

ANNUAL REPORT 2009

LETSHEGO HOLDINGS LIMITED

AFRICAN FOOTPRINT

CONTENTS

BACKGROUND AND NATURE OF BUSINESS

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

Letshego Holdings Limited (formerly Micro Provident Botswana Limited), also known as Letshego, is a regional consumer financial services provider in sub-Saharan Africa and 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.

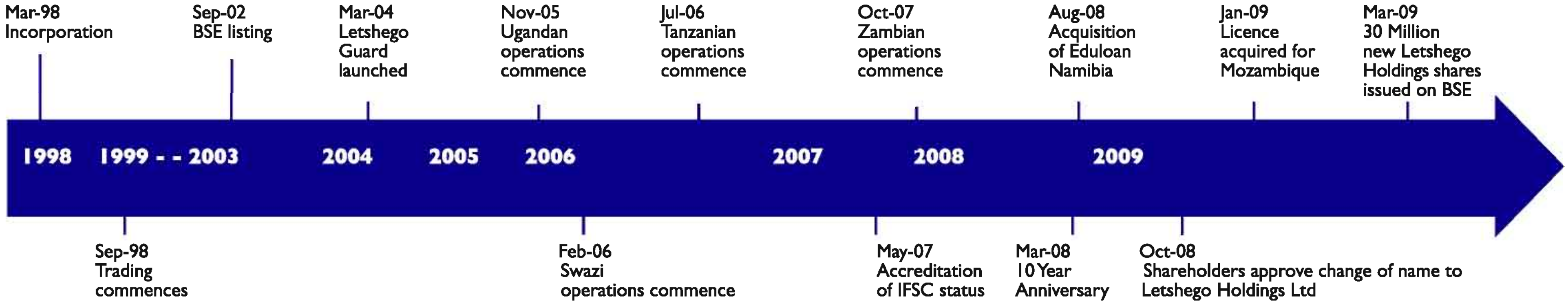
The Group's main activity is to extend short to medium term, personal, unsecured loans to formally employed individuals. Its customers are individuals that are formally employed by government, parastatals and the private sector. Loan repayments are deducted at source through the payroll systems of participating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

The monthly loan repayment is deducted by the participating employer of the borrower's monthly salary and paid directly to Letshego and its subsidiaries. Based on the same payroll based deduction business model, a pan African expansion plan was adopted to ensure continued growth and geographic diversification.

The Company has expanded into six other countries, namely Tanzania, Swaziland, Uganda, Zambia, and Namibia (Mozambique is expected commence in 2009) between 2005 and 2008. Letshego Guard, a wholly-owned subsidiary, markets and administers legal expense insurance products in Botswana.

LETSHEGO GROUP MILESTONES

Publicly quoted regional consumer finance group listed on the Botswana Stock Exchange ("BSE")



GROUP CORPORATE INFORMATION

"A typical African tripod"

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, etc.

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 the standard of living of our customers.

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

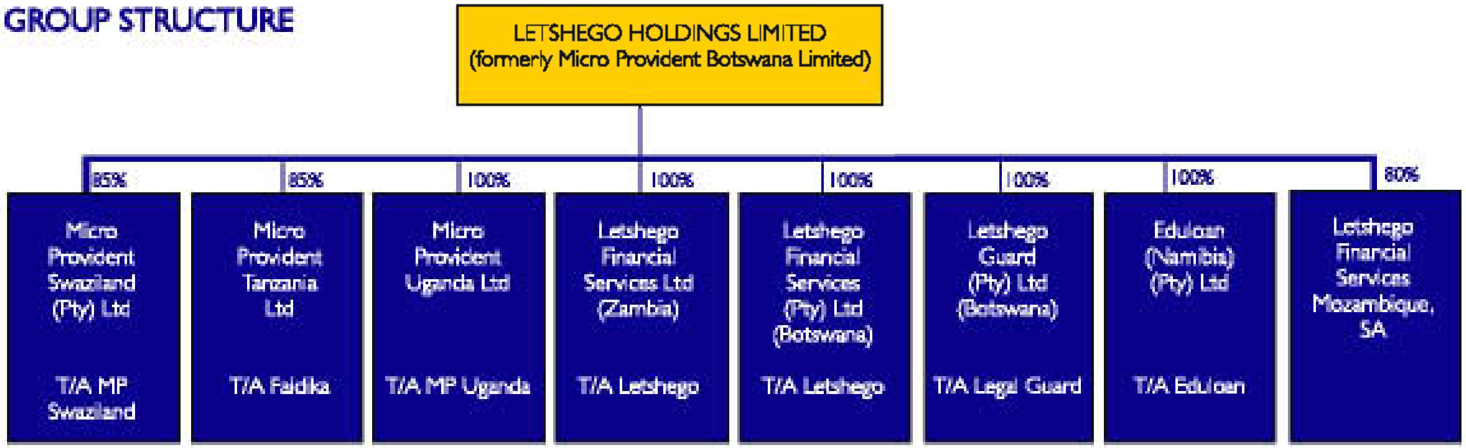
Teamwork
• We believe in working together, as teamwork is valuable to us

Respect
• Our teamwork is founded on mutual respect for those with whom we come in contact

Customer Service
• Our customer's are important to us. We promise 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



Non Trading Subsidiaries:
Letshego Life Insurance Limited (100%)
Letshego Guard Insurance Company Limited (100%)
Micro Provident Malawi Limited (100%)
Micro Provident Ghana Limited (100%)

GROUP CORPORATE INFORMATION
Continues

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

KPMG

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

PRICEWATERHOUSECOOPERS

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

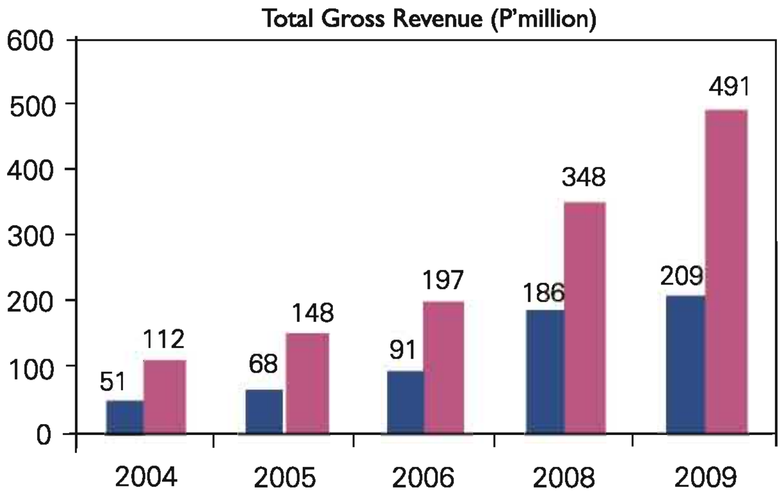
ARMSTRONGS

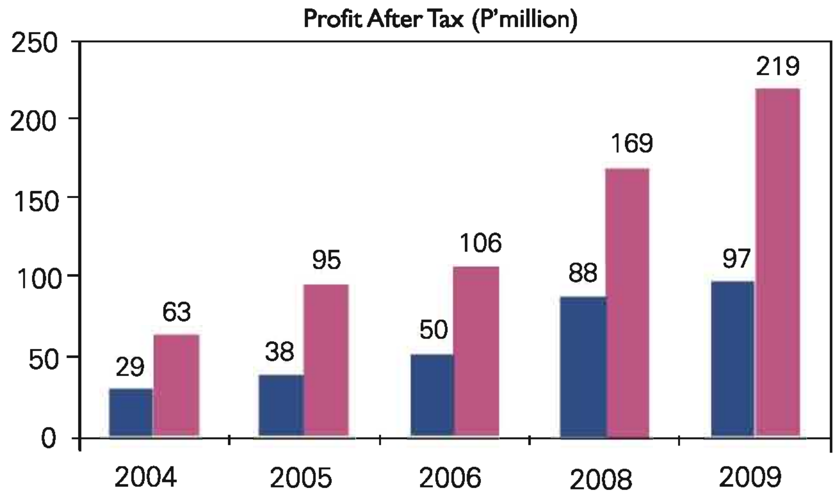
ATTORNEYS NOTARIES & CONVEYANCERS

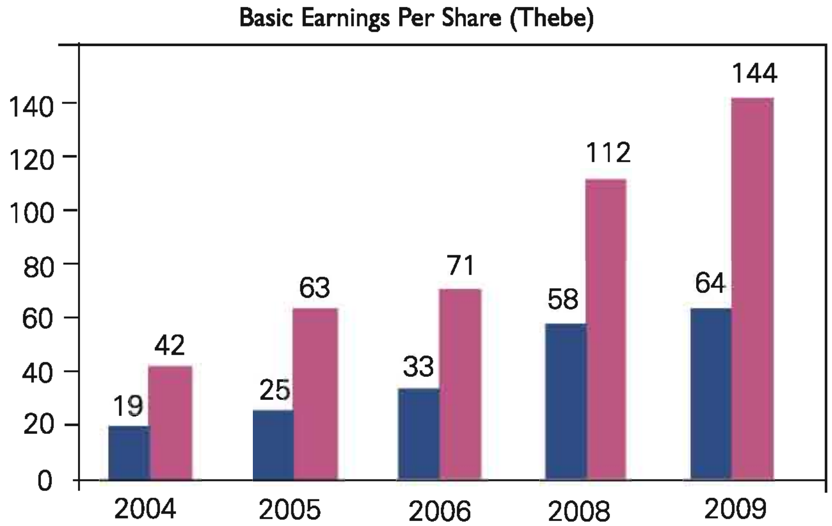
Attorneys / Legal Advisors
Armstrongs
5th Floor, Barclays House
Khama Crescent
Gaborone

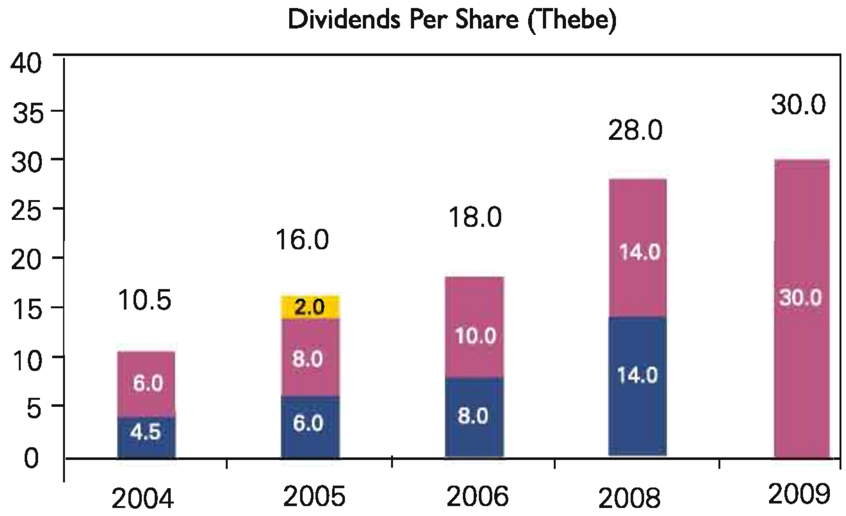
Bankers
Barclays Bank of Botswana Limited
First National Bank of Botswana Limited
First National Bank of Swaziland Limited
Standard Chartered Bank Botswana Limited
Standard Chartered Bank Tanzania Limited
Standard Chartered Bank Uganda Limited
Standard Chartered Bank Zambia Limited
Standard Bank Namibia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

GROUP FINANCIAL HIGHLIGHTS







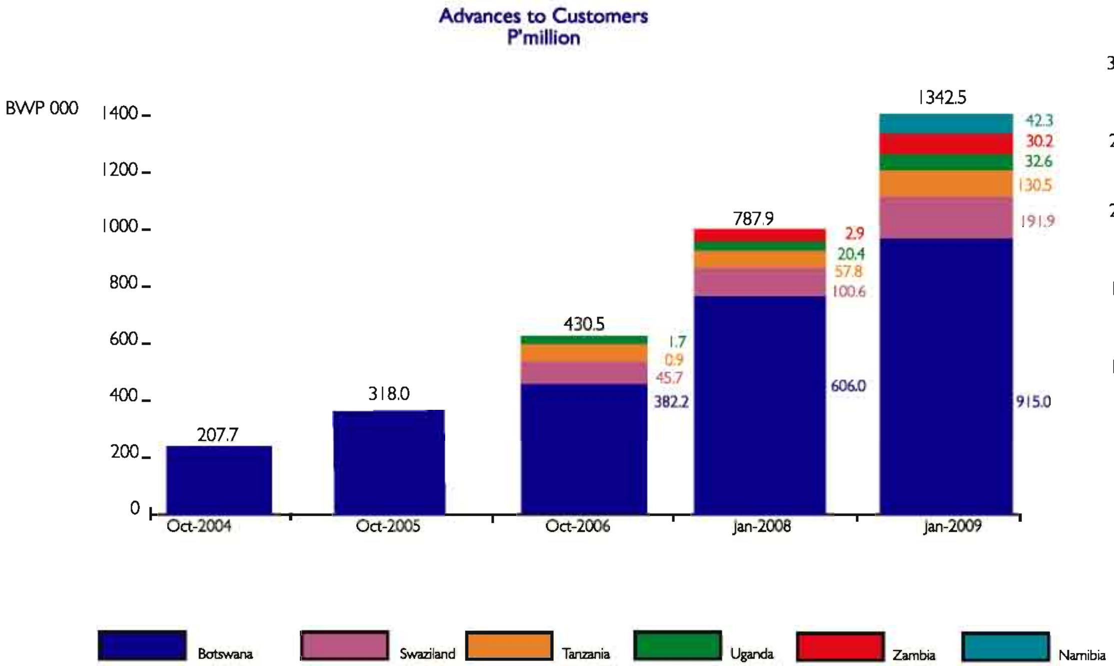


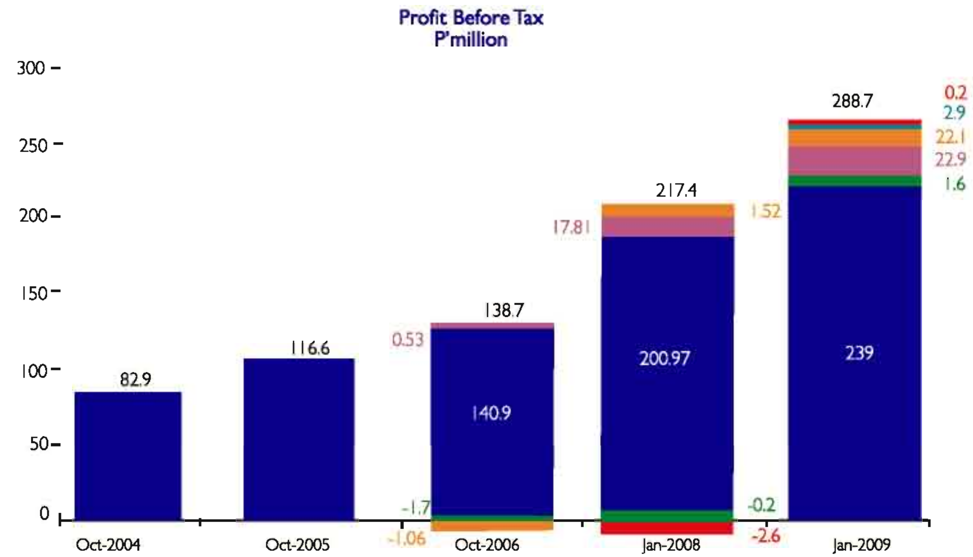
Interim Annual Special

2008 is for a fifteen month period (interim: nine months). All other period are for twelve months (interim: six months)

GROUP FINANCIAL HIGHLIGHTS

Continues





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

DIRECTORS AND SENIOR MANAGEMENT

Chairman of the Board of Directors

Cuthbert Moshe Lekaukau

Nationality	Botswana
Age	65
Residence	Gaborone, Botswana
Years as a Director	7
Shareholding	483,000 shares

Mr Lekaukau, who has been the Chairman of Letshego Holdings Limited since 2002 has served the Government of Botswana previously as a Senior Public Officer in various capacities from 1973 to 1996. 12 of those years he served as Permanent Secretary in the Ministries of Works, Transport and Communications and Mineral Resources and Water Affairs as well as Agriculture.

He was awarded a Presidential Order of Honour in 1996 in recognition of his efficient and devoted services to the country. In December 1996, he was appointed to start Botswana Telecommunications Authority as the founding Executive Chairman and served thereat until December, 2006. He is currently the Director General of the Government Implementation Coordination Office in the Office of the President, having been recalled back into Public Service in May 2007 to oversee and coordinate the implementation of projects and timely delivering of services in the country.

Mr Lekaukau has served various corporate institutions. These include, as Chairman of Turnstar Holdings Limited; former Chairman of: Botswana Telecommunications Authority, 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 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 and member of the Council of the University of Botswana. Mr Lekaukau who is an Attorney at law holds an LLB (UBLS in association with Edinburgh University), LLM (Columbia University, NYC) and a Commonwealth Certificate in Legislative Drafting.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non Executive Director

John Alexander Burbidge

Nationality	UK
Age	58
Residence	George, RSA
Years as a Director	7
Shareholding	None

Mr Burbidge qualified as a chartered accountant in the UK and was part of the African Life Group in various senior management and board positions over a 27 year period. 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 currently a director of Funeral Services Group Limited, a group that recently 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 Committe and the Investment Committee.

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

DIRECTORS AND SENIOR MANAGEMENT
Continues

Independent Non Executive Director

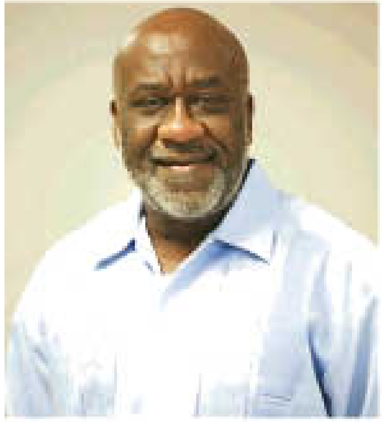
Dr Hassy H B Kitine

Nationality	Tanzania
Age	64
Residence	Dar Es Salaam, Tanzania
Years as a Director	2
Shareholding	None

Dr Kitine was a member of parliament of the United Republic of Tanzania and he is a member of SADC parliamentary forum. He was a Minister of State from 1997-1998, responsible for governance at the president's office, and from 1996 to 1997 he acted as regional commissioner. Dr Kitine further held positions as university lecturer/instructor at University of Dar es Salaam and various international institutes and worked for the Tanzanian intelligence and security services as well as its army. Dr Kitine is a member of various national and international economic societies.

Dr Kitine joined the Letshego board in January 2007 and is also a shareholder and the Chairman of Micro Provident Tanzania Limited.

Non Executive Director



Kofi Jude Bucknor

Nationality	Ghana
Age	53
Residence	Accra, Ghana
Years as a Director	1
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 and 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. Kofi is also a board member of Letshego Financial Services Limited (Zambia).

