Letshego

MICRO PROVIDENT BOTSWANA LIMITED

(Incorporated in the Republic of Botswana)
(Registration number 98/442)
("*Letshego*" or "the company")

Prospectus for Placing

relating to:

A private placing ("placing") of 30 000 000 ordinary shares of 1 thebe each in the share capital of *Letshego* at an issue price of 100 thebe per share.

STRICTLY PRIVATE AND CONFIDENTIAL

Applications will be considered only from persons to whom this Prospectus for Placing ("Prospectus") has been sent ("placees") by African Alliance Botswana Limited and/or Stockbrokers Botswana Limited on behalf of Micro Provident Botswana Limited trading as *Letshego*. Only such placees have the right to apply for the ordinary shares offered in terms of this Prospectus and, therefore, such placees may not sell, transfer, cede, assign or renounce their rights in favour of any other person. This Prospectus is not for publication or circulation.

Important dates

Registration of this Prospectus	Wednesday, 4 September 2002
Issue of this Prospectus	Friday, 6 September 2002
Opening of the Placement at 09:00	Friday, 6 September 2002
Closing of the Placement at 15:30	Tuesday, 17 September 2002
Allotment of shares	Friday, 20 September 2002
Listing confirmed by the Botswana Stock Exchange	Tuesday, 24 September 2002
Listing on the Botswana Stock Exchange	Wednesday, 25 September 2002
Results of issue and allotment announced in the press	Wednesday, 25 September 2002
Shares certificates and refund cheques posted	Friday, 27 September 2002

These dates are subject to change; any substantive change will be notified in the press.

This Prospectus dated Wednesday, 4 September 2002, accompanied by the documents referred to under "Registration of Prospectus" in paragraph 54 of this Prospectus, was registered by the Registrar of Companies in Botswana on Wednesday, 4 September 2002 in terms of section 41 of the Companies Act (CAP.42:01), as amended.

Date of issue: 6 September 2002

This Prospectus is furnished to select investors for the purpose of providing certain information about an investment in Micro Provident Botswana Limited trading as *Letshego*, a public company incorporated in the Republic of Botswana and to be listed on the Botswana Stock Exchange ("BSE").

The directors, whose names are given in paragraph 26 of this Prospectus, collectively and individually, accept full responsibility for the information given in this Prospectus and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law.

The directors confirm that this Prospectus includes all such information within their knowledge (or which would be required reasonably for them to obtain by making enquiries) as investors and their advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and the prospects of the issuer and of the rights attaching to the securities to which this Prospectus relates.

Corporate advisors

AFRICAN ALLIANCE

Reporting accountants

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

Attorneys

ARMSTRONGS

Attorneys Notaries & Conveyancers

Transfer secretaries

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers (Pty) Ltd

Sponsoring broker

Stockbrokers Botswana Ltd.

Member of the Botswana Stock Exchange

Subject to a spread of shareholders being obtained which is acceptable to the BSE, the listing of 150 000 000 ordinary shares in the share capital of Micro Provident Botswana Limited has been granted by the BSE on the main board of the BSE, under the name "*Letshego*".

The shares placed in terms of the placement will rank *pari passu* with the existing issued ordinary shares in Micro Provident Botswana Limited.

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CORPORATE INFORMATION

Head office

Letshego
West Wing, Ground Floor
Debswana House
The Mall
Gaborone
(PO Box 381, Gaborone)

Corporate advisors

African Alliance Botswana Limited
African Alliance House
Fairgrounds Office Park
Gaborone
(PO Box 2770, Gaborone)

Reporting accountants and auditors

PricewaterhouseCoopers
Plot 50371
Fairgrounds Office Park
Gaborone
(PO Box 1453, Gaborone)

Commercial bankers

Barclays Bank of Botswana Limited
Barclays House
Khama Crescent
Gaborone
(PO Box 415, Gaborone)

First National Bank of Botswana Limited
Finance House
Khama Crescent
Gaborone
(PO Box 1552, Gaborone)

Standard Chartered Bank Botswana Limited
Standard House
The Mall
Gaborone
(PO Box 496, Gaborone)

Secretary and registered office

Dumisani Ndebele
Plot 50371
Fairgrounds Office Park
Gaborone
(PO Box 294, Gaborone)

Attorneys

Armstrongs
5th Floor, Barclays House
Khama Crescent
Gaborone
(PO Box 1368, Gaborone)

Transfer secretaries

PricewaterhouseCoopers (Proprietary) Limited
Plot 50371
Fairgrounds Office Park
Gaborone
(PO Box 294, Gaborone)

Sponsoring broker

Stockbrokers Botswana Limited
Ground Floor, Barclays House
Khama Crescent
Gaborone
(Private Bag 00113, Gaborone)

DEFINITIONS

In this Prospectus and the annexures hereto, unless the context indicates otherwise, the terms in the first column have the meanings assigned to them in the second column, words in the singular include the plural and *vice versa*, words importing natural persons include corporations and associations of persons and reference to any gender includes the other genders.

"the Act"	the Companies Act (CAP.42:01), as amended;
"application form"	the application form attached to this Prospectus. This is the only method of application for and allocation of shares in terms of this placement;
"African Alliance"	African Alliance Botswana Limited (registration number 97/20/92), registered in Botswana;
"the board"	the board of directors of *Letshego*;
"bonus issue"	part of the capital restructuring of the Company in terms of which 119 700 000 shares were issued to the shareholders of the Company, registered as such at 31 July 2002, who then donated 1 000 000 of the said shares to select staff members. Such share issue was paid for by the capitalisation of P1 197 000 of retained earnings;
"Botswana"	the Republic of Botswana;
"Botswana Life Insurance Limited"	Botswana Life Insurance Limited (registration number 1644), registered in Botswana;
"the BSE"	the Botswana Stock Exchange;
"capital employed"	calculated as the sum of shareholders' funds, shareholders' loans and finance leases;
"debt to capitalisation"	calculated as long-term liabilities divided by shareholders' funds plus long-term liabilities;
"debt to equity"	calculated as long-term liabilities divided by shareholders' funds;
"the directors"	the directors of *Letshego*;
"the last possible date"	31 July 2002;
"*Letshego*"	a registered trading name, registered in Botswana;
"*Letshego*" or "the Company"	Micro Provident Botswana Limited (registration number 98/442), registered in Botswana, whose ordinary shares are to be listed on the BSE;
"the Loan Agreement"	a loan agreement entered into between the Company and Botswana Civil Servants Association, details of which are contained in Annexure 9;
"long-term liabilities"	the sum of shareholders' loans, bank overdrafts and facilities and finance leases;
"*Letshego* Employee Share Trust"	a trust, details of which are contained in Annexure 12, established to administer a share incentive scheme, to be established post-listing, as well as to administer the disposal of shares donated to select staff members in terms of the bonus issue, details of which are contained in Annexure 10;
"the Management Agreement"	an agreement entered into between *Letshego* and Micro Provident Limited in terms of which Micro Provident Limited contracts to supply management services to *Letshego*, details of which are contained in Annexure 6;

"Micro Provident Limited"	Micro Provident Limited (registration number 89390C), registered in the Isle of Man, a shareholder in the Company and the provider of management services in terms of the management agreement, details of which are contained in Annexure 6;
"NAV"	net asset value, calculated as capital employed less shareholders' loans and finance leases;
"the original shareholders"	the shareholders in the Company immediately prior to the listing of the Company on the BSE and comprised:

Shareholder	Percentage
Micro Provident Limited	62,47
Botswana Life Insurance Limited	24,79
Other	12,74
	100,00

"placees"	selected institutional and individual investors, business associates, employees and advisors of *Letshego* and clients of the sponsoring broker to whom an offer has been made in terms of this Prospectus;
"the placement"	the private placement of 30 000 000 new ordinary shares in *Letshego* to placees at an offer price of 100 thebe per share in terms of this Prospectus;
"the prime rate"	the rate of interest per annum (as certified by any manager of First National Bank of Botswana Limited whose authority and/or appointment it shall not be necessary to prove) at which First National Bank of Botswana Limited, lends in Botswana Pula to first class corporate borrowers in general in Botswana on unsecured overdraft on the basis of such interest being calculated on a daily basis, compounded monthly in arrears, and calculated on a 365-day year factor, irrespective of whether or not the year is a leap year;
"this Prospectus"	this Prospectus for Placing, registered by the Registrar of Companies in Botswana on Wednesday, 4 September 2002 in terms of section 41 of the Act and issued on Friday, 6 September 2002 and its annexures and attachment;
"Pula" or "P"	the legal tender of Botswana in which all monetary amounts in this Prospectus are expressed;
"the reporting accountants"	PricewaterhouseCoopers, Certified Public Accountants, Botswana;
"select staff members"	employees of the Company to whom 1 000 000 ordinary shares were donated on 21 August 2002, as part of the bonus issue, at a nominal value of 1 thebe, in recognition of service to the Company, further details of which are contained in Annexure 10;
"shareholders"	the holders of ordinary shares in the share capital of *Letshego*;
"shareholders' funds"	calculated as the sum of share capital, share premium, retained earnings and proposed dividend;
"shares" or "ordinary shares"	ordinary shares of 1 thebe each in the authorised and issued share capital of *Letshego*;
"share incentive scheme"	a share incentive scheme to be established post-listing, the terms of which will be to enable employees of the Company to acquire equity in the Company, up to a maximum of 5% of the issued share capital of the Company less 1 000 000 shares; and
"transfer secretaries"	PricewaterhouseCoopers (Proprietary) Limited (registration number 3721), registered in Botswana.

FEATURES OF THE PLACEMENT

This Prospectus is issued for the confidential and exclusive use of the addressee to subscribe for shares in the Company by way of a private placement. In making an investment decision, placees must rely on their own or their advisors' examination of the Company and the terms of the placing including the merits and risks involved. Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisors concerning the acquisition, holding or disposal of the shares.

1. THE PLACEMENT

A total of 30 000 000 new ordinary shares are being placed with placees in terms of a placing at an issue price of 100 thebe per share.

The placement will raise P30 000 000, before expenses, as follows:

Details of shares	Number of shares	Nominal value	Premium	Value of shares
Total number of shares in issue immediately prior to listing	120 000 000	P0,01	P0,005 per share	P1 799 900
Placement of new ordinary shares	30 000 000	P0,01	P0,99 per share	P30 000 000
Total number of shares in issue after the private placement	150 000 000	P0,01	–	P31 799 900

2. *Letshego's* KEY STRENGTHS

- Committed to conducting business in an ethical and profitable manner.
- High customer awareness and well-respected market profile.
- Leading service provider in its industry, as per market share.
- Operating in an industry with significant growth potential.
- Excellent branch network.
- Well-placed to fully take advantage of future growth potential.
- Highly competent and motivated staff.
- Low levels of non-performing loans.
- Stable systems and proven business model.
- Accounting for profits on a strict cash received basis.

3. PURPOSES OF THE PLACEMENT AND LISTING

The main purposes of the placement and the listing are:

- to increase the capital base and strengthen the balance sheet of the Company;
- to reduce the cost of funding to the Company;
- to access additional sources of funding;
- to enhance investor awareness of *Letshego*;
- to afford staff the opportunity to participate in the growth of the business;
- to afford placees the opportunity to participate in the growth of the business; and
- to obtain such a spread of shareholders as is required for a listing on the BSE.

4. HISTORIC AND FORECAST INCOME STATEMENT HIGHLIGHTS

	Fourteen months to 31 October 1999 P'000	Year ended 31 October 2000 P'000	Year ended 31 October 2001 P'000	Forecast Year ending 31 October 2002 P'000	Forecast Year ending 31 October 2003 P'000
Interest income	14 179	30 936	47 335	57 917	75 600
Attributable earnings	7 037	17 360	22 918	27 258	34 093
Earnings per share (P's) *	0,05	0,12	0,15	0,18	0,23
Dividend per share (P's) *	0,03	**0,04	0,05	***0,05	****0,06
Earnings yield (based on offer price)*	4,69%	11,57%	15,28%	18,17%	22,73%
Dividend yield (based on offer price)*	3,13%	**4,00%	5,33%	5,13%	5,68%
PE ratio (based on offer price)	21,32	8,64	6,55	5,50	4,40

* Adjusted so as to allow comparison with like. It is assumed for all years that there are/were 150 000 000 shares in issue.

** The dividend was paid in the 2001 financial year but declared out of the retained earnings for the 2000 financial year.

*** Two interim dividends have been declared in the current financial year. The first, of P4 000 000, was declared for the period ended 31 March 2002 and the second, of P3 700 000, was declared for the period ended 31 July 2002. Both dividends, totalling P7 700 000, were paid on 21 August 2002 to shareholders registered as such at 31 July 2002. The dividends have been lent back to the Company by such registered shareholders in terms of a dividend loan agreement, details of which are contained in Annexure 11.

**** Dividends after the listing of the Company will be declared and paid twice yearly. Consequently, shares issued pursuant to this placement will be eligible for an interim dividend for the period ending 30 April 2003 and a final dividend for the period ending 31 October 2003, see further paragraph 24.2.

5. PRE- AND POST-LISTING BALANCE SHEET

Contained below is a forecast pre- and post-listing balance sheet. The forecast pre-listing balance sheet is the balance sheet that is anticipated at 24 September 2002. The forecast post-listing balance sheet is the balance sheet that is anticipated immediately post-listing at 25 September 2002. The table contained below is for illustrative purposes only and is not and will not be representative of any period-end balance sheet contained elsewhere in this Prospectus.

	Notes	Post-listing P'000	Pre-listing P'000
Capital employed		**116 873**	**88 473**
Shareholders' funds		**75 653**	**47 253**
Share capital	1	1 500	1 200
Share premium	2	28 700	600
Retained earnings		45 453	45 453
Shareholders' loans		**41 121**	**41 121**
Finance leases		**99**	**99**
Employment of capital		**116 873**	**88 473**
Motor vehicles and equipment		**546**	**546**
Deferred tax		**30**	**30**
Net trading assets		**116 297**	**87 897**
Trading assets		**144 233**	**144 233**
Gross advances		143 810	143 810
Accounts receivable – other		423	423
Cash and cash equivalents		–	–
Trading liabilities		**27 936**	**56 336**
Accounts payable		6 388	6 388
Provisions		7 150	7 150
Bank overdrafts	3, 4	9 400	29 800
Bridging finance	5	–	8 000
Taxation		4 998	4 998
RATIOS			
Debt to equity (%)		66,91	167,23
Debt to capitalisation (%)		40,09	62,58
Current ratio		5,16	2,56
NAV (P'000)		75 653	47 253
NAV per share – assumed 150 000 000 in issue (P)		0,50	0,32

Notes:

(1) Share capital is increased in the post-listing balance sheet as a consequence of the capital restructuring and listing of the Company on the BSE.

