Sefalana

Sefalana Holding Company Limited

Annual Report 2014

During the year the Group celebrated its **40th anniversary**. We celebrate this milestone through recollecting our past achievements with the people that made it happen – our suppliers, our employees and most importantly, our valued customers and Shareholders. Without them we would not have achieved this landmark. Through our determination to succeed, and the strength of our governance structure, we have been able to consistently grow our shareholder value and become a leading organisation in the Botswana market. This has enabled us to now focus on expansion beyond our borders.

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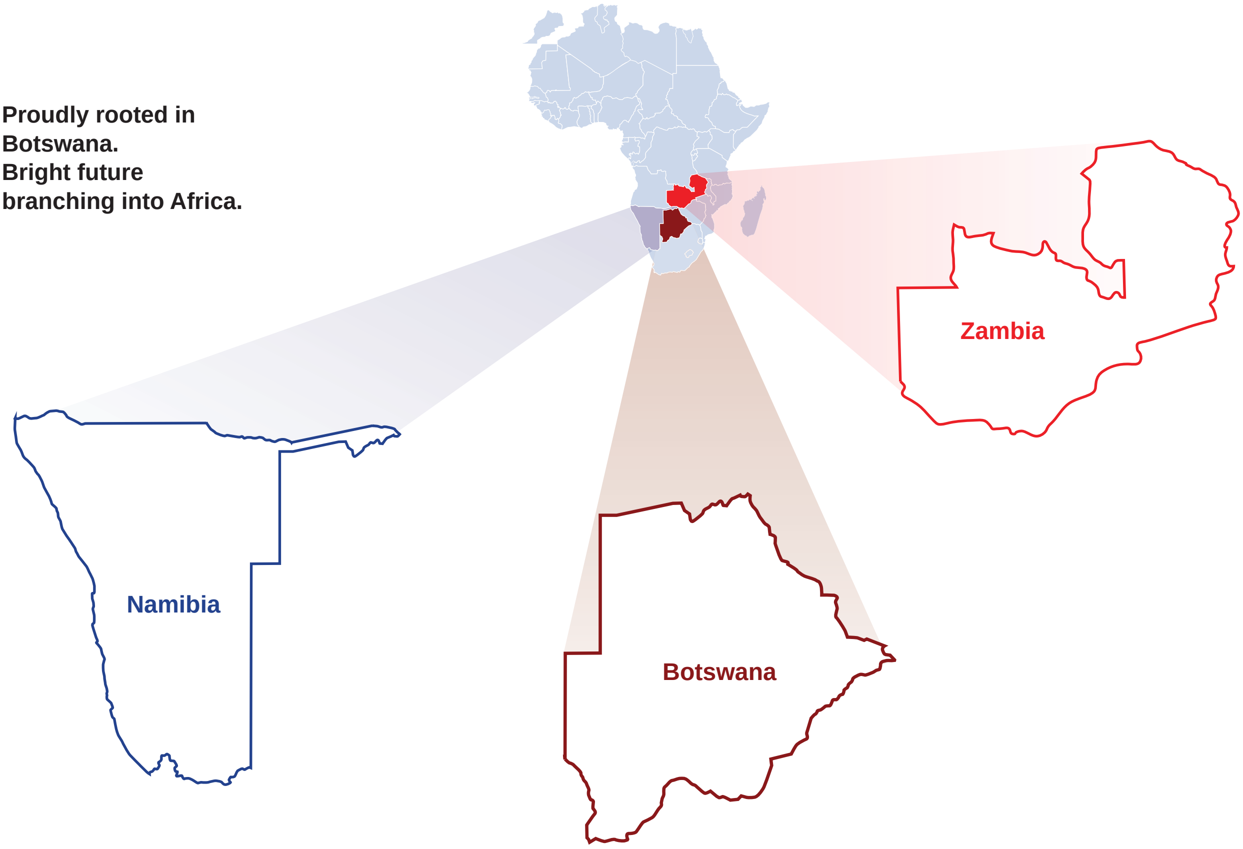
Sefalana Timeline – Celebrating 40 years of existence

**Proudly rooted in Botswana.
Bright future branching into Africa.**



Our Foundations

The year 1974 not only saw the third successive post - independence victory of the Botswana Democratic Party, but also witnessed the birth of Sefalana sa Botswana. Our operations commenced through purchasing the local activities of Bechmalt Holdings Limited, a South African company consisting of 6 wholesale units, 1 maize mill and a staff compliment of 233 individuals. In 1975, Bechmalt Holdings Limited offered its shares to the public, making it the first public listed company in Botswana and the only public company for several years thereafter.

In an effort to localise control and become a truly Botswana company, Sefalana Holding Company Limited was formed in 1986. Through this company, we were able to purchase the remaining shares held by the South African Shareholders at that time, incorporate Sefalana sa Botswana under our wing and move our management and administrative functions from Boksburg, South Africa to Gaborone.

Sefalana, 'The Bountiful Granary', a name chosen by the well-known Motswana poet, Mr. MLA Kgasa was formed by the people of Botswana, for the people of Botswana.

1974

Sefalana sa Botswana was formed to purchase the Botswana operations of Bechmalt Holdings, comprising 6 wholesale stores and a maize mill.

1975

Sefalana Botswana became the 1st publicly listed company in Botswana

1989

The management and administration functions were transferred to Botswana from South Africa

1994

Merged the Group's wholesaling operations with the Botswana operations of Metro; formed Metro Sefalana Cash & Carry Limited (Metsef), the formation being a predecessor to today's Sefcash

2006

Acquired 55% of MF Holdings

Acquired HJ Heinz Botswana, later renamed KSI Holdings.

Acquired an additional 40% of Metsef equity and gained control of the entity, renaming it Sefalana Cash & Carry Limited (Sefcash)

2264 employees

59 stores across the region

Regional expansion into Namibia

Extensive and diverse range of business operations

2009

Investment in property in Zambia

Launched "Shoppers" supermarket chain

Acquired the remainder of Sefcash shares and delisted Sefcash from the Botswana Stock Exchange

2010

Continued expansion of our Shoppers chain to 16 operational stores

Acquired an additional 15% stake in MF holdings

2013

Opened our first store outside Botswana in Namibia

2014

Aquisition of 12 Metro stores across Namibia

Sefalana Annual Report 2014
Overview
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Corporate Information

SEFALANA HOLDING COMPANY LIMITED
Sefalana Holding Company Limited is incorporated in Botswana - Company number 86/1025

SECRETARY
Gofaone Senna
Email: companysecretary@sefalana.com

BUSINESS ADDRESS
Private Bag 0080
Gaborone, Botswana
Telephone: (+267) 3913661
Fax: (+267) 3907613

REGISTERED OFFICE
Plot 10247/50
Corner of Lejara and Noko Road
Broadhurst Industrial Site
Gaborone, Botswana

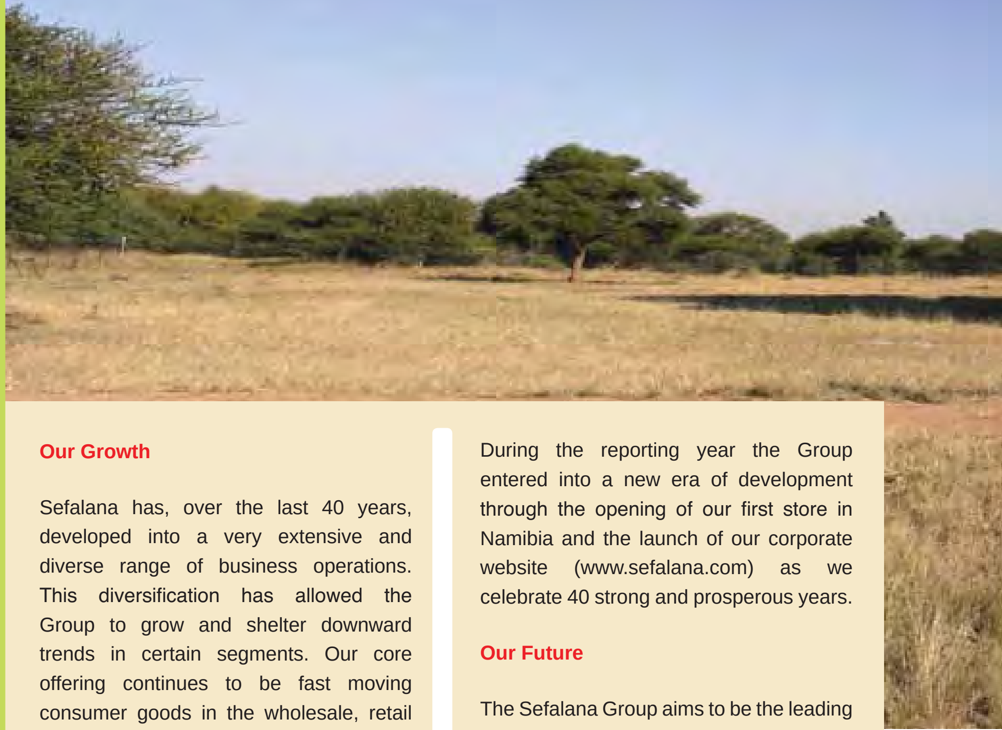
AUDITORS
PricewaterhouseCoopers
P O Box 294
Gaborone, Botswana

BANKERS
African Banking Corporation of Botswana Limited
Barclays Bank of Botswana Limited
First National Bank of Botswana Limited
First National Bank of South Africa Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Zambia National Commercial Bank

SHARE TRANSFER SECRETARIES
Transaction Management Services (Pty) Limited
trading as Corpserve Botswana
Transfer Secretaries
Unit 206, Building 1, Plot 64516
Showgrounds Close, Fairgrounds
Gaborone
P O Box 1583, AAD
Gaborone
Botswana

Our Sefalana

Celebrating 40 years of existence



Our Growth

Sefalana has, over the last 40 years, developed into a very extensive and diverse range of business operations. This diversification has allowed the Group to grow and shelter downward trends in certain segments. Our core offering continues to be fast moving consumer goods in the wholesale, retail and manufacturing sectors. We hold a substantial property portfolio which supports our presence in strategic locations across the country. We also hold a commercial property in Zambia.

The Sefalana Group is dedicated to being of service to its customers and to maximising profits for Shareholders whilst at the same time improving the wellbeing of its employees and the people of Botswana. Each of our business units is driven by an experienced and empowered management team, supported and overseen by our Head Office. Our management principles and performance underpin the way in which we operate. Our staff compliment has grown from just 233 people in 1974 to over 2 000 people in 2014, supporting our continuous expansion and presence in both urban and rural areas across the country.

During the reporting year the Group entered into a new era of development through the opening of our first store in Namibia and the launch of our corporate website (www.sefalana.com) as we celebrate 40 strong and prosperous years.

Our Future

The Sefalana Group aims to be the leading choice for the people of Botswana, in both our retail and wholesale operations. We will continue to play a meaningful role in the growth and development of our country and build the confidence of our investors and Shareholders.

The coming year brings with it promising new developments; from additional regional expansion achieved through the opening of 12 cash and carry stores in Namibia to a move to our new executive Head Office in Broadhurst overlooking the busy Nelson Mandela Road.

At 40, we celebrate an age of maturity, independence, diversity and expansion. We celebrate our astute founders, our strong leaders and our dedicated staff. In the years to come, we aim to maintain our heritage as a truly Botswana company – from the country, for the country, a Bountiful Granary, a Sefalana for all.

Sefalana sa Rona

Se ipelela dingwaga tse masome mane

Motheo wa rona

Ngwaga wa 1974 e ne ese phenyo fela ya boraro ka tatelano ya Botswana Democratic Party e ntse e tsaya puso, go ne ga rurifadiwa go tlhamiwa ga Kompone ya Sefalana sa Botswana. Ditirelo tsa yone di simologile ka go reka madirelo a mo gae mo go ba kompone ya Bechmalt Holdings Limited, e e neng e tlholega kwa Afrika Borwa, e na le makalana a le marataro (6), madirelo a tshilo ya mmidi le bodiredi bo le makgolo a mabedi masome a mararo le boraro (233). E ne yare ka ngwana wa 1975, Bechmalt ya nna kompone ya ntlha go ananya diabe tsa yone mo sechabeng, ebile ya nna kompone ya ntlha ee itsegeng ka go ananya diabe tsa yone mo dingwageng di le mmalwa le go latelana ga tsone.

Ka maikaelelo a go tsaya boikarabelo mo gae, le go netefatsa fa kompone ele ya Botswana, ka ngwana wa 1986 ya bo e fetolwa leina go nna Sefalana Holding Company Limited. Sefalana, e ne ya kgona go reka diabe tsotlhe tse di neng ele tsa ma Afrika Borwa, le go fudusetsa ditirelo le botsamaisi mo Gaborone go tswa ko Boksburg, Afrika Borwa.

Leina Sefalana, le biditswe ke Motswana yo a neng a tumile ebile a itsege ka go boka Rre MLA Kgasa a supa fa 'Sefalana' e tlhamilwe ke Batswana, go direla sechaba sa Botswana.

Kgolo ya rona

Sefalana e ne yare mo dingwageng tse di fetang masome a mane e ntse e dira, ya anamisa ditirelo tse di farologanyeng tsa kgwebo. Go kabakanya ditirelo tsa kgwebo ga rotloetsa kgolo ya kompone le go tsosolosa ditirelo mo mehameng e mengwe. Maikemisetso a rona a tswelela ka go itsege ka go rekisa dijo, re ntse re na le dingwe tse di akaretsang matlotlo a dikago mo gae a a rotloetsang kgolo ya kgwebo lefatshe ka bophara. Re ne ra tswelela ka go nna le dikago tsa madirelo a kgwebo ko lefatsheng la Zambia mo go re fang tebelopelo ya peeletso mo go tsone.

Re le ba kompone ya Sefalana, re ikemiseditse go direla bareki ka natla le ka botswerere, le gore babeeletsi ba bone dipoelo tse di nametsang, re ntse re tokafatsa matshelo a badiri le sechaba sa Botswana. Makalana a rona a kgwebo a eteletswe pele ke bodiredi jo bo nang le kitso le bokgoni jwa tlhwatlhwa ka fa tlase ga tlhokomelo ya ofisi kgolo. Maitlamo le maduo a boeteledipele ke seriti sa kafa re dirang ka teng. Kompone ya Sefalana e itumelela kgolo ya bodiredi gotswa mo go makgolo a mabedi masome a mararo le boraro (233) ka ngwaga wa 1974 go ya ko go dikete tse pedi (2000) ka ngwaga wa 2014 go rotloetsa kgolo le kanamiso ya kgwebo mo ditoropong le metse selegae.

Mo pegong ya ngwaga ono kompone e tsene mo dithulaganyong tse disha tsa ditlhabololo ka go bula lekalana la marekisetso a dijo ko Namibia, kanamiso ya tsa ipapatso ka boranyane e e fitlhelwang mo (www.sefalana.com) le go ipelela kgolo ya dingwaga tse di masome a mane re ntse re dira ka bonatla.

Bokamoso jwa rona

Jaaka gale, Sefalana e ikemiseditse go nna kompone ya maemo a ntlha e e elediwang ke sechaba sa Botswana, mo mohameng wa baji bareki le e mengwe. Re tla tswelela ka go itlama go tsweledisa kgolo le go tsisa ditlhabololo mo lefatsheng la rona, le go kgotsofatsa babeeletsi mo kgwebong ya rona.

Ngwaga o o latelang, go supagala o tla re tsisetsa ditlhabololo tse disha go oketsa kgolo ya rona lefatshe ka bophara ka go bula marekisetso a le lesome le bobedi (12) ko lefatsheng la Namibia, le pulo ya ofisi kgolo e e santseng e tlhabololwa mo toropo kgolo Gaborone.

