Letshego Holdings Limited
Incorporated in the Republic of Botswana Co. 98/442

THE DIRECTORS HAVE PLEASURE IN ANNOUNCING THE REVIEWED FINANCIAL RESULTS OF THE LETSHEGO HOLDINGS GROUP FOR THE SIX MONTHS ENDED 31 JULY 2009

FINANCIAL HIGHLIGHTS

• Advances up 48% • Operating income up 71% • Earnings per share up 42% • Profit before tax of 23% from non Botswana subsidiaries

STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31 July 2009 (reviewed) P'000	6 months ended 31 July 2008 (reviewed) P'000	Change %	12 months ended 31 January 2009 (audited) P'000
Interest income	277,400	167,365	66	398,311
Interest expense	(25,343)	(26,537)	(4)	(72,196)
Net interest income	252,057	140,828	79	326,115
Fee and commission income	57,061	39,210	46	87,827
Other operating income	2,572	2,233		4,621
Operating income	**311,690**	**182,271**	**71**	**418,563**
Operating expenses				
Staff costs	(44,856)	(23,771)	89	(54,522)
Other operating costs	(35,724)	(21,080)	69	(45,930)
Operating income before impairment	231,110	137,420	68	318,111
Impairment on advances to customers	(18,815)	(8,551)	120	(29,421)
Profit before tax	**212,295**	**128,869**	65	**288,690**
Income taxation expense	(52,470)	(31,872)	65	(69,626)
Profit for the period	**159,825**	**96,997**	**65**	**219,064**
Other comprehensive income				
Foreign currency translation differences for foreign operations	(12,876)	(1,214)		6,168
Total comprehensive income for the period	**146,949**	**95,783**	**53**	**225,232**
Profit attributable to:				
Equity holders of the parent company	156,257	95,685		216,057
Minority interest	3,568	1,312		3,007
Profit for the period	**159,825**	**96,997**	**65**	**219,064**
Total comprehensive income for the period attributable to:				
Equity holders of the parent company	145,304	94,637		221,945
Minority interest	1,645	1,146		3,287
Total comprehensive income for the period	**146,949**	**95,783**	**53**	**225,232**
Weighted average number of share in issue during the period (millions)	176.1	151.5		151.5
Dilution effect - number of shares (millions)	4.9	2.2		3.3
Number of shares in issue at the end of the period (millions)	182.4	151.5		151.5
Ratios				
Basic earnings per share (thebe)	90.8	64.0	42	144.6
Diluted earnings per share (thebe)	88.3	63.1	40	141.5
Return on average assets (%)	23.1	22.9		19.8
Return on average equity (%)	38.1	41.5		38.6
Cost to income ratio (%)	25.9	24.6		24.0
Debt to equity (%)	40.0	68.0		96.0

STATEMENT OF CASH FLOW

	6 months ended 31 July 2009 (reviewed) P'000	6 months ended 31 July 2008 (reviewed) P'000	12 months ended 31 January 2009 (audited) P'000
Operation activities			
Profit before taxation	212,295	128,869	288,690
Add: Amortization and depreciation	1,905	1,512	3,262
: Impairment of advances	5,596	3,707	9,752
: Profit on disposal of property, plant and equipment	(3)	-	-
: Long term incentive plan	11,863	2,652	6,665
Movement in working capital and other adjustments	(205,928)	(235,193)	(494,414)
Cash generated from / (used in) operations	25,728	(98,453)	(186,045)
Taxation paid	(40,413)	(34,490)	(77,400)
Net cash used in operating activities	(14,685)	(132,943)	(263,445)
Investing activities			
Net cash used in investing activities - capital expenditure and acquisitions	(2,236)	(1,001)	(37,624)
Financing activities			
Dividends paid (net off withholding taxation)	(48,949)	(19,718)	(19,718)
Gross repayments made on borrowings	(196,365)	(82)	(10,061)
Gross receipts from borrowings	8,755	148,200	326,812
Net cash raised from 'offer for Subscription'	353,710	-	-
Net cash from financial activities	117,151	128,400	297,033
Net movement in cash and cash equivalents	**100,230**	**(5,544)**	**(4,036)**
Cash and cash equivalent at the beginning of the period	5,165	9,201	9,201
Cash and cash equivalent at the end of the period	**105,395**	**3,657**	**5,165**

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.