DIRECTORS AND SENIOR MANAGEMENT
Continues

Non Executive Director

Panos Voutyritsas

Nationality	Greece
Age	32
Residence	Johannesburg, RSA
Years as a Director	1
Shareholding	None

Mr Voutyritsas is a Partner at Kingdom Zephyr Africa Management, a pan African private equity company sponsored by Kingdom Holdings, the private investment vehicle of HRH Prince Alwaleed of Saudi Arabia and Zephyr Management LP, a New York based asset manager with Kindom Zephyr's US$450 million of committed capital as of 2008. Mr Voutyritsas has completed a number of private equity investments in Africa, and has been with Kingdom Zephyr since the company's inception in 2003.

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

Mr Voutyritsas has a BSc Degree in Operations Research and Industrial Engineering from Cornell University(USA).

Mr Voutyritsas has been on the Board since January 2008 and is also a member of the Remuneration Committee and the Investment Committee. He also serves on the Board of Micro Provident Tanzania Limited.

DIRECTORS AND SENIOR MANAGEMENT
Continues

Group Managing Director

Jan Abraham Claassen

Nationality	RSA
Age	57
Years with Letshego	6
Residence	Gaborone, Botswana
Shareholding	209,354 shares

Mr Claassen has been Managing Director of Letshego Holdings Limited 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 for two years on secondment from the FNB Group.

Mr Claassen holds a BCom, 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 comprising seven operating subsidiaries with over 350 employees, in six countries with a branch network exceeding 100 branches in number.

Director of Risk and Compliance

Dumisani Ndebele

Nationality	Botswana
Age	43
Years with Letshego	10
Residence	Gaborone, Botswana
Shareholding	101,081 shares

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 of 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 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).

DIRECTORS AND SENIOR MANAGEMENT

Continues


LYDIA ANDRIES


SHAWN BRUWER


PORTIA KETSHABILE


JACOB MOTLHABANE


COLM PATTERSON

LYDIA ANDRIES

Nationality	Botswana
Age	36
Position	Group Strategic Planning
Residence	Gaborone, Botswana
Years with Letshego	1
Qualifications	BSc Actuarial Science & MSc Actuarial Science

SHAWN BRUWER

Nationality	Namibia
Age	32
Position	Group Information, Communication and Technology
Residence	Gaborone, Botswana
Years with Letshego	3
Qualifications	BCom, CIMA, Various Certificates in Banking and Credit Management

PORTIA KETSHABILE

Nationality	Botswana
Age	40
Position	HR Operations Manager
Residence	Gaborone, Botswana
Years with Letshego	8
Qualifications	AAT, Diploma in Personnel and Training Management, Management Development Program

JACOB MOTLHABANE

Nationality	Botswana
Age	37
Position	Group Business Development Manager
Residence	Gaborone, Botswana
Years with Letshego	1
Qualifications	BCom

COLM PATTERSON

Nationality	Ireland
Age	37
Position	Group Chief Financial Officer
Residence	Gaborone, Botswana
Years with Letshego	2
Qualifications	FCA (Ireland), CPA Botswana

BARATI RWELENGERA

Nationality	Botswana
Age	31
Position	Manager – Risk and Compliance
Residence	Gaborone, Botswana
Years with Letshego	1
Qualifications	AAT, ACCA

FAAN BERG

Nationality	Namibia
Age	45
Position	CEO, Eduloan (Namibia) (Pty) Limited
Residence	Windhoek, Namibia
Years with Letshego	1 (CEO of Eduloans Namibia since 2002)
Qualifications	BCom

VUSI DLAMINI

Nationality	Swaziland
Age	39
Position	CEO, Micro Provident Swaziland (Pty) Limited
Residence	Manzini, Swaziland
Years with Letshego	1
Qualifications	BCom, ACCA

DIRECTORS AND SENIOR MANAGEMENT

Continues

FREDERICK MMELESI

GEOFFREY KITAKULE

BRIGHTON NGOMA

MARION MOORE

GEOFFREY KITAKULE

Nationality	Uganda
Age	38
Position	CEO, Micro Provident Uganda Limited
Residence	Kampala, Swaziland
Years with Letshego	1
Qualifications	Masters of Business Administration (Finance), MSC Computer Science, Bachelor of Statistics, Master of Laws in Information Technology and Telecommunications

FREDERICK MMELESI

Nationality	Botswana
Age	40
Position	CEO, Letshego Financial Services (Pty) Limited (Botswana)
Residence	Gaborone, Botswana
Years with Letshego	10
Qualifications	AAT, Masters of Business Administration (MBA), Management Development Program

MARION MOORE

Nationality	RSA
Age	55
Position	CEO, Micro Provident Tanzania Limited
Residence	Dar Es Salaam, Tanzania
Years with Letshego	2
Qualifications	CPA, CIS

BRIGHTON NGOMA

Nationality	Zambia
Age	49
Position	CEO, Letshego Financial Services Limited (Zambia)
Residence	Lusaka, Zambia
Years with Letshego	1
Qualifications	Bachelor of Arts in Economics and Business Administration, CIMA

CHAIRMAN'S REPORT

The Group continued to grow the business with 6 new main and 41 new satellite branches opened during the year bringing the total branch number to 111 (2008: 56) across the continent. The staff complement increased by 42% to 389 employees (2008: 273) while number of customers increased by 52% (including the acquisition of Eduloan Namibia) to 95,322 (2008: 62,560).

I have great pleasure in presenting my report to the shareholders of Letshego Holdings Limited for the financial year ended 31 January 2009.

The highlights for the financial reporting period include:

- Loans and advances to customers have grown to over P1.3 billion (2008: P787 million), an increase of 70% over the prior period
- Profit before tax has increased by 66% on an annualised basis
- Increase in annualised dividend per share of 33%
- Increase in earnings per share of 62%
- Cost to income ratio reduced from 25.8% to 24.0%
- Impairment expense on loans and advances to customers remains constant at 2% which is a very competitive industry benchmark
- P49.7 million profit before tax, representing 17% of the group profit before tax, was generated outside of Botswana

The Group now has a presence in six countries and all subsidiaries are contributing to Group profitability.

DEVELOPMENTS DURING THE YEAR

A number of developments took place during the financial period:

- Adoption of Letshego Holdings Limited as the name of the holding company
- A new Constitution was adopted in line with the Botswana Companies Act, 2003
- Approval by shareholders for debt raising initiatives through the use of debt instruments
- Acquisition of Eduloan (Namibia) (Pty) Limited for a final consideration of N$41.6 million
- Approval by Shareholders to proceed with an 'Offer for Subscription' for 30 million new ordinary shares and to raise P360 million from this offer before expenses

The Group continued to grow the business with 6 new main and 41 new satellite branches opened during the year bringing the total branch number to 111 (2008: 56) across the continent. The staff complement increased by 42% to 389 employees (2008: 273) while customer numbers increased by 52% (including the acquisition of Eduloan Namibia) to 95,322 (2008: 62,560).

His Excellency, the Vice President of the Republic of Botswana, Lt General Mompati Merafhe along with the Chairman and Managing Director of Letshego Holdings celebrating Letshego's 10th anniversary at an event held In Gaborone on 10 October 2008

CHAIRMAN'S REPORT
Continues

FINANCIAL PERFORMANCE
Botswana remains a key market for Letshego as it accounts for 68% (2008: 77%) of the year end loan book and 83% (2008:93%) of the Group's profit before tax. However, operations outside of Botswana continue to gain critical mass as follows:

Country	Loans to Customers At 31 Jan 2009 P'million	% Increase	Profit Before Tax Year to 31 Jan 2009 P'million	% Increase
Botswana	P915	51%	P239.0	49%
Swaziland	P191	91%	P 22.9	56%
Tanzania	P130	128%	P 22.1	N/a
Uganda	P 33	160%	P 1.6	N/a
Zambia	P 31	N/a	P 0.2	N/a
Namibia	P 42	N/a	P 2.9	N/a
Total	**P1,342**	**70%**	**P288.7**	**66%**

While some of these figures are from a low base, the Group now has a loan book of P427 million (32%) outside of Botswana which has contributed P49.7 million (17%) to Group profit before tax. This trend is expected to continue in the future.

NEW MARKETS
The purchase of Eduloan (Namibia) was the first acquisition that the Group has undertaken. Prior to this all new subsidiaries were established on a 'green field' basis. The Directors believe that this business has excellent potential to add to the Letshego Group profile and profitability over time. An exercise to integrate policies and practices and to rebrand the business, to more closely align it with that of Letshego, is underway.

The Group has acquired a Government salary deduction code in Mozambique. The licensing and registration process has been completed and premises are being renovated with an expected start date for business of late in 2009. A Portuguese speaking team has been put in place to facilitate entry into the Mozambique market.

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

REGULATORY ENVIRONMENT
In Botswana the Non Bank Financial Institutions Regulatory Authority ("NBFIRA") has commenced dialogue with participants in the industry and the Directors welcome the role that NBFIRA will play in the regulatory and formalisation of the consumer lending industry in Botswana going forward.

To date, based on discussions and interaction with NBFIRA, the Directors believe that the Group practices in Botswana are well positioned to comply with the proposed new initiatives that NBFIRA wish to introduce to the industry.

In the other territories that the Group operates, it is evident that there will be an introduction of regulation or more enforcement of regulations in the industry over time. This is good for consumers, their employers, the industry and Letshego will continue to fully support these initiatives and is also well positioned in this regard.

An example of this are the recent developments in Swaziland whereby the Government of the Kingdom of Swaziland took steps to ensure compliance with the Employment Act which stipulates minimum take home pay requirements. This has resulted in steps being taken to introduce a central register similar to Botswana and Namibia.

The central register is responsible for ensuring that loan affordability levels are adhered to and that there is only one non statutory deduction appearing on the payslip. Similar initiatives, albeit at a less advanced stage, are also being pursed in Zambia. The Directors believe that the introduction of Central Registers is a very important development and is complementary to the payroll deduction model that the Group uses.

OFFER FOR SUBSCRIPTION
In March 2009, after the financial year-end 30 million new shares, which raised P360 million, before expenses, were issued and listed on the Botswana Stock Exchange.

FUNDING
At the year-end date, total borrowings were P644.3 million (2008: P306.7 million) representing a debt to equity ratio of 96% and falling to 62% after the completion of the Offer for Subscription in March 2009 (2008: 67%). During the year a number of new short term facilities were negotiated and all existing facilities were renewed. Post the financial year-end there has been no significant change to this position.

CHAIRMAN'S REPORT
Continues

Efforts continue to identify new lines of credit and the Group is exploring a number of different opportunities locally, regionally and internationally. Given international financial markets, it is evident that it will be more challenging to source funding and if available, this may come at a premium.

The Group's dividend policy will also be reassessed in light of the Group's ongoing funding requirements.

COMMUNICATION
During the year the group's web site was formally launched 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.

An internal newsletter, the African Tripod, was also launched during the year as a quarterly communication medium and to keep all staff aware of developments within the Group.

HUMAN RESOURCES
The most important competitive advantage of the Group rests in its people who need to be motivated and incentivised to excel. 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 in place for key management and this aligns their goals with the shareholders.

During the 2007/2008 financial period a defined contribution staff pension fund was established for staff in Botswana and a similar defined contribution staff pension fund was introduced for staff in Swaziland during the 2009 financial year as both Botswana and Swaziland do not have national social pension funds in place whereas these are in place in Tanzania, Uganda and Zambia.

Also during the 2009 financial year, medical aid benefits were put in place for staff in Swaziland, Tanzania, Uganda and Zambia to more align them with the Group's policies and best practice.

Internal and external training and development are priorities and significant resources are allocated to this area.

The Group is committed to ensuring that a sufficient number of talented people are employed from which senior management can be replenished if and when required. During the last two financial periods a number of new positions have been created and filled. These include, Group Chief Financial Officer, Group HR Manager, Group Information, Communications and Technology, Risk and Compliance Manager, Group Strategic Planning and a Group Business Development Manager. All of these positions are based at the Group's head office in Gaborone. In addition, CEO's have been appointed to the Group's subsidiaries in Botswana, Swaziland, Tanzania, Uganda and Zambia.

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 the Enterprise Risk Management Framework of 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. Beneficiaries of our broad-based corporate social investments included, amongst others, Childline Botswana, Lifeline Botswana, Cancer Association and the Lady Khama Charitable Trust.

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

	2009 Group P'000	2008 Group P'000	2009 Company P'000	2008 Company P'000
Donations	31	101	-	5
Sponsorships	535	649	-	49
CSR	465	223	130	-
	1,031	**973**	**130**	**54**

Going forward, the board has approved a policy that 1% of the Group's profit after tax be set aside for corporate social responsibility programs and initiatives.

FUTURE OUTLOOK AND DEVELOPMENTS
Given the current economic environment it is evident that the next twelve months will be challenging. However, the fundamentals of the Group remain very well positioned. These include:

- Sound business model using 'deduction code' facilities and historical low impairment charges
- Solid customer base – over 95% of customers are employees of the Governments of the respective countries in which the Group operates
- Access to credit, for those who previously had no access, remains a critical area of demand and still represents a largely untapped market across the continent

While the economic future remains uncertain public sector employment is expected to be less volatile than the private sector.

CHAIRMAN'S REPORT
Continues

While the 31 January 2009 financial year performance was an exceptional one, the Directors believe that the 31 January 2010 financial year will be one of consolidation. The Directors expect slower rates of growth in Botswana and Swaziland and continued growth in Namibia, Uganda, Zambia and Tanzania while delivering consistent profitability.

CHANGE IN DIRECTORS
Mr M C Letshwiti resigned from the board during the period under review having served on the Letshego board and subcommittees since 2002. Mr Letshwiti's invaluable contribution to the Group is recognised and appreciated.

ACKNOWLEDGEMENTS
The combined support of all stakeholders is fundamental to the welfare of the constituent parts that make up the Letshego Holdings Limited Group. In conclusion, therefore, 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 year.

C.M. LEKAUKAU
CHAIRMAN
22 April 2009

GROUP 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 2009.

NATURE OF BUSINESS
The Group is engaged in the provision of short to medium-term unsecured loans and the marketing and administration of insurance products to employees of the public, quasi-public and private sectors.

STATED CAPITAL
There were no changes to the stated capital during the year. After the financial year end, on 6th March 2009, 30 million new shares were issued at P12.00 per share in terms of an offer for subscription. This changed the stated capital from P35 million at 31 January 2009 to P388 million.

During the year, no shares were issued in terms of the Group's Long Term Incentive Plan. This was due to the change of the financial year end from 31 October to 31 January. The next shares are expected to vest in May 2009.

SUBSIDIARY COMPANIES
One new subsidiary company, Eduloan (Namibia) (Proprietary) Limited was acquired with effect from 1st August 2008. Details of the acquisition are given in note 16 of the financial statements.

Post year end, Letshego Financial Services Mozambique SA was incorporated and licensed with the Central Bank of Mozambique. It has not yet commenced operations.

DIVIDENDS
Current period
No interim dividend was declared for the half year ended 31 July 2008. A first and final dividend of P54.7 million (30 thebe per share gross of withholding tax) has been proposed and will be paid to shareholders on or about 22 May 2009.

The Directors have considered the changing economic environment but believe that it is still appropriate to declare a final dividend for the year. However, going forward, the dividend policy will be reassessed, in light of the Group's funding requirements, and any changes will be communicated to shareholders.

GROUP DIRECTORS' REPORT AND RESPONSIBILITY STATEMENT

Continues

PRIOR YEAR

An interim dividend amounting to P21.1 million (14 thebe per share gross of withholding tax) for the nine month period ended 31 July 2007 was paid to shareholders on 2 November 2007. A final dividend of P21.2 million (14 thebe per share gross of withholding tax) for the six month period ended 31 January 2008 was paid to shareholders on 9 May 2008.

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]	
J.A. Claassen[4]	(Managing Director)
* Dr Hassy H Kitine[5]	
* M.C. Letshwiti[1]	(Resigned 31 July 2008)
D. Ndebele[1]	
* P. Voutyritsas[6]	

* Non-executive [1]Botswana [2]Ghana [3]UK [4]RSA [5]Tanzania [6]Greece

DIRECTORS' SHAREHOLDINGS

The aggregate number of shares held directly by directors is 793,435 (2008: 813,435). Full details of this shareholding are available at the registered office of the company or at the office of the transfer secretaries.

LONG TERM INCENTIVE PLAN

The Group operates an equity-settled conditional Long Term Incentive Plan (LTIP), which was approved by shareholders at 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, with a corresponding increase in equity, 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 balance sheet at 31 January 2009, the income statement, the statement of changes in equity and cash flow statement 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 22 April 2009 and are signed on its behalf by:

C.M. LEKAUKAU
CHAIRMAN

J.A. CLAASSEN
MANAGING DIRECTOR

GROUP CORPORATE GOVERNANCE

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 five non-executive and two executive directors at the end of the financial period. There are currently a number of vacant positions on the board that are expected to be filled by the end of the current financial year. 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 key board sub-committees and have unrestricted access to management and all company records.

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 monthly 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 Strategic Planning
S. Bruwer	Group Head of Information, Communication and Technology
P. Ketshabile	HR Operations Manager
F. Mmelesi	CEO, Letshego Financial Services (Pty) Limited (Botswana)
J. Motlhabane	Group Business Development Manager
C. Patterson	Group Chief Financial Officer
I. Ramalohlanye	Group HR Manager
B. Rwelengera	Manager – Risk and Compliance

The following attend Executive Committee meetings by invitation:

F Berg	CEO, Eduloan Namibia
V Dlamini	CEO, MP Swaziland
G Kitakule	CEO, MP Uganda
M Moore	CEO, MP Tanzania
B Ngoma	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.C. Letshwiti	(Resigned 31 July 2008)

GROUP CORPORATE GOVERNANCE
Continues

The Group Managing Director, Group Chief Financial 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.

RISK AND COMPLIANCE DEPARTMENT FUNCTION

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, and 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 improvement of synergy in the overall risk management framework.

REMUNERATION COMMITTEE

The membership of the Remuneration Committee is as follows:

J.K. Bucknor	Chairman (appointed 31 July 2008)
C.M. Lekaukau	
M.C. Letshwiti	Chairman (Resigned 31 July 2008)
P.Voutyritsas	

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

GROUP CORPORATE GOVERNANCE
Continues

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 Long Term Inventive Plan.

The executive directors and senior management play no part in decisions regarding their own remuneration.

Investment Committee

The membership of the Investment Committee that was established after the financial year end 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, including
- 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.
- attending to such matters as the Board may determine from time to time.

The Committe meets on a needs basis.