(2) See (1) above. The anticipated listing costs of P1 600 000 are deducted from the share premium account in the post-listing balance sheet.

(3) The Company's overdraft facilities post-listing will be P30 000 000.

(4) The bank overdrafts in the post-listing balance sheet are reduced by an amount equal to the anticipated repayment of the various overdraft facilities that the Company currently utilises.

(5) The bridging finance is fully expunged from the proceeds of the listing.

6. LISTING ON THE BSE

Subject to obtaining an acceptable spread of shareholders, the BSE has granted approval for the listing of 150 000 000 Micro Provident Botswana Limited shares on the main board of the BSE under the name "*Letshego*" with effect from the commencement of business on Wednesday, 25 September 2002.

7. PARTICULARS OF THE PLACEMENT

Relating to the private placing of 30 000 000 new ordinary shares of 1 thebe each in the share capital of *Letshego* at an issue price of 100 thebe per share.

7.1 Details of the placement

A total of 30 000 000 new ordinary shares of 1 thebe each are being placed at an offer price of 100 thebe each by way of placement, with placees, who are invited to apply for such by completing the attached application form. The issue price is payable in full on application in the currency of Botswana.

The application form is non-transferable and may only be completed by the placee to which/whom it is addressed.

In terms of the placement, placees may only subscribe for a maximum of that number of *Letshego* shares allocated to them.

7.2 Acceptance or refusal of applications

The directors of *Letshego* reserve the right to accept or refuse any application, either in whole or in part, or accept some applications in full and others in part, or to abate any or all applications in such manner as they may determine, in their discretion, but subject to the overriding requirement that to the extent possible as many placees as possible are allocated all the shares allocated or offered to them and that the method of acceptance or refusal applied receives the approval of the BSE.

7.3 Times and dates of the opening and closing of the placement

The placement will open on Friday, 6 September 2002 at 09:00 and close on Tuesday, 17 September 2002 at 15:30.

7.4 Applications for shares

Applications for shares will only be accepted on the following conditions:

- only one application may be made by any applicant;
- applications may only be made on the application form which accompanies this Prospectus and the requirements, terms and conditions contained in the application form and this Prospectus must be complied with;
- applications must be for a minimum of 100 shares and thereafter must be in multiples of 100 shares;
- applications are irrevocable and may not be withdrawn once received by the transfer secretaries;
- copies or reproductions of the application form will not be accepted;
- each application will be regarded as a single application, except when received from a nominee company. Such applications must state the number of principals covered by the application in the appropriate block on the application form and must be completed in the manner prescribed therein;
- application forms must be completed in accordance with the instructions contained therein and the provisions of this Prospectus. The directors of *Letshego* reserve the right to accept or reject, in whole or in part, any application which is incomplete or incorrectly completed;
- applications will only be regarded as complete when the cheque/banker's draft rendered in payment has been received, deposited and the funds cleared;
- no receipts will be issued for application forms, application monies or supporting documentation;
- placees may be called upon to furnish satisfactory evidence of their authority or capacity to sign the application form; and
- shares may not be accepted in the name of an unassisted minor, a deceased estate, a partnership, a trust or any person who requires legal assistance in entering into contracts.

7.5 Submission of application forms and payment for shares

Application forms together with the requisite payment must be delivered by hand, in an envelope marked "*Letshego* – **Private Placement**", to:

– PricewaterhouseCoopers (Proprietary) Limited, Plot 50371, Fairgrounds Office Park, Gaborone,

so as to be received by not later than 15:30 on Tuesday, 17 September 2002. No posted or late applications will be accepted.

Neither the company, its directors nor its appointed advisors accept responsibility for any application forms which are not lodged as aforesaid.

Each application form must be accompanied by payment of the total price of the shares applied for by way of cheque, crossed "not transferable", or bankers' draft and drawn in favour of "*Letshego* – **Private Placement**".

The cheques accompanying each application form will immediately be deposited for payment and the funds will be held by the transfer secretaries pending compliance with the condition set out in paragraph 7.7 below. If such condition is not fulfilled, application monies will be refunded by cheque drawn on Standard Chartered Bank Botswana Limited, in Botswana currency, posted by ordinary mail at the risk of the applicant, within seven days of the condition not being fulfilled, to the address furnished on the application form by the applicant. No interest will be paid on any amounts refunded.

7.6 Minimum subscription

The placement is not subject to any minimum subscription being met. However, the listing of *Letshego* is subject to the required spread of shareholders being achieved in terms of the Listings Requirements of the BSE.

7.7 Acceptance conditional upon listing

Acceptance of applications for shares and the allotment and issue of shares pursuant thereto will be conditional upon the Committee of the BSE granting a listing of the entire issued ordinary share capital of *Letshego* by not later than Friday, 18 October 2002.

8. EXPENSES OF THE PLACEMENT AND LISTING

The expenses of the placement and listing are estimated at P1 600 000 (excluding VAT, where applicable) and include BSE fees, printing, publication and distribution costs of this Prospectus and fees payable to professional advisors. *Letshego* will pay the expenses out of the proceeds of the placement. An approximate breakdown of the anticipated listing costs is contained below:

Listing expenses	**(P'000)**
BSE fees	15
Printing	30
Media	10
Placement fee	150
Professional advisors	1 395
	1 600

COMPANY OVERVIEW

9. BACKGROUND AND NATURE OF BUSINESS

Letshego was incorporated in March of 1998 and commenced business in September of the same year. The Company provides financial assistance in the form of personal loan products to Government, quasi-Government and certain private sector employees and utilises direct payroll deductions to secure loan repayments. All salary deductions are subject to specific deduction agreements with the relevant employer, as well as with the borrower.

The Company has offices in Gaborone, Francistown, Maun and Palapye.

On 21 August 2002, the shareholders passed a special resolution converting the Company into a public company with articles of association which comply with the requirements of the Act for public companies and the BSE for a listed company. This special resolution was registered at the Registrar of Companies on 26 August 2002.

10. PRODUCTS

Loans offered range between P250 and P15 000 for periods of one to thirty-six months at rates of between 3,5% and 6,0% per month. The current average loan size is P7 000 at 4% per month over twenty-seven months. A credit life insurance policy, which includes HIV-AIDS and permanent disability cover, is compulsory with all loans.

The size and the period of the loan is a function of the client's needs and affordability. In all loan applications the actual salary of the applicant guides the Company, driving the loan size and repayment period.

11. BUSINESS MODEL AND DIFFERENTIATING FACTORS

Letshego only deals in loans of direct origination. The Company does not utilise the services of external brokers or agents. All loan applications and credit approval processing is conducted by the Company.

The Company charges no administrative, placement or arrangement fees. Consequently revenue is only brought to account as and when it has actually been received and no cognisance is taken of future earnings for reporting purposes. This negates the potential threat of having to write down historic revenue figures should a borrower default.

12. LOAN QUALIFICATION AND CREDIT CONTROL

Employees will provisionally qualify for a loan where they have been continuously employed for at least one year with the same employer, are able to provide their last three months pay slips and have an active bank account.

It is a further requirement that loan repayments do not exceed 30% of the employee's net take home pay and that a residual minimum amount of P600 should remain after all deductions.

13. ARREARS MANAGEMENT AND LOSS CONTROL

Letshego's arrears management and loss control procedures and processes are continuously evolving to take cognisance of the dynamic market in which it operates. This is reflected in the extremely low levels of bad debt experienced by the Company over the past four years where a total of only P740 501 has been written-off at the last possible date.

14. PROVISIONS

Although the levels of actual bad debt write-offs are extremely low, the Company has a very prudent and conservative provisioning policy. Consequently balance sheet provisions, pertaining to potential bad debts, are substantially higher than the actual levels of bad debt written-off, as evidenced by the analysis of historical and forecast provisions detailed below. However, management is of the opinion that the quantum of general provisions is a dynamic and ever changing-number, which is driven by market circumstances from time to time.

	2001	2002	2003
	Audited	**Forecast**	**Forecast**
Gross advances due at year-end (P'000)	97 713	148 000	215 734
General provisions (P'000)	4 780	7 400	12 944
General provisions as a percentage of gross advances	4,89	5,00	6,00

THE INDUSTRY

15. LEGISLATIVE ENVIRONMENT

Botswana does not currently have a Usury Act nor are there any specific Acts or regulations pertaining to the micro-lending industry. The activities of the micro-lending industry are governed by the Act and the Income Tax Act, as are all other legitimate Botswana business enterprises.

16. CENTRAL REGISTRY

Central Government, together with the micro-lending and life insurance industries and staff associations, are currently exploring the structural implementation of a central registry for Government employees. It is hoped that the registry will be in place by early in 2003. The central registry will be responsible for the capture and recording of all legitimate salary deduction information as well as for the actual deduction and payment, to the service provider, of all salary deductions. The main service providers support the introduction of a central registry as it is seen as a mechanism to:

- prevent Government employees from over-committing themselves;
- ensure that Government employees take home a certain minimum salary; and
- control and regulate the growing number of service providers in the aforementioned industries and thus avoid the "South African experience".

While the final structure and control of the central registry is still to be decided upon, *Letshego's* management is confident that regardless of the final structure its impact on the industry will be a positive one and any specific structuring costs that may result will be dealt with in the normal course of business.

17. MARKET SHARE AND UTILISATION

There are no formal statistics available on the personal loan market in Botswana. Management estimates the current non-banking market at approximately P1 billion, see Annexure 14 for further details, and penetration of this market to be 29%.

Management believes that *Letshego* is the current market leader in the non-banking personal loan market with approximately 45% market share.

THE FUTURE

18. STRENGTHS

The current financial year has been a year of consolidation for *Letshego*. The Company opened a new branch in Palapye, additional staff were employed, systems were upgraded and strengthened, controls were further tightened and, drawing on the experience gained over the past four years, operational procedures refined.

The Company's business model has proved its efficiency and its sustainability and management is convinced that given the inherent conservatism of the model it will continue to serve the Company well and also offer protection to both shareholders and suppliers of financing.

Additional staff incentive programmes are to be introduced which will align, to a greater degree, the interests of staff and Company and lead to higher levels of productivity and efficiency.

Letshego enjoys an excellent brand name and market profile which the Company intends leveraging off in future years.

As the leader, in terms of market share, *Letshego* will continue to supply a competitive product at rates that suit the market.

19. WEAKNESSES

Access to capital was identified by management as the major weakness of the Company and this is being addressed in terms of the placement. Moreover a listing on the BSE will afford the Company additional opportunities to access further and potentially more cost effective funding. This should have a positive effect on the profitability of the Company.

20. OPPORTUNITIES

Management believes that the steps that have been taken in the past year, as well as the market profile that the Company enjoys, will allow it to capitalise on the opportunities that are currently present in the industry.

The Company sees the launch of the central registry as a very positive step as it will provide a limited amount of regulation in an industry that is currently unregulated. This should have a positive effect on the quality of service providers in the industry.

The central registry will be responsible for the actual salary deduction from the client as well as the payment thereof to the service provider. This will secure all future salary deductions.

The central registry will provide an opportunity for loan consolidations to over-extended persons.

The continued and ongoing transfer of non-computerised Government payrolls onto the Central Government payroll will bring new potential clients into the market.

The low level of market penetration by current participants presents a variety of opportunities for the Company to grow both its client base and advances book, without changing its risk profile.

Annual salary increments provide the Company with an ongoing opportunity to grow its advances book through the provision of increased loan facilities.

The Company has in excess of 34 000 customers of whom over 20 000 are currently active. The additional capital, together with improved access to funding, will enable the Company to target new, existing and inactive clients. This has been difficult over the past four years due to capital constraints.

21. THREATS

The HIV-AIDS pandemic sweeping Southern Africa is of concern from both a social and business perspective and the Company is committed to combating HIV-AIDS and continuous education on the risks of the disease.

Although the death from HIV-AIDS of loan holders is tragic, it does not present a business risk to the Company as all loans are covered in terms of credit life insurance. Thus, even if a loan holder is to die from HIV-AIDS or any other cause, the full loan amount outstanding at the date of death will be paid to the Company by the insurer.

Given the prevalence of HIV-AIDS in Botswana it is of concern that the Company's client base may shrink over time. This is a significant worry and the Company is supportive of any initiatives to help reduce the spread of the disease. The business is actively exploring opportunities to protect itself from the potentially devastating effects of this pandemic.

22. PROFIT HISTORY AND PROFIT FORECAST

The table below contains the abridged income statements of *Letshego* for the previous three financial periods ended 31 October 2001, and the audited results for the five months ended 31 March 2002 as extracted from the independent reporting accountants' report set out in Annexure 2. The year-end of *Letshego* is 31 October.

The forecast results of *Letshego* for the two years ending 31 October 2003 are also set out below and should be read in conjunction with the independent reporting accountants' report on the profit forecast set out in Annexure 3.

The historical financial information referred to below and set out in Annexure 2 has been reported on without qualification.

	Fourteen months to 31 October 1999 P'000	Year ended 31 October 2000 P'000	Year ended 31 October 2001 P'000	Five months ended 31 March 2002 P'000	Forecast Year ending 31 October 2002 P'000	Forecast Year ending 31 October 2003 P'000
Interest income	14 179	30 936	47 335	21 177	57 917	75 600
Other operating income	91	297	550	723	2 645	3 901
Operating costs	(1 989)	(3 975)	(8 838)	(3 800)	(11 972)	(16 700)
Staff costs	(1 336)	(2 251)	(3 262)	(1 576)	(4 235)	(5 256)
Operating income before net finance costs and taxation	10 945	25 007	35 785	16 524	44 355	57 545
Net finance costs	(1 355)	(2 480)	(5 536)	(3 065)	(9 140)	(11 059)
Income before taxation	9 590	22 527	30 249	13 459	35 215	46 486
Taxation	(2 553)	(5 167)	(7 331)	(3 505)	(7 957)	(12 393)
Net income from ordinary activities	**7 037**	**17 360**	**22 918**	**9 954**	**27 258**	**34 093**
Dividend declared or forecast	(4 692)	(6 000)*	(8 000)	(4 000)	(7 700)	(8 523)
Capitalisation of reserves	–	–	–	–	(1 197)	–
Transferred to reserves	**2 345**	**11 360**	**14 918**	**N/A**	**18 361**	**25 570**
Earnings per share (P's)**	0,05	0,12	0,15	N/A	0,18	0,23
Dividend per share (P's) **	0,03	0,04	0,05	N/A	0,05	0,06

* The dividend was paid in the 2001 financial year but declared out of the retained earnings for the 2000 financial year.

