

LETSHEGO HOLDINGS LIMITED

Incorporated in the Republic of Botswana Co. 98/442 (the "Company")



SECOND PRESS ANNOUNCEMENT – NON-ELECTIVE SCRIP DIVIDEND

Letshego Holdings Limited, a leading provider of unsecured consumer loans, is listed on the Botswana Stock Exchange and IFSC accredited and has operations in Botswana, Mozambique, Namibia, Swaziland, Tanzania, Uganda and Zambia.

On the 21 February 2011 the Board of Directors of the Company announced that the Company intends to seek Shareholder approval for a non-elective scrip dividend of P250 million which translates into a gross dividend of 13.6 thebe per share. The details of the proposed transaction are set out below.

Rationale for a non-elective scrip dividend

The proposed non-elective scrip dividend is intended to utilise the accumulated Additional Company Tax ("ACT") reserves of the Company which will otherwise fall away on 30 June 2011. The expiry of ACT reserves held by Botswana corporate taxpayers was announced by the Minister of Finance and Development Planning during the 2010 budget speech and was reaffirmed during the 2011 budget speech.

Given the cash requirements of the Company and the Group, it is not possible to utilise the ACT reserves of the Company by way of a normal cash dividend. The accumulated ACT reserves of the Company available for use at 31 January 2010 were P30.1 million. This would translate to a cash dividend of approximately P250 million. The highest cash dividend paid in any year to date by Letshego was P55 million. The historical dividend cover of the Company is four times.

Results of a non-elective scrip dividend

The outcome of the scrip dividend, if approved by Shareholders, is estimated to result in the issue of seven new shares for every one hundred shares currently held by Shareholders.

Salient issues

The non-elective scrip dividend is subject to a number of variables, the full details of which will be included in a Circular to Shareholders. These include:

- Equalisation proposal for Shareholders resident in Botswana to compensate them for withholding tax suffered on the dividend that is not applicable to non-resident Shareholders and to ensure no dilution for Botswana resident Shareholders takes place.
- The actual average weighted average 30 day share price used to convert the scrip dividend to new Letshego shares which, if changed significantly, would have an impact on the translation of the scrip dividend to new shares being issued – the above indicated seven new shares for each one hundred shares held is based on the current share price of P1.85 per share.
- The split of Botswana resident Shareholders vis-à-vis non-resident Shareholders will also have an impact on the level of utilisation of the ACT reserves of the Company but this will not impact on the proposed non-elective scrip dividend – rather only on the actual utilisation of the ACT reserves.

Other points to note:

The proposed non-elective scrip dividend will not replace the current dividend policy of Letshego and due to its once off nature is not expected to be repeated again in the future.

The Board of Letshego will consider a cash dividend declaration for the year ended 31 January 2011 during April 2011 and this will be announced to Shareholders upon the publication of the audited results. Publication is expected to be on Friday 15 April 2011. However, as communicated in the past, the Board will take into consideration the cash flow position, fund raising opportunities and future growth outlook of the Company and the Group in determining any annual or interim cash dividend.

Letshego has sufficient retained earnings to facilitate the proposed scrip dividend and will remain in compliance with the solvency requirements of Section 58 (3) of the Companies Act, 2003 should Shareholders approve the proposed non-elective scrip dividend.

The proposed non-elective scrip dividend will not have an impact on the convertible loan that was approved by Shareholders on 12 April 2010 – specifically, the holders of the convertible loan are not eligible to participate in the non-elective scrip dividend unless they exercise their conversion option. The Company has not received any conversion notice in this regard.

Benefits of a non-elective scrip dividend

A non-elective scrip dividend issue would serve the following purposes:

- Utilise the ACT reserves of the Company before they fall away on 30 June 2011.
- Return surplus earnings that have been accumulated over the last number of years to Shareholders.
- Provide Shareholders with the option to use the paper issue and trade these new shares on the BSE to convert the scrip dividend into cash should they choose to do so.
- Provide Shareholders with the choice to maintain the increased number of shares owned for possible dividend returns and possible capital appreciation going forward with none of the normal transactional costs of acquiring new shares.
- Create and promote increased activity and liquidity on the Letshego counter on the BSE.

Regulatory issues

In principle, approval has been sought and obtained from the Botswana Stock Exchange and from the Botswana Unified Revenue Services regarding this.

Last date to register

Shareholders registered as at the 17 March 2011 shall be entitled to participate in the scrip dividend.

Circular to Shareholders and Notice of EGM

Full details of the proposed non-elective scrip dividend will be included in a Circular to Shareholders and this is expected to be sent to Shareholders during March 2011. An Extra Ordinary General Meeting is expected to be held on 11 April 2011.

Shareholders are therefore advised to exercise caution when dealing in the securities of the Company.

For and on behalf of the board

Sponsoring Broker

A handwritten signature in black ink, appearing to read "C M Lekaukau".

C M Lekaukau
Chairman



Stockbrokers Botswana Ltd.

Member of the Botswana Stock Exchange

28 February 2011