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	P	P
C. M. Lekaukau 4/4	-	5/5	160,884	-	103,005	69,849		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 – 15 MONTH PERIOD ENDED 31 JANUARY 2008

Director	Board Attendance	Audit Committee Attendance	Remco Committee Attendance	Board	Audit Committee	Remuneration Committee	Total
				P	P	P	P
C. M. Lekaukau	6/6	-	3/3*	204,300	-	56,700	261,000
P. S. Abrahams	1/1	1/1	-	40,250	18,750	-	59,000
R. N. Alam	3/3	2/2	5/5	108,000	37,500	93,750	239,250
J van den Berg	3/3	2/2	2/2	72,250	37,500	37,500	147,750
J. K. Bucknor	1/1	-	-	18,750	-	-	18,750
J. A. Burbidge	4/6	3/3	-	91,500	56,250	-	147,750
J. A. Claassen	6/6	3/3	5/5	-	-	-	-
Dr Hassy H B Kitine	6/6	-	-	164,250	-	-	164,250
M. C. Letshwiti	6/6	3/3	9/9*	181,500	60,750	186,750	429,000
D. Ndebele	6/6	3/3	5/5	-	-	-	-
J. M. C. Rammipi	5/6	-	-	145,500	-	-	145,500
P.Voutyritsas	1/1	-	-	18,750	-	-	18,750
Total							1,631,000

* Additional Remco meetings took place during the period to 31 January 2008 and 31 January 2009. Certain of these meetings were to:
- Short list and interview candidates for new senior positions
- Review the 'Long Term Share Incentive Scheme' and attend meetings with independent professional advisors

GROUP CORPORATE GOVERNANCE
Continues

Note – Directors fees for RN Alam, J van den Berg, JK Bucknor and P Voutyritsas were paid to Kingdom Zephyr African Management Limited the organisation that they represent.

Directors' fees for JMC Rammipi were paid to Botswana Public Employees Union the organisation he represents. Directors fees for JA Burbidge were paid to African Life Limited until his retirement during 2007.

Kingdom Zephyr African Management Limited represents PAIP-PCAP-FMO Letshego Limited, a shareholder of Letshego Holdings Limited.

REMUNERATION – EXECUTIVE DIRECTORS
Executive directors' remuneration for the period was as follows:

Year ended 31 January 2009	For Management Services	Pension Fund Contributions	Performance Bonus	Total
	P	P	P	P
J.A. Claassen	2,184,404	-	1,371,915	3,556,319
D. Ndebele	1,291,500	126,000	811,125	2,228,625

15 month period ended 31 January 2008	For Management Services	Pension Fund Contributions	Performance Bonus	Total
	P	P	P	P
J.A. Claassen	2,148,825	-	640,000	2,788,825
D. Ndebele	1,412,480	21,000	250,000	1,683,480

CLOSED PERIOD

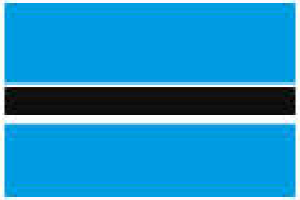
The closed periods for trading in the holding company's shares by directors and employees is from the beginning of the months of both the interim and the year end (i.e. 1 July and 1 January) up to the date of publication of the interim and final results in the print media and on the Group's web site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

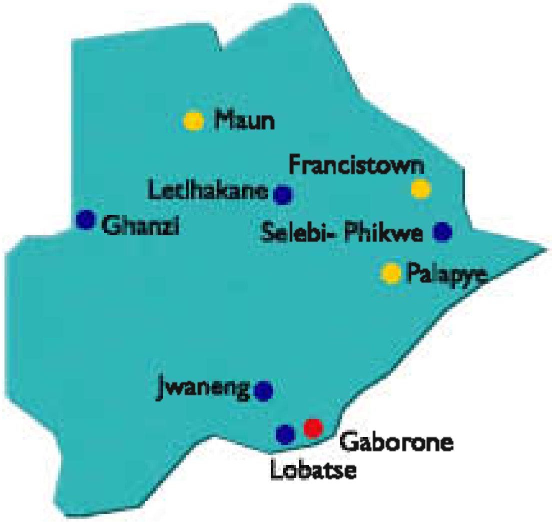
C.M. LEKAUKAU
CHAIRMAN

J.A. CLAASSEN
MANAGING DIRECTOR

SUMMARY OF OPERATIONS BY COUNTRY



Botswana Letshego Financial Services (Pty) Limited



Key:

- Head Office
- Main Branches
- Satelites

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

Company Statistics

	2009	2008
Number of branches – main	4	4
Number of branches – satellite	5	4
Number of staff	89	81

Company Statistics

	2009	2008
Male	38%	35%
Female	62%	65%
Citizen	100%	100%
Non Citizen	0%	0%
Customers – employed by Government or quasi Government	95%	95%
Customers – employed by parastatals or the private sector	5%	5%
Total number of customers	35,680	35,534
Average value of loans at 31 January	P25.6k	P17.0k
Average interest yield on advances to customers at 31 January	40.7%	40.8%
% of book on payroll deduction model	99%	100%
Collections statistics – average collection rate for the period	98%	98%
Central register in place	Yes	

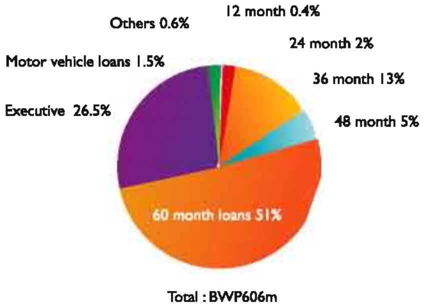
Regulatory Framework – Non Bank Financial Institutions Regulatory Authority

SUMMARY OF OPERATIONS BY COUNTRY

Continues

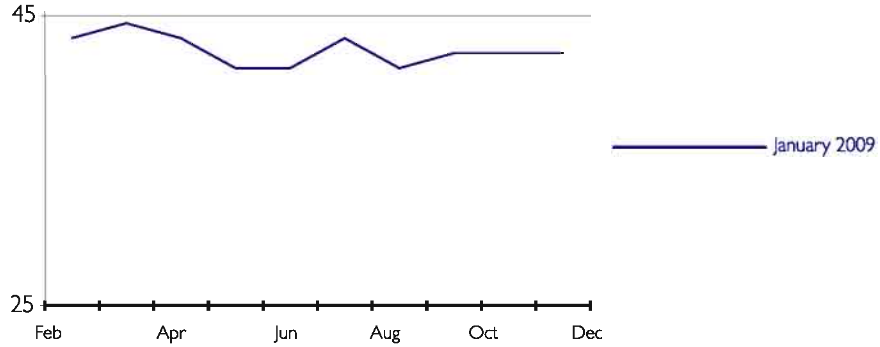
Botswana Letshego Financial Services (Pty) Limited

ANALYSIS OF ADVANCES TO CUSTOMERS
31 January 2008

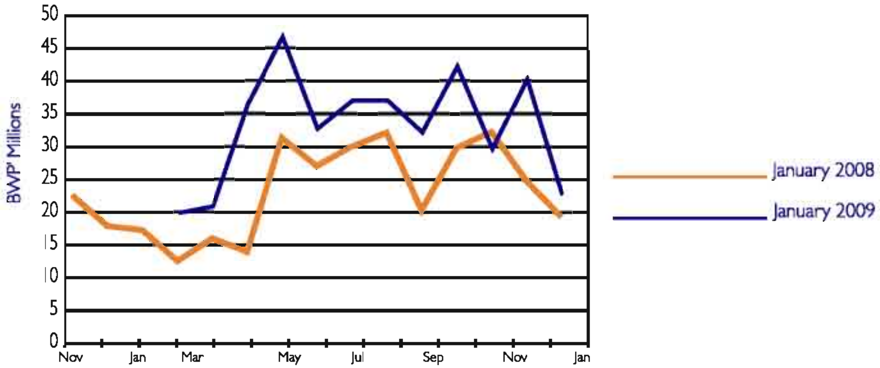


ANALYSIS OF ADVANCES TO CUSTOMERS
31 January 2009

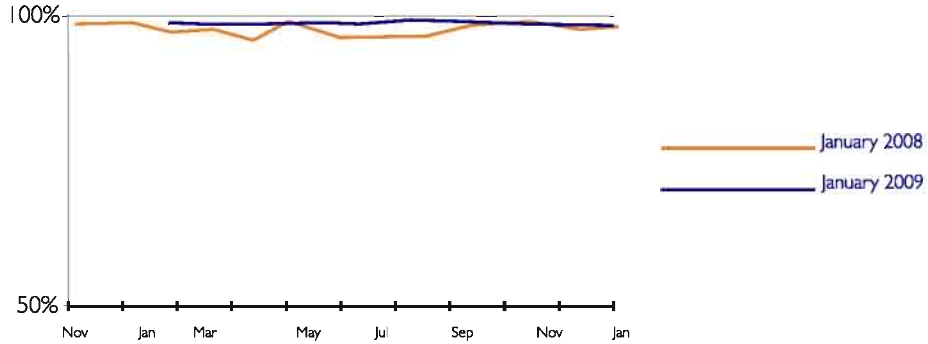
ANNUALISED AVERAGE INTEREST RATES BY MONTH
31 January 2009



ANALYSIS OF NET PAYOUTS
31 January 2008(15Months) & 31 January 2009



ANALYSIS OF COLLECTIONS
31 January 2008(15 months) & 31 January 2009



SUMMARY OF OPERATIONS BY COUNTRY
Continues

Botswana Letshego Financial Services (Pty) Limited and Letshego Guard (Pty) Limited

BOTSWANA – Letshego Guard (Pty) Limited

Company Statistics	2009	2008
Number of branches – main	1	1
Number of branches and satellite branches shared with LFSB	9	8
Number of staff	29	31
Male	38%	35%
Female	62%	65%
Citizen	100%	100%
Non Citizen	0%	0%
Number of policy holders	52,879	48,579

Letshego - Botswana staff at a planning workshop held in the Tuli Block, Botswana in March 2009

LFSB corporate social responsibility event

Botswana staff at a wellness day in Gaborone

SUMMARY OF OPERATIONS BY COUNTRY

Continues

SWAZILAND – Micro Provident Swaziland (Pty) Limited

Key:

Head Office

Main Branches

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

Source: Management estimates

Company Statistics	2009	2008
Number of branches – main	2	2
Number of staff	17	15
Male	47%	48%
Female	53%	52%
Citizen	100%	100%
Non Citizen	0%	0%
Customers – employed by Government or quasi Government	100%	100%
Customers – employed by parastatals or the private sector	0%	0%
Total number of customers	8,971	7,193
Average value of loans at 31 January	P21.3k	P13.9k
Average interest yield on advances to customers at 31 January	36.3%	42.4%
% of book on payroll deduction model	100%	100%
Collections statistics – average collection rate for the period	99%	99%
Central register in place - No - but expected during 2009		

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

SUMMARY OF OPERATIONS BY COUNTRY

Continues

SWAZILAND – Micro Provident Swaziland (Pty) Limited

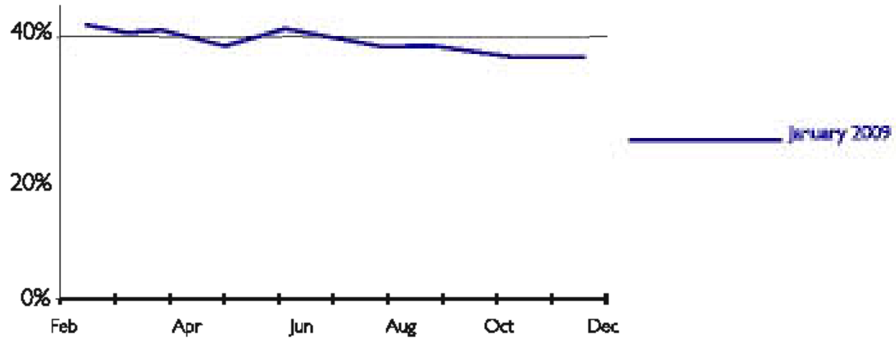
ANALYSIS OF ADVANCESTO CUSTOMERS
31 January 2008

Total : BWP100.5m

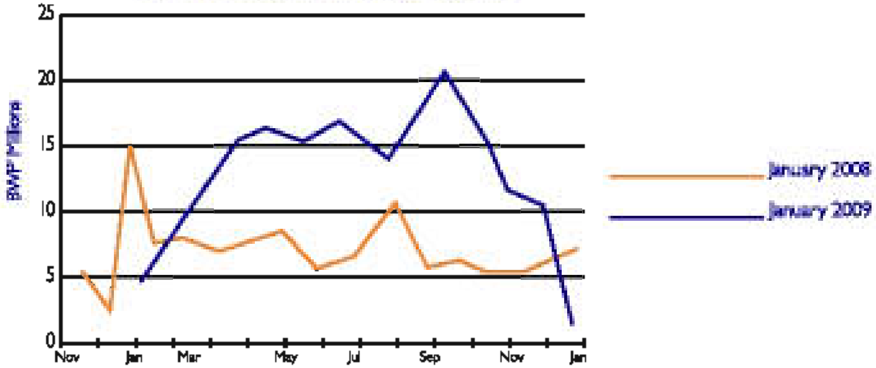
ANALYSIS OF ADVANCES TO CUSTOMERS
31 January 2009

Total : BWP193.4m

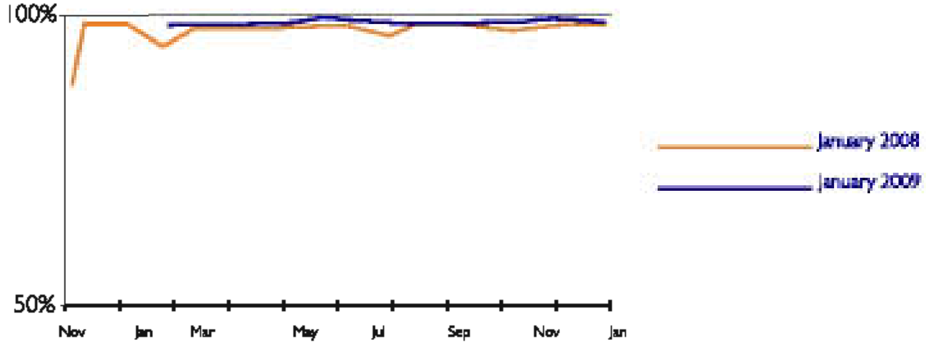
ANNUALISED AVERAGE INTEREST RATES BY MONTH
31 January 2009



ANALYSIS OF NET PAYOUTS
31 January 2008(15Months) & 31 January 2009



ANALYSIS OF COLLECTIONS
31 January 2008(15 months) & 31 January 2009



SUMMARY OF OPERATIONS BY COUNTRY

Continues

SWAZILAND – Micro Provident Swaziland (Pty) Limited

Board Attendance Register and Remuneration

Year ended 31 January 2009	Nationality	Board Attendance	Remuneration P	
HRH Prince Lonkhokhela(Chairman)	Swaziland	2/2	46,065	Appointed Chairman1 August 2008
VH Dlamini (Managing Director)	Swaziland	2/2	40,483	Resigned as Chairman 1 August 2008 Appointed as CEO 1 August 2008
MC Letshwiti	Botswana	1/1	11,994	Resigned 31 July 2008
JA Claassen	RSA	2/2	-	
D Ndebele	Botswana	2/2	-	

The remuneration for VH Dlamini relates to his position as Chairman up until 1 August 2008.

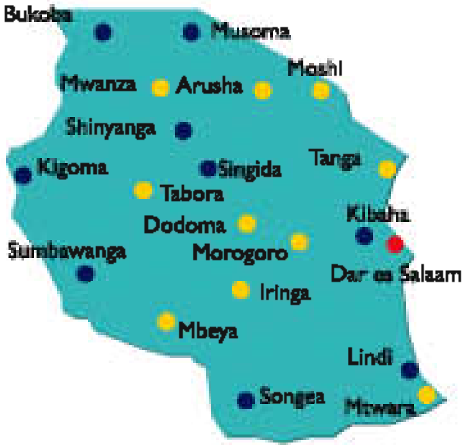
15 month period ended 31 January 2008	Nationality	Board Attendance	Remuneration P
VH Dlamini (Chairman)	Swaziland	3/3	6,117
HRH Prince Lonkhokhela	Swaziland	3/3	4,893
JA Claassen	RSA	3/3	-
D Ndebele	Botswana	3/3	-

MPS Staff

SUMMARY OF OPERATIONS BY COUNTRY

Continues

TANZANIA – 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

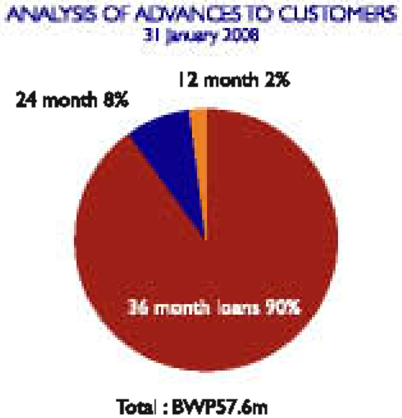
Company Statistics	**2009**	**2008**
Number of branches – main	11	7
Number of branches – satellite	70	30
Number of staff	109	76
Male	70%	70%
Female	30%	30%
Citizen	99%	99%
Non Citizen	1%	1%
Customers – employed by Government or quasi Government	100%	100%
Customers – employed by parastatals or the private sector	0%	0%
Total number of customers	24,061	13,484
Average value of loans at 31 January	P5.4k	P4.2k
Average interest yield on advances to customers at 31 January	66.7%	68.6%
% of book on payroll deduction model	100%	100%
Collections statistics – average collection rate for the period	92%	75%
Central register in place	No	

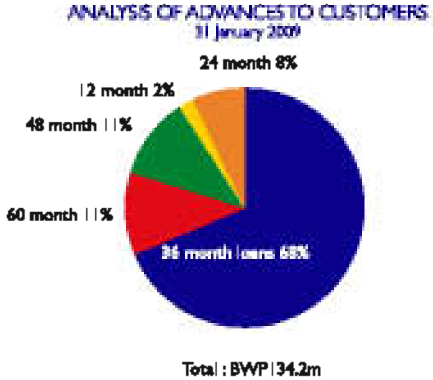
Regulatory Framework – N/a

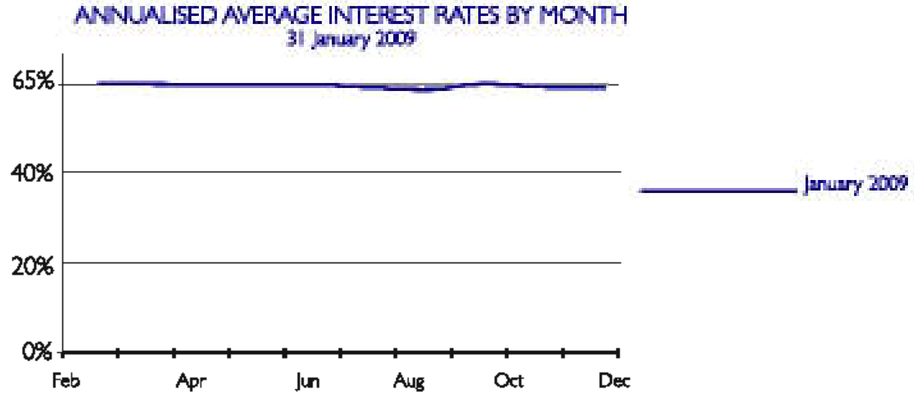
SUMMARY OF OPERATIONS BY COUNTRY

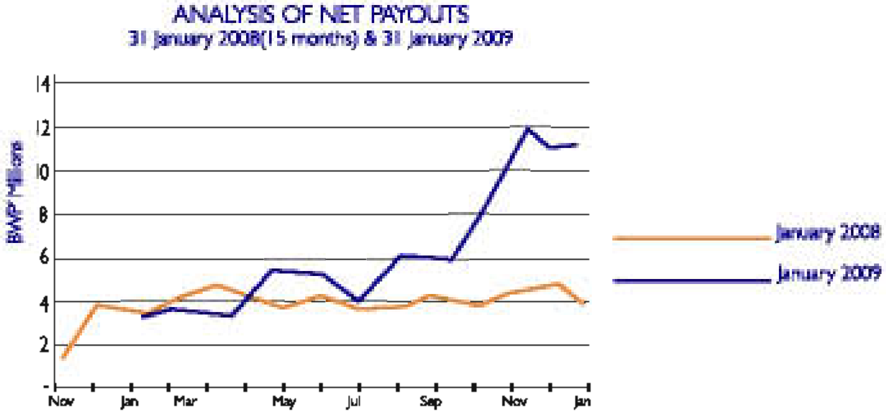
Continues

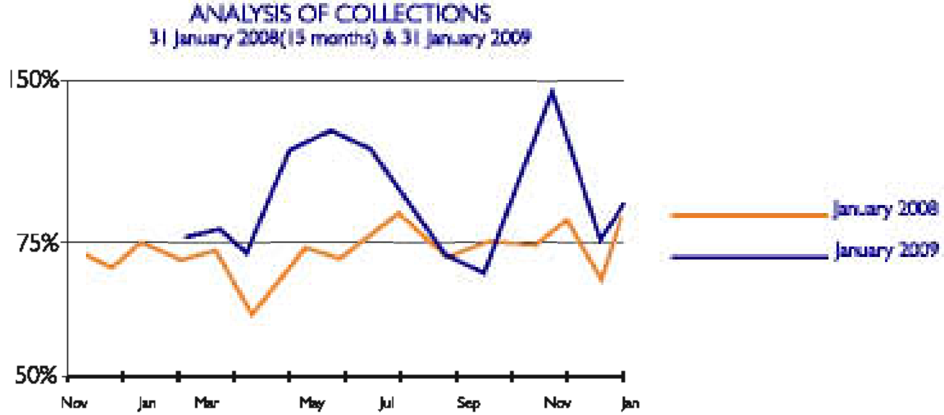
TANZANIA – Micro Provident Tanzania Limited