** Calculated on 150 000 000 shares.

23. ASSUMPTIONS TO THE PROFIT FORECAST

The profit forecast for the 2002 financial year has been arrived at after considering audited accounts for the five months ended 31 March 2002, actual management accounts for the ten months ended 31 August 2002 and projected payouts for the remaining two months of P6 000 000 per month.

The 2003 forecasts are premised on the 2002 forecasts and are then extrapolated forward to reflect management's forecasts as to the anticipated trading activity in the 2003 financial year.

24. DIVIDEND POLICY

24.1 Current year dividends

The Company has declared two interim dividends and there will be no further dividend declaration for the current financial year ending 31 October 2002. The first, of P4 000 000, was declared for the period ended 31 March 2002 and the second, of P3 700 000, was declared for the period ended 31 July 2002. These dividends, totalling P7 700 000, were paid on 21 August 2002. In keeping with the previous policy the dividends have been lent back to the Company by the shareholders in terms of a dividend loan agreement, details of which are contained in Annexure 11.

24.2 Future dividends

The first dividend payable to new shareholders will be an interim dividend for the six-month period ending 30 April 2003. It is currently proposed that dividends be paid twice annually and a dividend policy of four times cover be adopted. This policy has been incorporated in the forecasts. However the exact timing and extent of each dividend will be determined by the financial position and results of the Company from time to time and, taking the Company's funding requirements into account, will be such as the directors consider prudent in the light of prevailing circumstances.

In terms of the Company's articles of association, any dividend payable in respect of a share:

- shall bear no interest;
- which is unclaimed, may be retained by the Company and may be invested or used as the directors may deem fit for the benefit of the Company until claimed by the member concerned; and
- which remains unclaimed for a period of twelve years from the date of declaration, shall be forfeited and retained by the Company.

25. PRO FORMA BALANCE SHEETS

The table below contains the abridged balance sheets of *Letshego* for the previous three financial periods ended 31 October 2001, and the audited abridged balance sheet for the five months ended 31 March 2002 as extracted from the independent reporting accountants' report set out in Annexure 2.

The forecast balance sheets for the two years ending 31 October 2003 are also set out below and should be read in conjunction with the independent reporting accountants' report set out in Annexure 3.

	Fourteen months to 31 October 1999 P'000	Year ended 31 October 2000 P'000	Year ended 31 October 2001 P'000	Five months ended 31 March 2002 P'000	Forecast Year ending 31 October 2002 P'000	Forecast Year ending 31 October 2003 P'000
Capital employed	**19 037**	**48 620**	**67 108**	**76 387**	**118 374**	**138 856**
Shareholders' funds	**7 637**	**20 305**	**37 222**	**47 176**	**77 183**	**107 076**
Share capital	–	–	–	–	1 500	1 500
Share premium	600	600	600	600	28 700	28 700
Retained earnings	2 345	13 705	28 622	34 576	46 983	72 553
Proposed dividend	4 692	6 000	8 000	12 000	–	4 323
Shareholders' loans	**11 120**	**28 044**	**29 694**	**29 078**	**41 121**	**31 780**
Finance leases	**280**	**271**	**192**	**133**	**70**	**–**
Employment of capital	**19 037**	**48 620**	**67 108**	**76 387**	**118 374**	**138 856**
Motor vehicles and equipment	**322**	**320**	**473**	**600**	**489**	**419**
Deferred tax	**–**	**10**	**42**	**30**	**30**	**30**
Net trading assets	**18 715**	**48 290**	**66 593**	**75 757**	**117 855**	**138 407**
Trading assets	**22 879**	**65 676**	**98 530**	**116 583**	**149 505**	**217 297**
Gross advances	21 648	61 031	97 713	113 084	148 000	215 734
Accounts receivable – other	20	149	817	1 071	423	383
Cash and cash equivalents	1 211	4 496	–	2 428	1 082	1 180
Trading liabilities	**4 164**	**17 386**	**31 937**	**40 826**	**31 650**	**78 890**
Accounts payable	893	2 912	3 992	4 378	6 388	5 224
Provisions	718	1 874	4 780	5 540	7 600	13 244
Bank overdrafts	–	4 869	10 471	19 589	10 793	47 400
Taxation	2 553	7 731	12 694	11 319	6 869	13 022
RATIOS						
Debt to equity (%)	149,27	163,43	108,42	103,44	67,35	73,95
Debt to capitalisation (%)	59,88	62,04	52,02	50,85	40,25	42,51
Current ratio	5,49	3,78	3,09	2,86	4,72	2,75
NAV (P'000)	7 637	20 305	37 222	47 176	77 183	107 076
NAV per share (P)*	0,05	0,14	0,25	0,31	0,51	0,71

*Calculated on 150 000 000 shares.

26. DIRECTORS

The full names, addresses and occupations of the directors of *Letshego* are set out below (these directors are Motswana unless otherwise stated):

Name	Address	Occupation
Executive		
Dumisani Ndebele*	Plot 2760 Gaborone Botswana	Financial Director
Michael Law**	A/32B Regency Close Arklow Road Bryanston South Africa	Executive Director
Patrick Simon Abrahams**	15 Broome Manor 133 Curzon Road Bryanston South Africa	Executive Director
Non-executive		
Cuthbert Moshe Lekaukau *(Chairman)*	Plot 2578, Extension 9 Gaborone Botswana	Businessman
Carl Frederik Kirstein**	Plot 13167 Gaborone Botswana	Assistant General Manager – Finance: Botswana Life Insurance Limited
Maclean Cortez Letshwiti	Plot 21796 Phakalane Botswana	Businessman
Shaun Fergusson Cairns***	12/13 Hull Street Douglas Isle of Man, IM91LF British Isles	Businessman
Dothodzo Kgomotso Onkabetse Moarabi *(Alternate)*	HN 1528 Tlhakadiwa Selebi Phikwe Botswana	Treasurer – Botswana Civil Servants Association

*Zimbabwe **South Africa ***British

27. CHAIRMAN

Cuthbert Moshe Lekaukau (58) PH, LL.B (UBLS) LL.M (Columbia – NYC), qualified as an attorney and served the Government as a senior public officer in various capacities from 1979 to 1996. For 12 of those years he served as Permanent Secretary in various Ministries. Mr Lekaukau has had an outstanding career serving his country, the economy and his community. He has held many distinguished positions during his career and has served many prominent institutions and companies. These include, as Chairman, the 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 Agriculture Resources Board. He has served as Vice Chairman of Botswana Meat Commission, Debswana Diamond Co. (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), and National Development Bank Limited. He was awarded a Presidential Order of Honour (PH) in 1996 in recognition of his efficient and devoted services.

28. EXECUTIVE DIRECTORS AND MANAGEMENT

Dumisani Ndebele (36)
Financial Director

Mr Ndebele's experience has included PricewaterhouseCoopers as Supervisor/Audit Manager, Cash Bazaar as Financial Accountant and De Beers Botswana as Financial Accountant in charge of diamond dealing and trading activities with CSO (UK) and diamond prospecting activities in Botswana. He is responsible for the financial management and systems of the company and he has been with *Letshego* since February 1999. Mr Ndebele is a member of the Chartered Management Accountants (UK) as well as being a Certified Public Accountant (Bots).

Michael Law (55)
Executive Director

Mr Law has 31 years of commercial banking experience and he retired from First National Bank of South Africa in November 1996 as the head of "domestic treasury dealing operations". He was instrumental in the creation of *Letshego* and was responsible for providing the initial systems, financial and operational specifications to the Company. Mr Law is in charge of the operational and risk management of the Company.

Patrick Abrahams (58)
Executive Director

Mr Abrahams has 40 years experience in the merchant banking and discount house industries and is currently a non-executive director of Brait Merchant Bank. His responsibilities include marketing, public relations and the bad debt management of the Company. Mr Abrahams is an associate of the Institute of Chartered Secretaries and Administrators.

Gerhard Coetzee (42)
Chief Operations Executive

Mr Coetzee has a wide range of experience in investment appraisal, business management and financial analysis. He is responsible for branch and business operations, personnel and bad debt management of the Company and he has been with *Letshego* since February 2001. Mr Coetzee holds a Masters degree in Commerce and is a senior member of the Southern African Institute for Management Accountants.

Annie Chaka (31)
Systems Manager

Mrs Chaka is a computer programmer and analyst. Before joining *Letshego* Mrs Chaka worked for Realtime Computer Systems, the company that developed the debtors system used by *Letshego*. She is responsible for the day-to-day management of computer systems, user support and development and enhancements to the debtors system. Mrs Chaka has been with *Letshego* since August 2000 and holds a Bachelor of Information Technology degree.

Rebaone Pheko (35)
Accounts Manager

Mr Pheko's experience includes PricewaterhouseCoopers as Audit Supervisor. He is responsible for the day-to-day management of the advances book and he has been with *Letshego* since August 2000. Mr Pheko is a member of the Association of Certified Chartered Accountants and is also a Qualified Accounting Technician.

Frederick Mmelesi (33)
Administration Manager

Mr Mmelesi's experience includes Cash Bazaar as assistant accountant and Boart Longyear as an accountant. He is responsible for collections and day-to-day management of arrears and bad debts and he has been with *Letshego* since August 1999. Mr Mmelesi is a Qualified Accounting Technician and is currently studying towards his Association of Certified Chartered Accountant's qualification.

Lydia Ketlogetswe (56)
Marketing Executive

Mrs Ketlogetswe has been managing several family businesses for over 28 years. She is the Chairperson of National Transport Licensing Board of Gaborone, the past President of Women in Business Association, a past Non-Executive Member of BOCCIM and Chairperson of Phari Group (Proprietary) Limited. Mrs Ketlogetswe is responsible for the public relations and marketing of the Company and she has been with *Letshego* since April 2000.

Portia Kabelo (33)
Branch Manager – Gaborone

Miss Kabelo's experience includes New Business Officer, Business Development Officer and Regional Administrator at WesBank and Internal Auditor at Botswana Diamond Valuing Company. She is responsible for the day-to-day management and administration of the Gaborone Branch and she has been with *Letshego* since February 2000. Miss Kabelo is a Qualified Accounting Technician, holds a Diploma in Personnel and Training Management has a Certificate in Public Relations and is currently studying towards The Chartered Institute of Management Accountants qualification.

Odette Dindoyal (30)
Branch Manager – Francistown

Mrs Dindoyal's experience includes Administrative Supervisor and Bookkeeper at Hyundai Motors. She is responsible for the day-to-day management and administration of the Francistown Branch and she has been with *Letshego* since March 1999. Mrs Dindoyal has a Certificate in Counter Sales and Customer Relations.

29. APPOINTMENT, QUALIFICATION, REMUNERATION, BORROWING AND VOTING POWERS AND RETIREMENT INFORMATION OF DIRECTORS

The relevant provisions of the articles of association of *Letshego* concerning the appointment, qualification, remuneration, borrowing and voting powers and the retirement information of the directors are set out in Annexure 1.

The borrowing powers of the directors have not been exceeded at any time during the last three years.

30. DIRECTORS' REMUNERATION

The total aggregate remuneration paid to the directors of *Letshego* by the Company for the year ended 31 October 2001 was as follows:

	Salaries (P'000)	Benefits (P'000)	Bonuses (P'000)	Fees (P'000)	Total (P'000)
Executive	*240	*120	223	–	583
Non-executives	–	–	–	–	–
Management fee**	–	–	–	2 262	2 262
	240	120	223	2 262	2 845

* Annualised.

** The management fee is payable, in terms of a management agreement entered into between *Letshego* and Micro Provident Limited for the provision of management services by Micro Provident Limited to *Letshego*. An addendum to the management agreement, in terms of which Micro Provident Limited has agreed to reduce its fee to a fixed monthly charge of P150 000 per month, has been entered into. Further details of this agreement and the addendum thereto is contained in Annexure 6.

31. DIRECTORS' INTERESTS

The interests of directors in the issued share capital of *Letshego* are and will be as follows:

Name	Pre-listing		Post-listing	
	Direct	**Indirect**	**Direct**	**Indirect**
Dumisani Ndebele	400 000	–	450 000	–
Michael Law	–	–	100 000	–
Patrick Abrahams	–	–	–	–
Cuthbert Lekaukau	1 190 000	–	1 190 000	–
Carl Kirstein	–	–	200 000	–
Maclean Letshwiti	–	–	30 000	–
Shaun Cairns	–	74 970 000	–	74 970 000
Dothodzo Kgomotso	–	–	–	–
Total number of shares	1 590 000	74 970 000	1 970 000	74 970 000

No payment has been made to any director in the three years preceding the date of this Prospectus as an inducement to become a director.

Other than disclosed in this Prospectus none of the directors have any direct or indirect interest in any transactions effected by *Letshego* for the year ended 31 October 2001 nor does any director have any direct or indirect interest in such transactions for any prior periods that remain in any respect outstanding or unperformed.

32. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 26 above, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law.

SHARE CAPITAL

33. CAPITAL STRUCTURE

(a) Authorised and issued share capital, before the completion of the placement:

	P
Authorised 200 000 000 shares of 1 thebe each	2 000 000
Issued 120 000 000 shares of 1 thebe each	1 200 000
Share premium	599 900
Share capital	1 799 900

(b) Authorised and issued share capital, after the completion of the placement:

Authorised 200 000 000 shares of 1 thebe each	2 000 000
Issued 150 000 000 shares of 1 thebe each	1 500 000
Share premium (after deducting P1,6 million of listing expenses)	28 699 900
Share capital	30 199 900

(c) Reconciliation of changes to issued shares:

Shares to be issued in terms of this placement	30 000 000

The 50 000 000 unissued ordinary shares are and will be under the control of the directors until the next annual general meeting, subject to the provisions of the Act and the Listings Requirements of the BSE.

All of the issued ordinary shares rank *pari passu* in every respect. Any variation of rights attaching to ordinary shares will require the consent of shareholders in general meeting in accordance with the articles of association of *Letshego*, the Listings Requirements of the BSE and the Act.

34. ADEQUACY OF CAPITAL

The directors of *Letshego* are of the opinion that the issued share capital of the Company (including the amount to be raised in pursuance of the placement) is adequate for the purposes of the Company for the foreseeable future.

The directors are of the opinion that the actual working capital combined with that available to the Company is sufficient for the Company's requirements for at least the next 12 months.

35. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

In terms of the share incentive scheme to be implemented, participants who are employees of *Letshego*, including salaried directors, may be offered the right to subscribe for ordinary shares in *Letshego* up to a maximum of 5% less 1 000 000 shares of the issued share capital of the Company.

Save for the share incentive scheme, there will be no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has or will be given to any person to subscribe for ordinary shares in *Letshego*.