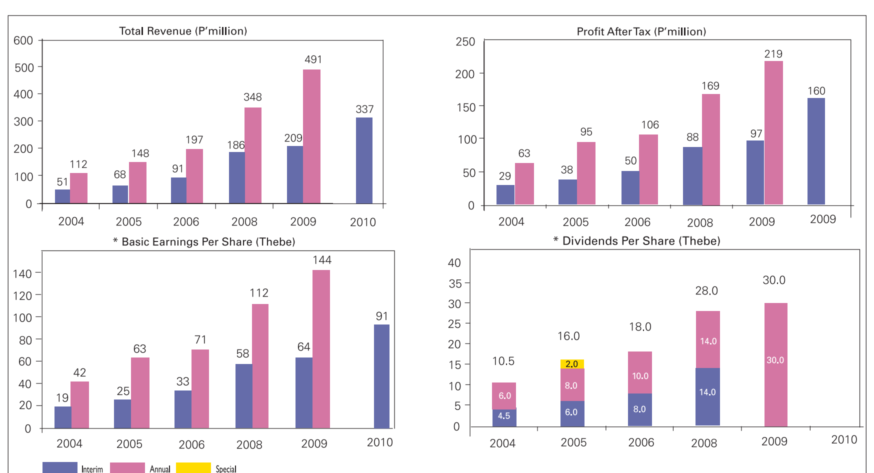
The Group operates in seven geographical regions, namely Botswana, Swaziland, Tanzania, Uganda, Zambia, Namibia and Mozambique.

STATEMENT OF FINANCIAL POSITION

	At 31 July 2009 (reviewed) P'000	At 31 July 2008 (reviewed) P'000	Change %	At 31 January 2009 (audited) P'000
ASSETS				
Cash and cash equivalents	105,395	3,657		5,165
Advances to customers	1,532,032	1,032,861	48	1,342,557
Other receivables	15,441	3,757		8,453
Property, plant and equipment	7,292	4,243		7,152
Intangible assets	562	589		596
Goodwill	25,760	-		25,760
Deferred taxation	11,514	6,477		11,338
Total assets	**1,697,996**	**1,051,584**	**61**	**1,401,021**
Liabilities				
Trade and other payables	91,046	47,466		80,114
Income taxation	20,908	11,257		5,042
Borrowings	456,774	454,843		644,385
Total liabilities	**568,728**	**513,566**		**729,541**
SHAREHOLDERS' EQUITY				
Stated capital	396,019	35,092		35,092
Foreign currency translation reserve	(6,514)	(2,497)		4,439
Shared based payments reserve	15,234	6,575		10,588
Retained income	718,471	496,576	45	616,948
Total equity attributable to equity holders	**1,123,210**	**535,746**		**667,067**
Minority interest	6,058	2,272		4,413
Total liabilities and equity	**1,697,996**	**1,051,584**	**61**	**1,401,021**

STATEMENT OF CHANGES IN EQUITY

	Stated capital P'000	Retained earnings P'000	Shared based payments reserved P'000	Foreign exchange translation reserve P'000	Minority interest P'000	Total P'000
Balance at 1 February 2008	35,092	422,107	3,923	(1,449)	1,594	461,267
Total comprehensive income for the period	-	95,685	-	(1,048)	1,146	95,783
Dividends paid to minority shareholders	-	-	-	-	(468)	(468)
Allocation to long term incentive plan	-	-	2,652	-	-	2,652
Dividends declared and paid: Final 2008	-	(21,216)	-	-	-	(21,216)
Balance at 31 July 2008	**35,092**	**496,576**	**6,575**	**(2,497)**	**2,272**	**538,018**
Balance at 1 August 2008	35,092	496,576	6,575	(2,497)	2,272	538,018
Total comprehensive income for the period	-	120,372	-	6,936	2,141	129,449
Allocation to long term incentive plan	-	-	4,013	-	-	4,013
Balance at 31 January 2009	**35,092**	**616,948**	**10,588**	**4,439**	**4,413**	**671,480**
Balance at 1 February 2009	35,092	616,948	10,588	4,439	4,413	671,480
Total comprehensive income for the period	-	156,257	-	(10,953)	1,645	146,949
Additional shares issued (net of expenses)	353,710	-	-	-	-	353,710
New shares issued from long term incentive plan	7,217	-	(7,217)	-	-	-
Allocation to long term incentive plan	-	-	11,863	-	-	11,863
Dividends declared and paid: Final 2009	-	(54,734)	-	-	-	(54,734)
Balance at 31 July 2009	**396,019**	**718,471**	**15,234**	**(6,514)**	**6,058**	**1,129,268**



Note - 2008 full period figures are for a 15 month period due to the change in period end from 31 October 2006 to 31 January 2008