Mo dingwageng tse di masome a mane re itumelela kgolo, boipuso, kabakanyo le katoloso ya kgwebo ya rona. Re itumelela bopelokgale jwa basimolodi ba kgwebo ya Sefalana, le bonatla jwa baeteledipele le badiri. Mo dingwageng tse di tlang, re ikaelela go itswarelela ka maitlamo a kompone ya Botswana, mo Botswana.

Financial Highlights

Headline performance

For the year ended 30 April	2014 P'000	2013 P'000
Revenue	2 368 466	2 350 399
Profit for the year attributable to equity holders of the parent	118 165	113 979
Total comprehensive income attributable to equity holders of the parent	142 518	129 234
Shares in issue at beginning of year (number)	185 723 463	184 540 130
Shares issued during the year (number)		1 183 333
Shares in issue at end of year (number)	185 723 463	185 723 463
Weighted average shares in issue during the year (number)	185 723 463	185 327 938
Basic earnings per share (thebe)	63.62	61.50
Total comprehensive income per share (thebe)	76.74	69.73
Dividends per share (thebe) - ordinary - paid	10.00	8.00
Dividends per share (thebe) - ordinary - proposed	12.50	21.00
Dividend cover (times)	2.83	2.12
Net asset value per share (thebe)	363.54	317.80
Market price per share at year end (thebe)	776.00	440.00

Value added statement

	2014 P'000	2013 P'000
Wealth created		
Revenue	2 368 466	2 350 399
Payments to suppliers and providers of services	(2 050 902)	(2 054 142)
Value addition	317 564	296 257
Share of results of associate	35	
Interest income from bank deposits and other receivables	5 376	4 299
Total wealth created	322 975	300 556
Wealth distribution		
To employees	141 827	129 698
To providers of capital	62 840	60 644
Government for taxes	30 094	26 787
Total wealth distributed	234 761	217 129
Wealth retained in the business		
To maintain and develop operations of the Group	88 214	83 427
Number of employees of the Group	2 264	2 073

Shareholder Information

Analysis of Shareholders

	30 April 2014		30 April 2013	
Shareholders with an individually significant interest in Sefalana Holding Company Limited				
Botswana Public Officers Fund	75 841 753	40.84%	76 184 904	41.02%
Motor Vehicle Accident Fund	19 996 769	10.77%	19 996 769	10.77%
Debswana Pension Fund	11 325 940	6.10%	11 204 858	6.03%
Mr. Chandra Chauhan	9 336 901	5.03%	9 058 249	4.88%
Mr. Julian Nganunu	6 874 407	3.70%	6 874 407	3.70%
	123 375 770	**66.44%**	**123 319 187**	**66.40%**
Summary by class of Shareholders:				
Insurance companies, pension funds and nominee companies	160 909 459	86.64%	155 848 466	83.91%
Individuals and others	24 814 004	13.36%	29 874 997	16.09%
Total	**185 723 463**	**100.00%**	**185 723 463**	**100.00%**
Shares held by citizens (individuals and institutions)	167 051 039	89.95%	160 509 088	86.42%

Stockmarket information

	2014	2013
Number of shares traded (000)	2 738	5 902
Value of shares traded (P'000)	17 703	20 281
Share price for the period (thebe):		
Lowest	440	275
Highest	776	441
Closing	776	440
Market capitalisation at year end (P'000)	1 441 214	817 183

Shareholders' calendar

Financial year end	30 April
Announcement of 2014 audited results	31 July 2014
2014 Annual General Meeting	31 October 2014
Announcement of 2015 half year results	end of January 2015

Board of Directors

Elias Dewah (72)

Elias was appointed to the Sefalana Board in January 2008. He holds a diploma in Agriculture, a BA degree in Economics and Accounting, and an MBA in Industrialisation and Strategic Business Management. Elias worked for the Government of Botswana in different capacities for many years. He served the Botswana Confederation of Commerce, Industry and Manpower, as Deputy Executive Director and as Executive Director until his retirement in 2006. Currently, Elias is a private consultant specialising in the promotion of Public-Private Dialogue, Business Organisations Training, General Business Administration and Management. Elias received the Presidential Order for Meritorious Service (PMS) in 2007.

Keith Jefferis (57)

Keith is a Development Macroeconomist and a financial sector specialist. He is the Managing Director of Econsult Botswana (Pty) Ltd, and is a former Deputy Governor of the Bank of Botswana. His current activities include work on a range of macroeconomic, financial and other development policy issues in Botswana and elsewhere in Sub-Saharan Africa. He has consulted for international organisations such as the World Bank, the African Development Bank, USAID, UNIDO and UNDP. He has served on the Committee of the Botswana Stock Exchange, the Board of Botswana Insurance Holdings Limited, and the Botswana Insurance Fund Management Investment Committee. Keith holds a BSc. in Economics and Statistics from the University of Bristol, MSc. in Economics from the University of London and a PhD in Economics from the Open University (UK). He was appointed to the Board of Sefalana in April 2014.

Reginald Motswaiso (50)

Reginald is a Fellow Chartered Certified Accountant as well as an Associate Member of the Chartered Institute of Management Accountants, all obtained while at AT Foulkes Lynch in London. He holds a Bachelor of Commerce degree from the University of Botswana. He held Board positions at PEEPA, Botswana Stock Exchange and Standard Chartered Bank Botswana and other regional bodies including the African Union for Housing Finance, of which he is the immediate past Chairman. His interest and experience are in the fields of Finance, Banking, Strategy and Leadership. He is currently the Chief Executive Officer of Botswana Housing Corporation. Reginald was appointed to the Sefalana Board in January 2008.

Chandra Chauhan (52)
(Group Managing Director)

Chandra is a Chartered Accountant who trained and qualified with KPMG in the United Kingdom. A Zambian by birth, he became a naturalised citizen of Botswana and has over the years become a very successful entrepreneur and respected businessman. He is currently the Group Managing Director, having been appointed to the Board in 2003. He has been responsible for turning around and restructuring Sefalana and has seen its market capitalisation increase from P64 million in 2004 to its current capitalisation of P1.6 billion. He is also a Non-Executive Director of Botswana Insurance Holdings Limited, a company listed on the Botswana Stock Exchange having been appointed to its Board in April 2009. He is the Chairman of the Board of Botswana Insurance Fund Management (BIFM). Chandra has a BAcc (Hons) from the University of Zimbabwe, ACA (England & Wales) and ACA (Botswana).

Jennifer Marinelli (56)

Jennifer, is a Fellow Chartered Accountant who came to Botswana in 1987 and worked with Deloitte & Touche; she was admitted to the Deloitte partnership in 1989, until 1999 when she retired. Jennifer has a financial consultancy practice where she is active in consulting to various organisations throughout Botswana. Jennifer has been involved with Sefalana, in various guises, since 1987 and was appointed to the main Board in 2001. She is also a non - executive Director of Stanbic Bank Botswana Limited.

The Late Julian Nganunu (72) (Chairman)

Julian was the immediate past Chief Justice of Botswana and re-joined the Sefalana Board in July 2011. He had a long and distinguished career, starting in the Attorney General's Chambers and rising to the position of Deputy Attorney General; then becoming Permanent Secretary in the Department of Mineral Resources, Water Affairs and Energy, where he acted as the Government's Chief Negotiator for the mining agreements leading to mining in Jwaneng and Letlhakane; as well as the renegotiation of the Orapa Diamond Mine agreements. He also started and concluded the first Selebi Phikwe Renegotiations. He then became a private legal practitioner and was a Board member on many of the leading companies of the day, including being Board member and legal counsel for Sefalana. He later became a judge of the High Court and was Chief Justice of Botswana for 13 years. Julian was appointed Chairman of the Sefalana Board in October 2013.

Mohamed Osman (37) (Group Finance Director)

Mohamed is a Fellow Chartered Accountant who trained with KPMG and Ernst and Young in the UK for over 10 years. He joined Sefalana as the Deputy Finance Director in March 2012 and was promoted to the position of Group Finance Director in January 2014. He worked closely with a number of Retail and Manufacturing businesses in the UK having spent 15 years away from Botswana. Mohamed graduated with a BCom (Hons) degree from the University of Birmingham in the UK and qualified under the Institute of Chartered Accounts of England and Wales (ICAEW). He has an MBA in International Management from Edinburgh University in Scotland. Mohamed also serves as the Principal Officer of the Sefalana Pension Fund.

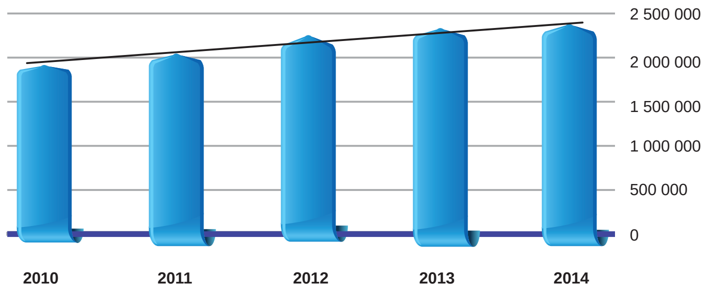
Hans Kampmann (51) (Sefcash Managing Director)

Hans completed a Senior Management program at the University of Stellenbosch and a Management Development program with Unisa prior to starting his career in Retail and Wholesale. He joined the Sefalana Group in 1996 and was appointed General Manager. Hans was promoted to the role of Managing Director of Sefalana Cash and Carry Limited in 2009 and was appointed to the Sefalana Board in July 2012.

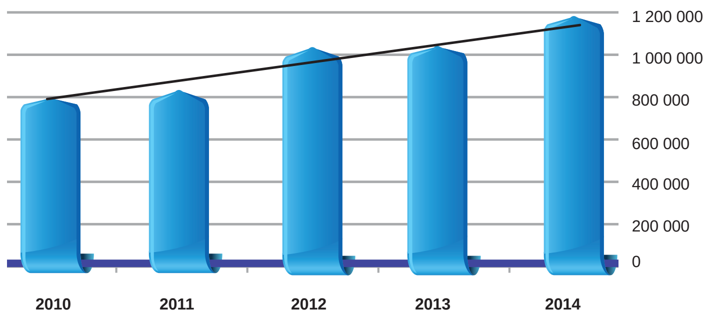
Five year High Highlights

In the current year we returned 22.5 thebe to our Shareholders in the form of a dividend. This amounted to approximately 35% of the year's earnings. This was somewhat lower than in the past, where up to 55% was declared in dividend, but this has been reduced to enable the Group to invest in other core businesses to ultimately increase overall Shareholder value.

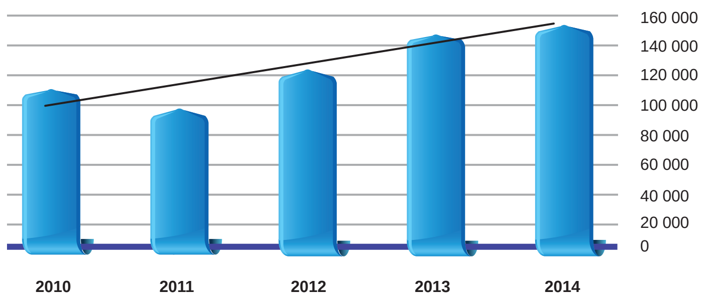
Revenue (P'000)



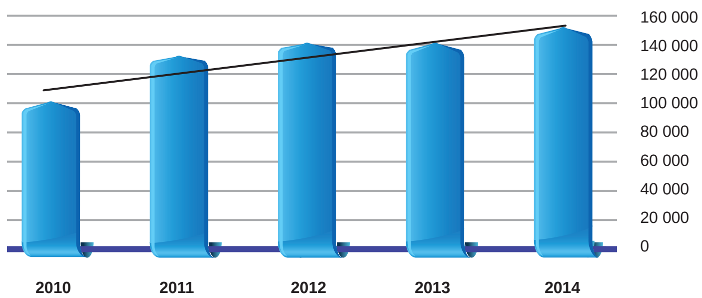
Total Assets (P'000)



Profit before tax (P'000)



Total comprehensive income (P'000)



Financial Record History

	30 April 2014 P'000	30 April 2013 P'000	30 April 2012 P'000	30 April 2011 P'000 *(restated)	30 April 2010 P'000 *(restated)
Comprehensive Income					
Revenue	2 368 466	2 350 399	2 103 634	1 902 194	1 709 950
Profit from operations	155 689	147 004	108 564	68 811	93 766
Share of results from associate	35		181	(437)	(3 836)
Income tax expense	(30 094)	(26 787)	(21 888)	(18 972)	(21 064)
Profit for the year	**125 630**	**120 217**	**86 857**	**49 402**	**68 866**
Other comprehensive income	23 828	16 524	49 965	68 790	10 116
Non-controlling interests	(6 940)	(7 507)	(7 607)	(4 003)	(15 193)
Total comprehensive income for the year attributable to equity holders of the parent	**142 518**	**129 234**	**129 215**	**114 189**	**63 789**
Earnings per share (thebe)	63.62	61.50	45.42	26.49	34.39
Total comprehensive income per share (thebe)	76.74	69.73	70.02	64.39	38.51
Dividends per share (thebe)	22.50	29.00	28.00	15.50	

	30 April 2014 P'000	30 April 2013 P'000	30 April 2012 P'000	30 April 2011 P'000 *(restated)	30 April 2010 P'000 *(restated)
Financial position					
Property, plant and equipment	356 682	322 969	319 277	283 731	180 921
Investment property	171 165	132 281	108 261	72 052	57 829
Intangible assets	31 680	28 414	26 349	25 803	25 673
Leasehold rights	1 482	2 221	2 962	3 703	3 008
Investment in associate	2 335		4 921	5 599	6 420
Property development loans	198	435	640	818	972
Deferred rental	2 073	2 388	2 241	1 775	1 400
Deferred tax assets	10 594	8 067	3 770	8 529	12 402
Retirement benefit assets	13 187	16 493	18 731	21 512	23 601
Current assets	594 298	527 933	544 442	391 028	470 416
Current liabilities	(374 374)	(333 373)	(397 509)	(308 122)	(389 545)
Non - current liabilities	(87 637)	(78 029)	(80 957)	(69 973)	(56 101)
Non - controlling interests	(46 507)	(39 565)	(40 073)	(31 397)	(54 898)
Equity attributable to equity holders of the parent	**675 176**	**590 234**	**513 055**	**405 058**	**282 098**

*Restated to comply with the requirement of International Financial Reporting Standards IAS 19 and early adoption of amendments to IAS 12.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Chairman's Report

40th Anniversary - Regional Expansion

During the year the Group celebrated its 40th anniversary

Rest in Peace
Julian Mukwesu Nganunu
We mourn his passing and celebrate a life that positively impacted on others
23/09/1941 – 02/08/2014

Celebrating our 40 year anniversary

During the year the Group celebrated its 40th anniversary.

We celebrate this milestone through recollecting our past achievements with the people that made it happen – our suppliers, our employees and most importantly, our valued customers. Without them we would not have achieved this landmark. Through our determination to succeed, and the strength of our governance structure, we have been able to consistently grow our shareholder value and become a leading organisation in the Botswana market. This has enabled us to now focus on expansion beyond our borders.

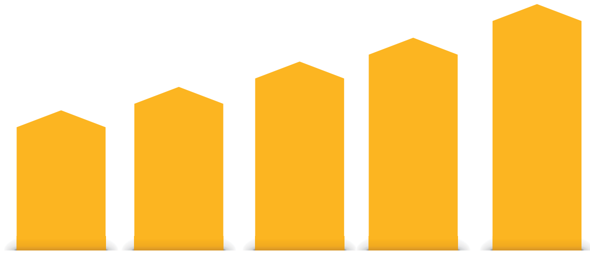
We celebrate this milestone through recollecting our past achievements with the people that made it happen – our suppliers, our employees and most importantly, our valued customers and Shareholders. Without them we would not have achieved this landmark.