The share incentive scheme will be established post-listing and, consequently, to date no shares have been issued by the share incentive scheme. Key personnel have however been incentivised through the shares donated to select staff members, as set out in Annexure 10.

36. VOTING RIGHTS

In accordance with the articles of association of *Letshego*, at any general meeting, every shareholder present in person or represented by proxy shall have one vote on a show of hands, and on a poll every shareholder present in person or by proxy shall have one vote for each share of which he is the holder.

37. ALTERATIONS TO SHARE CAPITAL

The alterations to the share capital and share premium of *Letshego* during the preceding two years up to and including 21 August 2002 are detailed in the independent reporting accountants' report contained in Annexure 2.

38. MAJOR SHAREHOLDERS

An analysis of the pre- and post-listing shareholding of the Company is contained below.

Registered shareholder	Pre-listing shareholding* (%)	Post-listing shareholding** (%)
Micro Provident Limited	62,47	49,98
Botswana Life Insurance Limited	24,79	19,83
Other shareholders	12,74	10,19
Placees	0,00	20,00
	100,00	100,00

* Based on a total number of shares in issue of 120 000 000.

** Based on a total number of shares in issue of 150 000 000.

The original shareholders have entered into a share sale agreement in terms of which their ability to dispose of their shareholding is limited. Further details of the agreement are contained in Annexures 4 and 10.

39. INDEPENDENT REPORTING ACCOUNTANTS' REPORT

The information set out in paragraphs 22 and 25 should be read in conjunction with the independent reporting accountants' reports incorporating a cash flow statement and a statement of changes in equity, set out in Annexures 2 and 3.

40. CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

The capital commitments, lease commitments and contingent liabilities of *Letshego* at 31 July 2002 are set out below:

(a) Capital commitments

Letshego had no material capital commitments at 31 July 2002.

(b) Lease commitments

Save as set out in Annexure 7 and other than capitalised lease agreements, *Letshego* had no material lease commitments at 31 July 2002.

(c) Contingent liabilities

Letshego had no known contingent liabilities at 31 July 2002.

41. ADVANCES

Gross advances, before taking into account provisions at 31 July 2002 were P133 995 298.

42. BORROWINGS

Details of borrowings at 31 July 2002 are contained below. This table is contained for illustrative purposes only. For a detailed analysis of the Company's borrowings at 31 July 2002 see Annexure 8.

Institution	Type	Amount (P)
Standard Chartered Bank Botswana Limited	Overdraft	13 583 006
First National Bank of Botswana Limited	Overdraft	5 210 696
First National Bank of Botswana Limited	Bridging finance	8 000 000
Botswana Life Insurance Limited	Shareholder facility	21 923 394
Shareholder loans	Dividend loans	6 161 332
		54 878 428

42.1 Subsequent borrowings

Subsequent to the last possible date the Company declared and paid certain dividends, see paragraph 4. These dividends have been lent back to the Company, see Annexure 11 and consequently the borrowings of the Company have increased by P13 933 750.

43. LOANS

Letshego has entered into a loan agreement with Botswana Civil Servants Association in terms of which *Letshego* will provide Botswana Civil Servants Association with a loan equal to their dividend payments, see paragraph 4. Extracts from the loan agreement are contained in Annexure 9.

At the date of this Prospectus, *Letshego* has not made any other material loans to parties outside of the Company and had no loan capital outstanding other than that disclosed and other than in the ordinary course of business.

44. PROPERTY AND SUBSIDIARIES ACQUIRED OR DISPOSED OF, WITHIN THE LAST THREE YEARS, OR TO BE ACQUIRED OR DISPOSED OF

No property or subsidiaries have been acquired within the last three years and no disposals have taken place within the last three years.

There are currently no plans to acquire any properties or subsidiaries.

45. PRINCIPAL IMMOVABLE PROPERTY OWNED AND LEASED

Letshego owns no immovable property. Details of the properties leased by *Letshego* are set out in Annexure 7.

46. DETAILS OF SUBSIDIARY COMPANIES

Letshego has no subsidiary companies.

47. MATERIAL CONTRACTS

Other than disclosed in this Prospectus no material contracts have been entered into by *Letshego* during the two years preceding the date of this Prospectus, other than in the ordinary course of business.

48. COMMISSIONS

No commission or consideration has been paid by *Letshego* during the three years preceding the date of this Prospectus to any person for subscribing or agreeing to procure subscriptions for ordinary shares.

49. CORPORATE GOVERNANCE

The board is fully committed to effective corporate governance and the need for integrity and high ethical standards in the conduct of its business. The group is fully committed to achieving the principles of good corporate governance embodied in the King Reports I and II.

Board of directors

The board comprises three executive and five non-executive directors who have a range of complementary skills and experience. The board is chaired by Cuthbert Lekaukau, a non-executive director.

The board meets at least four times a year and retains full responsibility for the direction and control of the Company.

Audit committee

The audit committee will assist the board in monitoring internal controls. The members of the committee will comprise at least one non-executive chairman, one non-executive director and one executive director. The audit committee will meet periodically with the Company's external auditors to discuss accounting, auditing, financial reporting and corporate governance issues.

Remuneration committee

The members of the remuneration committee will comprise two non-executive directors and one executive director. The remuneration committee's responsibilities will be to monitor the remuneration policies of the Company and to review and approve the terms of employment of executive directors and senior employees of the Company. The Company views the inclusion of share incentives in the remuneration package as an essential element as it promotes a congruence of interests with shareholders and incentivises long-term commitment.

Internal control

The board is responsible for the Company's internal financial and operational control systems. The control systems include clearly defined lines of accountability and delegation of authority and provide for full reporting and analysis against approved budgets. The executive directors are charged with the responsibility of determining the adequacy, extent and operation of these systems.

50. RISK MANAGEMENT

Credit risk

The financial assets of the Company, which are subject to credit risk, consist mainly of cash resources and debtors. The cash resources are placed with reputable financial institutions. In accordance with risk provisioning, adequate provisions are made for specific and general bad debts.

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 overall profile of the balance sheet, the funding requirements of the Company and cash flows.

Foreign currency risk

In the normal course of business, the Company enters into transactions denominated in foreign currencies. In addition, the Company has liabilities in foreign currency, which expose it to fluctuation in foreign currency exchange rates. Foreign currency hedge transactions are entered into as and when necessary.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. Cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks.

51. LITIGATION STATEMENT

There are no legal or arbitration proceedings currently in progress, nor are the directors of *Letshego* aware of any proceedings which are pending or threatened, which may have or have had a material effect on the financial position of *Letshego*.

52. DIRECTORS' STATEMENT AS TO MATERIAL CHANGES

Save as disclosed in this Prospectus, no material changes in the assets or liabilities or financial position of *Letshego* has taken place between 31 July 2002 and the date of this Prospectus.

53. ADVISORS' INTERESTS

African Alliance is the holding company of African Alliance Botswana Management Company Limited, which may subscribe for shares in terms of the placement. Consequently various funds managed by African Alliance may have an interest in *Letshego* after implementation of the placement.

54. REGISTRATION OF PROSPECTUS

A copy of this Prospectus was registered by the Registrar of Companies at Gaborone on Wednesday, 4 September 2002 in terms of section 41 of the Act, together with:

- the written consents of the attorney, corporate advisor, transfer secretaries, reporting accountants and sponsoring broker to act in the capacities stated and to their names being stated in this Prospectus. None of these consents have been withdrawn prior to registration;
- the written consent of the reporting accountants to the inclusion in this Prospectus of their reports in the form and context in which they appear, which consent had not been withdrawn prior to registration.

55. PARAGRAPHS OF SCHEDULE 3 TO THE ACT WHICH ARE NOT APPLICABLE

The provisions of sections 9 and 10 of Schedule 2 to the Act are not applicable.

56. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of *Letshego* at any time during normal business hours from Friday, 6 September 2002 until Tuesday, 17 September 2002:

(a) the Prospectus and articles of association of *Letshego*;

(b) the signed reports of the reporting accountants, dated 4 September 2002, the texts of which are included in Annexures 2 and 3;

(c) the audited annual financial statements for *Letshego* for the preceding three periods ended 31 October 2001;

(d) the audited accounts for the five months ended 31 March 2002;

(e) the written consent of the reporting accountants to the publication of their reports, dated 4 September 2002;

(f) the written consents of the attorney, corporate advisor, transfer secretaries, reporting accountants and sponsoring broker named in this Prospectus to act in those capacities;

(g) the agreement for restraint on sale of shares, salient details of which are contained in Annexure 4;

(h) the dividend loan agreement, salient details of which are contained in Annexure 11;

(i) the trust agreement, salient details of which are contained in Annexure 12; and

(j) the placing agreements, salient details of which are contained in Annexure 13.

Signed at Gaborone by or on behalf of all the directors of *Letshego* on Wednesday, 4 September 2002.

APPOINTMENT, QUALIFICATION, REMUNERATION, POWERS AND DUTIES, BORROWING POWERS AND DISQUALIFICATION OF DIRECTORS

Extracts from: The articles of association of *Letshego*.

Appointment

UNLESS and until the members by way of ordinary resolution otherwise determine, the minimum number of Directors shall be four and the maximum shall be ten, two of whom shall be resident in Botswana.

SUBJECT to the provisions of Article 69, at every ordinary General Meeting of the Company at least one-third of the Directors for the time being shall retire from office. The Directors so to retire in each year shall be those who have been longest in office since their last appointment or election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot, provided that notwithstanding anything herein contained, if, at the date of any ordinary meeting any Director shall have held office for a period of three years since his last election or appointment, he shall retire at such meeting, either as one of the Directors to retire in pursuance of the aforegoing provisions, or additionally thereto. A retiring Director shall hold office until the conclusion of the meeting at which he retires.

RETIRING Directors shall be eligible for re-election, but no person not being a retiring Director shall be eligible for election to the office of Director at any General Meeting unless the member intending to propose him and the member intending to second him have not less than three nor more than twenty-one days before the date appointed for the meeting, left at the registered office of the Company a notice in writing, duly signed signifying the intention of such members to propose and second him and the consent of the candidate to assume the office of the Director.

THE Company in General Meeting shall fill up any vacancies in the Board of Directors existing or arising at that meeting, unless it is resolved to reduce the number of Directors.

THE period to be allowed before the date of an Annual General Meeting for the nomination of a new Director must be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the Company's office from any part of Botswana.

IF at any General Meeting at which an election of Directors ought to take place, the place of any retiring Director is not filled up, he shall, if willing, continue in office until the dissolution of the ordinary meeting the next year, and so on from year to year until his place is filled up, unless it shall be determined at such meeting not to fill up such vacancy.

THE members of the Company may by Ordinary Resolution in General Meeting, from time increase or reduce the number of Directors and alter their qualifications and may also determine in what rotation such increased or reduced number is to go out of office. Whenever such increase is made the shareholders at the said Meeting, or failing them, the Directors, may fill up the new seats so created.

NOTWITHSTANDING anything to the contrary contained in Article 63, any person employed under a contract with the Company, which contract has as a condition thereof that the person shall be a Director of the Board, that person shall not be subject to retirement by rotation as envisaged in Article 63, but the period for which that person shall be a Director and shall hold office as such shall be determined by the terms and conditions of his contract with the Company, provided that less than half of the Directors may be appointed to any such position on the condition that they will not be subject to retirement by rotation.

Qualifications

A Director shall not be required to hold a share qualification.

Remuneration

THE remuneration of Directors shall be such sums as may from time to time be approved by the Company in General Meeting. Directors shall also be paid such travel, hotel and other expenses as may be properly and necessarily incurred by them in and about the execution of their duties as Directors, including any such expenses incurred in connection with the attendance at meetings of Directors or committees thereof and at General meetings.

A quorum of disinterested Directors may award special remuneration out of the funds of the Company to any non-executive Director undertaking any work additional to that usually required of any non-executive director of a company similar to the Company, and shall approve any visit abroad by any Director on business of the Company and the expenses shall be met by the Company.

THE Company shall, in accordance with the provisions of section 152 of the Act, duly keep at the office, in respect of each Director, a register of the number, description and amount of any shares in or debentures of the Company and in or of other bodies corporate in which he is interested, as is required by the section. Such register shall be open to inspection between the hours of 10 a.m. and 12 noon during the periods prescribed by the section and shall also be produced at the commencement of each Annual General Meeting and shall remain open and accessible during the continuance of the meeting to any person attending the meeting.

Powers and duties

The company and management of the Company shall be managed by the Directors who may pay all expenses incurred in the formation and registration of the Company, and may exercise all such powers of the Company as are not by The Act or by these Articles required to be exercised by the Company in General Meetings, subject, nevertheless, to the provisions of these Articles and of The Act and to such regulations not being inconsistent with the aforesaid provisions, as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers conferred upon the Directors by this Article shall not be deemed to be abridged or restricted by any specific power conferred upon the Directors by any other Article.

WITHOUT prejudice to the generality of Article 75 hereof, the Directors may give or award pensions, annuities, gratuities and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of, or employed by or in the service of the Company, and to the wives, widows, children and other relatives and dependents of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to, or any of them or any class of them. Any Director shall be entitled to (subject to determination by a quorum of disinterested Directors) receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit. Such Director however, may not vote as a Director in respect of the exercise of any of the powers by this Article conferred upon the Directors if he is or may be or becomes interested therein.

THE Directors may from time to time and at any time by power of attorney or by written agreement appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be manager of the affairs of the Company or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and may contain such provisions for the protection and convenience of persons dealing with any such manager or attorney as the Directors may think fit, and may also authorise any such manager or attorney to delegate all or any of the powers, authorities and discretions vested in him.

Powers of any director to vote on a proposal, arrangement or contract in which he is materially interested

A Director may hold any office or place of profit under the Company or subsidiary, other than that of Auditor, in conjunction with the office of Director of the Company or subsidiary, for such period and on such terms as to remuneration and otherwise as determined by a disinterested quorum of Directors.

A Director may enter into or be interested in contracts or arrangements with the Company and may have or be interested in dealings of any nature whatsoever with the Company and shall not be disqualified from office thereby. No such contract, arrangement or dealing shall be liable to be avoided, nor shall any Director so contracting, dealing or being so interested be liable to account to the Company for any profit arising out of any such contract, arrangement or dealing to which he is party or in which he is interested by reason of his being a Director of the Company.

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract which has been or is to be entered into by the Company, shall declare the nature and extent of his interest in accordance with section 156 of The Act. A Director shall not vote in respect of any contract or arrangement in which he is interested.

A Director may be or continue to be or may become a Director or other officer or servant of or otherwise be interested in any other company in which the Company is or becomes in any way interested, and shall not (in the absence of agreement to the contrary) be liable to account to the Company for any emoluments or other benefits received or receivable by him as Director, or officer or servant of, or from his interest in such other company.