SUMMARY OF OPERATIONS BY COUNTRY
Continues

TANZANIA – Micro Provident Tanzania Limited

Board Attendance Register and Remuneration

Year ended 31 January 2009	Nationality	Board Attendance	Remuneration P
Dr Hassy HB Kitine (Chairman)	Tanzania	2/2	122,026
J Rugumyamheto	Tanzania	2/2	45,465
CM Lekaukau	Botswana	1/2	16,820
P Voutyritsas	Greece	1/2	15,899
M Moore (Managing Director)	RSA	2/2	-
JA Claassen	RSA	2/2	-
D Ndebele	Botswana	2/2	-

15 month period ended 31 January 2008	Nationality	Board Attendance	Remuneration P
Dr Hassy HB Kitine (Chairman)	Tanzania	3/3	26,375
J Rugumyamheto	Tanzania	1/1	21,600
M Moore (Managing Director)	RSA	1/1	-
JA Claassen	RSA	3/3	-
D Ndebele	Botswana	3/3	-

Faidika Staff - Dar Es Salaam

Faidika Staff - Staff at a training workshop

SUMMARY OF OPERATIONS BY COUNTRY

Continues

UGANDA – Micro Provident Uganda Limited

Key:

- Head Office
- Main Branches
- Satelite Branches

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

Company Statistics	**2009**	**2008**
Number of branches – main	6	5
Number of branches – satellite	3	3
Number of staff	61	37
Male	49%	43%
Female	51%	57%
Citizen	100%	100%
Non Citizen	0%	0%
Customers – employed by Government or quasi Government	100%	100%
Customers – employed by parastatals or the private sector	0%	0%
Total number of customers	8,309	5,652
Average value of loans at 31 January	P3,9K	P3,5K
Average interest yield on advances to customers at 31 January	60.0%	60.0%
% of book on payroll deduction model	100%	100%
Collections statistics – average collection rates for the period	97%	85%
Central register in place	No	

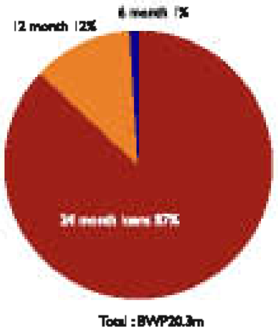
Regulatory Framework – Money Lenders Act

SUMMARY OF OPERATIONS BY COUNTRY

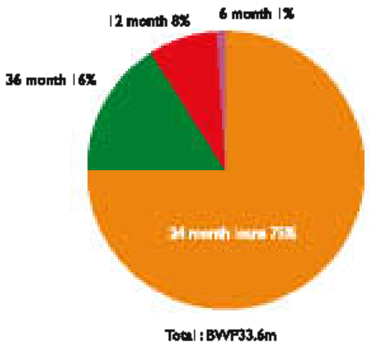
Continues

UGANDA – Micro Provident Uganda Limited

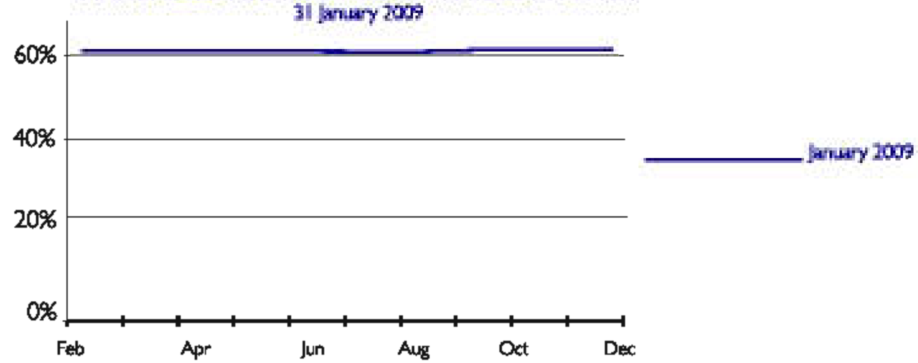
ANALYSIS OF ADVANCES TO CUSTOMERS
31 January 2009



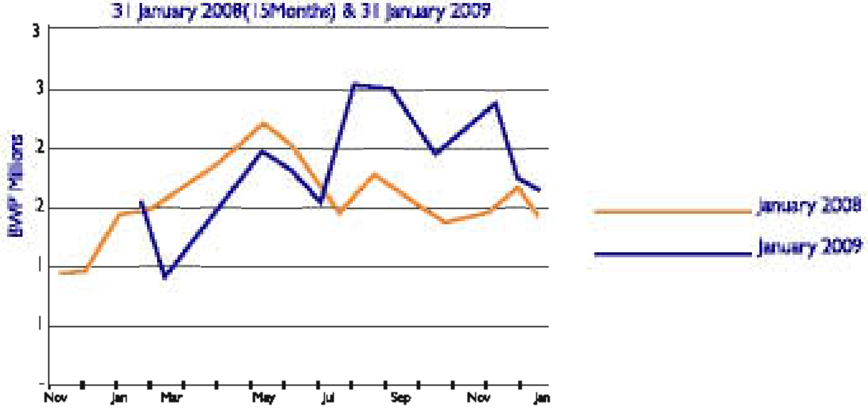
ANALYSIS OF ADVANCES TO CUSTOMERS
31 January 2008



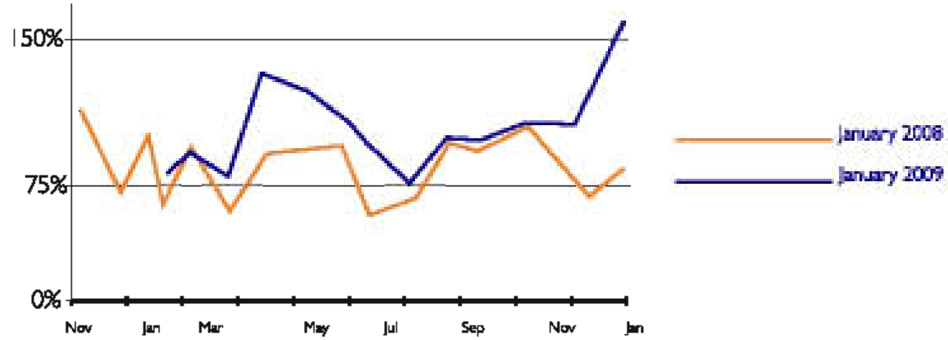
ANNUALISED AVERAGE INTEREST RATES BY MONTH
31 January 2009



ANALYSIS OF NET PAYOUTS
31 January 2008(15Months) & 31 January 2009



ANALYSIS OF COLLECTIONS
31 January 2008(15 months) & 31 January 2009



SUMMARY OF OPERATIONS BY COUNTRY

UGANDA – Micro Provident Uganda Limited

Board Attendance Register and Remuneration

Year ended 31 January 2009	Nationality	Board Attendance	Remuneration P	
J A Claassen (Chairman)	RSA	2/2	-	
G Kitakule (Managing Director)	Uganda	1/1	-	Appointed 12 January 2009
D Ndebele	Botswana	2/2	-	

MPU branch launch

SUMMARY OF OPERATIONS BY COUNTRY

Continues

ZAMBIA – Letshego Financial Services Limited

Country Statistics

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

Source: Management estimates

Company Statistics	**2009**	**2008**
Number of branches – main	2	1
Number of branches – satellite	0	0
Number of staff	17	12
Male	68%	65%
Female	32%	35%
Citizen	100%	84%
Non Citizen	0%	16%
Customers – employed by Government or quasi Government	100%	100%
Customers – employed by parastatals or the private sector	0%	0%
Total number of customers	4,678	697
Average value of loans at 31 January	P6,074	P4,562
Average interest yield on advances to customers at 31 January	81.1%	79.9%
% of book on payroll deduction model	100%	100%
Collections statistics – average collection rate for the period	82%	88%
Central register in place	No	

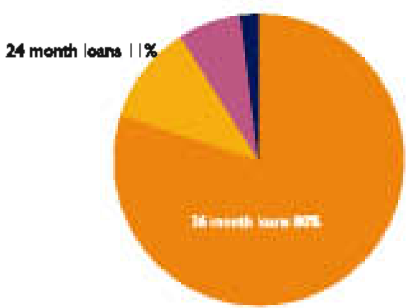
Regulatory Framework
Licensed with the Central Bank of Zambia as a non deposit taking financial institution

SUMMARY OF OPERATIONS BY COUNTRY

Continues

ZAMBIA – Letshego Financial Services Limited

ANALYSIS OF ADVANCES TO CUSTOMERS
31 January 2008

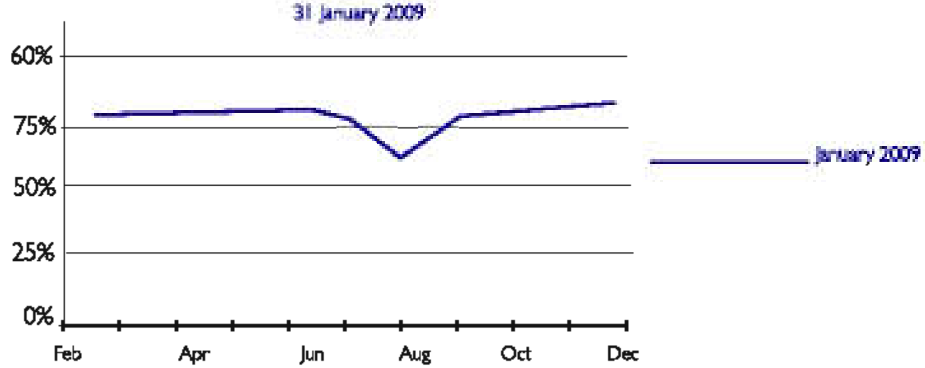


Total : BWP3.1m

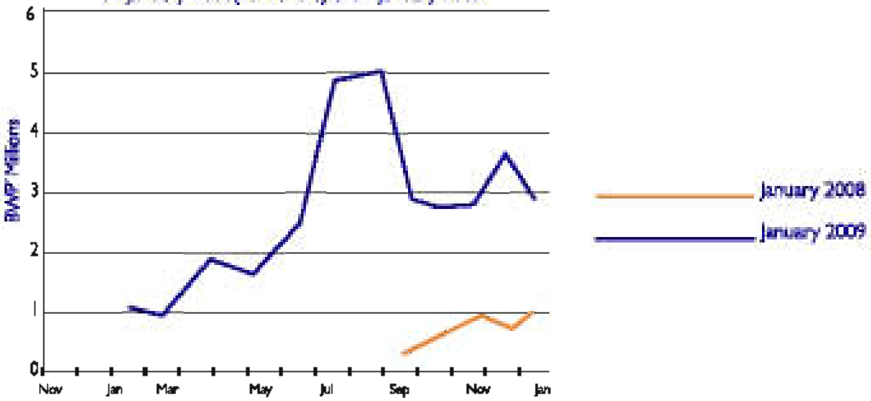
ANALYSIS OF ADVANCES TO CUSTOMERS
31 January 2009

Total : BWP30.5m

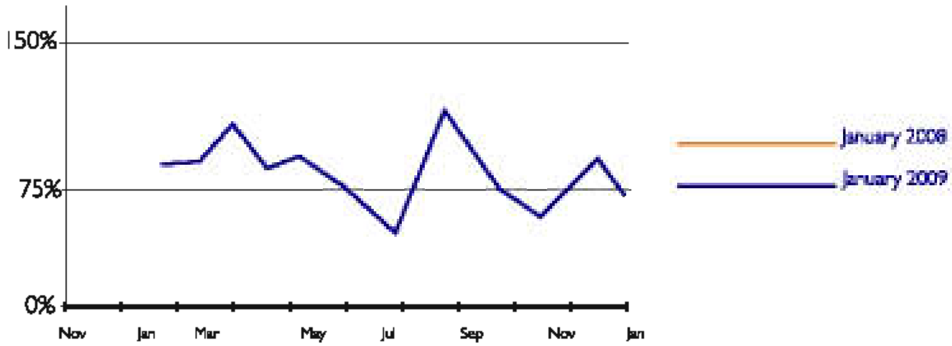
ANNUALISED AVERAGE INTEREST RATES BY MONTH
31 January 2009



ANALYSIS OF NET PAYOUTS
31 January 2008(15Months) & 31 January 2009



ANALYSIS OF COLLECTIONS
31 January 2008(15 months) & 31 January 2009



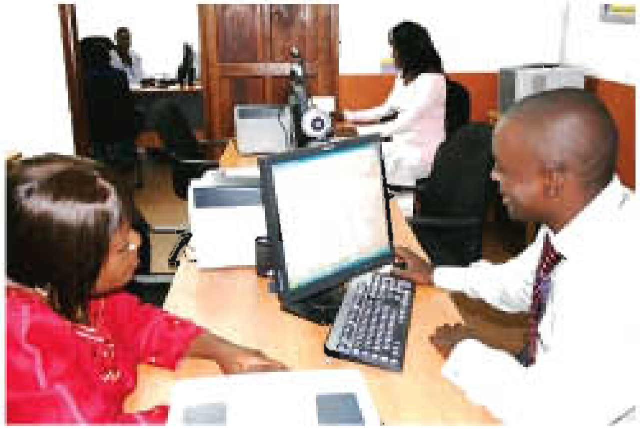
SUMMARY OF OPERATIONS BY COUNTRY
Continues

ZAMBIA – Letshego Financial Services Limited

Board Attendance Register and Remuneration

Year ended 31 January 2009	Nationality	Board Attendance	Remuneration P	
AB Chikwanda (Chairman)	Zambia	2/3	97,625	
JM Chikolwa	Zambia	1/1	33,203	Resigned 1 July 2008
KR Hyslop	Zimbabwe	2/3	91,098	
JK Bucknor	Ghana	2/3	19,769	
H Lens (Managing Director)	Namibia	1/1	-	Resigned 1 July 2008
B Ngoma (Managing Director)	Zambia	2/2	-	Appointed 1 July 2008
JA Claassen	RSA	3/3	-	

Period ended 31 January 2008	Nationality	Board Attendance	Remuneration P
AB Chikwanda (Chairman)	Zambia	3/3	61,998
JM Chikolwa	Zambia	3/3	21,600
KR Hyslop	Zimbabwe	3/3	21,600
H Lens (Managing Director)	Namibia	1/1	-
JA Claassen	RSA	3/3	-
SS Bruwer	Namibia	3/3	-



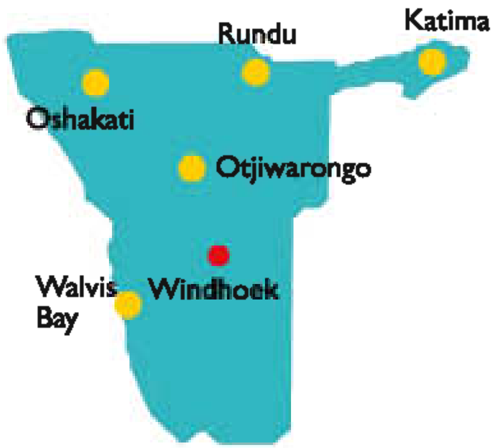
LFSZ staff assisting a customer

LFSZ staff with buckets and chlorine bought to donate to the Disaster Management unit of the Government of Zambia

SUMMARY OF OPERATIONS BY COUNTRY

Continues

NAMIBIA – Eduloan (Namibia) (Pty) Limited



Key:
- Head Office
- Main Branches

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

Company Statistics	**31 December 2008**
Number of branches – main	6
Number of branches – mobile units	2
Number of staff	33
Male	42%
Female	58%
Citizen	100%
Non Citizen	0%
Customers – employed by Government or quasi Government	82%
Customers – employed by parastatals or the private sector	18%
Total number of customers	13,633
Average value of loans at 31 January	P3,4K
Average interest yield on advances to customers at December 2008	39.1%
% of book on payroll deduction model	100%
Collections statistics – average for the period	98%

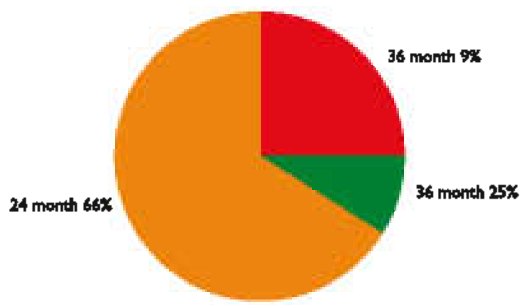
Regulatory Framework – Namibian Financial Institutions Supervisory Authority (NAMFISA)

SUMMARY OF OPERATIONS BY COUNTRY

Continues

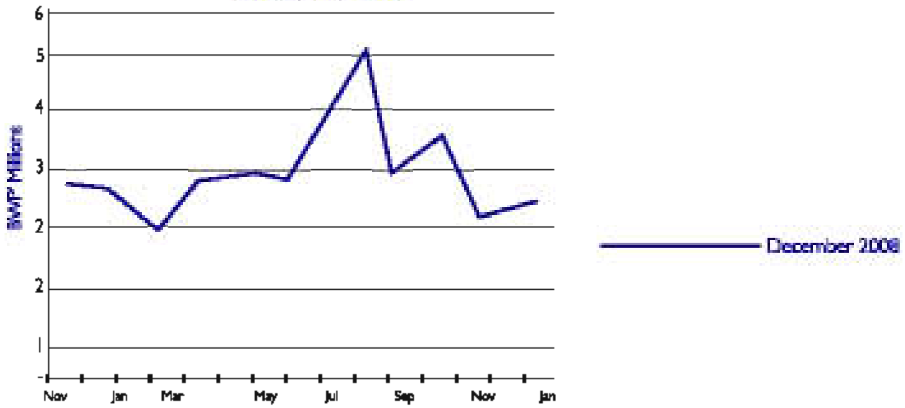
NAMIBIA – Eduloan (Namibia) (Pty) Limited