Our Heritage and Future Prospects

Looking back…

Over the last four decades, Sefalana has undergone years of strategic and organisational transformation. From our initial takeover of 6 wholesale stores and a maize mill in 1974, the Group has expanded to an operation of 25 cash and carry stores ("Sefalana Cash and Carry"), 18 retail supermarket stores ("Shoppers") and 3 Hyper stores ("Sefalana Hyper"). With a strong focus on our fast moving consumer goods ("FMCG") segment, the Group has extended its market presence through diversifying its business into that of investment in property, vehicle dealerships (MAN, TATA and Honda), sale of agricultural and construction equipment, manufacturing of grain based products, manufacture of soaps and detergents, and the operation of a travel agency.

Chairman's Report (continued)



Number of Botswana stores increased to

46

by the end of the year

Turnover has increased in excess of

25%

over the last 5 years

The year 1987 brought with it the localisation of our shareholding allowing the Group to enter a new era with 90% of shares being held by Batswana. We maintain this level of local ownership, with today, our largest Shareholders being some of the greatest Pension Funds of the Batswana people. We are proud of this record as a true indigenous Botswana company and we look forward to continuing this journey of development with this great country.

Looking forward…

Our deep roots in the country and history has well positioned us for the future. The Group has signaled its intention to grow locally and regionally by opening stores across the country and the operating of our first store in Namibia. This has created a gateway of opportunities for the Group allowing the successful takeover of a chain of stores throughout Namibia. We are proud of our expansion and are excited about the further growth prospects in the wider African region.

The future brings with it a wave of change, allowing us to serve our customers in new and exciting ways. I strongly believe in our Group, its ability to achieve significant growth and I am enthusiastic about what the future holds. Through enhancing our merchandising, focusing on price leadership and by augmenting our customer service, the opportunities are limitless.

Our performance for the year

A solid performance has been achieved by the Group as Sefalana continues to move from strength to strength through its core business segments. Turnover has increased in excess of 25% over the last 5 years. Earnings per share have almost doubled from 34 thebe in 2009 to 64 thebe in the current year. Our shares continue to trade well with our share price having increased 76% in the year. We pride ourselves on an impressive return for our Shareholders. Further analysis of the results is contained in the report by the Group Managing Director and Group Finance Director.

Our Economy

Unemployment and the unequal distribution of wealth continue to plague our economy, limiting the availability of skilled labour and maintaining the relatively high costs of finance. Nonetheless, performance of the Botswana economy improved in the 2013 calendar year, continuing

Earnings per share have almost doubled from 34 thebe in 2009 to

64 thebe

in the year

Share price increased

76%

in the year

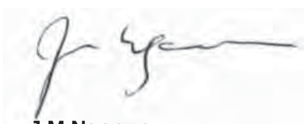
the recovery after the 2008/09 global economic crisis. Real GDP growth has increased from 4.2% last year to 5.4% in the current year, with forecasted steady growth in years to come, with improved prospects in the diamond industry. Given these encouraging developments, I am optimistic that this gradual economic revival will lead to an increase in spending power in the coming year which our Group is well positioned to take advantage of.

Our Board

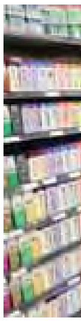
The Group has a strong Board composition with business expertise ranging from retail to strategy and from finance to compliance. The diverse experiences and perspectives of our Board members provide a fundamental foundation to our management team and form the backbone of our business through refining our business strategy and responding to changing customer needs.

Our commitment to Board independence and corporate governance is illustrated by having 5 of our 8 directors being independent. During the year, we bid farewell to Mr. Venkit Iyer and Mr. Andrew Pegge who retired from their respective positions on our Board. We thank these Directors for their constructive contributions to our Group and wish them a successful future ahead. The Board welcomed Mr. Mohamed Osman who succeeded Mr. Iyer in the role of Group Finance Director and Dr. Keith Jefferis as an independent Board member.

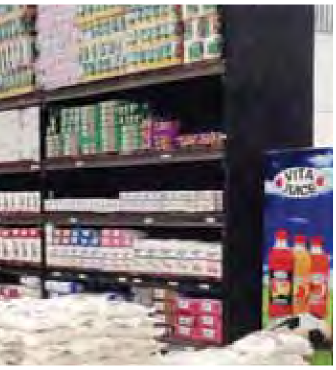
As I succeeded the illustrious Mr. Neo Moroka as Board Chairman, I am deeply honoured and humbled as this opportunity comes at such an exciting time for Sefalana. I look forward to our Group's future and am positive that Sefalana possesses all the tools necessary to secure further growth ahead. I take this opportunity to thank my colleagues on the Board, Senior Management, and all our staff for their hard work and dedication to our Group, PULA!



J M Nganunu
Chairman



Our retail expansion into Southern Africa commenced during the last quarter of the financial year with our first store in Katima Mulilo, Namibia, followed by the acquisition on 1 July 2014, of the chain of 12 Metro stores across the country.



We are excited about this new venture and look forward to extracting value from it for our Shareholders. Other potential sites in Namibia will also be considered for additional store openings as the opportunities arise.

Metro
NAMIBIA


Shoppers
SUPERMARKET
PROMOTION!
to be Won!
8

Group Managing Director's Report

40 years of excellence

We are proud to report that, despite ongoing challenging market conditions, Sefalana has managed to remain competitive and has achieved an overall profit before tax of P156 million for the year to 30 April 2014.

Our first new store outside Botswana was opened in Katima Mulilo, Namibia. This was a significant milestone for the Group as it expands into the Southern African region. This was then followed by the Group's biggest ever acquisition - that of the Metro Namibia group of 12 stores across Namibia on 1 July 2014. This is expected to significantly grow both our top line and the bottom line profit for the forthcoming year.

Another solid performance for Sefalana! The Group achieved its best results yet again despite some delays in the awarding of large Government tenders and in new store openings.

We are proud to report that, despite ongoing challenging market conditions, Sefalana has managed to remain competitive and has achieved an overall profit before tax of P156 million for the year to 30 April 2014. This represents a 6% growth in profit compared to the comparative period to 30 April 2013 ("prior year"). Profitability has grown over 40% in the two years since April 2012, which is over 6 times the average inflation rate for that period.

The Group maintained its level of profitability through greater focus on, and leveraging off, the core Fast Moving Consumer Goods ("FMCG") business and ensuring that other part of the Group operate efficiently and effectively.

Our first new store outside Botswana was opened in Katima Mulilo, Namibia. This was a significant milestone for the Group as it expands into the Southern African region. This was then followed by the Group's biggest ever acquisition - that of the Metro Namibia group of 12 stores across Namibia on 1 July 2014. This is expected to significantly grow both our top line and the bottom line profit for the forthcoming year.

To fund this acquisition, a Rights Issue transaction was undertaken soon after the year end. This was very successful and was oversubscribed, illustrating the market's confidence in the Group and its future prospects.

Group Managing Director’s Report (continued)

Revenue

P2.4 bn

Shareholder value
(excluding non-controlling interests)

↑ 14%

During the year, we increased our market presence by opening additional “Shoppers” supermarkets in Tonota and Gaborone West.

During the year, the Group reduced its stake in its soap manufacturing business which it does not consider to be core to the Group’s activities. Kgalagadi Soap Industries (Pty) Limited is now accounted for as an associate company and ceased to be a subsidiary on 1 May 2013.

For the year to 30 April 2014, the Group’s

- Revenue was P2.4 billion;
- Gross profit was P229 million;
- Basic earnings per share was 63.62 thebe; and
- Shareholder value (excluding non-controlling interests) was up 14%.

Segmental reporting

The Group’s business and geographical segments are reported separately. Inter-segment transactions are eliminated and costs of shared services are accounted for in a separate (“Inter-segment or Unallocated”) segment.

Review of operations

Trading – consumer goods

Sefalana Cash and Carry Limited (“Sefcash”) contributed 89% and 58% of the Group’s revenue and profit before tax for the financial year, respectively. At the beginning of the financial year, Sefcash comprised of 3 Hyper Stores (“Sefalana Hyper”), 25 Cash and Carry Stores (“Sefalana Cash and Carry”) and 16 supermarket retail stores (“Shoppers”) across the country. During the year, we increased our market presence by opening additional “Shoppers” supermarkets in Tonota and Gaborone West. We are excited about 2 additional new stores planned for opening within the next 3 months. We greatly appreciate the very positive feedback from our expanding customer base as we grow our “Shoppers” brand in the market. During the year we experienced significant delays in the opening of one of our stores but this store in Tlokweng is expected to open imminently.

The improved performance of our retail stores contributed significantly to the growth in this segment’s turnover and profit before tax. This has been largely achieved through better product offering, at better prices and enhancing the shopping experience for our customers who are becoming more sophisticated in their spending.

Gross profit

P229 m

Basic EPS (thebe)

63.62

Sefalana Cash and Carry Limited ("Sefcash") contributed 89% and 58% of the Group's revenue and profit before tax respectively, for the financial year.

We are expecting further growth and success in this business segment during the ensuing years and continue to seek additional suitable locations for further store openings as we move towards our target of 40 retail stores across Botswana.

Namibian expansion

Our retail expansion into Southern Africa commenced during the last quarter of the financial year with our first foreign store in Katima Mulilo, Namibia, followed by the acquisition on 1 July 2014, of the chain of 12 Metro stores across the country. This acquisition is expected to increase turnover by around P800 million in the first 10 months of trading and contribute approximately P30 million to profit. This will enable our Group to have a very significant presence in Namibia in a short space of time. We are excited about this new venture and look forward to extracting value from it for our Shareholders. Other potential sites in Namibia will also be considered for additional store openings as the opportunities arise. As this acquisition took place after the year end, the results relating to the trading activity of the 12 stores have not been presented. The results relating to the one store in Katima are not significant as it only contributed for 4 months of trading, and has therefore been included in the overall "Trading consumer goods" segment.

Trading – others

During the year, Commercial Motors (Pty) Limited was awarded a number of Government tenders and delivered these prior to the year end. At the half year we reported that the company was also in the process of tendering for some additional orders. We are pleased to announce that we have secured two significant deals most of which will be delivered during the forthcoming financial year. By nature of the business, certain large orders span over two or more financial periods. What was not awarded and delivered in the current year will now be delivered in the forthcoming year.

Service agreements in respect of vehicles sold to date have provided a positive income stream during the year. The prior year's results included the delivery of a number of vehicles on a specific Government order at the time.

Mechanised Farming (Pty) Limited submitted a number of tenders during the year. Most of these have not yet been awarded but are expected to be

Group Managing Director's Report (continued)

awarded in the coming months. Results for this subsidiary have been disappointing. We look to improve the results of this business in the forthcoming year.

Manufacturing

During the year, Foods (Botswana) (Pty) Limited ("FB") completed the 2012/13 contract for the delivery of Tsabana and Malutu under the Government feeding program. The 4 month gap between the completion of this order and the award of the 2013/14 contract was longer than expected resulting in a reduced level of activity during the year. Nonetheless, we are pleased to announce that the 2013/14 contract was awarded to FB and commenced in March 2014 enabling the feeding program to continue.

Greater emphasis was placed on developing the selling of products to non-Government bodies and individuals in an attempt to reduce dependence on the large contracts. This has been successful and we will continue to focus on this going forward.

The quality of the grain procured has generally resulted in better than expected yields and product quality. We have always supported local farmers as much as possible in the procurement cycle and we are pleased to continue to do so.

FB contributed to 5% of the Group's turnover and 13% of Group profit before tax. A maize plant is scheduled to be commissioned in Serowe by December 2014. This is expected to improve Group profitability through efficiencies in the supply chain of maize based products sold by Sefcash in its Retail and Wholesale outlets.

On 1 May 2013, Sefalana entered into an agreement with a strategic partner with significant regional expertise in the manufacture of soaps and detergents. This entity manages the operations of the KSI business which is now accounted for as a 25% associate rather than a 50% subsidiary effective 1 May 2013. The results of this trading entity are therefore excluded from the Manufacturing segment for the current year and shown under share of results of associate. The prior year Manufacturing segment however, includes the trading results of the KSI business which was accounted for as a subsidiary at that time.

Group properties

Our Botswana property portfolio has performed very well with overall capital gains of between 9 and 11%. We continue to identify key locations for our store openings and to purchase those properties considered to be strategically positioned to provide long term value for our Shareholders.

We have a number of capital development projects scheduled for the next 36 months. A specific P100m long term (15 years) debt facility has been entered into to fund these projects. The drawdown of this facility will take place over 24 months. Development of our new Head Office in Broadhurst has commenced and is expected to be completed in early 2015.

Our Zambian property is fully let and continues to generate a very good rental stream. Capital growth in value of the property was approximately 27% this year. The return to the use of US dollar in Zambia helped reduce foreign exchange exposure to the Zambian Kwacha. Improved tax legislation for property rental companies also helped to improve the overall earnings generated from that sector.

Prospects

Sefalana remains very optimistic about its future and expects to grow the business through continued focus on core business segments and in particular through its expansion into Namibia. We are proud of our performance to date and look forward to further enhancing Shareholder value during the forthcoming financial year.

The Sefalana share price has steadily increased from P4.40 at 1 May 2013 to P7.76 at 30 April 2014. This represents a 76% increase during the 12 month period.

Group Managing Director's Report (continued)

Sefalana remains very optimistic about its future and expects to grow the business through continued focus on core business segments and in particular through its expansion into Namibia.

In April 2014, we launched our Corporate website (www.sefalana.com). We invite you to regularly visit this website for updates on our expansion into Namibia and for other key developments at Sefalana.

Directors

Mr. Venkit Iyer resigned and Mr Andrew Pegge retired by rotation from the Board on 19 July 2013 and 31 October 2013 respectively.

Mr. Neo Moroka resigned as Chairman of the Board on 23 October 2013. Mr Julian Nganunu who was an existing Board member, was subsequently appointed as Interim Chairman.

Mr. Mohamed Osman was appointed to the Board on 23 January 2014 as Group Finance Director. Mohamed is a Chartered Accountant and was previously with KPMG in both the UK and Botswana.

Dr. Keith Jefferis joined the Board as a Non - Executive Director on 24 April 2014. Keith is a development macro economist and financial sector specialist and was previously the Deputy Governor of the Bank of Botswana.

Dividend

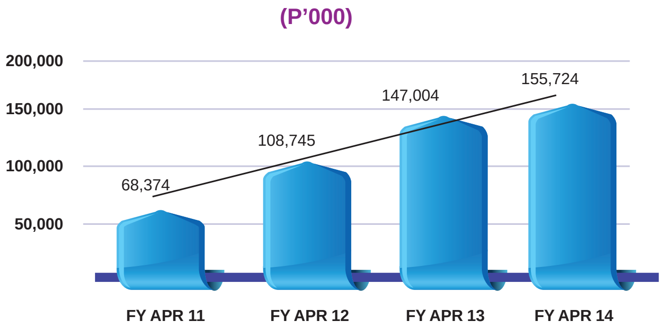
On 25 July 2014, the Board of Directors of Sefalana Holding Company Limited declared a final gross dividend of 12.5 (twelve and a half thebe) per ordinary share. This dividend will be paid net of applicable withholding taxes as required under the Income Tax Act of Botswana, on or about Friday 5 September 2014 to all Shareholders registered in the books of the Company at the last date to register, being close of business on Friday 15 August 2014.

CD Chauhan
Group Managing Director

Group Finance Director's Report

Although profit before tax grew only 6% in the current year, the overall growth over the last three years has been impressive. From P68 million achieved in April 2011, we have more than doubled this to P156 million in April 2014.