THE Directors may exercise or procure the exercise of the voting rights attached to a share in any other company in which the Company is or becomes in any way interested, and may exercise any voting rights to which they are entitled as Directors of any such other company, in such manner as they shall in their absolute discretion think fit, including the exercise thereof in favour of any resolution appointing themselves or any of them as directors, officers or servants of such other company and fixing their remuneration as such, and may vote as Directors of the Company in connection with any of the matters aforesaid.

Borrowing powers of the directors

THE Directors may raise or borrow for the purposes of the Company's business, such sum or sums of money as in aggregate at any time do not exceed twice the value of shareholders funds or such other amount as the Company may, by Ordinary Resolution, in General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, or debentures, or not so charged or in such other way as the Directors may think expedient.

THE Directors shall cause a proper register to be kept in accordance with the provisions of The Act of all mortgages and charges specifically affecting the property of the Company, and they shall cause to be entered in such register in respect of each mortgage or charge a short description of the property mortgaged or charged, the amount of charge created, the name of mortgagee or person entitled to such charge and such further particulars as the provisions of the Act shall require.

IF any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Disqualification of directors

THE office of a Director shall be vacated if the Director:

(a) becomes insolvent, whether by surrendering his estate or by reasons of his estate being provisionally or finally sequestrated, or makes any arrangement or composition with his creditors generally;

(b) becomes of unsound mind;

(c) absents himself from the meetings of Directors for a period of six months without special leave of absence from the other Directors;

(d) becomes prohibited from being a Director by reason of any order made under section 143 of the Act;

(e) gives the Company one month's notice in writing that he resigns his office as a Director;

(f) is removed from office as provided in these regulations; or

(g) ceases to be a Director by virtue of any provisions of the Act or becomes prohibited or disqualified from being a Director by virtue or in terms of any of the provisions of the Act;

PROVIDED that any act done in good faith by a Director whose office is vacated as aforesaid shall be valid unless, prior to the doing of such act, written notice shall have been served upon the Company or an entry shall have been made in the Directors' Minute Book stating that such Director has ceased to be a Director of the Company.

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INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON *Letshego*

The Directors
Micro Provident Botswana Limited
West Wing
Ground Floor
Debswana House
Gaborone

4 September 2002

Gentlemen

MICRO PROVIDENT BOTSWANA LIMITED

We set out below our report in connection with the proposed listing of Micro Provident Botswana Limited's (the "Company") shares on the Botswana Stock Exchange. Our report has been prepared in terms of section 18 of the Third Schedule of the Companies Act (CAP.42:01) and the Botswana Stock Exchange Listings Requirements.

1. NAME OF COMPANY AND INCORPORATION

Micro Provident Botswana (Proprietary) Limited was incorporated in Botswana on 4 March 1998 under the Company number 98/442.

2. SUBSIDIARIES AND ASSOCIATES

The Company has no subsidiaries or associates.

3. DIRECTORS' RESPONSIBILITY

The directors are responsible for the financial statements from which we have prepared our report and for the preparation of the Prospectus and the financial information contained therein.

4. SCOPE OF EXAMINATION

We have examined the results of the Company since its commencement of business and have reported on the following financial periods:

- Fourteen-month period ended 31 October 1999;
- Twelve-month period ended 31 October 2000;
- Twelve-month period ended 31 October 2001;
- Five-month period ended 31 March 2002.

5. ACCOUNTING POLICIES

5.1 Accounting convention

The financial statements are prepared under the historical cost convention in conformity with International Accounting Standards. No information is given to reflect the impact of changing prices on the financial position of the Company or the results of its operations.

5.2 Motor vehicles and equipment

Motor vehicles and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method at the following rates, which are designed to reduce the cost of the assets to residual values at the end of their useful lives:

Computers	33,3% p.a.
Furniture and fittings	25,0% p.a.
Office equipment	20,0% p.a.
Motor vehicles	25,0% p.a.

5.3 Foreign currencies

Assets and liabilities in foreign currencies are translated into the currency of Botswana at the rates ruling at the financial period-end. Transactions during the period are translated at rates approximating those ruling at the dates of the transactions.

All exchange gains and losses relating to hedge transactions are recognised in the income statement in the same period as the exchange differences on the items covered by the hedge transactions. Costs on such contracts are amortised over the life of the hedge contract. Gains and losses on contracts which are no longer designed as hedges are included in the income statement.

5.4 Leases

Leases of motor vehicles and equipment where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the income statement over the lease period. The motor vehicles and equipment acquired under finance leasing contracts are depreciated over the useful life of the asset.

5.5 Loans to customers

Loans to customers are stated after deduction of amounts which, in the opinion of the directors, are required for specific and general bad debts provisions. Loans to customers comprise actual payouts and credit life insurance only. Interest from loans is not capitalised.

Specific provisions are made against doubtful loans. A general provision is maintained to cover potential losses which, although not identified, may be present in the portfolio of loans.

Bad debts are written-off during the period in which they are identified.

5.6 Other receivables

Other receivables comprise pre-payments, deposits and other recoverables which arise during the normal course of business.

5.7 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks, net of bank overdrafts which are considered short-term in nature. Bank overdraft facilities, which are considered part of the long-term funding of the Company, are disclosed under borrowings.

5.8 Provisions

Provisions are recognised when the Company 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.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

5.9 Taxation

Taxation is provided for at current rates on the taxable income for the period after taking into account income and expenditure which is not subject to taxation and the tax effects of charges and credits, including depreciation, attributable to periods other than the current period.

Withholding tax, which is payable on the gross value of dividends at 15%, is set-off against additional company taxation in the year in which the dividends are paid.

5.10 Deferred income tax

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on office furniture and equipment. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will bee available against which the unused tax losses can be utilised.

5.11 Revenue recognition

Interest income from loans is recognised as and when instalments are received on a cash basis.

5.12 Deferred income

Deferred income comprises pre-paid insurance commission and finance charges on loans with maturities exceeding 12 months. Income is charged to the income statement over the term of the loans.

5.13 Risk management

Credit risk

The financial assets of the Company, which are subject to credit risk, consist mainly of cash resources and debtors. The cash resources are placed with reputable financial institutions. In accordance with risk provisioning, adequate provisions are made for specific and general bad debts.

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 overall profile of the balance sheet, the funding requirements of the Company and cash flows.

Foreign currency risk

In the normal course of business, the Company enters into transactions denominated in foreign currencies. In addition, the Company has liabilities in foreign currency which expose it to fluctuation in foreign currency exchange rates. Foreign currency hedge transactions are entered into as and when necessary.

Interest rate risk

Fluctuations in interest rates impact on the value of short cash investments and financing activities, giving rise to interest rate risk. Cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks.

6. INCOME STATEMENTS

Income statements for the financial periods are set out below:

	Notes	Fourteen months to 31 October 1999 P'000	Year ended 31 October 2000 P'000	Year ended 31 October 2001 P'000	Five months ended 31 March 2002 P'000
Interest income		14 179	30 936	47 335	21 177
Other operating income		91	297	550	723
Other operating costs		(1 989)	(3 975)	(8 838)	(3 800)
Staff costs		(1 336)	(2 251)	(3 262)	(1 576)
Operating income before net finance costs and taxation	10.1	10 945	25 007	35 785	16 524
Net finance costs	10.2	(1 355)	(2 480)	(5 536)	(3 065)
Income before taxation		9 590	22 527	30 249	13 459
Taxation	10.4	(2 553)	(5 167)	(7 331)	(3 505)
Net income from ordinary activities		**7 037**	**17 360**	**22 918**	**9 954**
Earnings per share (P'000)	10.5	70	174	229	100
Dividend per share (P'000)	10.6	47	–	140	40

7. BALANCE SHEETS

The summarised balance sheets at 31 October 2001 and 31 March 2002 are as follows:

	Notes	31 October 2001 P'000	31 March 2002 P'000
ASSETS			
Non-current			
Motor vehicles and equipment	10.7	473	600
Trade receivables	10.8	89 116	106 312
Deferred taxation		42	29
		89 631	106 941
Current asset			
Trade and other receivables	10.8	4 634	2 304
Cash and cash equivalents	10.9	–	2 427
		4 634	4 731
Total assets		**94 265**	**111 672**
EQUITY AND LIABILITIES			
Capital and reserves	10.10, 10.11	37 222	47 176
Non-current liabilities			
Borrowings	10.12	26 891	27 258
Current liabilities			
Cash and cash equivalents	10.9	132	–
Borrowings	10.12	13 334	21 541
Trade and other payables	10.13	3 992	4 378
Taxation		12 694	11 319
		30 152	37 238
Total liabilities		57 043	64 496
Total equity and liabilities		**94 265**	**111 672**
Net assets per share	10.15	**372**	**472**

8. STATEMENT OF CHANGES IN EQUITY

	Ordinary shares P'000	Share premium P'000	Retained earnings P'000	Dividends P'000	Total P'000
Balance at 31 October 1999	–	600	2 344	4 692	7 636
Income after taxation	–	–	17 360	–	17 360
Dividends paid	–	–	–	(4 692)	(4 692)
Balance at 31 October 2000	–	600	19 704	–	20 304
Income after taxation	–	–	22 918	–	22 918
Dividends declared – interim	–	–	(6 000)	6 000	–
– final	–	–	(8 000)	8 000	–
Dividends paid	–	–	–	(6 000)	(6 000)
Balance at 31 October 2001	–	600	28 622	8 000	37 222
Income after taxation	–	–	9 954	–	9 954
Dividend declared	–	–	(4 000)	4 000	–
Balance at 31 March 2002	**–**	**600**	**34 576**	**12 000**	**47 176**

9. CASH FLOW STATEMENTS

Cash flow statements for the years ended 31 October 2000, 31 October 2001 and five months ended 31 March 2002 as stated as follows:

	12 months ended 31 October 2000 P'000	12 months ended 31 October 2001 P'000	Five months ended 31 March 2002 P'000
OPERATING ACTIVITIES			
Operating income before net finance costs and taxation	25 007	35 785	16 524
Adjustment for:			
Depreciation	169	295	119
Doubtful debt provision	1 155	2 907	760
Loss/(Profit) on disposal of motor vehicles and equipment	17	2	(7)
Changes in working capital:			
Increase in trade and other receivables	(39 511)	(37 350)	(15 625)
Increase in trade and other payables	2 019	1 080	386
Cash (used in)/generated from operations	(11 144)	2 719	2 157
Interest received	304	253	93
Interest paid	(2 784)	(5 789)	(3 158)
Taxation paid	–	(2 400)	(4 868)
Net cash used in operating activities	(13 624)	(5 217)	(5 776)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of motor vehicles and equipment	3	1	11
Purchase of motor vehicles and equipment	(187)	(452)	(249)
Net cash used in investing activities	(184)	(451)	(238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short- and long-term borrowings	21 793	7 120	8 633
Proceeds from finance leases	86	74	–
Finance lease capital payments	(95)	(153)	(60)
Dividends paid	(4 692)	(6 000)	–
Net cash generated from financing activities	17 092	1 041	8 573
Net increase/(decrease) in cash and cash equivalents	3 284	(4 627)	2 559
Cash and cash equivalents at beginning of period	1 211	4 495	(132)
Cash and cash equivalents at end of period	**4 495**	**(132)**	**2 427**

10. NOTES TO THE FINANCIAL STATEMENTS

	Fourteen months to 31 October 1999 P'000	Year ended 31 October 2000 P'000	Year ended 31 October 2001 P'000	Five months ended 31 March 2002 P'000
10.1 Operating income before net finance costs and taxation is stated after charging/(crediting) the following:				
Audit fees	44	49	54	20
Depreciation	134	169	295	119
Loss/(Profit) on disposal of assets	–	17	2	(7)
Management fees paid to holding company	–	1 132	2 262	1 250
Credit life insurance commission received from a related party	(91)	(227)	(360)	(133)
Administration fees received from a related party	–	(31)	(78)	(5)
Group credit life profit share received from a related party	–	(90)	(69)	–
10.2 Net finance costs				
Interest income – bank deposit interest	(100)	(304)	(253)	(93)
Finance expense – overdraft	–	68	939	886
– finance leases	33	35	44	12
– foreign loans	41	439	–	–
– shareholders' loans	1 381	2 242	4 806	2 066
– other	–	–	–	194
	1 355	**2 480**	**5 536**	**3 065**
10.3 Staff costs				
Salaries and wages	1 070	1 383	2 058	920
Directors' remuneration	266	–	60	159
Staff incentive	–	868	1 144	497
	1 336	**2 251**	**3 262**	**1 576**
Average number of employees during the period	19	23	30	35
10.4 Taxation				
Botswana company tax				
– Basic tax at 15%	1 526	3 538	4 975	2 095
– Additional company tax at 10%	1 017	2 359	3 317	1 397
– Over-provision from prior period	–	(6)	(29)	–
– Withholding tax on dividends paid	–	(704)	(900)	–
	2 543	5 187	7 363	3 492
Deferred taxation charge/(reversal)	10	(20)	(32)	13
	2 553	**5 167**	**7 331**	**3 505**

	Fourteen months to 31 October 1999 P'000	Year ended 31 October 2000 P'000	Year ended 31 October 2001 P'000	Five months ended 31 March 2002 P'000
Additional company taxation available to be offset against withholding tax on dividends				
Balance at beginning of period	–	1 017	2 670	5 075
Current period	1 017	2 359	3 317	1 397
Over provision from prior period	–	(2)	(12)	–
Withholding tax on dividends paid	–	(704)	(900)	–
Balance at end of period	**1 017**	**2 670**	**5 075**	**6 472**

10.5 Earnings per share

The calculation of earnings per share is based on the net profit after taxation and 100 ordinary shares in issue throughout the period.

10.6 Dividends per share

The calculation of dividends per share is based on the dividends payable to shareholders and 100 ordinary shares in issue throughout the period.

10.7 Motor vehicles and equipment

	Motor vehicles P'000	Computer equipment P'000	Office furniture and equipment P'000	Total P'000
Cost				
Balance at 1 November 2001	155	472	434	1 061
Additions	48	158	43	249
Disposals	–	(72)	(6)	(78)
Balance at 31 March 2002	203	558	471	1 232
Accumulated depreciation				
Balance at 1 November 2001	68	361	158	587
Charge for period	21	53	45	119
Disposals	–	(72)	(2)	(74)
Balance at 31 March 2002	89	342	201	632
Net book value at 31 March 2002	**114**	**216**	**270**	**600**
Net book value at 31 October 2001	**86**	**111**	**276**	**473**

Assets with a net book value of P39 236 (2001: P63 472) were acquired under finance leases.