ANALYSIS OF ADVANCES TO CUSTOMERS
31 December 2008

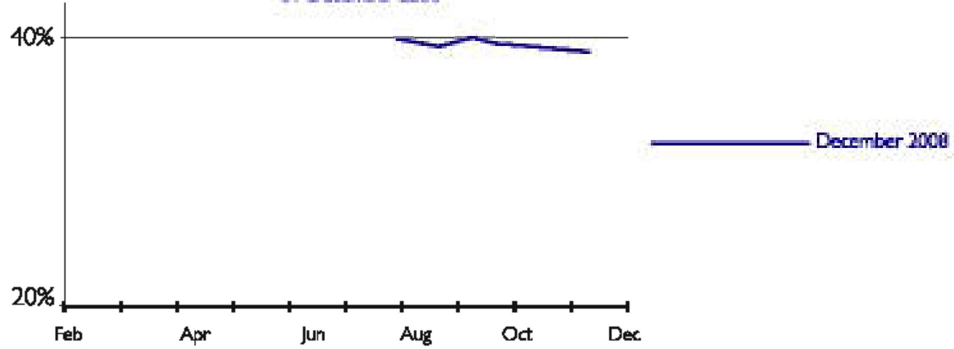


Total : BWP42m

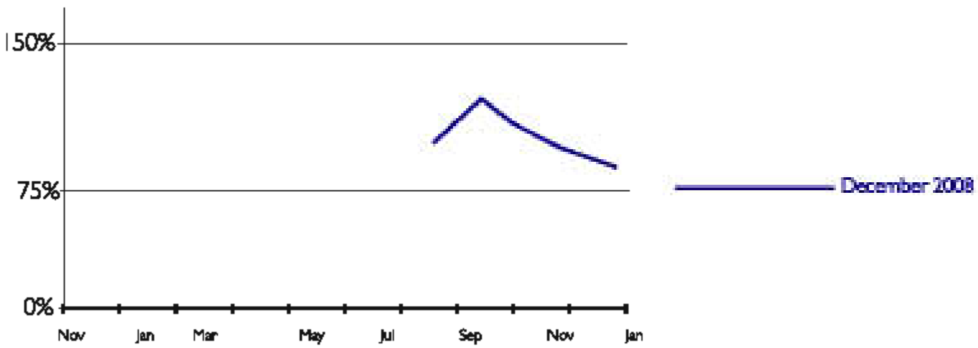
ANALYSIS OF NET PAYOUTS
31 December 2008



ANNUALISED AVERAGE INTEREST RATES BY MONTH
31 December 2008



ANALYSIS OF COLLECTIONS
31 December 2008



SUMMARY OF OPERATIONS BY COUNTRY

Continues

NAMIBIA – Eduloan (Namibia) (Pty) Limited

Board Attendance Register and Remuneration

Period ended 31 December 2008	Nationality	Board Attendance	Remuneration P	
CLR Haikali (Chairman)	Namibia	1/1	3,217	Resigned 4 December 2008
S Berg (Managing Director)	Namibia	1/1	-	
JJ Kitshoff	RSA	1/1	-	Resigned post year end
JK Wasserfall	RSA	1/1	-	Resigned post year end
Dr W Steenkamp	Namibia	1/1	-	Resigned post year end
JA Claassen	RSA	1/1	-	Appointed 4 December 2008

Eduloan (Namibia) (Pty) Limited was acquired with effect from 1 August 2008 and was consolidated for the period to 31 December 2008.

One board meeting was held during this period. Subsequent to the year end date, certain directors representing the shareholder resigned.

Windhoek Staff

Office, Windhoek

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LETSHEGO HOLDINGS LIMITED

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 financial statements of Letshego Holdings Limited and its subsidiaries, set out on pages 42 to 88, which comprise the balance sheets as at 31 January 2009, and the income statements, statements of changes in equity and cash flow statements 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 controls 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 controls 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 and it's subsidiaries internal controls. 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 financial position of Letshego Holdings Limited and its subsidiaries as of 31 January 2009, 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

KPMG
22 April 2009

GROUP INCOME STATEMENTS
for the year ended 31 january 2009

	Note	GROUP		COMPANY	
		12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000	12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000
Interest income	1	398,311	278,357	96,535	78,322
Interest expense	2	(72,196)	(34,485)	(36,131)	(24,117)
Net interest income		326,115	243,872	60,404	54,205
Fee and commission income	3	87,827	64,788	1,692	1,332
Other operating income	4	4,621	5,655	284,607	14,824
Operating income		**418,563**	**314,315**	**346,703**	**70,361**
Operating expenses					
Staff costs	5	(54,522)	(44,037)	(24,741)	(24,632)
Other operating costs	6	(45,930)	(37,170)	(11,977)	(12,103)
Net income before impairment and taxation		318,111	233,108	309,985	33,626
Impairment charge	11	(29,421)	(15,666)	-	(733)
Profit before taxation		**288,690**	**217,442**	**309,985**	**32,893**
Income tax	7	(69,626)	(48,481)	(48,145)	(3,416)
Profit for the period		**219,064**	**168,961**	**261,840**	**29,477**
Attributable to :					
Equity holders of the parent company		216,057	167,229	261,840	29,477
Minority interest		3,007	1,732	-	-
Profit for the period		**219,064**	**168,961**	**261,840**	**29,477**
Basic earnings per share – (thebe)	8	144.6	111.8	172.8	19.5
Diluted earnings per share – (thebe)	8	141.5	109.9	168.1	18.2
Dividends per share : interim (thebe) - paid	9	-	14.0	-	14.0
: final (thebe) - proposed	9	30.0	14.0	30.0	14.0
		30.0	28.0	30.0	28.0
Weighted average number of shares in issue during the period (millions)	8	151.5	151.1	151.5	151.1
Dilution effect - number of shares (millions)		3.3	2.2	3.3	2.2
Number of shares in issue at the end of the period (millions)	19	151.5	151.5	151.5	151.5

GROUP BALANCE SHEETS AT 31 JANUARY 2009

	Note	GROUP		COMPANY	
ASSETS		**2009 P'000**	**2008 P'000**	**2009 P'000**	**2008 P'000**
Cash and cash equivalents	10	5,165	9,201	22	6,626
Advances to customers	11	1,342,557	787,926	-	-
Other receivables	12	8,453	3,050	3,293	4,254
Investment in subsidiary companies	13	-	-	814,123	506,478
Property, plant and equipment	14	7,152	4,384	2,103	1,144
Intangible assets	15	596	991	596	963
Goodwill	16	25,760	-	-	-
Income tax		-	-	2,626	1,690
Deferred taxation	7	11,338	6,367	3,103	1,316
Total assets		**1,401,021**	**811,919**	**825,866**	**522,471**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Trade and other payables	17	80,114	31,109	29,547	21,558
Income tax		5,042	12,818	-	-
Borrowings	18	644,385	306,725	231,968	182,436
Total liabilities		**729,541**	**350,652**	**261,515**	**203,994**
Shareholders' equity					
Stated capital	19	35,092	35,092	35,092	35,092
Foreign currency translation reserve		4,439	(1,449)	-	-
Share based payment reserve	20	10,588	3,923	8,104	2,854
Retained earning		616,948	422,107	521,155	280,531
Total equity attributable to equity holders of the parent company		**667,067**	**459,673**	**564,351**	**318,477**
Minority interest	23	4,413	1,594	-	-
Total shareholders' equity		**671,480**	**461,267**	**564,351**	**318,477**
Total liabilities and shareholders' equity		**1,401,021**	**811,919**	**825,866**	**522,471**

GROUP STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 january 2009

	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
GROUP							
Balance at 1 February 2008		35,092	422,107	3,923	(1,449)	1,594	461,267
Profit for the year		-	216,057	-	-	3,007	219,064
Foreign currency translation reserve		-	-	-	5,888	280	6,168
Dividends paid to minority shareholders		-	-	-	-	(468)	(468)
Allocation to long term incentive plan	20	-	-	6,665	-	-	6,665
Dividends declared and paid: final (2008)	9	-	(21,216)	-	-	-	(21,216)
Dividends declared and paid: interim (2009)	9	-	-	-	-	-	-
Balance at 31 January 2009		**35,092**	**616,948**	**10,588**	**4,439**	**4,413**	**671,480**
GROUP							
Balance at 1 November 2006		30,071	291,169	4,900	(2,576)	-	323,564
Profit for the period		-	167,229	-	-	1,732	168,961
Allocation of additional shares and share premium	19	5,021	-	(5,021)	-	-	-
Foreign currency translation reserve		-	-	-	1,207	(218)	989
Write back to equity holders of the parent company		-	-	-	(80)	80	-
Allocation to long term incentive plan	20	-	-	4,044	-	-	4,044
Dividends declared and paid: final (2006)	9	-	(15,121)	-	-	-	(15,121)
Dividends declared and paid: interim (2008)	9	-	(21,170)	-	-	-	(21,170)
Balance at 31 January 2008		**35,092**	**422,107**	**3,923**	**(1,449)**	**1,594**	**461,267**
COMPANY							
Balance at 1 February 2008		35,092	280,531	2,854	-	-	318,477
Profit for the year		-	261,840	-	-	-	261,840
Allocation to long term incentive plan	20	-	-	5,250	-	-	5,250
Dividends declared and paid: final (2008)	9	-	(21,216)	-	-	-	(21,216)
Dividends declared and paid: interim (2009)	9	-	-	-	-	-	-
Balance at 31 January 2009		**35,092**	**521,155**	**8,104**	**-**	**-**	**564,351**
COMPANY							
Balance at 1 November 2006		30,071	287,345	4,900	-	-	322,316
Profit for the period		-	29,477	-	-	-	29,477
Allocation of additional shares and share premium	19	5,021	-	(5,021)	-	-	-
Allocation to long term incentive plan	20	-	-	2,975	-	-	2,975
Dividends declared and paid: final (2006)	9	-	(15,121)	-	-	-	(15,121)
Dividends declared and paid: interim (2008)	9	-	(21,170)	-	-	-	(21,170)
Balance at 31 January 2008		**35,092**	**280,531**	**2,854**	**-**	**-**	**318,477**

GROUP CASH FLOW STATEMENTS
for the year ended 31 january 2009

	Note	GROUP		COMPANY	
CASH FLOWS FROM OPERATING ACTIVITIES		**12 MONTHS ENDED 31 JANUARY 2009 P'000**	**15 MONTHS ENDED 31 JANUARY 2008 P'000**	**12 MONTHS ENDED 31 JANUARY 2009 P'000**	**15 MONTHS ENDED 31 JANUARY 2008 P'000**
Cash (utilised in) / generated from operations	21	(186,045)	(120,603)	68,848	418,053
Income tax paid		(77,400)	(47,425)	(52,830)	(12,774)
Net cash (utilised in) / generated from operating activities		**(263,445)**	**(168,028)**	**16,018**	**405,279**
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in subsidiaries	13	-	-	(274,587)	(479,630)
Dividends received from subsidiaries		-	-	256,748	3940
Proceeds from sale of property, plant and equipment		-	1,250	-	1250
Purchase of property, plant and equipment	14	(5,276)	(4,135)	(1,639)	(867)
Purchase of intangible assets	15	(368)	(476)	(368)	(428)
Acquisition of business	16	(31,980)	-	33,058	-
Net cash utilised in investing activities		**(37624)**	**(3,361)**	**(52,904)**	**(475,735)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net movement in short and long term borrowings		316,751	208,796	49,532	109,449
Dividends paid - net of withholding tax	9	(19,250)	(32,482)	(19,250)	(32,482)
Dividends paid to minority shareholders		(468)	-	-	-
Net cash generated from financing activities		**297,033**	**176,314**	**30,282**	**76,967**
Net movement in cash and cash equivalents		**(4,036)**	**4,925**	**(6,604)**	**6,511**
Movement in cash and cash equivalents					
At the beginning of the period		9,201	4,276	6,626	115
Movement during the period		(4,036)	4,925	(6,604)	6,511
At the end of the period	10	**5,165**	**9,201**	**22**	**6,626**

GROUP ACCOUNTING POLICIES

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 29.

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.

GROUP ACCOUNTING POLICIES
Continues

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 year 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.

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.

GROUP ACCOUNTING POLICIES
Continues

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

STATED CAPITAL
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.

GROUP ACCOUNTING POLICIES

Continues

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. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The group 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 group's primary format for segment reporting is based on geographical segments.

EARNINGS PER SHARE

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit 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.

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.

GROUP ACCOUNTING POLICIES
Continues

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.

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.

GROUP ACCOUNTING POLICIES
Continues

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 GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009

	GROUP		COMPANY	
	12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000	12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000
1 INTEREST INCOME				
Advances to customer	396,439	277,971	-	30,429
Other - deposits with banks	1,872	386	212	-
- related party (note 25.1)	-	-	96,323	47,893
	398,311	**278,357**	**96,535**	**78,322**
2 INTEREST EXPENSE				
Overdraft facilities and term loans	69,499	36,061	32,277	22,437
Related party (note 25.1)	-	-	2,722	1,436
Foreign exchange loss / (gain)	2,697	(1,669)	1,132	265
Other	-	93	-	(21)
	72,196	**34,485**	**36,131**	**24,117**
3 FEE AND COMMISSION INCOME				
Administration fees - legal expense insurance agency	16,357	17,888	-	-
Administration fees - lending	63,194	40,986	-	446
Arrangement fees from related party (note 25.1)	-	-	1,692	305
Credit life insurance commission - lending (note 17.3)	5,274	2,760	-	310
Credit life administration fees - lending (note 17.3)	3,002	3,154	-	271
	87,827	**64,788**	**1,692**	**1,332**
4 OTHER OPERATING INCOME				
Profit share from legal expense insurance agency	3,420	4,409	-	-
Management fees from related parties (note 25.1)	-	-	21,088	10,062
Guarantee fees from related parties (note 25.1)	-	-	6,771	798
Dividend from related party (note 25.1)	-	-	256,748	3,940
Sundry income	1,201	1,246	-	24
	4,621	**5,655**	**284,607**	**14,824**
5 STAFF COSTS				
Salaries and wage	30,995	22,476	8,929	7,127
Staff incentive (note 17.2)	8,671	12,498	4,045	9,956
Staff pension fund contribution (note 31)	2,407	547	733	102
Directors' remuneration – for management services (executive)	5,784	4,472	5,784	4,472
Long term incentive plan	6,665	4,044	5,250	2,975
	54,522	**44,037**	**24,741**	**24,632**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

	GROUP		COMPANY	
	12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000	12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000
6 OPERATING EXPENSES				
Accounting and secretarial fees	592	1,026	429	733
Advertising	7,707	6,260	280	291
Audit fees - current year	1,058	748	159	164
- prior year under provision	100	-	-	-
- other fees paid to auditors	197	318	36	-
Bank charges	2,466	2,302	319	694
Computer expenses	2,059	1,918	1,503	1,408
Consultancy fees	550	825	86	824
Depreciation				
- Computer equipment (note 14)	817	831	180	180
- Office furniture and equipment (note 14)	1,580	1,245	496	498
- Motor vehicles (note 14)	102	4	-	-
Amortisation of intangible assets (note 15)	763	1,096	735	953
Directors' fees – non executive	1,182	1,631	1,182	1,631
Loss on disposal of property, plant and equipment	-	290	-	13
Operating lease rentals - property	4,060	3,930	919	1,034
Other operating expenses	12,836	6,687	3,415	1,119
Payroll administration costs	1,622	2,203	-	494
Professional fees	925	189	-	-
Telephone and postage	2,306	2,907	324	1,136
Travel	5,008	2,760	1,914	931
	45,930	**37,170**	**11,977**	**12,103**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009

Continues

	GROUP		COMPANY	
	12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000	12 MONTHS ENDED 31 JANUARY 2009 P'000	15 MONTHS ENDED 31 JANUARY 2008 P'000
7 INCOME TAX				
Company taxation				
- Basic taxation	49,036	36,440	9,762	4,213
- Additional company taxation (Botswana only)	24,234	20,901	3,502	2,808
- Under / (over) provision from prior periods	3,214	(421)	102	-
- Withholding tax on dividends paid	(1,964)	(3,809)	(1,964)	(3,809)
- Withholding tax on dividends received	-	-	38,512	591
	74,520	53,111	49,914	3,803
- Deferred taxation credit	(4,971)	(4,637)	(1,787)	(387)
- Other taxes	77	7	18	-
	69,626	**48,481**	**48,145**	**3,416**
7.1 Additional Company Taxation (Botswana) available to be offset against withholding tax on dividends				
Balance at the beginning of the period	55,078	38,577	36,984	37,985
Arising in the current period	24,234	20,901	3,502	2,808
Withholding tax on dividends paid	(38,774)	(44,00)	(1,964)	(3,809)
Balance at the end of the year	**40,538**	**55,078**	**38,522**	**36,984**
Additional company tax falls away after a period of five years if not utilised				
7.2 Deferred taxation				
Balance at the beginning of the period	(6,367)	(1,730)	(1,316)	(929)
Current year credit	(4,971)	(4,637)	(1,787)	(387)
Balance at the end of the period	**(11,338)**	**(6,367)**	**(3,103)**	**(1,316)**
Deferred taxation arises from temporary differences on the following items:				
Property, plant and equipment	690	344	180	265
Share based payment provision	1,968	(204)	1,314	(511)
Staff incentive provision	1,652	1,558	1,609	1,558
General impairment provision	6,841	3,253	-	-
Taxation losses	55	1,358	-	-
Deferred rent provision	132	58	-	4
	11,338	**6,367**	**3,103**	**1,316**
7.3 Reconciliation of current taxation				
Income before taxation	288,690	217,442	309,985	32,893
Tax calculated at relevant tax rates	73,270	57,361	13,265	9,899
Under / (over) provision from prior period	3,214	(421)	102	-
Expenses and revenues not deductible / taxable for tax purposes	(4,894)	(4,650)	(1,770)	(3,265)
Dividend income not taxable	-	-	38,512	591
Withholding tax on dividends paid	(1,964)	(3,809)	(1,964)	(3,809)
	69,626	**48,481**	**48,145**	**3,416**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on after taxation earnings of P219,064,000 (2008 - P168,961,000) and the weighted average number of shares in issue during the period of 151,544,881 (2008 : 151,106,833). The number of dilutive potential ordinary shares at the end of the period arising from unvested long term incentive share awards is 3,299,376 (2008:1,982,119). The calculation of diluted earnings per share is based on profit for the period of P219,064,000 (2008:168,961,000) and shares amounting to 154,844,257 (2008:152,028,382).