Profit before tax



This year has been a very exciting year for all of us at Sefalana. We started off the year having declared the Group's best ever results for the year ended 30 April 2013. That year saw revenue up 12% and profit up 25%. We therefore had our work cut out for us as we set out to beat that set of outstanding results. With lots of hard work and determination from all our staff and leaders, we are pleased to report yet another set of excellent results for the year ended 30 April 2014. Not only did we manage to maintain the previous level of performance, but we increased profit before tax by 6% and increased Shareholder equity by 14%. This excludes the increase in wealth our Shareholders enjoyed through an enhanced value of the Sefalana share. We are very proud of our performance this year and look ahead to continuing to work harder for our Shareholders.

Profit before tax

Although profit before tax grew only 6% in the current year, the overall growth over the last three years has been impressive. From P68 million achieved in April 2011, we have more than doubled this to P156 million in April 2014. This growth has been predominantly through the increased focus on the core segments of our business, increasing the number of retail stores and enhancing the shopping experience for our growing customer base. We are now a leading brand in the market and endeavor to further progress our position.

Group Finance Director's Report (continued)

Segmental contribution

Our core segments include the Fast Moving Consumer Goods divisions, which consist of our Sefalana Cash and Carry wholesale and retail business (Trading Consumer Goods), and our manufacturing site in Serowe. Together these make up approximately 70% of our Group profit before tax. We expect this level of contribution to increase as we further focus on our core offerings going forward.

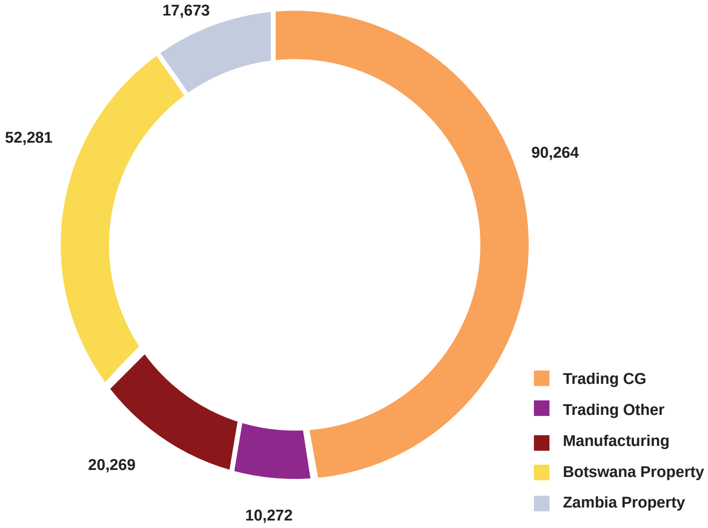
Investment in property has always been a key area of focus for us as we seek to identify store locations in strategic areas. This has proved to be very successful as capital gains have continued to be significant year on year. Our investment in property in Zambia has also paid off with a current year gain of 27%. With a number of capital projects scheduled for the next 24 - 36 months, we expect further value to come from this segment.

Further commentary on each segment's performance is set out in the Group Managing Director's report and the Company Profiles section.

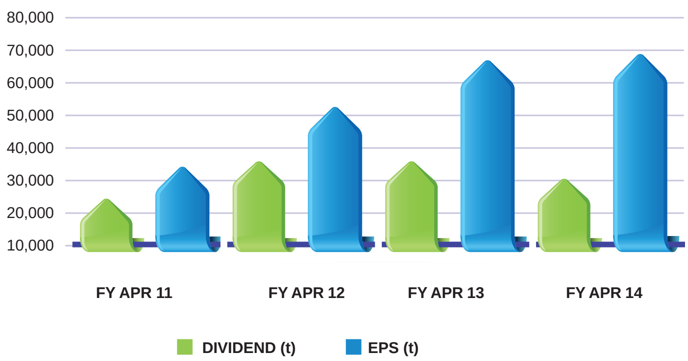
Returning value to our Shareholders

In the current year we returned 22.5 thebe to our Shareholders in the form of a dividend. This amounted to approximately 35% of the year's earnings. This was somewhat lower than in the past, where up to 55% was declared in dividend, but this has been reduced to enable the Group to invest in other core businesses to ultimately increase overall Shareholder value.

PBT - 2014 segment split



Returning value to our Shareholders



Shareholder return (thebe)

	2009	2010	2011	2012	2013	2014
Opening share price	430	270	375	290	275	440
Closing per share price	270	375	290	275	440	776
Change in year	(160)	105	(85)	(15)	165	336
Dividends for the year	20.0	-	15.5	28.0	29.0	22.5
Total return to Shareholder	(140)	105	(70)	13	194	359
% return	(33%)	39%	(19%)	4%	71%	81%

Group Finance Director's Report (continued)

In June 2014, we undertook a Rights Issue program soon after the year end, in which 1 share was on offer for every 5 held by our Shareholders. Take up was very successful at a 151% subscription level. This is a clear indication of the level of confidence the market has in us. The Offer shares were issued at a 7% discount as a means of giving value to our loyal Shareholders. We raised P255 million net of expenses and the large bulk of these funds will be used to fund the Metro Namibia acquisition

Overall Shareholder return

The capital growth of our share since 2012 has been phenomenal, moving from P2.90 in May 2012 to P7.76 in April 2014 – an increase of 168% during that two year period.

Combining the dividends of 22.5 thebe with the increase in capital value of the Sefalana share during the year, our Shareholders received an overall 81% return. We are pleased to see that ours is currently one of the best performing shares on the Botswana Stock Exchange.

Financial position and funding

Rights Issue program

In June 2014, we undertook a Rights Issue program soon after the year end, in which 1 share was on offer for every 5 held by our Shareholders. Take up was very successful at a 151% subscription level. This is a clear indication of the level of confidence the market has in us. The Offer shares were issued at a 7% discount as a means of giving value to our loyal Shareholders. We raised P255 million net of expenses and the large bulk of these funds will be used to fund the Metro Namibia acquisition.

The issue of equity has further strengthened our already very strong balance sheet. We also entered into a debt funding agreement for P100 million to assist with our planned property development. The drawdown of this funding will be over a 2 year period, so that amounts are only drawn down as required. This has helped us maintain an overall very low debt to equity ratio.

Net asset value before the Rights Issue amounted to P675 million, up 14% year on year. Our asset ratio (defined as the relationship between total assets and total liabilities) amounted to 2.56 at year end compared to 2.53 at the start of the year. After the Rights Issue, this ratio increased to 3.11.

Cash and cash equivalents net of overdrafts amounted to P156 million and exclude the proceeds of the Rights Issue which followed after the year end. Available cash will be used to fund on - going working capital requirements and further store openings. Approximately P50 million from the Rights Issue will remain surplus after settling the consideration for the Metro Namibia transaction. This surplus will be partially utilised to fund the set-up of a Maize plant in Serowe towards the end of the year. This is expected to increase profitability across the supply chain.

Future prospects

In July 2014, Sefalana took over the business of Metro Namibia, consisting of 12 stores across the country. This was an exciting transaction for us, being the largest ever acquisition for Sefalana since its inception 40 years ago. We are very optimistic about this deal and look forward to a significant boost to our size and level of Group profitability. This business is expected to generate at least P30m of additional profit in the April 2015 year, and is expected to reach P1bn turnover mark within 2 years. This will provide a significant step up in the size of our Group operations. We undertook this transaction following our strategic decision to focus on our core business and to progress our expansion plans in the neighbouring region.

We are very confident about the future prospects of our Group and look forward to reporting another strong performance for 2015 to our Shareholders next year.

Mohamed Osman
Group Finance Director


Shoppers
SUPERMARKET
WHITE BREAD
FLOUR
Detpak

Corporate Social Responsibility Report

Corporate Social Responsibility ("CSR") and Sustainability are extensively integrated in our Group Strategy.

Our principal objective is to maximise returns for our Shareholders but at the same time harmonise the interests of our other stakeholders.

Our Focus on CSR

During the year we focused our attention on the following substantial areas, enabling us to enhance our corporate responsibility and citizenship:

Conquering our growth targets

Key Consideration	Achieved through…
Safety at our stores and sites	regular store visits and adherence to stringent health and safety regulations. All our stores have internal security measures in place which are monitored on an on - going basis
Expanding our store footprint for the Community	two new stores were opened during the year in Botswana with two more to open soon after the year end. We are present in all major parts of the country and have recently embarked on a regional expansion program with our entry into Namibia
Seizing new business opportunities to maximise Shareholder value	the takeover of the Metro Group on 1 July 2014, which was Sefalana's largest individual transaction comprising 12 retail stores across Namibia. This is expected to significantly enhance value for our Shareholders

Fostering our Organisations' culture

Key Consideration	Achieved through…
Ability to attract, retain and develop the right people	our ability to identify talent and provide the ideal working environment for our people. Growth opportunities are provided to staff through on- the-job training with progressive internal management development programs and BOTA accredited external training initiatives
Transforming the Sefalana Culture	a continuous process of self - discovery and change management. Our strategy undertakes to identify and understand cultural barriers and develop techniques to overcome these barriers thereby enhancing its effectiveness
Succession Planning	succession planning forming part of our Board Charter – We believe it is crucial to have the right people, in the right place at the right time to allow sustainability in leadership and the timely transfer of knowledge

Every company within Sefalana participates in its own way towards the overall CSR activities of the Group.

Developing our retail skills

Key Consideration	Achieved through…
Marketing the Sefalana brand	constant advertising of our products and maintaining positive relationships with our suppliers and customers. We are relentlessly on the lookout for building a presence in new locations both locally and regionally and are in discussions with a number of service providers that will help enhance awareness of Sefalana
Advancement of strategic retail skills	making sure our branch managers and retail staff receive regular training and are up to date with the latest trends in the retail industry

Our Group Strategy focuses on the following underlying themes which display our commitment to CSR and are defined through the way in which we operate:

- Responsible trade and investment
- Ethical supply chain management, compliance and corporate governance
- Human capital development
- Conservation and eco-friendliness
- Sustainable social investment

Responsible trade and investment

Every company within Sefalana participates in its own way towards the overall CSR activities of the Group. Sefalana Cash and Carry ("Sefcash"), our wholesale and retail business, is the largest contributor to Group revenue and profit. The scale of this business enables us to leverage our purchasing power as well as maximise process and cost efficiencies. This is further enhanced as we grow this side of the business.

Operating responsibly

By operating responsibly, we not only benefit and secure the future of our business but extend the rewards to benefit the communities in which we operate. This is achieved through our commitment to providing customers with good quality, safe and affordable products in an enjoyable shopping environment. A strong, fair, mutually beneficial and long-term partnership with suppliers forms the heart of our enterprise.

Product responsibility

Our duty as a good corporate citizen does not end at the point of delivery to our customers. We uphold a moral obligation to ensure the goods and produce we supply are of supreme quality as failure to do so would result in a direct negative impact on our service quality and ultimately our reputation. As we set up our Maize plant in Serowe, greater emphasis will be placed in this area.

Corporate Social Responsibility Report (continued)

Ethical supply chain management and compliance

Supply chain initiatives

Sefalana is strongly committed to providing quality and reliable products through working with our suppliers to ensure our supply chain is both resilient and efficient. This has led to the formation of a best practice code that is carefully scrutinised for compliance. Constant communication is maintained with our manufacturers and suppliers to ensure superior levels of product quality and safety.

We pledge that every product that leaves our shelves, stores and silos is backed by a quality team working tirelessly to ensure that the consumer gets the best possible product, being quality compliant, selectively sourced and priced competitively.

Our products and services are our pride, and foster trust in our brand, because we test them to the highest possible standards. Products that are manufactured by our Group, are lab tested, quality inspected and preferentially selected to meet all Botswana Bureau of Standards requirements. Service levels are renewed by continued training and evaluation.

Regulation – Upholding our Reputation

In our efforts to be a good corporate citizen, we remain steadfast in ensuring compliance with all applicable laws and regulations. Our trade is fair and transparent, giving the business community a long term partner that can be trusted and held in good faith.

Human capital development

People – Our most important asset

Customer service is essential and therefore we aim to ensure that the right people join the Group and remain a key part of the Sefalana family, where comprehensive training and skills development is provided throughout their career with us. Our people are treated with respect and a zero tolerance policy to discrimination is maintained. A performance management system is used as a means of rewarding our exceptional performers who show potential for growth. Retention of knowledge and skills in Botswana's highly competitive market remains a vital focus point for our Group.

We aim to build a workplace that displays a true demographic profile of the nation. Our employment practices are a crucial part of our ability to draw in and retain talent. Sefalana strives to be an employer of choice and endeavors to keep its employees motivated and enthusiastic in everything they do.

Our human resources strategies are focused on:

- Empowering our people;
- Developing a multi skilled workforce; and
- Creating a robust and sustainable management system

Equitable employment is central to the Group and an open-door policy, fair employment practice and legal compliance gives us confidence in our management of relationships with our employees. Clear, coordinated management of employee rights and responsibilities helps ensure that the Group's risk is mitigated and that continuity is maintained.

All staff is informed of upcoming events throughout the various stores of Sefcash and Shoppers through our monthly Moremogolo newsletters.

Health and Safety – Promoting wellness

Sefalana commits to a high level of health and safety practices through providing our employees with a safe, stable and healthy environment in which to work. Health and safety form a crucial part of the food industry and are therefore monitored, managed and assessed on an on-going basis through the Group's risk management framework. Providing a prudent and hygienic place to work improves the morale and performance of our staff, a crucial component in our excellent service delivery.

Promoting wellness is important to the health of our employees and ultimately for the health and sustainability of our Group. By facilitating learning and sharing opportunities, Group employees are advantaged to work in a compassionate and caring environment. We believe happy people work better.

Health and Safety, Basic Food Hygiene and First Aid trainings courses are conducted by Sefcash on an annual basis. The main elements covered in this training include emergency planning, security, fire, transportation and general health and safety.

Skills development – Cultivating our abilities

Within the Group we ensure there is extensive in-house, as well as external training for our teams. Training schemes focus on technical, organisational and management capabilities. Equipping our employees with the latest in skills and knowledge helps maximising value from them.

The Management Development programmes are offered by Sefcash with the objective of exposing apprentices to all aspects of the retail and wholesale business. During the training period, the novice gains experience in the operation of all divisions of a store and is given the opportunity to demonstrate their managerial and supervisory competencies. During the year 41 individuals were put through these programs.

Corporate Social Responsibility Report (continued)

The Diabetes Association of Botswana has an annual Youth Camp of which Sefalana is a proud sponsor.

Leadership development – Forerunners of tomorrow

Every year, Sefalana identifies individuals within the Group who possess passion, drive, hunger and ability. These individuals are encouraged to excel and are supported through on the job training and mentoring along with suitable externally led training initiatives. This has helped us develop a strong Leadership team across the Group with a succession plan in development to help sustain the longevity of the Group.

Conservation and eco-friendliness

Day on day, masses of paper and cardboard boxes are used and discarded in our operations, particularly in our retail business. We believe in giving back to our environment and as such, all paper waste is recycled, allowing it to be imitated into toilet tissue and related products. Our manufacturing entity, Foods Botswana and associate company, Kgalagadi Soap Industries uphold high standards of waste management and control in line with regulatory requirements.

Sustainable social investment

Communities – Maintaining association with our wider stakeholders

Promoting wellness is an important part of our initiative to foster our broader stakeholders and the neighbouring community. Some of the projects that we were involved in during the year include:

1. *Diabetes Association of Botswana*

   The Diabetes Association of Botswana has an annual Youth Camp of which Sefalana is a proud sponsor. We support this camp as it brings together youth with a diabetic condition from different parts of the country to share knowledge and experiences and to interact with one another. These individuals receive education on all aspects of their condition and care. Meeting others, sharing their feelings, fears and anxieties and gaining encouragement and support from one another inspires and encourages them to persevere in their self-care and recovery. On-going education enables them to make informed choices as they continue to mature.