10.8 Trade and other receivables

	31 October 2001 P'000	31 March 2002 P'000
Trade receivables	97 713	113 084
Less: Provision for doubtful debts	(4 780)	(5 539)
	92 933	**107 545**
Maturity analysis of trade receivables		
Maturity within one year	3 817	1 233
Maturity after one year but within two years	11 066	7 743
Maturity after two years	78 050	98 569
	92 933	**107 545**
Current trade and other receivables		
Trade receivables maturity within one year	3 817	1 233
Other receivables	817	1 071
	4 634	**2 304**
Non-current trade receivables		
Maturity after one year but within two years	11 066	7 743
Maturity after two years	78 050	98 569
	89 116	**106 312**

Trade receivables are secured as set out in Note 10.12.

10.9 Cash and cash equivalents

Cash at bank and on hand	143	245
Short-term bank deposits	10	4 350
Bank overdraft	(285)	(2 168)
	(132)	**2 427**

10.10 Share capital

Authorised		
3 000 ordinary shares of P1,00 each	**3**	**3**
Issued and fully paid		
100 ordinary shares of P1,00 each	**–**	**–**

10.11 Share premium

Arising on the issue of 100 ordinary shares at P5 999 each	**600**	**600**

10.12 Borrowings

Current		
Short-term portion of finance leases	128	63
Shareholder's loan – Botswana Life Insurance Limited – Facility	2 866	1 890
Standard Chartered Bank Botswana Limited – Facility	7 202	8 712
First National Bank of Botswana Limited – Facility	3 138	10 876
	13 334	**21 541**

	31 October 2001 P'000	31 March 2002 P'000
Non-current		
Finance leases	64	70
Shareholder's loan – Botswana Life Insurance Limited – Facility	21 026	21 026
Shareholder's loan – Botswana Life Insurance Limited – Dividend loan	997	997
Shareholder's loan – Micro Provident Limited – Dividend loan	4 804	5 165
	26 891	**27 258**

- The P25 million facility from Botswana Life Insurance Limited is secured by the cession of book debtors. Repayments have been agreed over 48 months beginning from March 2001 and interest is charged at prime rate per annum.
- The dividend loan from Botswana Life Insurance Limited is unsecured, has no fixed repayment terms and interest is charged at prime rate +2% per annum.
- The P15 million facility from First National Bank of Botswana Limited is secured by reversionary cession of the debtors book. Interest is charged at prime rate per annum. The facility is repayable on demand.
- The P15 million facility from Standard Chartered Bank Botswana Limited is secured as follows:
  - reversionary cession of the debtors book for P12 million;
  - guarantee by the holding company;
  - guarantee by Botswana Life Insurance Limited for P3 million;
  - interest is charged at prime rate per annum; and
  - the facility is repayable on demand.
- The dividend loan from Micro Provident Limited comprises GBP Sterling 606 803, is unsecured and has no fixed repayment terms. Interest is charged at prime rate +2% per annum. The loan is covered by sterling forward cover contract which matures on 14 December 2002.
- The short-term portion of finance leases relates to the capital portion repayable within the next 12 months.

	31 October 2001 P'000	31 March 2002 P'000
10.13 Trade and other payables		
Trade payables	351	307
Other payables	2 624	2 835
Deferred income	1 017	1 236
	3 992	**4 378**

10.14 Capital commitments

Authorised by the directors:		
Not contracted for	**136**	**185**

The capital expenditure will be financed from the Company's existing facilities.

10.15 Net assets per share

The calculation of net assets per share is based on net assets of P47 176 334 (31 October 2001: P37 222 312) and 100 ordinary shares in issue throughout the period.

11. RETIREMENT BENEFITS

The Company does not operate any retirement benefit fund. However severance pay is provided for in accordance with Botswana statute.

12. FINANCIAL RISK

12.1 Interest rate risk

The Company is exposed 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. The table below summarises the Company's 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:

31 March 2002	Up to 1 month P'000	From 1 to 3 months P'000	From 3 months to 1 year P'000	From 1 year to 3 years P'000	Non-interest bearing P'000	Total P'000
ASSETS						
Motor vehicle and equipment	–	–	–	–	600	600
Receivables	34	197	1 001	106 312	1 071	108 615
Deferred tax	–	–	–	–	29	29
Cash and cash equivalents	2 428	–	–	–	–	2 428
	2 462	197	1 001	106 312	1 700	111 672
LIABILITIES						
Capital reserves	–	–	–	–	47 176	47 176
Borrowings	19 829	518	1 193	27 258	–	48 798
Accounts payable	–	–	–	–	4 378	4 378
Taxation	546	1 116	4 123	–	5 535	11 320
	20 375	1 634	5 316	27 258	57 089	111 672
Net (liabilities)/ assets	**(17 913)**	**(1 437)**	**(4 315)**	**79 054**	**(55 389)**	**–**

12.2 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 overall profile of the balance sheet, the funding requirements of the Company 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 Company and also from available banking facilities.

12.3 Currency risk

At the end of the period the only significant foreign currency exposure involved a Great Britain Sterling loan by Micro Provident Limited amounting to GBP606 803. A forward cover contract was taken to cover against foreign currency risk. There were no other significant unhedged foreign currency positions at the end of the period.

12.4 Credit risk

All loans granted by the Company are in the Republic of Botswana. The maximum loan limits per employer are dependent on the perceived risk of the employer. All loans given to customers are within their affordability levels. The directors are satisfied that the provision for bad and doubtful debts is sufficient to cover all known and any other doubtful debts that may exist in the current portfolio of advances.

12.5 Early settlement risk

Early settlement risk is the risk that loans will be settled before the end of their term. An increase in early settlements may result in a depletion in loans to customers. At the end of the period, the loans under early settlement notice were insignificant.

13. RELATED PARTY TRANSACTIONS

The Company is controlled by Micro Provident Limited (incorporated in The Isle of Man) which owns 63% of the Company's shares. Botswana Life Insurance Limited hold another 25%, the remainder being held by five other investors.

The following transactions were carried out with related parties:

		31 October 2001 P'000	31 March 2002 P'000
(i)	**Income received from related parties**		
	Botswana Life Insurance Limited		
	– Credit life insurance commission	360	133
	– Credit life profit share	69	–
	– Administration fees	78	5
		507	**138**
	Transactions were carried out on commercial terms and conditions and at market rates		
(ii)	**Expenses paid to related parties**		
	Micro Provident Limited		
	– Management fees	2 262	1 250
	– Interest on dividend loan	745	451
	Botswana Life Insurance Limited		
	– Interest on facility	3 864	1 542
	– Interest on dividend loan	197	73
		7 068	**3 316**

Management fees are paid to Micro Provident Limited for their management contribution.

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

		31 October 2001 P'000	31 March 2002 P'000
(iii)	**Year-end balances from transaction with related parties**		
	Receivable from related parties:		
	Botswana Life Insurance Limited	**770**	**986**
	Payables to related parties:		
	Micro Provident Limited	**41**	**39**
(iv)	**Loans from related parties**		
	Dividend loan from Micro Provident Limited		
	At beginning of period	2 065	4 805
	Arising during period	2 740	360
	At end of period	**4 805**	**5 165**
	Dividend loan from Botswana Life Insurance Limited		
	At beginning of period	1 110	997
	Repaid during period	(113)	–
	At end of period	**997**	**997**
	Facility loan from Botswana Life Insurance Limited		
	At beginning of period	24 871	23 892
	Arising during period	–	–
	Repaid during period	(979)	(976)
	At end of period	**23 892**	**22 916**

Repayment terms and security are as set out in Note 10.12.

14. PROVISION FOR DOUBTFUL DEBTS AND INVENTORY

Our review has indicated that the Company has made adequate provision at 31 March 2002 for:

- doubtful debts;
- obsolete, damaged and defective goods.

15. POST-BALANCE SHEET EVENTS

Conversion to a public company, alteration of share capital and declaration of dividend.

On 21 August 2002, the Company was converted to a public company and the following changes to share capital took place:

(a) 2 900 ordinary shares of P1,00 each were issued to the shareholders of the Company at that date, *pro rata*, in accordance with their shareholdings in the Company;

(b) the authorised share capital of the Company was increased from 3 000 ordinary shares of P1,00 each to 2 000 000 ordinary shares of P1,00 each;

(c) each share in the authorised share capital of Company was split into 100 shares each of a nominal value of P0,01;

(d) the Company amended its articles of association; and

(e) 30 000 000 ordinary shares of P0,01 were placed under the control of the directors for issue and allotment to selected placees.

Issuance of new shares

On 21 August 2002, 1 000 000 ordinary shares of P0,01 were issued by way of a bonus issue from retained earnings. Existing shareholders renounced their rights to this bonus issue and agreed to allot these shares to certain employees of the Company.

Appointment of directors

On 21 August 2002 Messrs C M Lekaukau and M C Letshwiti were appointed directors of the Company.

Yours faithfully

PricewaterhouseCoopers
Certified Public Accountants

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Fairground Office Park
Gaborone
P O Box 1453
Gaborone, Botswana
Telephone (267) 352011
Facsimile (267) 373901

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FORECAST

The Directors
Micro Provident Botswana Limited
West Wing
Ground Floor
Debswana House
Gaborone

4 September 2002

Gentlemen

MICRO PROVIDENT BOTSWANA LIMITED

We have reviewed the accounting basis and calculation of the Micro Provident Botswana Limited ("the Company") profit forecast for the year ending 31 October 2002 as set out in section 22 of the Prospectus. You as directors are solely responsible for the preparation of this forecast.

In our opinion, the profit forecast, as far as the accounting basis and calculations are concerned, has been properly compiled on the basis of the assumptions made by yourselves as set out in section 23 and is presented on a basis consistent with the accounting policies normally adopted by the Company.

Since the forecast is based on assumptions concerning future events, actual results may vary from the forecast which has been presented and the variations may be material. Accordingly, we express no opinion on whether or not the forecast will be achieved.

Yours faithfully

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

DETAILS OF THE SHAREHOLDERS' AGREEMENT FOR THE RESTRAINT ON THE SALE OF SHARES

Extracts from: The agreement for the Restraint on the sale of shares.

1. UNDERTAKING

1.1 Each of the Parties undertakes in favour of each of the other Parties, and the Company, that it or he shall not sell any of the shares in the Company owned by it or him ("the Shares"), otherwise than:

1.1.1 as to a maximum of 33% of the number of the shares held by it/him at the date of the listing of the entire issued share capital of the Company on the Botswana Stock Exchange ("the Listing Date") during the first year following the Listing Date;

1.1.2 as to a maximum of 33% of the number of shares held by it/him at the Listing Date after the expiry of one year from the Listing Date, in the second year after the Listing Date;

1.1.3 as to a maximum of 34% of the number of shares held by it/him at the Listing Date, after the expiry of two years from the Listing Date, during the third year following the Listing Date.

1.2 The number of shares capable of being sold in any year following the Listing Date shall not be accumulated and carried over into the next such year, so as to increase the percentage of shares which can be sold in that next year.

2. SECURITY

2.1 In security for the due honouring of a party of the undertaking of restraint set forth in Clause 1, each of the Parties undertakes to transfer the shares held by it/him in the Company at the Listing Date to Stockbrokers as nominee for the transferring Party on the basis that Stockbrokers shall remain the registered owner thereof the same on the basis that:

2.1.1 Custodians of the share certificates in respect of the shares in the name of Stockbrokers shall be PricewaterhouseCoopers (Proprietary) Limited, in their capacity as transfer secretaries and release of such share certificates shall only be authorised against the receipt of cash by Stockbrokers;

2.1.2 Stockbrokers shall remain the registered owner of the same until the restraint set forth in Clause 1 expires;

2.1.3 regardless of any instruction from the transferring Party of any of the shares so held by Stockbrokers, to transfer any of such shares to any person, Stockbrokers shall not release any of the shares transferred to it for sale to any third party save in accordance with the provisions of Clause 1;

2.1.4 for so long as Stockbrokers are to remain the registered owner of the shares, in the event any dividends are paid to Stockbrokers in respect of the shares held by it, Stockbrokers shall within three business days of receipt of the dividend, pay that dividend to the Party which transferred the shares to Stockbrokers along with interest for the period;

2.1.5 for so long as Stockbrokers remains the registered owner of the shares, in the event a general meeting of shareholders of the Company is convened, Stockbrokers shall timeously lodge with the transfer secretaries of the Company a proxy in respect of the shares entitling the Party which transferred the shares to Stockbrokers to vote at such meeting in respect of the shares which it/he transferred;

2.1.6 in respect of a sale of shares in accordance with Clause 1, Stockbrokers shall act in accordance with the instructions of the Party which transferred the shares to it, and immediately upon receipt of the proceeds of the sale, pay the same to such Party.

2.2 Each of the Parties undertakes to deliver the share certificates in respect of the shares beneficially owned by it/him in the Company at the Listing Date, together with share transfer forms in respect thereof signed in blank so as to enable the shares to be transferred to and registered in the name of Stockbrokers on or before 6 September 2002.

2.3 Each of the Parties hereby irrevocably and unconditionally authorises PricewaterhouseCoopers (Proprietary) Limited, transfer secretaries to the Company, to cause the transfer of those shares into the name of the nominee company operated by Stockbrokers.

2.4 On receipt of transfer of the shares delivered and transferred in terms of Clause 2.2, Stockbrokers shall cause Stockbrokers Nominees (Proprietary) Limited to open a ledger wherein, in respect of the shares delivered and transferred, the beneficial ownership of each of the Parties in respect of the shares shall be recorded.

2.5 During the period of the restraint set forth in Clause 1, Stockbrokers shall, subject to the terms of this Clause 2, hold the shares as nominee for each of the Parties and release shares in terms of the Restraint, so that at the expiry of the Restraint all the shares shall have been released to the Party which transferred the same to Stockbrokers.

3. SELL NOTICE

3.1 On receipt of any instruction from a Party to dispose of shares in terms of Clause 1, Stockbrokers shall immediately give notice of this fact to the other Parties and the Company.

3.2 Stockbrokers hereby undertakes to report to all the Parties and the Company, forthwith, any instruction received by it from any of the Parties which instruction is contrary to the undertaking set forth in Clause 1.

4. BUY NOTICE

4.1 In the event during the period of the restraint, Stockbrokers receives a buy order for shares in the Company and the Parties are entitled to sell shares in terms of Clause 1, Stockbrokers shall notify the Parties of the order and request the Parties to indicate in writing whether or not they are sellers of shares in the Company, and, if so, the purchase shall be effected in respect of shares held by Stockbrokers on behalf of the Parties who have indicated a desire to sell, *pro rata* amongst those Parties based on the number of shares which each of the Parties indicated it would sell.