Geographical segments

	Botswana 2009 P'000	Botswana 2008 P'000	Swaziland 2009 P'000	Swaziland 2008 P'000	Tanzania 2009 P'000	Tanzania 2008 P'000	Uganda 2009 P'000	Uganda 2008 P'000	Zambia 2009 P'000	Zambia 2008 P'000	Namibia 2009 P'000	Namibia 2008 P'000	Mozambique 2009 P'000	Mozambique 2008 P'000	Eliminated 2009 P'000	Eliminated 2008 P'000	Consolidated 2009 P'000	Consolidated 2008 P'000
Operating income	221,547	147,790	26,854	14,331	29,000	14,967	5,438	3,702	7,225	1,481	21,579	-	46	-			311,690	182,271
Profit / (loss) before tax	163,878	110,415	22,650	10,225	18,656	8,761	(2,138)	1,059	3,044	(1,591)	7,718	-	(1,513)	-			212,295	128,869
Income tax expense																	(52,470)	(31,872)
Profit for the period																	159,825	96,997
Segment assets	1,452,527	870,444	198,402	160,102	141,156	77,474	43,858	25,371	36,783	16,560	119,153	-	(3,107)	-	(296,990)	(98,367)	1,697,996	1,051,584
Segment liabilities	368,820	343,540	170,002	152,916	129,669	70,906	45,966	26,218	37,635	18,353	109,006	-	(4,620)	-	(296,990)	(98,367)	568,728	513,566
Depreciation	836	594	84	65	214	198	111	86	107	87	414	-	6	-	-		1,772	1,030
Amortisation of intangible assets	133	482	-	-	-	-	-	-	-	-	-	-	-	-	-	-	133	482
Capital expenditure	408	325	281	21	300	341	295	53	-	261	54	-	898	-	-		2,236	1,001

Business segments

	Lending 2009 P'000	Lending 2008 P'000	Insurance agency 2009 P'000	Insurance agency 2008 P'000	Consolidated 2009 P'000	Consolidated 2008 P'000
Profit before taxation	204,721	123,119	7,574	5,750	212,295	128,869
Segment assets	1,690,957	1,045,754	7,039	5,830	1,697,996	1,051,584
segment liabilities	564,501	509,402	4,227	4,164	568,728	513,566
Depreciation	1,651	913	121	117	1,772	1,030
Amortisation of intangible assets	133	453	-	29	133	482
Capital expenditure	2,207	982	29	19	2,236	1,001

BASIS OF PREPARATION

In accordance with the revisions to IAS 1 which are applicable for interim and full periods beginning on or after 1 January 2009, a statement of comprehensive income has now been incorporated into the results publication, indicating those changes in equity that do not result from transactions with owners in their capacity as owners which are accounted for directly in equity. Other than this there have being no changes to the Group's accounting or provisioning policies during the period and the accounting and provisioning policies as set out in the Group's annual report for the year ended 31 January 2009, have been consistently applied.

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THE DIRECTORS HAVE PLEASURE IN ANNOUNCING THE REVIEWED FINANCIAL RESULTS OF THE LETSHEGO HOLDINGS GROUP FOR THE SIX MONTHS ENDED 31 JULY 2009

COMMENTARY

Highlights

The Board of Directors of Letshego Holdings Limited are pleased to present the consolidated reviewed financial results of the Group for the six months ended 31 July 2009. The highlights for the financial reporting period include:

- Advances to customers have grown to over P1.5 billion (2008: P1.0 billion), an increase of 48% over the prior period
- Profit before tax has increased by 65%
- Increase in earnings per share of 42% after taking into account the share issue successfully completed in March 2009
- Cost to income ratio of 25.9% (2008: 24.6%) which remains a very competitive industry benchmark
- Impairment expense on loans and advances to customers remains constant at 2% which is a very competitive industry benchmark
- P48.4 million profit before tax (23%) generated outside of Botswana (2008: P18.4 (14%))

Developments during the period

A number of developments took place during the period under review:

- Finalisation of the 'Offer for Subscription' for 30 million new ordinary shares which led to these new shares being listed on the BSE and P360 million (P353.7 million after expenses) being raised from this offer
  - This allowed the Group to pay down some of the short term borrowing facilities and to recapitalise subsidiaries in Tanzania, Zambia, Uganda and Namibia to more appropriate levels
  - It also provided the much needed funding to enable the Group to continue to grow
- Rebranding of subsidiaries in Tanzania and Namibia under the Letshego brand
- Good progress with the implementation of a Central Registry in Swaziland

Financial performance

Overall the Directors are satisfied with the financial performance of the Group during the period under review.

There was good growth in the loan book across all subsidiaries which were generally in line with expectations. Botswana remains the most significant market for Letshego as it accounts for 67% (2008: 74%) of the period end advances book and 77% (2008: 86%) of the Group's profit before tax. Operations outside of Botswana continue to gain critical mass.

The results for Tanzania and Uganda were impacted by the weakening of the respective local currencies during the period under review (Uganda Shilling depreciated by 48% and the Tanzanian Shilling depreciated by 17%). Uganda recorded a small loss which was disappointing and corrective action is ongoing. Trading activities have not yet commenced in Mozambique. The small loss that was incurred is in line with expectations given the start up nature of this business.