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 22 April 2009, a first and final dividend in respect of the year ended 31 January 2009 of P0.30 per share (2008 : actual final dividend of P0.14 per share) amounting to total of P54.7 million (2008 : actual final dividend of P21.1 million) was proposed. The financial statements for the year ended 31 January 2009 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 2010. The withholding tax of P5.8million arising on the first and final dividend (2008: withholding tax on final dividend of P1.9 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 2010. No interim dividend was declared in respect of 2009 (2008 : actual interim dividend of P0.14 per share amounting to P21.1 million.

	GROUP		COMPANY	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000
10 CASH AND CASH EQUIVALENT				
Cash at bank and in hand	**5,165**	**9,201**	**22**	**6,626**
11 ADVANCES TO CUSTOMER				
Gross advances to customers	1,365,833	801,450	-	-
Less: impairment provision	(23,276)	(13,524)	-	-
Net advances to customers	**1,342,557**	**787,926**	**-**	**-**
Certain advances to customers are pledged as security for borrowings as set out in note 18.				
Maturity analysis of advances to customers				
Maturity within 1 year	77,976	35,418	-	-
Maturity after 1 year but within 2 years	118,666	55,074	-	-
Maturity after 2 years but before 5 years	1,145,915	697,434	-	-
	1,342,557	**787,926**	**-**	**-**
Provision for impairment				
Balance at the beginning of the period	13,524	6,918	-	6,334
Impairment adjustment	9,752	6,606	-	(6,334)
Balance at the end of the period	**23,276**	**13,524**	**-**	**-**
Charge to the income statement				
Amounts written off	32,385	19,387	-	2,062
Recoveries during the period	(12,716)	(10,327)	-	(1,181)
Impairment adjustment	9,752	6,606	-	(148)
	29,421	**15,666**	**-**	**733**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

	GROUP		COMPANY	
12 OTHER RECEIVABLES	**2009 P'000**	**2008 P'000**	**2009 P'000**	**2008 P'000**
Accounts receivables from related parties (note 25.4)	-	-	1,790	4,092
Deposits and prepayments	2,125	706	-	620
Administration fees receivable - legal expense insurance agency	3,791	1,724	-	-
Other receivables	2,537	620	1,503	100
	8,453	**3,050**	**3,293**	**4,254**
Maturity analysis of other receivables				
Non- current portion				
Deposits and prepayments	2,125	706	-	62
Current portion				
Accounts receivable from related parties (note 25.4)	-	-	1,790	4,092
Administration fees receivable	3,791	1,724	-	-
Other receivables	2,537	20	1,503	100
	6,328	2,344	3,293	4,192
	8,453	**3,050**	**3293**	**4,254**

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	GROUP		COMPANY	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000
13 INVESTMENT IN SUBSIDIARY COMPANIES				
Letshego Guard (Proprietary) Limited - shares at cost	-	-	-	-
Letshego Financial Services Botswana (Proprietary) Limited - shares at cost	-	-	30,000	30,000
Letshego Financial Services Zambia (Proprietary) Limited - preference shares	-	-	5,821	5,821
Letshego Financial Services Zambia (Proprietary) Limited - shares at cost	-	-	35	35
Letshego Guard Insurance Company Limited - shares at cost	-	-	2,000	2,000
Letshego Life Insurance Limited - shares at cost	-	-	2,000	2,000
Micro Provident Swaziland (Proprietary) Limited - shares at cos	-	-	1	1
Micro Provident Tanzania Limited - shares at cost	-	-	650	650
Micro Provident Uganda Limited - shares at cost	-	-	1,000	1,000
Micro Provident Ghana Limited - shares at cost	-	-	-	-
Micro Provident Malawi Limited - shares at cost	-	-	-	-
Letshego Financial Services Mozambique SA - shares at cost	-	-	-	-
Eduloan (Namibia) (Proprietary) Limited - shares at cost	-	-	33,058	-
	-	-	74,565	41,507
Micro Provident Swaziland (Proprietary) Limited - term loan	-	-	120,862	40,041
Micro Provident Uganda Limited - current account	-	-	(411)	-
Letshego Financial Services Botswana (Proprietary) Limited - term loan	-	-	582,470	428,928
Letshego Guard Insurance Company Limited - current account	-	-	(1,999)	(1,999)
Letshego Life Insurance Limited - current account	-	-	(1,999)	(1,999)
Micro Provident Tanzania (Proprietary) Limited - term loan	-	-	32,582	-
Letshego Financial Services Zambia (Proprietary) Limited - term loan	-	-	8,053	-
			739,558	464,971
	-	-	**814,123**	**506,478**

NOTES TO THE GROUP FINANCIAL STATEMENTS
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13 INVESTEMENT IN SUBSIDIARY COMPANIES (continues)
The nature of the business of the subsidiary companies and the ownership detail is provided below

Subsidiary company	Country of incorporation	Nature of business	% holding
Letshego Guard (Proprietary) Limited	Botswana	Marketing and administration of short-term insurance products	100
Eduloan (Namibia) (Proprietary) Limited	Namibia	Unsecured consumer lending	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
Micro Provident Tanzania Limited	Tanzania	Unsecured consumer lending	85
Letshego Financial Services Mozambique SA	Mozambique	Unsecured consumer lending	80
Micro Provident Ghana Limited	Ghana	Dormant	100
Micro Provident Malawi Limited	Malawi	Dormant	100
Letshego Guard Insurance Company Limited	Botswana	Dormant	100
Letshego Life Insurance Limited	Botswana	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 - term loan
The loan is denominated in Botswana Pula, bears interest at Botswana prime plus 2% per annum, is unsecured and has a term of 10 years.
The loan arose from the transfer of the lending business of the holding company to LFSB in January 2007. Refer to note 32.
The advances to customers of LFSB are held as security for borrowings as set out in note 18.

Micro Provident Tanzania Limited - term loan
The loan is denominated in Botswana Pula, bears interest at Botswana prime plus 4% per annum, is unsecured and has a term of 10 years.

Letshego Financial Services Limited - term loan
The loan is denominated in Zambia Kwacha, bears interest at Zambia prime plus 4% per annum, is unsecured and has a term of 10 years.

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

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14 PROPERTY, PLANT AND EQUIPMENT

GROUP	Motor vehicles P'000	Computer equipment P'000	Office furniture & equipment P'000	Total P'000
Cost				
Balance at 1 February 2008	169	1,928	5,276	7,373
Additions	432	3,296	1,548	5,276
Disposals	-	(15)	(4)	(19)
Balance at 31 January 2009	601	5,209	6,820	12,630
Accumulated Depreciation				
Balance at 1 February 2008	4	1,164	1,821	2,989
Depreciation charge for the period	102	817	1,580	2,499
Disposals	-	(10)	-	(10)
Balance at 31 January 2009	106	1,971	3,401	5,478
Net Book Value at				
31 January 2009	**495**	**3,238**	**3,419**	**7,152**
31 January 2008	**165**	**764**	**3,455**	**4,384**

COMPANY	Motor vehicles P'000	Computer equipment P'000	Office furniture & equipment P'000	Total P'000
Cost				
Balance at 1 February 2008	-	518	1,863	2,381
Additions	-	1,320	319	1,639
Disposals	-	-	(4)	(4)
Balance at 31 January 2009	-	1,838	2,178	4,016
Accumulated Depreciation				
Balance at 1 February 2008	-	286	951	1,237
Depreciation charge for the period	-	180	496	676
Disposals	-	-	-	-
Balance at 31 January 2009	-	466	1,447	1,913
Net Book Value at				
31 January 2009	**-**	**1,372**	**731**	**2,103**
31 January 2008	**-**	**232**	**912**	**1,144**

15 INTANGIBLE ASSETS

Computer software	3,025	2,549	2,658	2,230
Additions	368	476	368	428
Amortisation (note 6)	(2,797)	(2,034)	(2,430)	(1,695)
Net Book Value at 31 January	**596**	**991**	**596**	**963**

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	GROUP		COMPANY	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000
16 GOODWILL				
Carrying value of goodwill	**25,760**	-	-	-
Goodwill arose from on the acquisition of Eduloan (Namibia) (Proprietary) Limited.				
Fair value of assets and liabilities acquired				
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			
Provisions	(1,540)	-	-	-
Deferred taxation	(1)	-	-	-
Income tax	(690)	-	-	-
Trade and other payables	(1,694)	-	-	-
Foreign currency translation	(1,871)	-	-	-
Net assets aquired	**7,298**			
Consideration paid: Cash	(33,058)	-	-	-
Goodwill arising on acquisition	**(25,760)**	-	-	-
Net cash outflow on acquisition				
Cash consideration paid	33,058	-	-	-
Cash aquired	(1,078)	-	-	-
	31,980	-	-	-

100% of the issued share capital of Eduloan (Namibia) (Proprietary) Limited, a private company incorporated and operating in Namibia since 2002, was acquired on 1 August 2008.

Eduloan (Namibia) (Proprietary) Limited offers unsecured loans via a payroll deduction model and has six branches in Namibia. The financial year end of Eduloan (Namibia) (Proprietary) Limited was 31 December 2008 and the post acquisition results from 1 August 2008 to 31 December 2008 have been included in the Group's results for the year ended 31 January 2009. The profit after tax included in the Group results was P3.1 million. Eduloan (Namibia) (Proprietary) Limited will change its year end to 31 January in the current financial period. The impact of not consolidating the period to 31 January 2009 was not significant.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
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	GROUP		COMPANY	
	2009	2008	2009	2008
17 TRADE AND OTHER PAYABLES	P'000	P'000	P'000	P'000
Trade and other payables	38,676	8,563	11,206	1,498
Staff incentive provision (note 17.2)	14,899	6,228	10,273	6,228
Deferred income (note 17.3)	26,539	16,318	-	-
Related party payables (note 25.5)	-	-	8,068	13,832
	80,114	**31,109**	**29,547**	**21,558**
17.1 Maturity analysis of trade and other payables				
Non-current portion				
Deferred income	20,106	9,791	-	-
	20,106	9,791	-	-
Current portion				
Deferred income	6,433	6,527	-	-
Staff incentive provision	14,899	6,228	10,273	6,228
Trade and other payables	38,676	8,563	11,206	1,498
Related party payables (note 25.5)	-	-	8,068	13,832
	60,008	21,318	29,547	21,558
Total trade and other payables	**80,114**	**31,109**	**29,547**	**21,558**
17.2 Movement in staff incentive provision				
Balance at the beginning of the period	6,228	4,557	6,228	3,736
Current period charge (note 5)	8,671	12,498	4,045	9,956
Paid during the period	-	(10,827)	-	(7,464)
Balance at the end of the period	**14,899**	**6,228**	**10,273**	**6,228**
17.3 Movement in deferred income				
Balance at the beginning of the period	16,318	7,178	-	7,178
Raised / transferred during the period	18,497	15,054	-	(6,597)
Credit life insurance commission (note 3)	(5,274)	(2,760)	-	(310)
Credit life administration fees (note 3)	(3,002)	(3,154)	-	(271)
Balance at the end of the period	**26,539**	**16,318**	**-**	**-**

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	GROUP		COMPANY	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000
18 Borrowings				
Long term borrowings				
First National Bank of Botswana Limited	15,080	15,000	15,080	15,000
Barclays Bank of Botswana Limited	70,000	-	70,000	-
African Alliance Botswana Liquidity Fund	25,000	25,000	25,000	25,000
Netherlands Development Finance Company (FMO)	55,597	49,836	-	-
International Finance Corporation	112,720	104,561	53,917	57,864
	278,397	194,397	163,997	97,864
Short term borrowings				
Barclays Bank of Botswana Limited	54,183	42,969	-	42,969
First National Bank of Botswana Limited	12,357	4,376	54,183	4,376
First National Bank of Swaziland Limited	13,195	-	12,357	-
Standard Chartered Bank of Botswana Limited	27,167	37,227	-	37,227
Standard Chartered Bank Tanzania Limited	24,910	6,119	1,082	-
Standard Chartered Bank Uganda Limited	31,767	21,637	-	-
Standard Chartered Bank Zambia Limited	2,945	-	-	-
Standard Bank of Namibia Limited	19,133	-	-	-
BIFM Capital Investment Fund Two (Proprietary) Limited	45,000	-	-	-
African Banking Corporation Botswana Limited	29,982	-	-	-
Investec Asset Management Botswana (Proprietary) Limited	55,000	-	-	-
Botswana Building Society	50,000	-	-	-
International Finance Corporation	349	-	349	-
	365,988	112,328	67,971	84,572
Total borrowings	**644,385**	**306,725**	**231,968**	**182,436**

NOTES TO THE GROUP FINANCIAL STATEMENTS
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18 BORROWINGS (continues)
Long term borrowings
First National Bank of Botswana Limited
The 3 year term loan from FNB attracts interest at a fixed rate of 12.75% per annum and can be repaid or converted to an overdraft facility at the end of its term in March 2009. The loan is denominated in Botswana Pula.

The loan shares the same security as the overdraft facility. Refer to note under short term borrowings.

African Alliance Botswana Liquidity Fund
The promissory notes have a term of 12 months and bear interest at a fixed rate of 12.75% per annum.
The promissory notes mature on 15 March 2009 (Botswana Pula 10 million) and 10 June 2009 (Botswana Pula 15 million).
The notes are unsecured and are denominated in Botswana Pula. The P10 million promissory note was repaid on 15 March 2009.

Netherlands Development Finance Company (FMO)
The term loan from FMO is used exclusively for Micro Provident Tanzania Limited and is denominated in Tanzanian Shillings.
The loan bears interest at the 12 month average 182 day Tanzanian treasury bill rate plus 1.65% per annum.
The loan is repayable in six equal semi annual installments commencing on 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 (Proprietary) Limited are denominated in South African Rand (ZAR) and the loan to Letshego Financial Services Limited (Zambia) is denominated in Zambian Kwacha.

The loans bear interest rates as follows:

-Letshego Holdings Limited	3 month JIBAR rate plus 1.8%
-Micro Provident Swaziland (Pty) Limited	3 month 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 installments commencing on 15 December 2009. Interest is paid quarterly.

The loans are secured by:
- an unlimited parri passu cession of the loan and advances book of Letshego Financial Services (Proprietary) Limited (Botswana)
- an unlimited parri 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 rate less 1.5% per annum and is repayable in fourteen equal installments commencing on June 2009. The loan is denominated in Botswana Pula.

The loan shares the same security as the overdraft facility. Refer to note under short term borrowings.

Short term borrowings
Barclays Bank of Botswana Limited
The Botswana Pula 70 million overdraft facility may be converted into a 12 month loan facility and attracts interest at Botswana prime less 1.50% per annum. The facility is repayable on demand.
The overdraft facility is secured by a parri passu cession of the loan to Letshego Financial Services (Pty) Limited (Botswana) and by a parri passu cession of the advance to customers book of Letshego Financial Services (Pty) Limited (Botswana).

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18 BORROWINGS (continues)
Short term borrowings (continues)

First National Bank of Botswana Limited
The Botswana Pula 30 million overdraft facility attracts interest at prime less 1.25% per annum and is repayable on demand.
The overdraft facility is secured by a parri passu cession of the loan to Letshego Financial Services (Pty) Limited and by a parri passu cession of the advances to customers book of Letshego Financial Services (Pty) Limited.

Standard Chartered Bank Botswana Limited

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

Company	Amount	Interest Rate
Letshego Holdings Limited	BWP 30 million	Botswana prime less 2%
Micro Provident Tanzania Limited	BWP 20 million	Tanzania prime less 2%
Micro Provident Uganda Limited	BWP 35 million	Ugandan prime plus 1%
Letshego Financial Services Limited (Zambia)	BWP 8 million	Zambian prime
Total	**BWP 93 million**	

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

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

BIFM Capital Investment Fund Two (Proprietary) Limited
The 90 day promissory notes have a maximum face value of Botswana Pula 45 million and attracted interest at the 91 day 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
Overdraft facility of SEL 25 million dedicated to Micro Provident Swaziland (Proprietary) Limited which attract interest at Swaziland prime less 1%.

The overdraft 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 Botswana Pula 30 million which attracts interest at Botswana prime minus 2% and is secured by a corporate guarantee from Letshego Holdings Limited. The facility is denominated in Botswana Pula and is renewable in July 2009.

Botswana Building Society
The 90 day promissory notes have 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.

Investec Asset Management Botswana (Proprietary) Limited
The 91 day promissory notes have a maximum face value of Botswana Pula 55 million and attract interest at the 91 day Bank of Botswana Treasury Bill rate plus 1% and are secured by a corporate guarantee from Letshego Holdings Limited.

Standard Bank of Namibia Limited
Overdraft facility of Namibian Dollars 25 million dedicated to Eduloan (Namibia) (Proprietary) Limited which attract interest at Namibia prime less 1%.

The overdraft is repayable on demand, denominated in Namibian Dollars and is secured by an unlimited letter of suretyship from Letshego Holdings Limited (since April 2009).

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	GROUP		COMPANY	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000
19 STATED CAPITAL				
Issued: 151,544,881 ordinary shares of no par value (2008: 151,544,881)	1,515	1,515	1,515	1,515
Share premium				
Arising on the private issue of 100 ordinary shares of P0.01 each at a premium of P 5,999.00 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 P0.01 each at a premium of P3.24 per share.	1,069	1,069	1,069	1,069
Less: costs of issue - listing expenses on the Botswana Stock Exchange	(1,729)	(1,729)	(1,729)	(1,729)
Total share premium	33,577	33,577	33,577	33,577
Total stated capital	**35,092**	**35,093**	**35,092**	**35,092**

During the prior period 1,544 881 new ordinary shares were issued as part of the group long term incentive plan. Refer to note 20. Post year end, on 6th March 2009, 30 million new ordinary shares were issued as part of an 'offer for subscription'. Refer to note 27.

All shares in issue of P0.01 par value each prior to the commencement of the Botswana Companies Act, 2003 have been converted into ordinary 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.

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20 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. Shares 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. Share awards under the plan have been made annually since 2005. The vesting period of the awards is generally three years.