4.2 Nothing herein contained shall permit any Party to exceed the limits placed upon sales of shares by it as set forth in Clause 1.

DETAILS OF THE SELECT STAFF MEMBERS' AGREEMENT FOR THE RESTRAINT ON THE SALE OF SHARES

Extracts from: The agreement for the restraint on an employee for the sale of shares.

1. UNDERTAKING

1.1 The Employee undertakes in favour of the Company that he/she shall not sell any of the Shares, otherwise than:

1.1.1 as to a maximum of 33% of the number of the Shares after the expiry of 1 (one) year from the listing of the entire issued Share Capital of the Company on the Botswana Stock Exchange ("the Listing Date") during the second year following the Listing Date;

1.1.2 as to a maximum of 33% of the number of Shares after the expiry of 2 (two) years from the Listing Date, in the third year after the Listing Date;

1.1.3 as to a maximum of 34% of the number of shares after the expiry of 3 (three) years from the Listing Date, during the fourth year following the Listing Date.

1.2 The number of shares capable of being sold in any year following the Listing Date shall not be accumulated and carried over into the next such year, so as to increase the percentage of shares which can be sold in that next year.

1.3 In the event that the Employee leaves the employ of the Company for any reason other than death or retirement or a reason approved by the Board of Directors, the Employee undertakes to offer these shares held by him at the time of so leaving the employ of the Company, to the Trust for purchase. The purchase price payable by the Trust for the said Shares offered for purchase shall be the nominal value thereof, that is to say P0,01 per Share regardless of the value at which shares in the Company are trading at the time, on the Botswana Stock Exchange.

1.4 The purchase price due by the Trust for the said shares offered for purchase, shall be payable by the Trust to the Employee within 14 (fourteen) days of the date that the Employee so leaves the employment of the Company.

2. SECURITY

2.1 In security for the due honouring by the Employee of the undertaking of restraint and offer to purchase set forth in Clause 1, the Employee undertakes to deliver the Shares to the Trustee (by way of delivery of the Share Certificate in respect of the Shares together with a Share transfer form signed in blank in respect thereof so as to enable the Trust to be registered as the owner of such Shares or to register a third party as the owner of such Shares) the Shares and such documentation to be held in pledge by the Trust, on the basis that:

2.1.1 regardless of any instruction from the Employee to transfer any of the Shares to any person, the Trust shall not release any of the Shares held by it in Pledge, save in accordance with the provisions of Clause 1;

2.1.2 in the event that any dividends are paid in respect of the Shares and received by the Trust, the Trust shall within 3 (three) business days of receipt of the dividend pay that dividend to the Employee;

2.1.3 in the event a general meeting of shareholders of the Company is convened, the Trust shall timeously lodge with the transfer secretaries of the Company a proxy in respect of the Shares entitling the Employee to attend and vote at such meeting in respect of the Shares;

2.1.4 in respect of a sale of any of the Shares in accordance with Clause 1 the Trust shall act in accordance with the instructions of the Employee in respect of the shares which the Employee is, at that time, entitled to sell.

2.2 In further security for the due performance by the Employee of its obligation to sell the Shares to the Trust, in accordance with the provisions of Clause 1 the Employee hereby irrevocably and unconditionally appoints PricewaterhouseCoopers (Proprietary) Limited, transfer secretaries to the Company as his/her Attorneys and agent in his/her place and stead *in rem suam*, as if he/she was personally acting to cause the transfer of the Shares to be sold to the Trust, into the name of the Trust hereby authorising the said Attorneys and agents, in the event that the Employee himself/herself fails so to do when requested by the Company, to execute any documentation including a Share Transfer form, to give effect to the transfer of the said Shares to the Trust, pursuant to the purchase.

DETAILS OF THE MANAGEMENT AGREEMENT AND THE ADDENDUM THERETO

RECITAL

MPB and the Managers entered into a management agreement on 29 August 2001 in terms of which, *inter alia*, the Managers were to provide advisory services to MPB in consideration of which the Managers would be entitled to a fee ("the Management Agreement").

The parties have re-negotiated the terms of such agreement, particularly the fee payable in respect of the services rendered by the Managers.

Extracts from: The Management Agreement.

2. MANAGEMENT SERVICES

2.1 Recruitment and or removal of the Financial Services and Financial Administrative executives. The monitoring and review of their performance and the reporting in this regard to the Board of Directors.

2.2 Advice on the structure of staff remuneration and incentive packages.

2.3 Advice, support and assistance with regard to appropriate financial and accounting disciplines to be followed by MPB.

2.4 Advice and assistance with regard to capital expenditure, financial structuring and cost controls to improve profitability.

2.5 Advice on the provision of information as may be necessary to measure the profitability of MPB on a monthly basis.

2.6 Advice and assistance on the design and profitability of new products including implementation of marketing strategy.

2.7 Advice on the design of computer software to enable MPB to serve customers and account for its loan book in an efficient manner.

2.8 Advice and assistance on the preparation of the annual business plan for approval by the Board of Directors.

2.9 Advice and assistance on customer marketing strategies to support the achievement of financial goals.

2.10 Provide general advice and assistance to the Board of directors in respect of company policies and strategies.

3. DURATION

3.1 This agreement shall commence on 1 November 1998 and continue in full force and effect for an indefinite period subject to the right of either party to terminate same by giving the other party not less than six months' notice to that effect.

3.2 Termination of this agreement by MPB should be approved by the Board of Directors of MPB.

3.3 The terms and conditions of this agreement may be subject to review after 12 months.

Extracts from: The Addendum to the Management Agreement.

NOW THEREFORE THESE PRESENTS WITNESS THAT:

1. It has been agreed that Clause 4.1 of the Management Agreement be and is hereby amended to read:

   "4.1 In consideration for the provision of management services MPB agrees to pay to the Managers a monthly fee of P150 000 (one hundred and fifty thousand Pula) payable monthly. This sum shall be payable after the deduction of any applicable Botswana taxes which may be payable."

2. The amendment above shall come into force on and with effect from 1 November 2002.

PRINCIPAL IMMOVABLE PROPERTY LEASED

Details of the principal immovable properties leased by *Letshego* are set out below:

Location	Landlord	Expiry date
Plot 1188 – 1196, Debswana House The Mall, West Wing, Ground Floor Gaborone	West End Property Company (Proprietary) Limited	21 June 2003
Plot 1188 – 1196, Debswana House The Mall, West Wing, Ground Floor Gaborone	West End Property Company (Proprietary) Limited	31 July 2005
Plot 1230, known as Unit A, Gaborone	Capitol Wholesalers (Botswana) (Proprietary) Limited	30 September 2004
Lot 82, Shop 1(b), Palapye	Modern Auto Motors (Proprietary) Limited	1 March 2007
Tribal Lots 711 and 712, Maun Mall Extension, Maun	S K Cho	1 September 2003
Suite 52, Bays 4A and 4B, Level 5 Barclays Plaza, Francistown	Tati Company Limited	30 April 2005

BORROWINGS AT 31 JULY 2002

Lender	Nature	Capital P	Interest rate	Security	Repayment terms
Standard Chartered Bank Botswana Limited	Overdraft facility	13 583 006	Prime rate	Reversionary cession of the debtors' book for P12 million Guarantee by Micro Provident Limited. Guarantee by Botswana Life Insurance Limited for P3 million	Repayable on demand
First National Bank of Botswana Limited	Overdraft facility	5 210 696	Prime rate	Reversionary cession of the debtors' book	Repayable on demand
First National Bank of Botswana Limited	Bridging finance	8 000 000	Prime rate plus 2,25%	Reversionary cession of the debtors' book	On successful completion of listing
Botswana Life Insurance Limited	Facility	21 923 394	Prime rate	Cession of debtors' book	Repayable over 48 months from March 2001
Various	Finance leases	84 670	Prime rate plus 1%	Financed asset	Various
Micro Provident Limited	Dividend loans	5 164 282	Prime rate plus 2%	None	None
Botswana Life Insurance Limited	Dividend loans	997 050	Prime rate plus 2%	None	None

Subsequent borrowings

Subsequent to the last possible date, 31 July 2002, the Company declared and paid certain dividends, see paragraph 4. of this Prospectus. These dividends have been lent back to the Company, see Annexure 11 and consequently the borrowings of the Company have increased by P13 933 750.

DETAILS OF THE LOAN AGREEMENT WITH BOTSWANA CIVIL SERVANTS ASSOCIATION

Extracts from: The memorandum of loan agreement.

1. RECITALS

1.1 The Lender has declared a dividend to its shareholders, BLIL, MPL, Weten (Proprietary) Limited, Bio Bio (Proprietary) Limited, Mr C M Lekaukau, Mr L G Nchindo and BCSA.

1.2 Each of such shareholders have loaned to the Lender part of the dividend declared and not received by them, upon terms and conditions in terms of a loan agreement entered into between the Lender and the shareholders on 21 August 2002.

1.3 BCSA is however needful of the amount of the dividend and therefore has requested the Lender to lend it an amount equivalent to that part of the dividend in respect of the trading of the Lender up to 31 October 2001 and in respect of the trading of the Lender up to 31 July 2002, not received by it and lent back to the Lender.

1.4 The Lender is prepared to effect such a loan to BCSA.

1.5 The parties seek to record the terms of the Loan made by the Lender to BCSA.

3. REPAYMENT

Such loan will be repayable over a maximum of three years out of the proceeds of dividends received or the sale of shares, whichever causes the Loan to be repaid quickest.

4. INTEREST

4.1 The capital of the Loan outstanding at any time shall bear interest at a nominal rate equal to the monthly weighted average cost of borrowings in respect of the borrowings made by the Borrower at that time, excluding loans made by shareholders of the Borrower to the Borrower from dividends paid.

4.2 Interest shall be calculated on a nominal annual compounded monthly basis and shall be paid monthly in arrear on or before the seventh day of each succeeding month.

DETAILS OF THE DONATION OF SHARES TO SELECT STAFF MEMBERS

On 21 August 2002 the Company issued 119 700 000 new shares, as part of a restructuring programme. Such shares were issued to the shareholders of the Company, registered as such at 31 July 2002, *pro rata* to their shareholding immediately prior to such issue. The shareholders, *pro rata*, renounced their rights to 1 000 000 of these shares in favour of select staff members. Such 1 000 000 shares were then donated to certain select staff members, in recognition of the past service that they had rendered to the Company, to incentivise them as regards the future performance of the Company and in order to retain the services of the employees for the Company.

The employees are restricted in their ability to dispose of the shares so donated as further detailed in Annexure 5.

DETAILS OF THE DIVIDEND LOAN AGREEMENT WITH VARIOUS SHAREHOLDERS

Extracts from: The memorandum of loan agreement.

1. RECITALS

- The Borrower has declared a dividend to its shareholders, BLIL, MPL, Weten, Bio, BCSA, CML and LGN ("the Lenders") in respect of the trading of the Borrower up to 31 July 2002.
- Each of the Lenders, to the extent that they have not received their dividends, is entitled to receive that amount, not received by them, being part of the dividend declared and which is payable in respect of the shares that it holds in the Borrower, reflected opposite its name in Schedule 1 hereto.
- Each of the Lenders is prepared to loan to the Borrower the amount reflected opposite its name in Schedule 1 hereto, being the dividend receivable by that Lender, less any amount received by the Lender as it relates to the actual dividend payable.
- The Parties seek to record the terms of the loan made by each of the Lenders to the Borrower.

2. LOAN

2.1 Each of the Lenders hereby loans to the Borrower the amount set opposite its name in Schedule 1 hereto.

2.2 The Loan shall be effected by payment of the amount thereof from the dividend due to the Lender from the Borrower in respect of the trading of the Borrower for the period ended 31 July 2002 and not received by the Lender.

2.3 The declaration of dividend and the payment of the Loan shall be effected on 21 August 2002.

3. REPAYMENT

The capital amount of the Loan shall be paid in 36 (thirty-six) equal monthly instalments commencing on 30 September 2002 with each instalment thereafter being paid on or before the seventh day of each succeeding month.

4. INTEREST

4.1 The capital of the Loan outstanding at any time shall bear interest at a nominal rate equal to the monthly weighted average cost of borrowings in respect of the borrowings made by the Borrower at that time, excluding loans made by shareholders of the Borrower to the Borrower from dividends paid.

4.2 Interest shall be calculated on a nominal annual compounded monthly basis and shall be paid monthly in arrear on or before the seventh day of each succeeding month.

5. FOREIGN CURRENCY LOAN

The amount payable to Micro Provident Limited shall be converted, on the date of payment to a Pound Sterling Loan. The loan shall then be covered forward, the cost of which is to be paid by the business, but borne by Micro Provident Limited. The amount of interest, calculated as per Clause 4.1, payable to Micro Provident Limited shall be that amount equal to the interest calculable on the loan (in Botswana Pula) less the cost of forward cover.

6. EXISTING DIVIDEND LOAN AMOUNTS DUE

6.1 At 31 July 2002 the Company is indebted to certain of the Parties in respect of dividends paid and then lent by those Parties to the Company.

6.2 The capital amount of such debt due by the Company to that Party shall be repaid as provided for in Clause 3.

6.3 That capital shall bear interest and such interest shall be paid as set forth in Clause 4.

6.4 Any foreign currency loans at 31 July 2002 shall be treated as provided for in Clause 5 and repaid as provided for in Clauses 3 and 4.

DETAILS OF THE EMPLOYEE SHARE INCENTIVE SCHEME TRUST – DEED OF TRUST

Extracts from: The employee Share Incentive Scheme Trust – Deed of Trust.

WHEREAS:

1. The Company has caused to be issued, with the consent of its shareholders, 1 000 000 ordinary shares of P0,01 each to certain Employees, in recognition of past service and as an incentivisation, to participate in the profits of the Company. Those Employees have entered into certain agreements in terms of which the Employees undertake restrictions on the sale of such shares and, in the event of the Employees leaving the employ of the Company for certain reasons, to sell such shares to the Trust, and to place the shares in pledge with the Trust as security for the due performance by the Employees of such restrictions and undertakings to sell (such agreements hereinafter being referred to as the "Employee Restrictive Share Sale Agreements").
2. The Company wishes to inaugurate a share incentive scheme for the benefit of employees of the Company, including executive directors holding salaried positions of employment or office in the Company, the rules and terms of which scheme are require to be formulated, and then approved by shareholders of the Company prior to implementation (hereinafter referred to as the "Scheme").
3. The Company wishes to establish a trust for the purposes of implementing the terms of the Employee Restrictive Share Sale Agreements and the Scheme Employee Restrictive Share Sale Agreements.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

2. ESTABLISHMENT OF THE TRUST

2.1 A trust known as the Micro Provident Botswana Employee Share Incentive Scheme Trust (hereinafter referred to as "the Trust") is hereby established for the purpose of:

2.1.1 implementing the Scheme;

2.1.2 implementing the terms of the Employee Restrictive Share Sale Agreements.