2. *Journey of Hope*

   Journey of Hope is an association that sensitizes and creates awareness on issues of breast cancer. The association targets women and encourages regular check - ups in order to prevent and cure early abnormalities. Sefalana supports the Journey of Hope as they send out a strong message; breast cancer can be ‘cured’ to a large extent if it is detected early, which could save lives.

Corporate Social Responsibility Report (continued)

3. *University of Botswana*

The University of Botswana's Living and Learning (LLC) programme is an initiative of the University to engage students beyond the classroom with the aim of empowering them with life skills for positive behavioural change and prepare them for the world of work. Students are engaged in extra curricula activities centered around four established themes of Social - Recreation, Safety-Security, Academics - Careers and Personal Development. The main drivers are the students themselves with support from the Department of Student Welfare. The programme has seen students engage in activities like sports, neighbourhood watch, and talent promotions both within and outside the University. Sefalana donated towards the purchase of prizes for their talent show.

Sefalana also made substantial donations toward the University of Botswana's Disability Support Service's IT laboratory through provision of laptops and other items of support. A further commitment has been made to support the building of new laboratories designed specifically for the visually impaired. Sefalana is proud to be a supporter of this initiative and has also undertaken to providing employment of a number of these graduates.

4. *Botswana Society for the Deaf*

This society is mandated to empower and promote the interests and welfare of the deaf population in Botswana. Our donation went towards sponsoring a fundraising Patron's dinner which aspired to raise funds towards the construction of a new hostel block to cater exclusively for standard 1, 2 and 3 Primary pupils at Ramotswa Centre for Deaf Education.

5. *SOS Children's Village*

Sefalana Cash & Carry together with their Banner Group Members (Supa 7, Supa Deal, Citi Saver & Bonanza) donated close to P80 000 towards Serowe SOS Children's Village. This donation went towards assisting the SOS village set up a poultry farming project to help in income generation for self-reliance and as a source of food for the village.

6. *Tonota Sub-District Council*

Tonota Sub-District Council took an initiative on the Presidential Housing Appeal and identified the Machara orphans as potential beneficiaries of a house. The Machara family is based in Shashemooke village and consist of a total of 6 children, 3 boys and 3 girls. The Sub-District Council proposed to build a quality brick house structure for the children and requested assistance from Sefalana. We were pleased to donate bags of cement towards this project.

Corporate Social Responsibility Report (continued)

7. *State House – Blanket Donation*

A total of 1 000 blankets worth approximately P120 000 were donated to the Office of The President. The blankets formed part of donations to be handed out by His Excellency the President to deserving beneficiaries at Kgotla meetings and soup kitchens during his monthly visits.

8. *Other participations*

During the year, we engaged in various public events by way of contributions and supported various local charitable societies and schools. These include the donation of 50 chairs to the Khuis Customary Court in Tsabong which allowed the Court to cater for shortages in Kgotla meetings, donations to Lady Khama and Queen Elizabeth Trusts and donations to the Botswana Cancer Association amongst others. Several of our staff members partook in the Gaborone City Marathon this year, forming part of this social event through promoting wellness and an active lifestyle.

9. *Crime Patrol – Securing our environment*

Increased levels of crime at retail stores remains a cause of concern for the Group. We continue to develop programmes to detect, prevent and observe potential occurrences of crime in an effort to reduce possible disruption on our retail stores and valued customers.

Crime and corruption mitigation measures employed by the Group include a whistle-blowing hotline, internal audit procedures and cooperation with the Police, Kgotlas and wider community initiatives.

10. *Sponsorships – supporting those in need*

Group contributions were made to various sporting initiatives including the BDF Golf Day, Gaborone Masonic Trust Golf Day and the annual Sefcash Golf Day which is fully sponsored by its suppliers. Tsabotlhe, a football club formed and supported by Foods Botswana qualified to play first division clubs in Botswana during the year - a great achievement! We are proud to be involved in these events that enable us to promote our loyalty and commitment to our community.

During the year, we engaged in various public events by way of contributions and supported various local charitable societies and schools.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Corporate Governance Report

Statement of Commitment

The Board is committed to integrated thinking and reporting, and the integrity of this Annual Report, and as such adopts the concepts, principles and elements of Integrated Reporting. It believes that this Annual Report considers all material issues which reflect the performance of the Sefalana Group.

The Board promotes principles of good governance and in large adopts the King Code of Corporate Governance (King III) consistently applying substantially all the provisions of this code throughout the financial year. The Company will be adopting the Botswana draft Corporate Governance Code as entrenched in the draft BSE listing rules.

Company Secretary Certification

The Company Secretary certifies that to the best of her knowledge and belief, that Sefalana Holding Company Limited has lodged with the Registrar of Companies all such notices and returns required, and that all such returns and notices are true, correct and up to date. She also certifies that the Company has complied with every disclosure requirement for continued listing on the Botswana Stock Exchange ("BSE") as imposed by the BSE and has submitted an Annual Compliance Certificate to that effect.

Board Charter

The Board has adopted a Board Charter to clarify roles of the Board and to enhance its decision making processes. The purpose of the Board Charter is to clearly outline the structure of the Board and to define its role, focusing on strategic leadership, performance management, investor relations, risk management and governance. The Board Charter also outlines fiduciary duties of Directors according to Section 130 of the Companies Act and as recommended by King III. The Board reviews the Charter annually to ensure that it is in line with recent changes in the law and standards of governance practice.

Role of the Board

Considerable planning goes into setting the agendas for the Board and sub - committee meetings. This is to ensure that duties as set out in the Charters are carried out, and that the Board and its committees are focused in their activities. The Board meets once every quarter and holds additional meetings as may be required.

The Board's ultimate responsibility is for the supervision of the Group's activities. It has the following principal duties:

- Formulating and monitoring implementation of the Group's long term business strategy;
- Approval of the Group's investment plans, budgets and forecasts;
- Review of reports submitted to the Board for approval;
- Review of the business operations of the Group;
- Establishing sound accounting and financial control principles, as well as principles of financial planning;
- Ensuring compliance with legal and ethical standards; and
- Ensuring that the Managing Director and other members of the Senior Management team are competent, and that an effective succession strategy and plan is adopted for the Group's senior executive positions.

Conflict of interest

The Directors declare their direct and indirect interest at the beginning of every Board meeting. Each Director is expected to abstain from voting on resolutions in relation to which such interest exists and from participating in the discussions concerning such resolutions unless resolved otherwise by the remainder of the Board members. The Company Secretary mantains an interest register and updates it regularly.

Closed periods

Directors and certain executive staff members are not permitted to transact in the company's shares in any way during closed periods. There are other occasions where the Directors impose a closed period on themselves; when there is price sensitive information that the Board is aware of that is not publically available. An example of this, was during the run up to the Group's acquisition of the Metro chain of stores in Namibia.

Director's direct and indirect interest in the issued shares of the Company as at the year - end is as disclosed in the table below:

Director	Number of shares controlled as at the year – end date
Mr Julian Nganunu	6 874 407 (2013: 6 874 407)
Mr Chandra Chauhan	9 336 901 (2013: 9 058 249)
Mr Elias Dewah	Nil (2013: Nil)
Mr Hans Kampmann	Nil (2013: Nil)
Mrs Jennifer Marinelli	26 379 (2013: 26 379)
Dr Keith Jefferis*	20 225 (2013: N/A)
Mr Mohamed Osman*	17 812 (2013: N/A)
Mr Reginald Motswaiso	100 000 (2013: 100 000)

*Newly appointed Directors

Corporate Governance Report (continued)

Board appointments and resignations

During the year Mr Neo Moroka resigned as Director and Chairman of the Board on 23 October 2013, after leading the Group for three years. Mr Julian Nganunu succeeded him shortly thereafter. Mr Andrew Pegge retired by rotation on 31 October 2013, at the previous Annual General Meeting, after serving on the Board for 10 years. The Board would like to thank Messrs Moroka and Pegge for the outstanding leadership shown during their years in the Group and wish them success in their endeavours.

In keeping with the structure of a balanced board, Mr Mohamed Osman was appointed as Group Finance Director on 23 January 2014 and Dr Keith Jefferis as an Independent Non - Executive Director on 24 April 2014. These Directors were appointed to fill casual vacancies which occurred during the year and will offer themselves for election by Shareholders at the next Annual General Meeting.

These appointments and resignations were communicated to the Shareholders through announcements in the BSE website and several local newspapers.

Board diversity and balance

Sefalana Holding Company Limited enhances the decision making of its Board by ensuring that the Board of Directors comprises a balance of power. The majority of the Board members are non-executive Directors, and the majority of the non-executive Directors are independent. This ensures that no one individual or block of individuals dominated the Board's decision-making and promotes objectivity. Non - Executive Directors bring objective judgement and experience to the deliberations of the Board.

Name of Director	Independent Non-Executive Directors	Non-Executive Directors	Executive Directors
Mr Elias Dewah	√		
Mrs Jennifer Marinelli	√		
Dr Keith Jefferis	√		
Mr Reginald Motswaiso	√		
Mr Julian Nganunu (Chairman)*		√	
Mr Chandra Chauhan (Group Managing Director)**			√
Mr Hans Kampmann (Managing Director - Sefalana Cash and Carry Limited)			√
Mr Mohamed Osman (Group Finance Director) **			√

* The Board considers a direct or indirect interest in the company which is less than 5% of the Group's total number of shares in issue, but is material to personal wealth as a potential threat to the independence of a Director. The Chairman of the Board has a 3.70% shareholding of the Company's shares as disclosed on page 9 which is considered material to his personal wealth and renders him as potentially non – independent.

** The Board has adopted in its Charter that at least two of the executive Directors should be the Group Managing Director and the Group Finance Director.

Skills diversity

The Board of Sefalana Holding Company Limited comprises astute individuals of different backgrounds, experience and qualifications. Having a Board with diverse perspectives is critical to its decision making as it brings objective judgement and experience to the deliberations carried out. The background and qualifications of the Directors are disclosed under the Director's profile section.

Board Committees

The Board delegates certain functions to well - structured committees but without relinquishing its own responsibilities. The committees constitute an integral part of the governance process and are established with clearly defined formal terms of reference. In order to keep up to date with any recent changes in the law and governance principles, the terms of reference are reviewed and approved annually.

During the year, the Board resolved to discontinue the Investment Committee as it found that all matters discussed at that committee meeting were being considered in detail at main Board level.

Sefalana Holding Company Limited comprises of the following three sub – committees;

1. **Nominations Committee**

   The Nominations Committee is tasked with providing a formal and transparent procedure for the appointment of new Directors to the Board through a formal process of reviewing the balance and effectiveness of the Board, identifying the requisite skills and identifying the individuals who would best provide them.

   The Nominations Committee comprises of the following three Independent Non-Executive Directors;

   a) Mr Elias Dewah (Chairman)
   b) Mr Julian Nganunu
   c) Dr Keith Jefferis

2. **Remuneration Committee**

The role of the Remuneration Committee is to ensure that the Group adopts and implements appropriate policies and procedures that provide the framework for remunerating its employees on a competitive and equitable basis and to set the Group's grading and remuneration levels each year.

The Remuneration Committee reports to the Board on its activities after every meeting held. The Group has established a formal and transparent procedure for developing policies on executive remuneration and for setting the remuneration packages of individual Directors. No executive Director is involved in deciding his own remuneration.

The Remuneration Committee comprises of the following three Non - Executive Directors;

a) Mr Elias Dewah (Chairman)
b) Mrs Jennifer Marinelli
c) Mr Julian Nganunu

3. **Audit and Risk Committee**

The Board ensures that the Company has an effective and independent Audit and Risk Committee tasked with the following distinct responsibilities:

- To direct internal assurance planning and programme execution, to deliver risk identification, monitoring and mitigation;
- To oversee that management has established effective systems of internal controls;
- To report to the Board on decisions taken, including approval of the annual financial statements;
- To discuss audit procedures, including the proposed scope and the results and findings of procedures performed by the external auditors;
- To ensure that the external auditors findings are adequately addressed; and
- To oversee the quality of the external audit.

The Audit and Risk Committee comprises of the following three Non - Executive Directors;

a) Mr Reginald Motswaiso (Chairman)
b) Mr Elias Dewah
c) Mrs Jennifer Marinelli

Relations with Shareholders

The Board uses the Annual General Meeting and Special General Meetings to communicate with investors and encourage their participation. Frequent announcements through the press and mailing of information for the attention of Shareholders are practiced wherever required. The Company circulates with every Notice of General Meeting a summary of the procedures governing voting at General Meetings.

The Chairmen of the Audit and Risk, Remuneration and Nominations Committees are present and available to answer questions at the Annual General Meeting and Special General Meetings, if so requested by the Chairman of the Board.

The Board also discloses to shareholders through trading announcements, all proposed corporate transactions, which if entered into, would materially alter or vary the Group's net asset base or share price.

In this way, the Board ensures all relevant information is effectively communicated to the Company's shareholders.

Corporate Governance Report (continued)

Attendance at Board and sub - committee meetings of Sefalana Holding Company Limited during the financial year ended 30 April 2014:

Member	Main Board		Nominations Committee		Remuneration Committee		Audit and Risk Committee	
	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended	Maximum Possible	Attended
Mr Julian Nganunu	5	4	2	2	1	1		
Mr Chandra Chauhan	5	5					3*	3*
Mr Elias Dewah	5	5			1	1	3	3
Mr Hans Kampmann	5	5						
Mrs Jennifer Marinelli	5	5			1	1	3	3
Dr Keith Jefferis**	1	1						
Mr Mohamed Osman***	2	2	2*	2*			3*	3*
Mr Reginald Motswaiso	5	5					3	3

* Attendance by invitation
** Appointed on 24 April 2014
*** Appointed on 23 January 2014

Compliance with KING III

King III was developed as a consequence of changing trends in international corporate governance. As with King I and King II, the King Committee endeavoured to be at the fore front of governance internationally. Although King III is not mandatory for Botswana companies, Sefalana has assessed its governance structure against the principles of this code and is proud to be compliant in substantially all areas.

A summary of this evaluation is presented below. Continued efforts and emphasis will be placed on moving towards full compliance in the next and subsequent reporting periods.

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
Chapter 1 - Ethical Leadership and Corporate Citizenship			
1.1	The Board should provide effective leadership based on an ethical foundation.	Applied	The Board is governed by a Board Charter incorporating effective and responsible leadership.
1.2	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	Applied	The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy of 2013 - 2016. One of the values entrenched in the strategy is "…. to be a model corporate citizen Group that is passionate and committed to uplifting our communities and safeguarding the environment".

