	1%
Advances to total assets	68%	51%	76%	89%	89%	78%
Customers employed by government (%)	92%	97%	74%	78%	94%	94%
Customers employed by parastatal or private sector (%)	8%	3%	26%	22%	6%	6%
Debt to equity (%) (includes intercompany borrowings)	42%	42%	35%	35%	36%	46%
Cost to income ratio (%)	26%	24%	38%	36%	33%	26%

* Southern Africa includes: The Holding Company, Botswana, Lesotho, Mozambique, Namibia and Swaziland.

** East Africa includes : Kenya, Rwanda, South Sudan, Tanzania and Uganda