4. APPOINTMENT OF THE FIRST TRUSTEES

Michael Law is hereby appointed the first Trustee of the Trust and he, by his signature hereto, does accept appointment as such.

5. WAIVER OF SECURITY

The Trustees shall be exempt from any obligations to furnish security in connection with their appointment or for the due administration of the Trust to the Master of the High Court, or any other official, as provided for in any law now in force to come in to force relating to trusts and the protection of trust monies, and the Master and any such official are hereby directed to dispense with any such security.

6. INDEMNITY BY THE COMPANY

The Company hereby indemnifies and shall keep indemnified the Trustees against all losses and costs (including legal costs as between attorney and client) and all other expenses whatsoever that the Trustees may incur as a result of any action, proceeding or claim arising out of or in consequence of their due and proper administration of this Trust.

9. DIVIDENDS

Dividends declared in respect of Shares in the Company owned by the Trust from time to time shall be paid to and received by the Trust.

10. COSTS

The Company shall bear all costs and expenses incidental to the implementation and administration by the Trust of the Scheme and shall, where necessary, provide all funds and facilities as required by the Trustees for the proper implementation and administration by the Trust of the Scheme.

16. SETTLEMENT

The Company hereby settles upon the Trust the amount of P100.

17. LOANS

The Company shall, from time to time, make loans to the Trust in order to enable the Trust to carry out and implement the terms of the Scheme and the Employee Restrictive Sale of Share Agreements. The terms of such loans particularly as to the interest payable thereon and repayment thereof shall be as agreed between the Trust and the Company from time to time.

18. ISSUE OF SHARES

18.1 The Company shall from time to time issue out of the unissued share capital of the Company such number of shares which shall not exceed 5% less 1 000 000 shares of the then issued share capital of the Company, as the Board of Directors of the Company shall require to be allocated to Employees who may qualify for the allotment or option or right to purchase shares in terms of the Scheme.

18.2 Upon issue of the Shares referred to in Clause 18.1 the Company shall give directions as regards the allocation of such Shares to Qualifying Employees, to the Trustees.

18.3 Upon receipt of the directions referred to in Clause 18.2, the Trustees shall issue the appropriate notice of allocation to the appropriate Qualifying Employee.

DETAILS OF THE PLACING AGREEMENTS

Extracts from: The Placing Agreements.

2. RECITAL

2.1 MP proposes to raise an amount of not less than P28 400 000 (twenty-eight million four hundred thousand Pula) net of expenses, for MP, by the placing of Shares with Placees as contemplated in the Prospectus.

2.2 There is no minimum subscription that is required to be raised for MP pursuant to the Placing in terms of this agreement as contemplated in the Prospectus.

3. SUBSCRIPTION

3.1 The Placee hereby undertakes to subscribe for its Placees Allocation.

3.2 The Placee undertakes to deliver an Application Form duly completed in respect of its Placee Allocation and to effect payment to MP of the price payable in respect thereof, calculated by the use and application of the Offer Price, on or before 15:30 on 17 September 2002.

3.3 Upon and against receipt by MP from the Placee of the price payable in terms of 3.2, MP and the Directors shall cause the Placees Allocation to be allotted and issued to the Placee and shall deliver to the Placee a certificate in respect of the Shares constituting the Placees Allocation, on or before 27 September 2002.

3.4 The Placee acknowledges that, upon issue to it of its Placees Allocation, it shall be bound by the terms of the memorandum and articles of association of MP.

4. CONDITIONS PRECEDENT

4.1 The coming into force and effect of the undertakings set out in Clause 3 shall be subject to fulfilment of the following conditions:

4.1.1 the Shareholders of MP at 21 August 2002 and the Directors of MP for the time being at that date, passing the Resolutions;

4.1.2 the memorandum and articles of association of MP being amended to comply with the requirements of the Botswana Stock Exchange Rules for the articles of association of a public company that has its entire issued share capital listed on the Botswana Stock Exchange and such amended articles of association shall have been registered with the Registrar of Companies;

4.1.3 the Botswana Stock Exchange having approved a prospectus, substantially in the terms of the Prospectus, which is Schedule 2 hereto;

4.1.4 a prospectus, substantially in the terms of the Prospectus which is Schedule 2 hereto having been approved and registered by the Registrar of Companies in Botswana;

4.1.5 the Botswana Stock Exchange Committee having given its approval to the listing of the entire issued share capital of MP on the Botswana Stock Exchange, such listing to take place on or before 25 September 2002 or such later date as the Placees and MP may in writing have agreed;

4.1.6 MP delivering to the Placee a legal opinion in the form of Schedule 3 hereto.

4.2 In the event that any of the conditions are not fulfilled by 18 October 2002 thereof then this Agreement will be deemed terminated and the Placee shall no longer be under any obligation to subscribe for the Placees Allocation and neither MP nor the Placee will have any claim, one against the other, nor will a Placee have any claim against the Directors in respect of the offer, allotment and issue to the Placee and the holding by the Placee of Shares issued by MP.

5. RESPONSIBILITY

The Directors of MP have in consultation with the various professional advisors detailed in the Prospectus prepared all requisite documentation relating to the placing being an offer of Shares to the Placees as contemplated in the Prospectus, and accept full responsibility in accordance with the provisions of the Prospectus, the Rules of the Botswana Stock Exchange and the laws of Botswana, to the Placee as investor in MP on the basis of the Prospectus.

6. WARRANTIES

The Directors hereby jointly and severally and MP hereby severally represents, warrants and undertakes to the Placee (which representations, warranties and undertaking form the basis of this Agreement and will remain in full force and effect, notwithstanding completion of this Agreement and the issue of the Placees Allocation to the Placee) that:

6.1 all statements of fact contained in this Agreement and the Prospectus are true and accurate in all material respects, are not misleading and all expressions of opinion, intention and expectation expressed therein are reasonably based, fair and honest;

6.2 there are no other material facts known to MP or the Directors which are not disclosed and which are material for disclosure to a prospective purchaser of any of the Shares, and that the Placee has been given such information as an investor and its professional advisors would reasonably require for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of MP;

6.3 the allotment and issue of the Placees Allocation will not infringe or exceed any limits, powers or restrictions or the terms of any contract, obligation or commitment whatsoever of MP;

6.4 the issue of the Placing Shares will comply with the Companies Act (CAP.42:01) as amended, all other relevant statutes and governmental regulations and all agreements by which MP is bound and MP has power under its memorandum and articles of association to issue the Placing Shares and there are no consents required by MP which have not been obtained.

7. RESCISSION

7.1 If at any time between the date hereof and completion of this Agreement:

7.1.1 the Directors become aware of a material breach of, or a fact or matter which is materially inconsistent with, any of the representations or warranties contained in clause 6 above or the Directors become aware of any matter which might require the publication of a supplementary notice to the Placee or withdrawal of the Prospectus; or

7.1.2 there shall occur, develop or come into effect any governmental regulation or other occurrence of any nature including any substantial change in international, economic or political conditions which in the opinion of the Directors is likely to have a significant adverse effect on the business of MP,

the Directors shall forthwith notify the Placee and may by written notice rescind this Agreement if they in their sole discretion consider such action necessary.

7.2 In the event of rescission of this Agreement in terms of Clause 6.1, neither the Placee nor MP nor the Directors shall have any claim against any of the others or other to recover any damages, costs, charges or expenses which it or they may have suffered or incurred pursuant thereto.

8. TERMINATION

8.1 In the event that all the Shares to be issued in terms of the Prospectus are not listed on the Botswana Stock Exchange for any reason whatsoever on or before the 30 September 2002 or such later date as the Directors, MP and the Placees shall in writing agree, then this Agreement shall be deemed terminated by mutual consent.

8.2 In the event of termination of this Agreement in terms of Clause 7.1:

8.2.1 MP shall immediately refund the Placee all amounts which may have been received by MP in accordance with Clause 3 together with interest thereon at 10% per annum calculated from the date of payment to the date of refund;

8.2.2 the Placee shall immediately deliver to MP, for cancellation, the certificates in respect of the Shares the subject of the Placees Allocation which may have been issued to it by MP; and

8.2.3 no party hereto shall have any claim against any other party to recover any damages, costs, charges or expenses which they may have suffered or incurred pursuant to this Agreement, or its subsequent termination in terms of this Clause 7.

CALCULATION OF THE ESTIMATED MARKET SIZE

No formal statistics exist for the industry but management calculated an estimated total market size based on available data as well as market research.

It should be noted that the total estimated market size is not used in the growth forecasts for the Company and it is not assumed that any additional percentage of the market will be captured. This estimate of total market size is contained for illustrative purposes only and is used by management as no more than an indicator of the total potential market.

Total actual formal sector employment according to data supplied by the Central Statistics office at March 2000 was 273 000 individuals broken up as to:

- Central and local Government 106 000 individuals; and
- Private sector 167 000 individuals.

These figures are then extrapolated forward to arrive at the current levels of formal sector employment. The extrapolation was arrived at after conducting informal research and market investigation. The current estimates of total formal sector employment is approximately 280 000 individuals broken up as to:

- Central and local Government 120 000 individuals; and
- Private sector 160 000 individuals.

It was then necessary to conduct a similar exercise for the current average monthly earnings of the Botswana work force. Once again data was provided by the Central Statistics Office, the most recent being March 2000. The average monthly individual earnings for Botswana at March 2000 was P1 923. This number was then extrapolated forward using the same methodologies as employed above to arrive at the estimated current monthly average earnings. It is estimated by management that the current average monthly earnings in Botswana are P2 327.

With the estimated current monthly earnings and using the *Letshego* loan model an average maximum loan was calculated to be P12 700.

With the above information the following calculations were made:

Central and local Government employees X average loan size	=	P1,5 billion
10%* of private sector employees X average loan size	=	P203 million

* 10% of the private sector employees were used because the Company will only supply loans to companies with 50 or more employees and it is assumed that companies employing more than 50 employees employ approximately 10% of the private sector employees.

The above calculations return a total potential current market of P1,7 billion. However it is assumed that 40% of that total market will find satisfaction in the formal banking sector, leaving a total potential current market of P1 billion.

Serial number

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Name and address of placee	Number of shares available to placee	Amount due at 100 thebe per share
(1)	(2)	(3)

Letshego

MICRO PROVIDENT BOTSWANA LIMITED

(Incorporated in the Republic of Botswana)
(Registration number 98/442)
("*Letshego*" or "the Company")

Application form – private placing

for ordinary shares in terms of the private placing of 30 000 000 ordinary shares in the share capital of *Letshego* at a subscription price of 100 thebe per share.

Please refer to the instructions on the reverse side before completing this form.

This form, when completed, should be sent to PricewaterhouseCoopers (Proprietary) Limited, at the address indicated below, together with a cheque (crossed "not transferable" and with the words "or bearer" deleted) or banker's draft (drawn on a registered bank or licensed financial institution) in Botswana currency in favour of "*Letshego* – **Private Placement**" to be received by no later than 15:30 on Tuesday, 17 September 2002.

Each application submitted must be in one name only and show only one address. The directors of *Letshego* reserve the right to accept or reject any applications, in whole or part, particularly if the instructions as set out in the accompanying Prospectus for Placing and on the reverse side of this application form are not complied with.

The Directors

Letshego
PricewaterhouseCoopers (Proprietary) Limited
Plot 50371,
Fairgrounds Office Park
Gaborone
PO Box 294
Gaborone

I/We, the undersigned, confirm that I/we have full legal capacity to contract and hereby irrevocably accept the undermentioned number of ordinary shares in the share capital of Micro Provident Botswana Limited at 100 thebe per share as indicated on the reverse side. I/We enclose a crossed cheque/banker's draft in favour of "*Letshego* – **Private Placement**" for the amount due in terms of this acceptance.

Dated 2002 Telephone number

Signature Name

Assisted by (if applicable)

To be completed legibly in BLOCK LETTERS

Surname of individual or **Name of corporate body**	Mr Mrs Miss Other title
First names in full (if an individual)	
Postal address Refund cheques and share certificates will be sent to this address	
Total number of ordinary shares accepted *Note:* Minimum number of 100 shares and thereafter in multiples of 100 shares	(Enter figures only – not words)
Total amount of cheque or **banker's draft** to cover ordinary shares accepted for herein at 100 thebe per ordinary share	(Enter figures only – not words) P ,00

Instructions:

1. This application form is not a prospectus and does not constitute an offer of shares to the public for subscription or acquisition. It is issued for use to subscribe for shares in the Company by way of a private placement of shares. Acceptance may only be made for all or part of the number of ordinary shares stated in this application form.
2. Placees should consult their stockbrokers, bankers or financial or other advisers in case of doubt as to the correct completion of this application form.
3. Acceptances are irrevocable and may not be withdrawn. Applications must be for a minimum of 100 ordinary shares or multiples thereof.
4. All alterations on this application form (other than the deletion of alternatives) must be authenticated by full signature.
5. No receipts will be given for acceptance or remittances and acceptance will only be regarded as complete when the relevant cheque/banker's draft has been paid.
6. 6.1 The allotment and issue of ordinary shares pursuant thereto will be conditional upon a listing of the shares on the Botswana Stock Exchange ("the BSE") and a spread of shareholders acceptable to the BSE being obtained.

   6.2 All moneys received for shares accepted by placees will be held by PricewaterhouseCoopers (Proprietary) Limited pending fulfilment of the conditions set out in paragraph 6.1 above. If those conditions are not fulfilled, the said moneys will be refunded by cheque within seven days of the non-fulfilment of the conditions set out in paragraph 6.1 above and posted by ordinary mail at the risk of the relevant applicant without payment of interest.
7. The share certificate and/or refund cheque will be sent to the placee by registered post at the risk of the placee to the postal address shown on this application form (no contrary instructions will be accepted) on Friday, 27 September 2002.
8. Shares may not be accepted in the name of an unassisted minor, a deceased estate, a partnership, a trust or any person who requires legal assistance in entering into contracts.
9. No documentary evidence of capacity to accept need accompany this application, but the Company reserves the right to call upon any placee to submit such evidence for noting and return at the placee's risk.
10. Nominee companies may apply on behalf of principals, in which case the number of shares accepted on each principal's behalf must be furnished in the table below. Alternatively, a typed schedule reflecting this detail should be attached to this application. An acceptance by a nominee company will be treated as a separate acceptance in relation to each principal concerned.

(a) Name of principle	(b) Share denominations	(c) Number of shares accepted
	x	
	x	
	x	
	x	
	x	
	x	
	x	
	x	
	x	
	Grand total	