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
1.3	The Board should ensure that the Company's ethics are managed effectively.	Applied	The Group's ethics are managed through the Audit and Risk Committee. The Group Code of conduct was developed in 2014.
Chapter 2 - Boards and Directors			
2.1	The Board should act as the focal point for and custodian of corporate governance.	Applied	The Company is headed by a Board that directs, governs and is in effective control of the Company as embedded in the Board Charter. For effective control the Board delegates some of its duties to its Board sub - committees which are also governed by committee charters. The Board meets at least four times a year and has met five times in the current year.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	Applied	The Board monitors the implementation of strategy through the Group Strategy Coordinator who reports to the Board at quarterly meetings. The Group Internal Auditor also reports to the Audit and Risk Committee at all its meetings.
2.3	The Board should provide effective leadership based on an ethical foundation.	Applied	The Board is governed by a Board Charter incorporating effective and responsible leadership. The Group's ethics are managed through the Audit and Risk Committee. The Group Code of conduct was developed during the year.
2.4	The Board should ensure that the Company is and is seen to be a responsible corporate citizen.	Applied	The Board is committed to ensuring that the Company is a good corporate citizen as envisaged in its Group Strategy of 2013 - 2016. One of the values entrenched in the strategy is "…. to be a model corporate citizen Group that is passionate and committed to uplifting our communities and safeguarding the environment".
2.5	The Board should ensure that the Company's ethics are managed effectively.	Applied	The Group's ethics are managed through the Audit and Risk Committee. The Group Code of Conduct was developed in 2014.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
2.6	The Board should ensure that the Company has an effective and independent Audit and Risk Committee.	Applied	The Audit and Risk Committee has been established in terms of the Board Charter and the Committee is governed by a Committee Charter which is reviewed annually. All three members of the Committee are suitably skilled and experienced independent Non - Executive Directors.
2.7	The Board should be responsible for the governance of risk.	Applied	The Board governs risk through its Audit & Risk Committee which reports directly to the Board at each meeting of the Board.
2.8	The Board should be responsible for Information Technology (IT) governance.	Partially Applied	The Board has endorsed the Group IT Policies and procedures and the Group IT strategy is currently being developed. The Group IT Manager reports to the Audit and Risk Committee at all its meetings.
2.9	The Board should ensure that the Company complies with applicable laws and considers adherence on nonbinding rules, codes and standards.	Applied	The Company complies with applicable laws and non - binding rules. The Company Secretary certifies that such rules are adhered to. The Company also seeks professional legal advice from time to time as and when required.
2.10	The Board should ensure that there is an effective risk-based Internal Audit.	Applied	The Audit & Risk Committee plays a key role in ensuring that the Company's Internal Audit function has the necessary resources, budget, standing and authority within the Company to enable it to discharge its functions. The Group Internal Auditor reports directly to the Audit & Risk Committee.
2.11	The Board should appreciate that stakeholder's perceptions affect the Company's reputation.	Applied	The Board, through the Sefalana Group Strategy monitors legitimate stakeholder interests and expectations, relevant to the Company's strategic objectives and long-term sustainability. The Group Strategy Coordinator reports directly to the Board.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
2.12	The Board should ensure the integrity of the Company's Integrated Report.	Partially Applied	Through the Audit and Risk Committee, the Board has placed controls to enable it to verify and safeguard the integrity of its integrated report. The Audit and Risk Committee reviews and considers the financial statements prior to publishing.
2.13	The Board should report on the effectiveness of the Company's system of internal controls.	Applied	The Board is accountable for risk management and the system of internal control and issues annual disclosures that an adequate system of internal control is in place to mitigate the significant risks faced by the organisation.
2.14	The Board and its Directors should act in the best interest of the Company.	Applied	The Directors make decisions giving due regard to their fiduciary duties and as such act with an independence of mind. The Directors also declare their direct and indirect interests at each Board meeting and the Company Secretary maintains a register of Director's interests.
2.15	The Board should consider business rescue proceedings or other turn around mechanisms as soon as the Company is financially distressed as defined in the Act.	Applied	A review of cash resources and cash forecast is done on a continuous basis, the Board asses this annually to satisfy itself that the Group operates as a going concern. No instances of concern were noted during the year.
2.16	The Board should elect a Chairman of the Board who is an independent Non-Executive Director. The CEO of the Company should not also fulfil the role of Chairman of the Board.	Partially Applied	A suitable Chairman was in place during the year. His independence is reviewed on an on – going basis. The role of CEO and Chairman are performed by separate individuals.
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	Applied	The CEO is given certain decision making power. Decisions over this threshold are considered by the Board. This ensures effective and timely decision - making.
2.18	The Board should comprise a balance of power, with a majority of Non - Executive Directors. The majority of Non - Executive Directors should be independent.	Applied	The Board ensures that there is an appropriate balance of power and authority in its composition. The majority of Non - Executive Directors are independent. The Nominations Committee meets from time to time to consider the diversity and appropriateness of the Board.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
2.19	Directors should be appointed through a formal process.	Applied	Procedures of appointment to the Board are formal and transparent and are a matter of the whole Board on recommendation of the Nominations Committee, subject to Shareholder approval.
2.20	The induction of and ongoing training and development of Directors should be conducted through formal processes.	Partially Applied	New Directors receive an induction pack which includes background information on the Group, understanding of fiduciary duties and key Board matters.
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary.	Applied	The appointment of the Company Secretary is a matter of the Board. The Board has appointed a Chartered Company Secretary in terms of section 162 of the Companies Act.
2.22	The evaluation of the Board, its committees and the individual Directors should be performed every year.	Applied	Board evaluations are done annually, alternating between external evaluation by independent consultants and internally by the Chairman of the Board.
2.23	The Board should delegate certain functions to well -structured committees but without abdicating its own responsibilities	Applied	The Board has well developed committees which have been established with clear reporting procedures. The Committee Charters are reviewed annually.
2.24	A governance framework should be agreed between the Group and its subsidiary Boards.	Applied	The Group and its subsidiaries have well established governance procedures and respective charters.
2.25	Companies should remunerate Directors and Executives fairly and responsibly.	Applied	The Company has adopted remuneration practices which create value for the Company and are aligned with the Company's strategy. The Remuneration Committee assists the Board in its responsibility for setting and administering remuneration.
2.26	Companies should disclose the remuneration of each individual Director and certain senior Executives.	Not Applied	If this requirement becomes mandatory, appropriate disclosure will be made.

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
2.27	Shareholders should approve the Company's remuneration policy.	Partially Applied	Directors' fees in aggregate are disclosed in the annual report and tabled for Shareholders' approval at Annual General Meetings.
Chapter 3 - Audit and Risk Committee			
3.1	The Board should ensure that the Company has an effective and independent Audit and Risk Committee.	Applied	The Board has an independent and effective Audit & Risk Committee in place. All members of the Committee are suitably qualified and are experienced independent Non - Executive Directors.
3.2	Audit and Risk Committee members should be suitably skilled and experienced independent Non - Executive Directors.	Applied	All members of the Audit and Risk Committee are suitably qualified and are experienced independent Non - Executive Directors. The composition of the Committee is evaluated periodically by the Nominations Committee.
3.3	The Audit and Risk Committee should be chaired by an independent Non - Executive Director.	Applied	The Chairman of the Audit and Risk Committee is an independent Non - Executive Director.
3.4	The Audit and Risk Committee should oversee integrated reporting.	Not Applied	Through the Audit and Risk Committee, the Board has placed controls to enable it to verify and safeguard the integrity of its report. The Audit and Risk Committee reviews and considers the financial statements prior to publishing. Integrated reporting will be developed in time.
3.5	The Audit and Risk Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	Partially Applied	All key risks will be managed within a unitary framework that is aligned to the organisation's corporate governance responsibilities. This has been done through the development of a risk management and compliance framework that determines the process and identifies tools for realising its objectives.
3.6	The Audit and Risk Committee should satisfy itself of the resources and experience of the Company's finance function.	Applied	The finance functions consist of suitably qualified individuals, headed by the Group Finance Director.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
3.7	The Audit and Risk Committee should be responsible for overseeing of Internal Audit.	Applied	The Audit and Risk Committee approves the annual internal audit plan. The Group Internal Auditor and the Risk Manager report to the Committee at all its meetings.
3.8	The Audit and Risk Committee should be an integral part of the risk management process.	Applied	The Board has assigned oversight of the Group's risk management function to a well-established Audit & Risk Committee.
3.9	The Audit and Risk Committee is responsible for recommending the appointment of the external auditor and oversees the external audit process.	Applied	The Audit & Risk Committee appoints the external auditors and approves their remuneration, ensuring that the level of remuneration is appropriate to enable an effective audit. The external auditor's remuneration is put to Shareholder's vote at Annual General Meetings.
3.10	The Audit and Risk Committee should report to the Board and shareholders on how it has discharged its duties.	Applied	The Chairman of the Audit & Risk Committee reports to the Board at all its meetings and minutes of the Audit & Risk Committee are provided to the Board.
Chapter 4 – Governance of Risk			
4.1	The Board should be responsible for the governance of risk.	Applied	The Audit & Risk Committee acts in accordance with its statutory duties and the delegated authority of the Board in terms of governance of risk. The Audit & Risk Committee is an integral component of the risk management process and oversees the development of policies.
4.2	The Board should determine the levels of risk tolerance.	Applied	Recommendations concerning the levels of tolerance and appetite, and monitoring that risks are managed within these parameters, are considered by the Board.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
4.3	The Risk Committee or Audit and Risk Committee should assist the Board in carrying out its risk responsibilities.	Applied	The Board is assisted by an independent and effective Audit & Risk Committee. The Chairman of the Committee reports to the Board at all its meetings.
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.	Applied	The Company has established practices on risk management. The risk management policy was developed during the year and considered by the Audit & Risk Committee.
4.5	The Board should ensure that the risk assessments are performed on a continual basis.	Applied	Risk assessments are conducted on a continuous basis and reported to the Board through the Audit & Risk Committee.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	Applied	The Audit & Risk Committee acts in accordance with its statutory duties and the delegated authority of the Board in terms of governance of risk. The Audit & Risk Committee is an integral component of the risk management process and oversees the development of policies. The Sefalana Anti - Fraud Policy and the Fraud Policy and Response plan were developed during the year.
4.7	The Board should ensure that management considers and implements appropriate risk responses.	Applied	Risks are identified, assessed and monitored by Internal Audit and reported to the Board through the Audit & Risk Committee.
4.8	The Board should ensure continuous risk monitoring and management.	Applied	Risk reports are submitted to the Audit & Risk Committee at all its meetings.
4.9	The Board should receive assurance regarding the effectiveness of the risk management process.	Applied	Updates on management risk mitigation are reported to the Audit & Risk Committee at all its meetings.
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	Not Applied	Independent reviews on the effectiveness of the risk management process are carried out and reported to the Board only.


SETAMPA


SARONA
Samp
SETAMPA 5 Kg
Delicious & Nutritious!

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
Chapter 5 - Governance of Information Technology			
5.1	The Board should be responsible for Information Technology (IT) Governance.	Applied	The Board has endorsed Group IT Policies and Procedures and the Group IT strategy was developed during the year. The Group IT Manager reports to the Audit & Risk Committee at all its meetings.
5.2	IT should be aligned with the performance and sustainability objectives of the Company.	Applied	The Board ensures that the IT strategy is integrated into the Sefalana Group's strategic and business processes, and that IT is in alignment with the achievement of the Group's business objectives.
5.3	The Board should delegate to management the responsibility for the implementation an IT Governance Framework.	Applied	Group management is mandated by the Audit & Risk Committee to guide the IT governance framework within the Group. The framework supports effective and efficient management and decision making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT - related risk.
5.4	The Board should monitor and evaluate significant IT investments in expenditure.	Applied	Group management monitors and evaluates significant IT investments, expenditure and disposal of IT assets. A report in this regard is tabled at each meeting of the Audit & Risk Committee. The Board also ensures that the information and intellectual property contained in the information systems are protected.
5.5	IT should form an integral part of the Company's risk management.	Applied	The IT risk management framework includes the assessment and management of all significant IT risks. IT risk management includes disaster recovery planning, IT legal risks and compliance to laws, rules, codes and standards that are an integral part of the Group's risk management.
5.6	The Board should ensure that information assets are managed effectively.	Applied	The Board ensures that processes are in place to ensure information assets are effectively managed.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
5.7	An Audit or Risk committee should assist the Board in carrying out its IT responsibilities.	Applied	IT is represented at Audit & Risk Committee meetings by the IT Director and Group IT Manager. Detailed feedback is made to the Audit and Risk Committee on the IT governance framework and progress reports are provided to ensure that any IT risk is appropriately managed and mitigated.
Chapter 6 - Compliance with Laws, Rules, Codes and Standards			
6.1	The Board should ensure that the Company complies with applicable laws and considers adherence to non - binding rules, codes and standards.	Applied	The Company complies with applicable laws and non - binding rules. The Company Secretary certifies that such rules are adhered to. The Company also seeks professional legal advice from time to time.
6.2	The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business.	Applied	Any changes in laws and rules which affect the Company are included in the Board's agenda as and when applicable.
6.3	Compliance should form an integral part of the Company's risk management process.	Applied	The risk of non - compliance is monitored, assessed and responded to through the Company's risk management process.
6.4	The Board should delegate to management the implementation of an effective Compliance Frame work and processes.	Partially Applied	Compliance is monitored, assessed and responded to through the Company's risk management process. A formal Compliance policy has not yet been developed.
Chapter 7- Internal Audit			
7.1	The Board should ensure that there is an effective risk - based internal audit.	Applied	An Internal Audit function is in place and is expanding with the growth of the Group.
7.2	Internal audit should follow a risk - based approach to its plan.	Applied	Internal Audit follows a risk - based approach in its annual audit planning which is considered and approved by the Audit and Risk Committee.
7.3	Internal audit should provide a written assessment of the effectiveness of the Company's system of internal controls and risk management.	Applied	A written assessment of internal controls is issued to the Audit and Risk Committee in accordance with an agreed timetable.

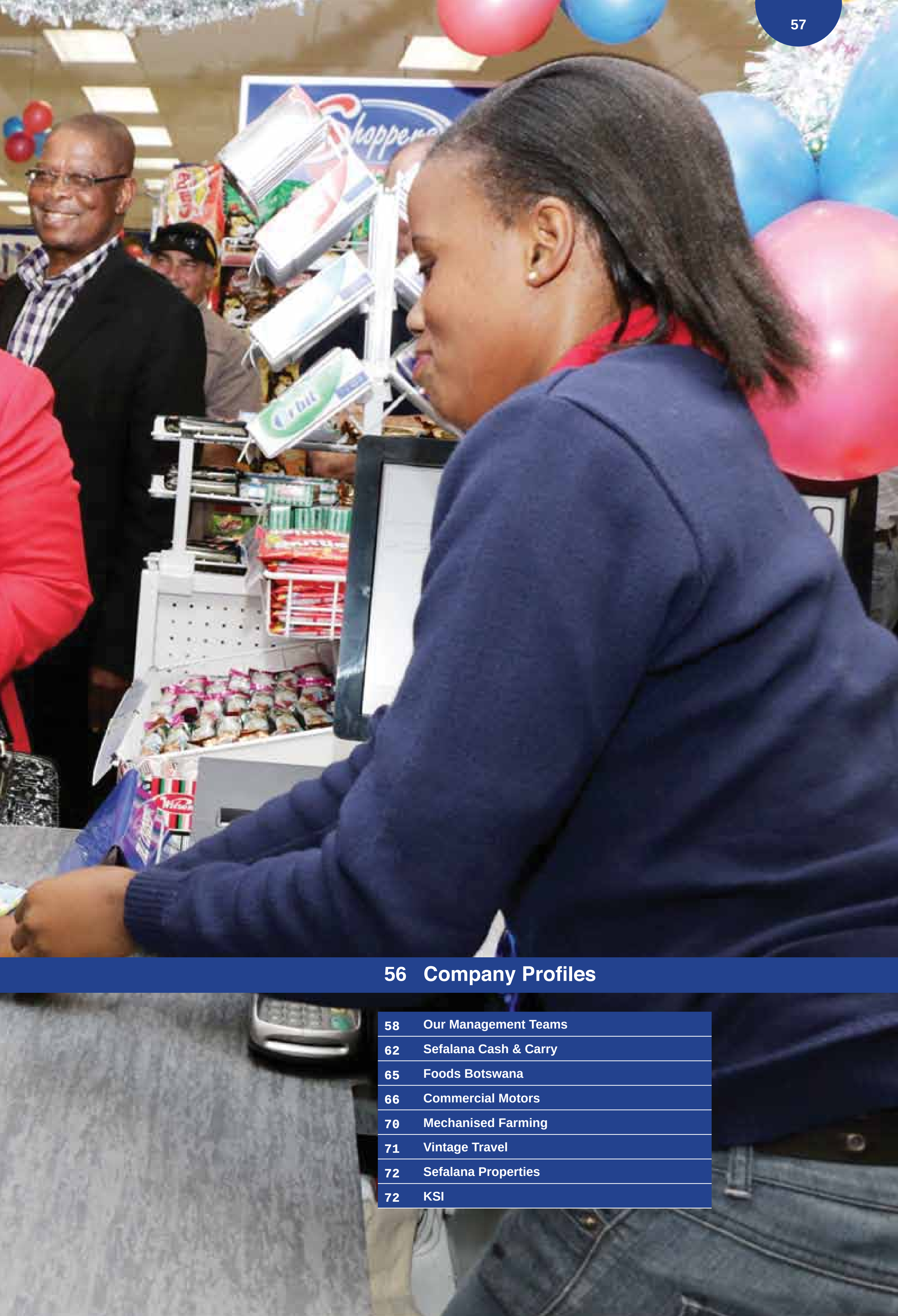
Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
7.4	The Audit and Risk Committee should be responsible for overseeing Internal Audit.	Applied	The Audit and Risk Committee is responsible for the overseeing of Internal Audit; the Committee approves the audit plan and receives quarterly activity reports from Internal Audit.
7.5	Internal Audit should be strategically positioned to achieve its objectives.	Applied	The Company has an effective Internal Audit function which reports to the Audit & Risk Committee and has the respect and cooperation of both the Board and Management.
Chapter 8 - Governing Stakeholder Relationships			
8.1	The Board should appreciate that stakeholders' perceptions affect a Company's reputation.	Applied	The Board, through the Sefalana Group Strategy monitors legitimate stakeholder interests and expectations, relevant to the Group's strategic objectives and long - term sustainability. The Group Strategy Coordinator reports directly to the Board every quarter.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships.	Applied	The Board not only encourages proactive stakeholder engagement through attending Annual General Meetings but also through informal processes such as direct contact, advertising and press releases. The Sefalana website was recently launched to improve interaction with various stakeholders.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder Groupings. In the best interests of the Company.	Applied	The Board strives to achieve an appropriate balance between the interests of various stakeholders in its decision - making.
8.4	Companies should ensure the equitable treatment of Shareholders.	Applied	The Company acts in accordance with the requirements of the Companies Act and the BSE Listings Requirements regarding the treatment of Shareholders. The Chairman of the Board encourages all Shareholders to participate at the Annual General Meetings and opens the floor for questions and discussion.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	Applied	The Company ensures that information to stakeholders is sent timeously and that it is clear and comprehensive.