	GROUP		COMPANY	
	12 MONTHS ENDED 31 JANUARY 2009 AWARDS '000	15 MONTHS ENDED 31 JANUARY 2008 AWARDS '000	12 MONTHS ENDED 31 JANUARY 2009 AWARDS '000	15 MONTHS ENDED 31 JANUARY 2008 AWARDS '000
Number of awards (Shares)				
Outstanding at beginning of the period	2,016	3,391	1,469	3,391
Granted during the period	1,516	2,016	1,022	1,469
Exercised during the period	-	(1,545)	-	(1,545)
Forfeited during the period	(233)	(1,846)	(34)	(1,846)
Outstanding at the end of the period	**3,299**	**2,016**	**2,457**	**1,469**

	2006 Awards	2007 Awards	2008 Awards	
Weighted average exercise price	P4.25	P8.35	P14.80	
Weighted average vesting period	Zero months	12 months	24 months	

	12 MONTHS ENDED 31 JANUARY 2009 FAIR VALUE P'000	15 MONTHS ENDED 31 JANUARY 2008 FAIR VALUE P'000	12 MONTHS ENDED 31 JANUARY 2009 FAIR VALUE P'000	15 MONTHS ENDED 31 JANUARY 2008 FAIR VALUE P'000
The fair value of services received using the Monte Carlo valuation model is as follows				
Outstanding at the beginning of the period	3,923	4,900	2,854	4,900
Granted during the period	6,665	4,044	5,250	2,975
Exercised during the period - 21 December 2006	-	(3,949)	-	(3,949)
Exercised during the period - 24 December 2007	-	(1,072)	-	(1,072)
	10,588	**3,923**	**8,104**	**2,854**

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	GROUP		COMPANY	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000
21 CASH GENERATED FROM OPERATIONS				
Profit before taxation	288,690	217,442	309,985	32,893
Adjustments for :				
- Amortisation of intangible assets (note 15)	763	1,096	735	953
- Depreciation (note 14)	2,499	2,080	676	678
- Impairment provision (note 11)	9,752	6,607	-	(6,334)
- Deferred income - credit life commission (note 17.3)	(5,274)	(3,154)	-	(310)
- Deferred income - credit life administration fees (note 17.3)	(3,002)	(2,760)	-	(271)
- Loss on disposal of property plant and equipment	-	290	-	13
- Long term incentive plan provision	6,665	4,044	5,250	2,975
- Unrealised foreign currency translation losses	4,015	1,127	-	-
- Dividend from subsidiary	-	-	(256,748)	(3,940)
Changes in working capital :				
Movement in advances to customers	(520,453)	(363,989)	-	388,565
Movement in other receivable	(3,240)	(86)	961	(1,826)
Increase in trade and other payables	33,540	16,700	7,989	4,657
Cash (utilised in) / generated from operations	**(186,045)**	**(120,603)**	**68,848**	**418,053**
22 CAPITAL COMMITMENTS				
Authorised by the directors:-				
- Not contracted for	**15,500**	**3,700**	**9,012**	**1,275**
The capital expenditure will be financed from the Group's existing facilities.				
23 MINORITY INTEREST				
Opening balance	1,594	-	-	-
Share of current period profit after tax	3,007	1,732	-	-
Share of foreign currency translation reserve	280	90	-	-
Write back to equity holders of the parent company	-	(228)	-	-
Dividends paid to minority shareholders	(468)	-	-	-
	4,413	**1,594**	**-**	**-**

24. 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), Remuneration Committee (Remco), Investment Committee, Group Executive Committee ("Exco") and Subsidiary Companies Executive 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 the Group Exco which comprises of executive directors and senior management and report regularly to the Board of Directors on their activities.

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

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 levels or local legislation regarding take home pay is complied with at all times.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

24 FINANCIAL RISK MANAGEMENT (Continues)
b) Credit risk(Continues)

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 Group Finance, 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 that employer and obtains a deduction authorisation to enable deductions of the installment from the employees' monthly salary.

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

Loans are only granted to employees who are able to present their last two months original salary advice (this differs by country) and have an active bank account. This is a prerequisit as loans are not disbursed in cash.

The main criteria considered by the Group are the loan applicant's ability to meet his/her financial commitments and to remain with sufficient funds to fund household needs. The Group applies this criteria for all customers and this is complimentary to any regulatory requirements.

Letshego offers life insurance products to all its clients in Botswana, 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 by 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 'deduction code' with, then the use of pre-authorised direct debit mandates are utilised to recover loan repayments from the bank account of the customer.

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

Follow up action on non performing loans
For loans that are written off, the credit departments follow set procedures to recover repayments. This involves, in certain instances, the appointment of legal agents to secure debt judgments.

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

No cash transactions
Loan disbursements are performed electronically and funds are directly deposited into a customers' bank accounts. This reduces cash holding risk and reduces the complexity of the process. Due to this methodology only customers with bank accounts can be assisted.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
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24 FINANCIAL RISK MANAGEMENT (Continued)
b) Credit risks(Continues)

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

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

Loans with renegotiated terms
This applies in cases where the employer does not make a loan deduction and this was not the fault of the customer, these loans are rescheduled to reposition the loan and not to penalise the customer. The number and value of these loans was not significant during the financial year.

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

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

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**

Maximum exposure to credit risk at 31 January 2008	**Gross Advances P'000**	**Security Held P'000**	**Specific Provision P'000**	**Portfolio Provision P'000**	**Net Advances P'000**
Botswana	617,385	-	9,013	2,314	606,058
Swaziland	101,954	-	756	559	100,639
Tanzania	58,411	-	101	495	57,815
Uganda	20,656	-	-	172	20,484
Zambia	3,044	-	-	114	2,930
Total at 31 January 2008	**801,450**	**-**	**9,870**	**3,654**	**787,926**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
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24 FINANCIAL RISK MANAGEMENT (Continued)
b) Credit risks(Continues)

Advances to customers that are past due or impaired 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**

Advances to customers that are past due or impaired 2008	**Botswana P'000**	**Swaziland P'000**	**Tanzania P'000**	**Uganda P'000**	**Zambia P'000**	**Total P'000**
Neither past due or impaired	603,414	101,198	58,302	20,656	3,044	786,614
Past due but not impaired	13,971	756	109	-	-	14,836
Impaired	-	-	-	-	-	-
Total gross advances to customers	617,385	101,954	58,411	20,656	3,044	801,450
Less: impairment provision	11,327	1,315	596	172	114	13,524
Net advances to customers at 31 January 2008	**606,058**	**100,639**	**57,815**	**20,484**	**2,930**	**787,926**

Refer also to note 29,' Significant accounting estimates and judgement' and the related sensitivity analysis.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
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24 FINANCIAL RISK MANAGEMENT (Continued)
b) Credit risks(Continues)

	GROUP		COMPANY	
Other exposures to credit risk	**2009 P'000**	**2008 P'000**	**2009 P'000**	**2008 P'000**
Cash and cash equivalents	5,165	9,201	22	6,626
Other receivables	8,453	3,050	3,293	4,254
Income tax	-	-	2,626	1,690
Investment in subsidiaries	-	-	814,123	506,478
	13,618	**12,251**	**820,064**	**519,048**

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

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 regular intervals, and no assessment of increased levels of credit risk were in place 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 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 varied. The table below summarises the exposure to interest rate risk through grouping of assets and liabilities into repricing categories, determined to be the earlier of the contractual repricing date or maturity.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
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24 FINANCIAL RISK MANAGEMENT (Continued)
c) Interest rate risks(Continues)

GROUP 31 January 2009	**Up to 1 month P'000**	**From 1 to 12 months P'000**	**From 1 year to 2 years P'000**	**From 2 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	-	-	-	-	26,356	26,356
Goodwill					-	-
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 GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

24 FINANCIAL RISK MANAGEMENT (Continued)
c) Interest rate risks(Continues)

GROUP 31 January 2008	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 2 years P'000	From 2 years and above P'000	Non interest bearing P'000	Total P'000
ASSETS						
Cash and cash equivalents	9,201	-	-	-	-	9,201
Advances to customers	3,287	32,131	55,074	697,434	-	787,926
Other receivables	-	-	-	-	3,050	3,050
Property, plant and equipment	-	-	-	-	4,384	4,384
Intangible assets	-	-	-	-	991	991
Deferred taxation	-	-	-	-	6,367	6,367
	12,488	32,131	55,074	697,434	14,792	811,919
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	31,109	31,109
Borrowings	159,026	40,000	15,877	91,822	-	306,725
Income tax	-	-	-	-	12,818	12,818
Shareholders' equity	-	-	-	-	461,267	461,267
	159,026	40,000	15,877	91,822	505,194	811,919
Net (liabilities)/assets	**(146,538)**	**(7,869)**	**39,197**	**605,612**	**(490,402)**	**-**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

24 FINANCIAL RISK MANAGEMENT (Continued)
c) Interest rate risks(Continues)

COMPANY

31 January 2009	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 2 years P'000	From 2 years and above P'000	Non interest bearing P'000	Total P'000
ASSETS						
Cash and cash equivalents	22	-	-	-	-	22
Other receivables	-	-	-	-	3,293	3,293
Investment in subsidiaries	-	-	-	468,968	345,155	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	-	-	468,968	356,876	825,866
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	29,547	29,547
Borrowings	67,972	45,551	21,888	96,557	-	231,968
Income tax	-	-	-	-	-	-
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)**	**372,411**	**(237,022)**	**-**

31 January 2008	Up to 1 month P'000	From 1 to 12 months P'000	From 1 year to 2 years P'000	From 2 years and above P'000	Non interest bearing P'000	Total P'000
ASSETS						
Cash and cash equivalents	6,626	-	-	-	-	6,626
Other receivables	-	-	-	-	4,254	4,254
Investment in subsidiaries	-	-	-	468,968	37,510	506,478
Property, plant and equipment	-	-	-	-	1,144	1,144
Intangible assets	-	-	-	-	963	963
Income tax	-	-	-	-	1,690	1,690
Deferred taxation	-	-	-	-	1,316	1,316
	6,626	-	-	468,968	46,877	522,471
EQUITY AND LIABILITIES						
Trade and other payables	-	-	-	-	21,558	21,558
Income tax	84,572	40,000	-	57,864	-	182,436
Borrowings	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	318,477	318,477
	84,572	40,000	-	57,864	340,035	522,471
Net (liabilities)/assets	**(77,946)**	**40,000**	**-**	**411,104**	**(293,158)**	**-**

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

24. Financial risk management (Continues)
c) Interest rate risks(Continues)

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 on these instruments may vary from this analysis. For example, regular meetings and updates are provided to the Group's financiers so as to ensure that facilities and lines of credit remain open and unrecognised loan commitments are not all expected to be drawn down immediately.

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

	GROUP 2009	COMPANY 2009
The average cost of borrowing was	15.18%	17.44%
The impact of a 1% increase in lending rates on interest expense would be	4,749,000 adverse	2,077,000 adverse
The impact of a 1% decrease in lending rates on interest expense would be	4,762,000 favorable	2,067,000 favorable

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009

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24. FINANCIAL RISK MANAGEMENT (Continues)
e) Market risks(Continues)

Currency risk
The result of foreign exchange positions on the Group's net investments in foreign subsidiaries is recognised in equity. The Group does not have any exposure to US Dollar, Sterling or Euro denominated liabilities. Assets and liabilities in each local currency are matched to a large extent. The Group does have borrowings in Rand, but these are matched with assets in Swaziland and Namibia, who are part of the common currency area with South Africa. The Group does not maintain significant open currency positions.The Group had the following currency exposures(Pula equivalent) at the balance sheet date.

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**	**Botswana Pula P'000**	**Total P'000**
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	53,917	56,942	80,507	31,767	18,002	19,133	384,117	644,385
Trade and other payable	-	1,979	1,989	670	445	14,486	60,545	80,114
Total liabilities	53,917	58,921	82,496	32,437	18,447	33,619	444,662	724,499
Net exposure	**(53,917)**	**133,076**	**48,755**	**573**	**11,949**	**11,317**	**479,923**	**631,676**
Exchange rates at 31 January 2009 - assets: BWP 1.00 =	1.24	1.24	161.41	206.86	648.77	1.24	1.00	
Exchange rates at 31 January 2009 - liabilities: BWP 1-00 =	1.29	1.29	168.87	213.40	671.45	1.29	1.00	
31 January 2008								
Cash and cash equivalents	-	299	19	13	279	-	8,591	9,201
Advances to customers	-	100,639	57,815	20,484	2,930	-	606,058	787,926
Other receivables	-	-	100	87	369	-	2,494	3,050
Total assets	-	100,938	57,934	20,584	3,578	-	617,143	800,177
Borrowings	57,864	46,698	55,954	21,637	-	-	124,572	306,725
Trade and other payable	-	264	379	259	174	-	30,033	31,109
Total liabilities	57,864	46,962	56,333	21,896	174	-	154,605	337,834
Net exposure	**(57,864)**	**53,976**	**1,601**	**(1,312)**	**3,404**	**-**	**462,538**	**462,343**
Exchange rates at 31 January 2008 - assets: BWP 1.00 =	1.14	1.14	186.09	270.91	605.57	-	1.00	
Exchange rates at 31 January 2008 - liabilities: BWP 1-00 =	1.19	1.19	191.62	275.80	617.85	-	1.00	

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
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24. FINANCIAL RISK MANAGEMENT (Continues)
e) Market risks(Continues)

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

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	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	-	0	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	384,117	614,838	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	444,662	685,364	724,499
Net exposure - if 10% appreciation in BWP	(47,902)	130,715	44,302	908	10,853	19,329	479,923	638,128	631,676
Net exposure - at year end rates	(53,917)	133,076	48,755	573	11,949	11,317	479,923	631,676	
Impact of 10% appreciation of BWP	**6,015**	**(2,361)**	**(4,453)**	**335**	**(1,096)**	**8,012**	**-**	**6,452**	
31 January 2008									
Cash and cash equivalents	-	272	17	12	259	-	8,591	9,151	9,201
Advances to customers	-	95,378	52,559	18,431	2,950	-	606,058	775,376	787,926
Other receivables	-	-	1,128	546	342	-	2,494	4,510	3,050
Total assets	-	95,650	53,704	18,989	3,55	-	617,143	789,037	800,177
Borrowings	52,087	43,257	48,258	19,670	5,371	-	174,407	343,050	306,725
Trade and other payable	-	370	3,277	235	484	-	30,033	34,399	31,10
Total liabilities	52,087	43,627	51,535	19,905	5,855	-	204,440	377,449	337,834
Net exposure - if 10% appreciation of BWP	(52,087)	52,023	2,169	(916)	(2,304)	-	412,703	411,588	462,343
Net exposure - at year end rates	(57,864)	53,976	1,601	(1,312)	3,404	-	462,538	462,343	
Impact of 10% appreciation of BWP	**5,777**	**(1,953)**	**568**	**396**	**(5,708)**	**-**	**(49,835)**	**(50,755)**	

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
Continues

24. FINANCIAL RISK MANAGEMENT (Continues)
e) Market risks(Continues)

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

31 January 2009	SA Rand P'000	Swaziland Emalangeni P'000	Tanzanian Shillings P'000	Ugandan ShillingsP'000	Zambian Kwacha P'000	Namibian Dollar P'000	Botswana PulaP'000	Total if Pula appreciated by 10% P'000	Actual at year end P'000
Cash and cash equivalents	-	2	161	20	235	2,701	2,311	5,430	5,165
Advances to customers	-	222,524	145,028	36,162	33,436	45,261	915,053	1,397,464	1,342,557
Other receivables	-	0	644	1,013	101	265	7,221	9,244	8,453
Total assets	-	222,526	145,833	37,195	33,772	48,227	924,585	1,412,138	1,356,175
Borrowings	58,547	60,654	86,988	35,296	19,511	20,997	384,117	666,110	644,385
Trade and other payable	-	2,108	4,699	788	997	3,607	60,545	72,744	80,114
Total liabilities	58,547	62,762	91,687	36,084	20,508	24,604	444,662	738,854	724,499
Net exposure - if 10% depreciation of BWP	(58,547)	159,764	54,146	1,111	13,264	23,623	479,923	673,284	631,676
Net exposure - at actual year end rates	(53,917)	133,076	48,755	573	11,949	11,317	479,923	631,676	
Impact of 10% depreciation of BWP	**(4,630)**	**26,688**	**5,391**	**538**	**1,315**	**12,306**	**-**	**41,608**	
31 January 2008									
Cash and cash equivalents	-	332	21	15	317	-	8,591	9,276	9,201
Advances to customers	-	116,574	64,239	22,527	3,605	-	606,058	813,003	787,926
Other receivables	-	-	1,378	667	418	-	2,494	4,957	3,050
Total assets	-	116,906	65,638	23,209	4,340	-	617,143	827,236	800,177
Borrowings	63,661	52,869	58,982	24,041	6,564	-	174,407	380,524	306,725
Trade and other payable	-	453	4,005	287	591	-	30,033	35,369	31,109
Total liabilities	63,661	53,322	62,987	24,328	7,155	-	204,440	415,893	337,834
Net exposure - if 10% depreciation of BWP	(63,661)	63,584	2,651	(1,119)	(2,815)	-	412,703	411,343	462,343
Net exposure - at year end rates	(57,864)	53,976	1,601	(1,312)	3,404	-	462,538	462,343	
Impact of 10% deprecation of BWP	**(5,797)**	**9,608**	**1,050**	**193**	**(6,219)**	**-**	**(49,835)**	**(51,000)**	

24. FINANCIAL RISK MANAGEMENT (Continues)

e) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate 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 implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
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24. FINANCIAL RISK MANAGEMENT (Continues)
f) Financial assets and liabilities
The table below sets out the accounting classifications, 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 2009				
Cash and cash equivalent	-	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

	Loans and receivables P'000	Other amortised cost P'000	Total carrying amount P'000	Fair value P'000
31 January 2008				
Cash and cash equivalents	-	9,201	9,201	9,201
Advances to customers	787,926	-	787,926	787,926
Other receivables	-	3,050	3,050	3,050
	787,926	12,251	800,177	800,177
Trading liabilities				
Trade and other payables	-	31,109	31,109	31,109
Income tax	-	12,818	12,818	12,818
Borrowings	-	306,72	306,725	306,725
	-	350,652	350,652	350,652

NOTES TO THE GROUP FINANCIAL STATEMENTS
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25 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) and International Finance Corporation (IFC) are shareholders of Letshego Holdings Limited. Refer to page 92 for details of their shareholding. PPFLL has two directors nominated by Kingdom Zephyr Africa Management (Proprietary) Limited (KZAMPL).

The following transactions were carried out with related parties:-

	GROUP		COMPANY	
	2009 P'000	**2008 P'000**	**2009 P'000**	**2008 P'000**
25.1 Income received from subsidiary companies				
- Interest income (note 1)	-	-	96,323	47,893
- Management fees (note 4)	-	-	21,088	10,062
- Guarantee fees (note 4)	-	-	6,771	798
- Arrangement fees (note 3)	-	-	1,692	305
- Dividend (note 4)	-	-	256,748	3,940
	-	**-**	**382,622**	**62,998**
Expenses paid to subsidiaries				
- Interest (note 2)	-	-	2,722	1,436
Transactions were carried out on commercial terms and conditions and at market rates				
25.2 Expenses paid to related parties				
Kingdom Zephyr Africa Management (Proprietary) Limited				
- Directors fees	345	424	345	424
International Finance Corporation				
- Interest (note 2)	18,544	21	10,950	21
Netherlands Development Finance Company				
- Interest (note 2)	7,947	3,482	-	-
Directors fees - Non executive directors (note 6)	1,182	1,631	1,182	1,631

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
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25 RELATED PARTY TRANSACTIONS (Continued)

25.3 Key management personnel (including executive Directors)	GROUP 2009 P'000	GROUP 2008 P'000	COMPANY 2009 P'000	COMPANY 2008 P'000
For management services	7,973	6,220	6,999	5,488
As performance incentive bonuses	4,609	1,615	3,983	1,365
Pension fund contribution	332	42	234	26
Long term incentive plan	6,889	1,617	6,151	1,448
	19,803	**9,494**	**17,367**	**8,327**
25.4 Year end balances from transaction with related parties				
Receivable from subsidiary companies (note 12)				
Letshego Guard (Proprietary) Limited	-	-	19	719
Letshego Financial Services Limited (Zambia)	-	-	-	370
Letshego Financial Services Mozambique, SA	-	-	1,193	-
Micro Provident Swaziland (Proprietary) Limited	-	-	556	3,003
Micro Provident Tanzania Limited	-	-	22	-
	-	**-**	**1,790**	**4,092**
25.5 Year end balances from transaction with related parties				
Payable to subsidiary companies (note 17)				
Micro Provident Tanzania Limited	-	-	-	763
Micro Provident Uganda Limited	-	-	-	404
Letshego Guard (Proprietary) Limited	-	-	8,068	12,665
	-	**-**	**8,068**	**13,832**

25.5 Borrowings from related parties - Refer note 18

25.6 Loans to subsidiary companies - Refer note 13

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

	GROUP 2009 P'000	GROUP 2008 P'000	COMPANY 2009 P'000	COMPANY 2008 P'000
No later than 1 year	4,686	1,853	783	1,458
Later than 1 year and no later than 5 years	9,635	2,392	3,721	1,496
	14,321	**4,245**	**4,504**	**2,954**

NOTES TO THE GROUP FINANCIAL STATEMENTS
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27 POST BALANCE SHEET EVENTS

On 6 March 2009, 30 million new ordinary shares were issued in terms of an Offer for Subscription that was approved by shareholders at an extraordinary general meeting on 23 January 2009. The shares were issued at P12-00 per share and increased the stated capital by P360 million before expenses.