Namibia is included in the half year results for the first time and the Directors are pleased with the performance of the new subsidiary which has grown its advances book to P106.6 million from (P42.0 at 31 December 2008) and contributed P7.7 million in profit before tax (P2.9 million for the five months to 31 December 2008) to Group results.

The increase in operational expenses reflects the growth of the Group. The investment in people and infrastructure positions the Group and augers well for sustained growth going forward. To this end the staff complement increased by 22% representing 444 employees (2008: 364), customer numbers increased by 63% to 117,204 (2008: 71,571) and the number of branches increased to 114 (2008: 87).

Impairment and non performing advances to customers

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

A summary of the loan book and profit before tax per country is provided below:

Country	Net Loans to Customers At 31 July 2009 P'million	% Increase	Profit / (Loss) Before Tax P'million	% Increase
Botswana – LHL	-	-	28.9	178%
Botswana – Legal Guard	-	-	7.5	32%
Botswana – LFSB	1,025	35%	127.3	35%
Swaziland	184	16%	22.6	122%
Tanzania	138	89%	18.6	113%
Uganda	43	74%	(2.1)	(302%)
Zambia	36	148%	3.1	291%
Namibia	106	N/a	7.8	N/a
Mozambique	-	N/a	(1.5)	N/a
Total	**1,532**	**48%**	**212.2**	**65%**

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

Country	Impairment Provision (B/S) At 31 July 2009 P'million	% of period end book	Impairment Charge (I/S) 6 months P'million	% of average advances book
Botswana	18.9	1.81%	7.8	0.85%
Swaziland	1.2	0.65%	2.2	1.28%
Tanzania	4.2	2.96%	2.1	1.97%
Uganda	1.0	2.33%	1.9	5.70%
Zambia	1.2	3.30%	1.3	5.12%
Namibia	2.2	2.09%	3.5	6.46%
Total	**28.7**	**1.85%**	**18.8**	**1.44%**

Impairment provision (B/S): is the % in relation to the period end advances book
Impairment charge (I/S): is the % in relation to the average advances book

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

New Markets

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

However, other than Mozambique, no new markets are expected to commence trading operations during the second half of the current financial period.

Regulatory Environment

In Botswana the Non Bank Financial Institutions Regulatory Authority ("NBFIRA"), following discussions with the industry, issued draft rules and regulations for the industry. Letshego has provided feedback to NBFIRA on these rules and guidelines and we do not expect any significant implications for the business in Botswana.

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

Funding

At the period-end date, total borrowings were P456.7 million (2008: P454.8 million) representing a debt to equity ratio of 40% (2008: 68%). The funds raised from the Offer for Subscription assisted the Group to pay down certain of the short term facilities and to continue the growth of the advances book.

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

Post period end developments

After the period-end date the Group concluded the sale of Letshego Guard (Pty) Limited (trading as Legal Guard) ("LG") and Letshego Guard Insurance Company Limited ("LGICL") to Botswana Insurance Holdings Limited ("BIHL") for a total consideration of approximately P57 million which include the settlement of loan accounts. A gain on disposal of approximately P43 million, before tax, will be recognised on this transaction upon the completion of certain conditions precedent to the sale, the most noteworthy being the approval by NBFIRA of the renewal of the short term licence of LGICL.

The Group has also handed back its long term insurance licence to NBFIRA that was held by Letshego Life Insurance Limited (Botswana). This dormant subsidiary will now be deregistered.

The Group has entered into a transaction to sell 15% of its interest in Letshego Namibia post 31 July 2009. This is necessary to reposition Letshego Namibia both in line with local citizen economic empowerment requirements as well as the Group's business model of promoting significant local equity participation.

Future outlook

The Directors anticipate that the second half results will be in line with the first half results.

Auditors review

The financial information set out in this announcement has been reviewed but not audited by KPMG. Their unqualified review report is available for inspection at the holding company's registered office.

Dividend

In line with the prior period interim results, the directors do not propose an interim dividend in order to retain funds for future growth. There may be a need to reassess the dividend policy at the year-end date.

For and on behalf of the Board of Directors

CM Lekaukau
Chairman

JA Claassen
Managing Director

GABORONE, 9 October 2009

NON EXECUTIVE DIRECTORS: C M Lekaukau (Chairman) (Botswana), J A Burbidge (UK), J K Bucknor (Ghana), M Dawes (RSA), G Hassam (Malawi), L E Serema (Botswana), P Voutyritsas (Greece)
EXECUTIVE DIRECTORS: J A Claassen (Managing Director) (RSA), D Ndebele (Director: Risk and Compliance) (Botswana)
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