Corporate Governance Report (continued)

King III Chapter ref	King III Principle	Applied/ Partially Applied/ Not Applied	Commentary
8.6	The Board should ensure that disputes are resolved effectively, effciently and expeditiously as possible.	Applied	The Board sees itself as a champion of ethical leadership and behavior in the Group and as such strives to resolve disputes amicably.
Chapter 9 - Integrated Reporting and Disclosures			
9.1	The Board should ensure the integrity of the Company's integrated report.	Partially Applied	Through the Audit and Risk Committee, the Board has placed controls to enable it to verify and safeguard the integrity of its reporting. The Audit and Risk Committee reviews and considers the financial statements prior to publishing. Integrated reporting will developed in time.
9.2	Sustainability reporting and disclosure should be integrated with the Company's financial reporting.	Partially Applied	Sustainability reporting is treated as part of the Corporate Social Responsibility Report in this annual report. Further developments in this area are on-going.
9.3	Sustainability reporting and disclosure should be independently assured.	Not Applied	The Company has considered seeking independent third party assurance and have decided not to seek external assurance this year, as it believes that reporting processes have improved and are still improving. However independent assurance may be sought in the future.


Shoppers
SUPERMARKET
Shoppers
Real value for Real people



56 Company Profiles

Our Management Teams

Sefalana
Sefalana Holding Company Limited

Chandra Chauhan
Group Managing Director (GMD)

Mohamed Osman
Group Finance Director (GFD)

Saju Peter
Group Financial Controller

Lorato Modise
Group Internal Auditor

Boby Joseph
General Manager Foods Botswana

Bofithlile Malesela
Property Accountant

Michael Simaye
Group IT Manager

Izdihar Salim
Group Financial Accountant

Gofaone Senna
Group Company Secretary

Omphemetse Mokgosi
PA to GMD and GFD

Wame Letshwiti
Group Strategy Coordinator

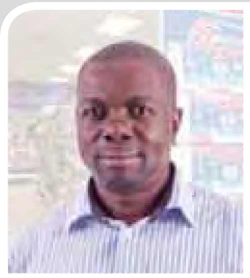
Mosetsana Disela
Receptionist

Otsile Chapo
Office Cleaner

Kgositsile Setumo
Messenger

Our Management Teams (continued)

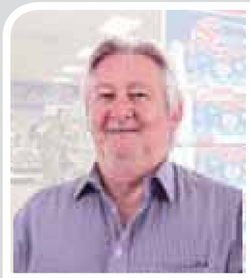
Hans Kampmann
Managing Director



Moagi Buzwani
Operations Director Wholesale

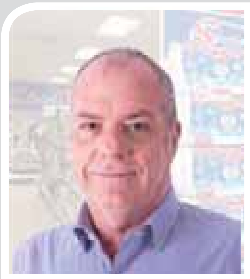
Mike Makin
Finance Director

Zane Hoosen
Operations Director Retail



Gilbert Buchler
Merchandise Director

Oteng Yezo
Human Resource Director



David Levin
Corporate Services Director

Godfrey Ndwapi
Risk Director

Left to right: **Clifford Motsemme** Quality Manager, **Blessing Mundaurimberi** Mechanical Supervisor, **Patrick Muzhingi** Finance Manager, **Mavis Manyaapelo** Human Resource Manager, **Oaitse Goitsemang** General Manager Production, **Carl Van Heerden** Production Manager, **Kedirilent Keitseng** Accounts Officer, **Bgi Golekanye** Power Station Supervisor, **Mmoloki Tseletso** Maintenance Manager

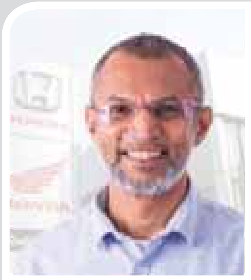
Our Management Teams (continued)

COMMERCIAL MOTORS

Akhtar Nanuck
Dealer Principal

Sukhpal Ahluwalia
General Manager

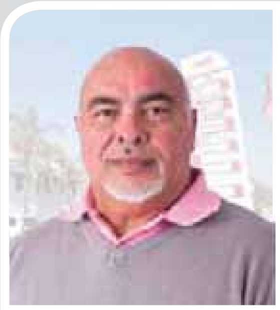
Khumo Christos
Finance Manager



Nazim Shaikh
Parts Manager (Honda, MAN, Tata)

Allan Ryan
Workshop Manager (Honda, MAN)

Mechanised Farming (Pty) Ltd



Dave Marsh
General Manager

Zeenat Malek
Finance Manager

Shankar Jayamanna
Workshop Manager

Jacob Tshipinare
Parts Manager

Igobe Osupile
Workshop Manager

Our Management Teams (continued)

V. Ananthakrishnan
Managing Director

Zeenat Malek
Finance Manager

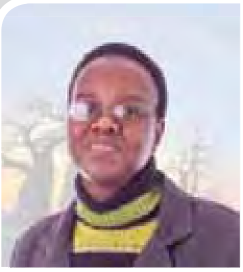
Tsametse Simaye
Credit Controller

Gayathri Ananthakrishnan
Senior Consultant

Sue Siqoza
Senior Consultant

France Mosweu
Senior Consultant

Kgomotso Taphane
Senior Consultant



Juliet Phadi
Accounts Supervisor

Innocent Sebudula
Accounts Assistant

Lesego Matiki
Receptionist

Ontsheketse Bareetseng
Driver/Messenger

Tim Yannitsaros
General Manager

Malome Kesupile
HR Manager

Des Cooper
Factory Manager

Phemelo Hosia
Finance Manager

Company Profiles

Sefalana Cash & Carry Limited ("Sefcash")

Sefcash trades in the fast-moving consumer goods ("FMCG") sector. The Company's store portfolio is spread throughout Botswana and consists of 18 retail supermarkets under the name "Shoppers", 25 cash and carry outlets trading under the name "Sefalana Cash & Carry", 3 Hyper Stores located in Gaborone, Francistown and Mahalapye, trading as "Sefalana Hyper Store", and 1 cigarette distribution outlet trading under the name "Capital Tobacco". In addition, the Company has just under four hundred voluntary retail franchise members located throughout Botswana who trade under the names Supa 7, Supa Deal, Citi Saver, Bonanza, Pula Value and Triple Seven Liquor. Our geographical spread over the years has been strategic with an aim of satisfying our customer needs with outlets in all major urban and peri-urban centres across the country. We have also recently entered the Namibian market as our first stage in the expansion into the Southern Africa region as we believe there is great potential in that region.

The Sefcash business continues to be the largest contributor to the Group's financial results and achieved, once again, its best ever results in the current year. We believe that this sustained growth is driven by our focus on improving the shopping experience for our customers through innovating our offers, enhancing the layout of our stores, extending our product range, giving more variety to our consumers and strengthening our brand.

Our dedicated store management team is supported by central leadership in their professional development and their personal achievement of line objectives. Store managers focus on running their stores, meeting consumers and supporting communities in line with providing the highest levels of quality and care that customers expect from a brand they have come to know and trust since 1974. We are now a preferred alternative to other brands in the market and through striving for perfection in our operations and offers, we are finding that our customers come back to us time and again illustrating their growing loyalty to us.

By leveraging off our software systems and reporting tools, we are able to make better use of management information to support decision making regarding what our customers want, improving efficiency and achieving optimal inventory levels in our stores. We focus on ensuring our supply chains are efficient and reliable and that our service standards are monitored closely and continually improved.

Over time we have developed strong business relationships with our other stakeholders, focused on training and mentorship programmes for our staff, and supported the Community through

sefcash

SEFALANA CASH & CARRY LTD

Metro

NAMIBIA

our Corporate Social Responsibility activities.

We continue to make considerable investment in our human capital, running our BOTA accredited wholesale programmes, facilitating developmental enrolment with Maccauvlei Learning Academy and partnering with the University of Stellenbosch in the continual development of our training material. An annually revised plan is in place for all our departments and branches to ensure we respond to the latest developments in performance management. We constantly develop and evaluate our ability to bring the best out of our business and its people. These training initiatives have been very successful in attracting and retaining the best talent in the market.

Sefcash's outlook is very positive but we acknowledge that it will be impacted by the limited size of the local market and the continued pressure on disposable consumer income driven by the sustained economic downturn. Whilst we take note of the shift in shopping trends over the past few years, we believe the growth of our business, in particular within the retail arena, will be supported by a return of consumer confidence and spending in the ensuing years.

In response to the limited size of the local market, this year we opened our first store outside of Botswana in Katima Mulilo, Namibia in January 2014. We were welcomed into the area as we offered wider choice and better pricing to the consumer. On the back of this success, we then completed the acquisition of the Metro Namibia chain of 12 stores on 1 July 2014. We therefore started off a new financial year with exciting new developments which we anticipate will deliver significant growth and shareholder value.

By leveraging off our software systems and reporting tools, we are able to make better use of management information to support decision making regarding what our customers want, improving efficiency and achieving optimal inventory levels in our stores.

Foods Botswana continually encourages local farmers to increase production allowing them to be the Mill's first choice in sorghum selection as compared to sourcing grain from outside the country.

Company Profiles (continued)

Foods Botswana (Proprietary) Limited ("Foods Botswana")

Foods Botswana operates a factory in Serowe from which it mills and produces sorghum, soya and maize-based extruded products, malt and diastatic malt. Foods Botswana's main activity is the provision of enriched meals for the Government feeding schemes but also manufactures a variety of its own branded products. The Company is focused on developing these products and is increasingly winning market share.

The products produced by this Company include:

- Sarona Samp
- Sechaba Mabele
- Soya Sorghum enriched Foods (Malutu) for all age groups above 3 years
- Soya Sorghum Weaning Food (Tsabana) for infants up to 3 years
- Tholo Malt
- Tsabotlhe (soya sorghum extruded product)

We pride ourselves on the production of our well established, nationally renowned products made for Batswana, by Batswana. Protecting the position of our local-flavour house brands is a continuous management process with our resources constantly focused on developing our products, and improving its quality.

The Company has a policy to support its local community through social contributions and supporting farmers through the purchase of Sorghum. Foods Botswana continually encourages local farmers to increase production allowing them to be the Mill's first choice in sorghum selection as compared to sourcing grain from outside the country.

Year on year, Foods Botswana devotedly continues to support the SOS Village and numerous schools within the vicinity through sponsoring fund raisers, supporting events and football clubs. We are proud to announce that the Tsabotlhe football club, a club initially formed by Foods Botswana, qualified to play first division clubs in the current year. We wish Tsabotlhe all the best in its competitions!

Despite our business being exposed to shifting commodity prices, we have managed to mitigate this risk by ensuring effective and strategic procurement of grain. This year we found an improvement in yields and pricing helped offset the impact of the gap between Government contracts. Continual investment in plant and processes has also enabled us to further improve the quality of our products.

The Company continues to make a sizable contribution to the overall Group results. In December 2014, we are scheduled to commission a new Maize plant at our site in Serowe which will manufacture our own brand maize meal that is currently being outsourced to a third party. This is expected to improve the Company's overall profitability and contribution to the Group results.

We are currently one of the largest employers in Serowe with a workforce of over 200 citizens. The introduction of a new maize plant in the area will result in further employment. We are optimistic about the future and the development of our Foods Botswana brands and look forward to an even more successful hear ahead.

Company Profiles (continued)

COMMERCIAL MOTORS

Commercial Motors (Pty) Limited

As the official franchised local representative for MAN (Heavy commercial vehicles), HONDA (Passenger vehicles and motorcycles) and TATA (Light and heavy commercial vehicles) in Botswana, Commercial Motors remains an important and integral component of the Sefalana Group. The Company is proud of its impressive showrooms and workshops in the Broadhurst Industrial area, Gaborone. Commercial Motors continues to better itself in the marketplace by building brands that are visible, appreciated and believed in by our growing customer base.

The technologies used in the workshops and back - office conform to international standards and with the leadership and support of our management, working efficiencies and communication with principals continue to improve year on year. This has translated into faster, smarter service delivery and greater customer satisfaction and loyalty.

MAN (heavy commercial motor vehicles)

MAN provides a range of trucks, special - purpose vehicles and buses of impeccable quality. With a 250 year history of innovation and transport technology development MAN, Germany's oldest listed Company, produces a variety of vehicles that have proved to be favoured over a number of its competitors. The maturity of the brand, longevity and durability of its vehicles continues to generate a growing customer interest. Our model range includes short and long range haulage, commuter bus services, garbage trucking and a range of military applications. The Trucknology Generation range (CLA/ TGM/TGS) continues to offer truck owners efficiency and dependability and provides drivers with a better, safer drive. Through MAN's excellence in ergonomics, efficiency, eco-design, safety and engineering, it has won such awards as "Green Truck of the year, and "International Truck of the Year" a record 7 times since the award inception in 1977. MAN also won two "Focus on Excellence Awards" in South Africa making us a very successful brand globally.

Tata (light and heavy commercial motor vehicles)

Tata Motors Limited is India's largest automobile company, with over 25 000 employees worldwide. Tata employees are guided by the Tata Group vision to be "best in the manner in which we operate, best in the products we deliver, and best in our value system and ethics." Tata is the world's second largest bus manufacturer and the fourth largest manufacturer of medium and heavy commercial vehicles.