A first and final dividend of P0.30 per share was declared on 22 April 2009. Refer to note 9.

28 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.

The Group operates in six geographical regions, namely Botswana, Namibia, Swaziland, Tanzania, Uganda and Zambia.

Geographical segments

	Botswana		Swaziland		Tanzania		Uganda		Zambia		Namibia	Elimination		Consolidated	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000	2009 P'000	2008 P'000	2009 P'000	2008 P'000	2009 P'000	2008 P'000	2009	2009	2008	2009 P'000	2008 P'000
Total segment revenue	324,522	276,487	32,724	24,002	38,400	9,818	8,705	3,723	6,571	285	7,641	-	-	418,563	314,315
Segment result	239,011	200,978	22,967	17,811	22,026	1,526	1,515	(230)	196	(2,643)	2,975			288,690	217,442
Taxation														(69,626)	(48,481)
Net income														**219,064**	**168,961**
Segment assets	1,138,393	674,931	192,517	101,411	132,768	59,010	33,480	21,368	31,438	5,068	48,913	(176,488)	(49,869)	1,401,021	811,919
Segment liabilities	501,837	220,827	180,549	99,378	116,066	51,037	32,932	22,493	31,963	6,786	42,682	(176,488)	(49,869)	729,541	350,652
Depreciation	1,371	1,401	132	140	389	330	172	155	206	54	228			2,498	2,080
Amortisation of intangible assets	763	1,096	-	-	-	-	-	-	-	-	-	-	-	763	1,096
Capital expenditure	2,122	3,232	13	104	468	694	118	138	423	443	2,132	-	-	5,276	4,611

NOTES TO THE GROUP FINANCIAL STATEMENTS
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28 SEGMENTAL INFORMATION (Continues)

Business segments

	Lending		Insurance agency		Consolidated	
	2009 P'000	**2008 P'000**	**2009 P'000**	**2008 P'000**	**2009 P'000**	**2008 P'000**
Segment result	273,839	206,063	14,851	11,379	288,690	217,442
Segment assets	1,396,007	807,271	5,014	4,648	1,401,021	811,919
Segment liabilities	725,314	347,708	4,227	2,944	729,541	350,652
Depreciation	1,739	1,735	759	345	2,498	2,080
Amortisation of intangible assets	763	953	-	143	763	1,096
Capital expenditure	5,214	4,021	62	590	5,276	4,611

NOTES TO THE GROUP FINANCIAL STATEMENTS
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29 USE OF ESTIMATES AND JUDGMENTS
29.1 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 judgments in determining whether an impairment loss should be recognised in respect of observable data that may impact on future estimated cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Sensitivity analysis on impairment charges is shown as follows:

	Specific Provision 2009 P'000	Portfolio Provision 2009 P'000	Total 2009 P'000	Specific Provision 2008 P'000	Portfolio Provision 2008 P'000	Total 2008 P'000
Botswana						
Impact on change to emergence period - from 3 months to 4 months - increase in provision	-	1,778	1,778	-	771	771
Impact on change to loss ratio - from 1.73% to 2.73% (2008: 1.5% to 2.5%) - increase in provision	-	1,018	1,018	-	1,543	1,543
Swaziland						
Impact on change toemergence period - from 3 months to 4 months - increase in provision	-	468	468	-	207	207
Impact on change to loss ratio - from 2.91% to 3.91% (2008: 2.44% to 3.44%) - increase in provision	483	483		-	255	255
Tanzania						
Impact on change to emergence period - from 5 months to 6 months - increase in provision	-	215	215	-	97	97
Impact on change to loss ratio - from 2.0% to 3.0% (2008: 2.0% to 3.0%) - increase in provision	-	537	537	-	243	243
Uganda						
Impact on change to emergence period - from 4 months to 5 months (2008: 5 to 6 months) - increase in provision	-	43	43	-	34	34
Impact on change to loss ratio - from 1.55% to 2.55% (2008: 2.0% to 3.0%) - increase in provision	-	112	112	-	86	86

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 january 2009
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29 USE OF ESTIMATES AND JUDGEMENTS(continues)
29.1 Impairment (continues)

Zambia	Specific Provision 2009 P'000	Portfolio Provision 2009 P'000	Total 2009 P'000	Specific Provision 2008 P'000	Portfolio Provision 2008 P'000	Total 2008 P'000
Impact on change to emergence period - from 5 months to 6 months - increase in provision	-	79	79	-	6	6
Impact on change to loss ratio - from 2.91% to 3.91% (2008: 2.2% to 3.2%) - increase in provision	-	127	127	-	14	14
Namibia						
Impact on change of expected loss from 50% of impaired assets to 75% - increase in provision	409	-	409			
Overall total	**409**	**4,392**	**4,801**	**-**	**3,049**	**3,049**

29.2 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.

29.3 Goodwill

The judgements and assumptions made on the initial recognition were that the carrying amounts of net assets acquired closely approximated their fair values. When assessing the carrying value of goodwill at the reporting date, the present value of future cash flows were assessed based on improved payout levels and number of customers achived since acquisition.

NOTES TO THE GROUP FINANCIAL STATEMENTS
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30 IFRS AND IFRIC INTERPRETATIONS NOT YET EFFECTIVE

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued and will be effective with effect from financial reporting periods beginning on or after 1 January 2009 (the Group financial year ending 31 January 2010):

IAS 1 Presentation of Financial Statements (amended): under this amendment, the Group will be required to present all non owner changes in equity in a single statement of comprehensive income. This revised standard will have an impact on the financial statements of the Group in terms of disclosure and presentation. Given internal information and reporting systems, management of the Group will be able to meet these disclosure requirements when they become effective.

IAS 23 Borrowing Costs (amended) – the amendment no longer allows for the optional expensing of borrowing costs related to qualifying assets.The revised standard now requires the capitalisation of all or part of the costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.This revised standard is currently considered not to have an impact on the financial statements of the Group.

IAS 32 Financial Instrument : Presentation of Puttable Financial Instruments - this amendment requires certain financial instruments that would otherwise be classified as liabilities to be presented as equity. These include investments in unit trusts, shares in limited life entities and partners' interests in a partnership, all of which may have "put" options.This amendment is not expected to have a significant impact for the Group.

IFRS 2 Share Based Payments: the amendment applies to equity settled share based payment transactions and clarifies vesting and non vesting conditions. The Group is currently in conformance with these requirements.

IFRS 8 Operating Segments: this amendment requires explanations of the basis on which segmental information is prepared.

IFRIC 15 Agreements for the Construction of Real Estate: an entity should consider whether an agreement for the construction of real estate meets the definition of a construction contract under IAS 11. This interpretation is not expected to have an impact on the Group.

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued and will be effective with effect from financial reporting periods beginning on or after 1 July 2009 (the Group financial year ending 31 January 2011):

IAS 27 Consolidation and Separate Financial Statements: the amendment relates to the accounting for changes in the ownership of subsidiaries, associates and jointly controlled entities. It requires that losses have to be allocated to the non controlling interest despite any deficit position arising. This amendment is not expected to have any significant impact on the Group.

IAS 39 Financial Instruments: Recognition and Measurement: the amendment provides clarification on the existing principles that determine whether specific risks or portions of cash flows are eligible for designation on in a hedge relationship. This amendment is not expected to have any impact on the Group.

IFRS 3 Business Combinations: the amendment replaces the term 'minority interest' to 'non controlling interest' and the term 'purchase method of accounting' to the term 'acquisition method of accounting'.

31 STAFF PENSION FUND

The Group established a staff pension fund for employees of Letshego Holdings Limited, Letshego Financial Services (Pty) Limited and Letshego Guard (Pty) Limited. The respective employees contribute 5% and the respective employer 10%. The pension fund is a defined contribution pension plan. The plan was established on 1 December 2007. The pension fund is administered by Alexander Forbes Risk Services Botswana (Pty) Limited.

32 TRANSFER OF OPERATIONS

Until 1 January 2007 the consumer lending operations of the Botswana business, was part of Letshego Holdings Limited (LHL). On that date, the lending operations were formally transferred to Letshego Financial Services (Pty) Limited, a 100% owned subsidiary of Letshego Holdings Limited. The rationale for the transfer was to allow the lending operations to be housed in a separate legal entity as with the other non Botswana operations. This also now allows LHL to act exclusively as the holding company and provide management and operational support to all trading subsidiaries.

33 CONTINGENT LIABILITIES

Letshego Holdings Limited has provided corporate guarantees for certain of the subsidiary companies borrowings as set out in note 18.

34 CHANGE OF FINANCIAL YEAR END AND COMPARATIVES

The Group changed its year end from 31 October to 31 January in 2008. Therefore the current period is for the twelve months ended 31 January 2009. The comparatives is for the fifteen months ended 31 January 2008.

FIVE YEAR FINANCIAL HISTORY
BALANCE SHEETS

	31 JAN 2009 P'000	31 JAN 2008 P'000	31 OCT 2006 P'000	31 OCT 2005 P'000	31 OCT 2004 P'000
Assets					
Cash and cash equivalents	5,165	9,201	4,276	5,496	4,079
Advances to customers	1,342,557	787,926	430,543	317,951	207,707
Other receivables	8,453	3,050	2,965	1,693	1,362
Property, plant and equipment	7,152	4,384	3,874	2,196	604
Intangible assets	596	991	1,611	184	-
Goodwill	25,760	-	-	-	-
Deferred taxation	11,338	6,367	1,730	503	182
Total assets	**1,401,021**	**811,919**	**444,999**	**328,023**	**213,934**
Liabilities					
Trade and other payables	80,114	31,109	19,345	17,006	11,282
Taxation	5,042	12,818	4,161	351	3,075
Borrowings	644,385	306,725	97,929	69,007	35,152
Total liabilities	**729,541**	**350,652**	**121,435**	**86,364**	**49,509**
Shareholders' equity					
Share capital	35,092	35,092	1,500	1,500	1,500
Share premium	-	-	28,571	28,571	28,571
Foreign currency translation reserve	4,439	(1,449)	(2,576)	-	-
Share based payment reserve	10,588	3,923	4,900	-	-
Retained earnings	616,948	422,107	291,169	211,588	134,354
Total equity attributable to equity holders of the company	**667,067**	**459,673**	**323,564**	**241,659**	**164,425**
Minority interest	**4,413**	**1,594**	**-**	**-**	**-**
Total equity	**1,401,021**	**811,919**	**444,999**	**328,023**	**213,934**

FIVE YEAR FINANCIAL HISTORY
INCOME STATEMENTS

	31 JAN 2009 P'000	31 JAN 2008 P'000	31 OCT 2006 P'000	31 OCT 2005 P'000	31 OCT 2004 P'000
INCOME STATEMENTS					
Interest income	398,311	278,357	170,352	135,001	107,236
Interest expense	(72,196)	(34,485)	(11,986)	(7,306)	(5,835)
Net interest income	**326,115**	**243,872**	**158,366**	**127,695**	**101,401**
Fee and commission income	87,827	64,788	22,725	10,981	3,425
Other operating income	4,621	5,655	4,300	2,047	1,147
Total income	**418,563**	**314,315**	**185,391**	**140,723**	**105,973**
Operating expenses					
Staff costs	(54,522)	(44,037)	(21,024)	(14,437)	(8,232)
Other operating costs	(45,930)	(37,170)	(22,372)	(11,401)	(8,377)
Operating income before impairment	**318,111**	**233,108**	**141,995**	**114,885**	**89,364**
Impairment (loss)/write-back	(29,421)	(15,666)	(3,262)	5,155	(6,368)
Operating income before taxation	288,690	217,442	138,733	120,040	82,996
Taxation	(69,626)	(48,481)	(32,072)	(24,806)	(19,621)
Net income for the period	**219,064**	**168,961**	**106,661**	**95,234**	**63,375**
Appropriations					
Dividends	(21,216)	(36,291)	(27,000)	(18,000)	(12,750)
Retained income	**197,848**	**132,670**	**79,661**	**77,234**	**50,625**
Attributable to :					
Equity holders of the parent company	216,057	167,229	106,581	95,234	63,375
Minority interest	3,007	1,732	80	-	-
	219,064	**168,961**	**106,661**	**95,234**	**63,375**

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

VALUE ADDED STATEMENTS

	GROUP		COMPANY	
	2009 P'000	2008 P'000	2009 P'000	2008 P'000
Value added and other services to clients				
Interest income	398,311	278,357	96,535	78,322
Cost of services	(72,196)	(34,485)	(36,131)	(24,117)
Value added services	326,115	243,872	60,404	54,205
Fee and commission income	87,827	64,788	1,692	1,332
Other operating income	4,621	5,655	284,607	14,824
Other operating costs	(42,668)	(35,733)	(10,566)	(10,472)
Impairment provision charge	(29,421)	(15,666)	-	(733)
	346,474	**262,916**	**336,137**	**59,156**
Value allocated				
To employees				
Staff costs	54,522	44,037	24,741	24,632
To expansion and growth				
Retained income	197,848	130,938	240,624	(6,814)
Depreciation	2,499	2,080	676	678
Amortisation	763	1,096	735	953
Deferred tax	(4,971)	(4,637)	(1,787)	(387)
	196,139	129,477	240,248	(5,570)
To Government				
Taxation	74,597	53,111	49,932	3,803
To providers of capital				
Dividends to shareholders	21,216	36,291	21,216	36,291
	346,474	**262,916**	**336,137**	**59,156**
Summary	%	%	%	%
Employees	15.7	16.7	7.4	41.6
Expansion and growth	56.6	49.2	71.5	(9.4)
Government	21.5	20.2	14.9	6.4
Providers of capital	6.1	13.8	6.2	61.2
	100	**100**	**100**	**100**

ANALYSIS OF SHAREHOLDING

Top ten shareholders	6 March 2009 Shares held ('000) Number	%	31 January 2009 Shares held ('000) Number	%	31 January 2008 Shares held ('000) Number	%
•PAIP-PCAP-FMO Letshego Limited	41,741	23.0	41,741	27.5	41,741	27.5
•Botswana Life Insurance Ltd	24,833	13.7	19,833	13.1	19,833	13.1
•Barclays Botswana Nominees (Pty) Ltd - Investec Asset Management - 030/14	19,629	10.8	18,209	12.0	18,661	12.3
•Barclays Botswana Nominees (Pty) Ltd - Investec Asset Management - SSB 001/1	6,674	3.7	12,487	8.2	12,487	8.2
•International Finance Corporation	10,609	5.8	10,609	7.0	10,609	7.0
•Stanbic Nominees Botswana (Pty) Ltd - Botswana Public Officers Pension Fund (BIFM)	20,733	11.4	5,585	3.7	6,256	4.1
•Stanbic Nominees Botswana (Pty) Ltd - Botswana Insurance Fund Management Limited	12,121	6.7	4,326	2.9	4,368	2.9
•Barclays Botswana Nominees (Pty) Ltd - Flemings Asset Management	5,184	2.9	2,819	1.9	2,000	1.3
•Barclays Botswana Nominees (Pty) Ltd - Investec Asset Management - 203 / 001	2,669	1.5	-	-	-	-
•Barclays Botswana Nominees (Pty) Ltd - Stanbic Investment Management Services - 212/005	2,507	1.4	2,507	1.7	1,753	1.2
•Barclays Botswana Nominees (Pty) Ltd - State Street Bank (USA) - 001/111	2,476	1.4	2,476	1.6	1,760	1.2
	149,176	82.2	120,592	79.6	119,468	78.8
Other corporate entities, nominees and trusts and individuals	32,369	17.8	30,953	20.4	32,077	21.2
Total	**181,545**	**100.0**	**151,545**	**100.0**	**151,545**	**100.0**

Directors' shareholdings	6 March 2009 Shares held Number('000)	%	31 January 2009 Shares held Number('000)	%	31 January 2008 Shares held Number('000)	%
•C M Lekaukau	483	0.3	483	0.3	483	0.3
•J A Claassen	209	0.1	209	0.1	209	0.1
•D Ndebele	101	0.1	101	0.1	121	0.1
	793	**0.4**	**793**	**0.5**	**813**	**0.5**

On 6th March 2009, 30 million new ordinary shares were issued following the completion of the 'Offer for Subscription'.

The shareholding structure and top ten shareholders is shown above following the 'Offer for Subscription' and based on the new number of shares is issue of 181,544,881

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the shareholders of Letshego Holdings Limited (formerly Micro Provident Botswana Limited) will be held at Gaborone Sun Hotel on Friday, 31 July 2009 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 2009 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 P54,742,745 (30 thebe per share) paid to shareholders on or about 22 May 2009.

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

Messrs J A Burbidge, D Ndebele and Dr Hassy H B Kitine, who retire in accordance with Article 19.9 of the Constitution and, being eligible, offer themselves for re-election

To confirm the following appointments of directors who filled casual vacancies on the board after the year end:

Madam M Dawes, and Messrs G Hassan and L E Serema in accordance with article 19.4 of the Constitution.

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

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

6.Resolution 6
To appoint 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 2009

FORM OF PROXY

LETSHEGO HOLDINGS LIMITED

Letshego
Your preferred financial partner

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 Friday 31 July 2009 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 ____________________ 2009

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.

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, Micro Provident Botswana 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. Tuesday 28 July 2009).

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.

DIRECTORS

The following Directors filled casual vacancies on the board after the financial year end. In terms of Section 19.4 of the Constitution, their appointment must be confirmed at the next general meeting of shareholders. This is covered by Agenda Item Number 3. A brief curriculum vitae of the directors is given below.

MARGARET DAWES

Nationality UK
Age 51
Proposed position Non Executive Director
Residence Johannesburg, RSA
Shareholding None

Mrs Dawes heads up 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.

GAFFAR HASSAM

Nationality Malawi
Age 33
Proposed position Non Executive Director
Residence Gaborone, Botswana
Shareholding None

Gaffar 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 has also various other insurance related qualifications.

LEGODILE E SEREMA

Nationality Botswana
Age 61
Proposed position Independant Non Executive Director
Residence Lobatse, Botswana
Shareholding None

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

Mr Serema has served many different organisations in Botswana since 1971 including the Botswana Meat Commission, Botswana Ash and Sugar Industries. He has been a councillor representing Lobatse since 2002 and has served as Mayor since 2007.

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

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