Our Tata range predominantly specialises in the construction, sales and after-sales service of Tata Buses and Tata Trucks. Tata Buses and Trucks surpass many of their competitors in power, speed, carrying capacity and operating economy. Tata Trucks have set the new benchmark in life-cycle

Our brand continues to deliver class leading dynamics with the highest level of driver and passenger safety, durability, reliability and economy. The Group is proud to be the sole distributor of Honda vehicles in Botswana.

HONDA COMMERCIAL MOTORS

HONDA

costs, design and technology, offering class-leading features, reliability, comfort and safety at an affordable price. Our Tata buses offer three models with seating capacity for 28, 38 and 65 passengers.

Tata vehicle models incorporate technologies acquired from Tata Group subsidiaries ranging from Daewoo Motors to Jaguar, Land Rover and strategic partners including Marco Polo, that enable Tata to produce a competitive range that is efficient in capital and running costs, as well as promoting a reduced environmental impact from its products. Tata has a remarkable collection of awards for vehicle efficiency and enviro-friendliness. During the year, the TATA Xenon XT was introduced to the light commercial vehicles market. Boasting a distinctive look through its uncharacteristic angular shape, fuel frugality and reduced Co2 emissions, the bakkie proves to be a determined workhorse. TATA continues to engineer award winning bakkie models designed with comfort and safety in mind.

Honda (passenger vehicles)

The ninth generation Honda Accord together with the Ballade was added onto our current models of the Honda Brio, Civic, Jazz and CR-V this year. Honda as a car manufacturer has in recent years received, amongst others, the following awards “Car of the Year”, “World Green Car of the Year”, “Top Safety Pick” and “Best Retained Value”. Our brand continues to deliver class leading dynamics with the highest level of driver and passenger safety, durability, reliability and economy. The Group is proud to be the sole distributor of Honda vehicles in Botswana, supporting a long - established blend of unbeatable Honda safety and security, value for money, performance and handling, comfort and convenience capped with a fun drive.

Honda (motorcycles)

The motorcycle models supported by us range from Superbikes to Cruisers and from Commercial and Commuting bikes to off road 4 wheelers. During the year, Honda not only introduced the new CBR500, bringing to life the technology, gearbox and transmission of excellent motoring, but also celebrated 100 wins in the MotorGP era. The Honda motor cycle brand is recognised both locally and abroad as a leading brand in its segment.

Our focus for the coming year is to improve on our customer service through offering technically advanced support, maintenance and repairs. We ensure our workshop staff are kept up to date with the latest servicing techniques and technology through regular training and development.

We welcome our current and potential customers to visit our showrooms in Broadhurst to test drive and see our vehicles first hand.

Motor and Farming Equipment Divisions of the Group

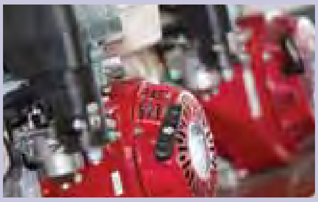

Botswana
6
MAN


MF
Mechanised Farming
MASSEY FERGUSON
ELECTRO MOTIVE
HONDA
POWER PRODUCTS
TURNER MORRIS
WACKER
YANMAR
CASE
PLOT 10243
LEGOLO ROAD


HONDA
Mechanised Farming


P 30 225.00
(SPECIAL PRICE)

Company Profiles (continued)



Mechanised Farming (Pty) Ltd

Mechanised Farming (Proprietary) Limited ("Mechanised Farming")

Mechanised Farming is situated in the Broadhurst Industrial area from where it operates a showroom and workshop. The Company brings together the knowledge and heritage of leading agricultural brands; Massey Ferguson, Wacker, Electromotive Diesel and Honda. This solid proven equipment is backed by the strength and resources of the company's commercial and industrial product support.

Through these brands the Company sells tractors, agricultural equipment, construction equipment, power - generating plants, water pumps, EDM locomotives and related spares. Our engineering workshop for repairs and maintenance provides exceptional after sales service on all machinery and equipment for our brands.

Mechanised Farming represents the following brands in Botswana:

- **Barloworld Agriculture** – Massey Ferguson Tractors, Implements & Perkins engines spare parts. Massey Ferguson tractors have proven to be a leading brand in Botswana in the agricultural industry;
- **Honda RSA** – We supply Honda Power products which include electric generator sets, engines, water pumps, lawn mowers, etc. We provide comprehensive stock holdings of spares for after sales service with a dedicated engineering workshop;
- **Wacker Neuson RSA** – Construction machinery & equipment (rammers, compactors, vibration pokers, concrete cutters & grinders. etc.). This brand is well established in Botswana and has proven reliability in the building and construction industry;
- **Electromotive Diesels (EMD) USA** – Mechanised Farming is the sole authorized dealer for supply of imported diesel electric locomotives and spares.
- **CASE Equipment RSA** – Case heavy plant machines, construction equipment and golf carts;
- **Radium Engineering** – Agricultural implements and equipment and tractor-powered bush cutting;
- **Agrinet** – Yanmar engines and water pumps;
- **Turner Morris** – Concrete mixers, compacters and general construction equipment.

During the year Mechanised Farming attended a number of Agricultural shows across the country which we used to showcase our products. We also donated a number of our products as competition prizes which were well received by the public. An advertising initiative is currently underway as we aim to uplift the sales of our Wacker brand of products. We aim to improve performance going forward through increased visibility and the extension of our market presence. As a Group, we look forward to an increased contribution from this entity.

Vintage Travel has been nominated as one of the leading travel agencies in Botswana with a growing market share and a glowing resume with IATA, the International Air Transport Association; an association that connects us to over 240 airlines.

Vintage Travel & Tours

Bargen (Pty) Limited

Our travel agency, Bargen (Pty) Limited trading as Vintage Travel and Tours continues to provide passengers with excellent air travel packages, travel tips and advice. The entity prides itself on providing convenient and expedient services through a personalized approach which we believe is critical in this sector. Bargen's offices are currently located in the modest Middle Star Complex, in the heart of Gaborone. The Company continues to report a commendable profit and further establish itself as a solid and viable business.

Bargen has been nominated as one of the leading travel agencies in Botswana with a growing market share and a glowing resume with IATA, the International Air Transport Association; an association that connects us to over 240 airlines. This achievement continues to support our good standing with the Travel Agents Association of Botswana, Hotel and Travel Association of Botswana and the Association of Southern African Travel Agents.

The success of our business and market leadership position has been achieved through nothing less than the expertise, commitment and excellent customer service proficiencies of our staff.

We look to uphold our objective of servicing each and every traveler that walks through our doors, making sure their needs are met and their travels arranged. This is something we have achieved since our inception and something we look to foster into the future.

The success of our business and market leadership position has been achieved through nothing less than the expertise, commitment and excellent customer service proficiencies of our staff.

Company Profiles (continued)

One of the oldest manufacturing companies in Botswana, KSI manufactures laundry and bath soaps, under brand names such as Marang, Olga, and the recently developed house brands for the Zimbabwe market.

Sefalana

Sefalana Properties

Historically Sefalana has made significant strategic investments in property, and at 30 April 2014, the Group holds over 525 000 square meters of land, of which just under 125 000 square meters is developed property. Sefalana and its subsidiaries occupy roughly three quarters of this developed property and the Group earns a considerable rental income from its third party tenants.

Our Botswana properties are spread throughout the country and include office blocks, workshops, factories, and warehouses. Our undeveloped land provides the Group with a remarkable potential for future investment and capital appreciation. Management continually evaluates investment projects to maximize returns for our shareholders and is currently evaluating a number of capital projects.

We are also about to embark on the development of a number of plots and appropriate funding for these have been secured. Included in this, is the new Head Office being built in Broadhurst, expected to be completed in early 2015.

In Lusaka, Zambia we have a first class well positioned property. This property is rented out to third parties and provides the Group with a substantial income stream and has shown significant increases in market value over the years.

We are continually on the lookout for key locations for our store openings and the investment in additional, strategically located properties throughout Botswana and now also Namibia.

KSI

Kgalagadi Soap Industries (Proprietary) Limited (“KSI”)

One of the oldest manufacturing companies in Botswana, KSI manufactures laundry and bath soaps, under brand names such as Marang, Olga and the recently developed house brands for the Zimbabwe market. Our toilet soap is a favourite with local hospitality providers and our Company has provided employment for many Batswana since its inception in 1988.

During the year, the Group entered into an agreement with a strategic partner and diluted its shareholding in the Company. This entity which was previously a 50% owned subsidiary, is now accounted for as an associate company with an effective 25% interest.

Our Head Office - Development

March 2015

Sefalana

Sefalana Holding Company Limited

SEFALANA ANNUAL FINANCIAL STATEMENTS 2014

Statement of Directors' Responsibility

The Directors of Sefalana Holding Company Limited are responsible for the Company and Group annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

The Company and all companies within the Group maintain systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of the Company's assets. The Directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the Directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The Directors have no reason to believe that the Company and Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The annual financial statements set out on pages 78 to 135 for the year ended 30 April 2014 were authorised for issue by the Board of Directors on 25 July 2014 and are signed on their behalf by:

Julian Nganunu
Chairman

Chandra Chauhan
Group Managing Director

Independent Auditor's Report to the Members of Sefalana Holding Company Limited

Report on the Financial Statements

We have audited the Group annual financial statements and annual financial statements of Sefalana Holding Company Limited, which comprise the consolidated and separate statement of financial position as at 30 April 2014, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 78 to 135.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of Sefalana Holding Company Limited as at 30 April 2014, its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Practicing member: Rudi Binedell
Membership number: 20040091

Gaborone
31 July 2014

PricewaterhouseCoopers, Plot 50371, Fairgrounds Office Park, Gaborone, PO Box 294, Gaborone, Botswana
Tel: (+267) 3952011, Fax: (+267) 3973901, www.pwc.com/bw
Country Senior Partner: BD Phirie
Partners: R Binedell, R P De Silva, A S Edirisinghe

Statement of Comprehensive Income

For the year ended 30 April 2014

	Note	GROUP 2014 P'000	GROUP 2013 P'000	COMPANY 2014 P'000	COMPANY 2013 P'000
REVENUE	5	2 368 466	2 350 399		
Cost of sales		(2 139 200)	(2 121 964)		
Gross profit		229 266	228 435		
Investment income	7	5 376	4 299	21 622	80 696
Other income and gains	8	35 662	22 005	864	237
Administrative expenses		(107 232)	(102 548)	(1 363)	(1 353)
Finance costs	9	(7 383)	(5 187)	(163)	(217)
Profit before share of results of associate		155 689	147 004	20 960	79 363
Share of results of associate		35			
Profit before tax		155 724	147 004	20 960	79 363
Income tax expense	10	(30 094)	(26 787)	(1 622)	
PROFIT FOR THE YEAR	11	**125 630**	**120 217**	**19 338**	**79 363**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Gain on revaluation of land and buildings		28 336	13 725		
Gross gain on revaluation of land and buildings	14	36 042	17 345		
Income tax on gain on revaluation of land and buildings		(7 706)	(3 620)		
Items that may be subsequently reclassified to profit or loss					
Currency translation differences		(4 508)	2 799		
Other comprehensive income for the year (net of tax)		23 828	16 524		
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**149 458**	**136 741**	**19 338**	**79 363**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the parent		118 165	113 979	19 338	79 363
Non - controlling interests		7 465	6 238		
TOTAL PROFIT FOR THE YEAR		**125 630**	**120 217**	**19 338**	**79 363**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent		142 518	129 234	19 338	79 363
Non - controlling interests		6 940	7 507		
TOTAL COMPREHENSIVE INCOME		**149 458**	**136 741**	**19 338**	**79 363**
BASIC EARNINGS PER SHARE (THEBE)	13	**63.62**	**61.50**		
TOTAL COMPREHENSIVE INCOME PER SHARE (THEBE)	13	**76.74**	**69.73**		

Statement of Financial Position

30 April 2014

	Note	GROUP 2014 P'000	GROUP 2013 P'000	COMPANY 2014 P'000	COMPANY 2013 P'000
ASSETS					
NON - CURRENT ASSETS					
Property, plant and equipment	14	356 682	322 969		
Investment property	15	171 165	132 281		
Intangible assets	16	31 680	28 414		
Leasehold rights	17	1 482	2 221		
Investment in associate	18	2 335			
Property development loan	19	198	435		
Deferred lease assets	20	2 073	2 388		
Deferred tax assets	21	10 594	8 067		
Retirement benefit assets	38	13 187	16 493		
Investment in subsidiaries	22			134 293	134 293
Total non - current assets		589 396	513 268	134 293	134 293
CURRENT ASSETS					
Inventories	23	282 878	222 455		
Trade and other receivables	24	122 693	127 858	2 472	1 884
Amounts due from related parties	25			9 105	42 209
Current tax assets	10	559	1 525		165
Cash and cash equivalents	26	188 168	176 095	6 587	2 342
Total current assets		594 298	527 933	18 164	46 600
TOTAL ASSETS		**1 183 694**	**1 041 201**	**152 457**	**180 893**
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	27	79 243	79 243	79 243	79 243
Other reserves	28	176 863	158 124		
Retained earnings		419 070	352 867	43 702	81 938
Equity attributable to owners of the parent		675 176	590 234	122 945	161 181
Non - controlling interests		46 507	39 565		
Total equity		721 683	629 799	122 945	161 181
NON - CURRENT LIABILITIES					
Finance lease obligations	29	1 824	3 920		
Deferred lease obligations	30	8 189	5 918		
Loans and borrowings	31	14 243	10 269	9 210	10 269
Deferred tax liabilities	21	63 381	57 922		
Total non - current liabilities		87 637	78 029	9 210	10 269
CURRENT LIABILITIES					
Trade and other payables	32	244 258	241 587	1 300	1 660
Amounts due to related parties	25			13 623	5 056
Finance lease obligations	29	2 096	3 528		
Loans and borrowings	31	52 454	52 482	2 002	1 960
Current tax liabilities	10	13 085	10 024	767	767
Bank overdrafts	34	32 330		2 610	
Provisions and accruals	36	30 151	25 752		
Total current liabilities		374 374	333 373	20 302	9 443
Total liabilities		462 011	411 402	29 512	19 712
TOTAL EQUITY AND LIABILITIES		**1 183 694**	**1 041 201**	**152 457**	**180 893**

Statement of Changes in Equity

For the year ended 30 April 2014

		Attributable to owners of the parent					
		Stated capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Note	P'000	P'000	P'000	P'000	P'000	P'000
Group							
At 30 April 2012		75 693	142 869	294 493	513 055	40 073	553 128
Profit for the year				113 979	113 979	6 238	120 217
Issue of shares		3 550			3 550		3 550
Acquisition of additional shares in subsidiary company						(7 687)	(7 687)
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			13 016		13 016	709	13 725
Currency translation differences			2 239		2 239	560	2 799
Capital reduction and other movements				(148)	(148)	(328)	(476)
Dividends paid - 2013 interim and 2012 final	13			(55 457)	(55 457)		(55 457)
At 30 April 2013		79 243	158 124	352 867	590 234	39 565	629 799
Profit for the year				118 165	118 165	7 465	125 630
Reclassification	28		(5 612)	5 612			
Other comprehensive income for the year:							
Gain on revaluation of land and buildings (net of tax)			27 959		27 959	377	28 336
Currency translation differences			(3 608)		(3 608)	(900)	(4 508)
Dividends paid - 2014 interim and 2013 final	13			(57 574)	(57 574)		(57 574)
At 30 April 2014		**79 243**	**176 863**	**419 070**	**675 176**	**46 507**	**721 683**

*Other reserves consist of land and buildings revaluation reserve and currency translation reserve as set out in note 28.

		Stated capital	Retained earnings	Total equity
	Note	P'000	P'000	P'000
Company				
At 30 April 2012		75 693	58 032	133 725
Profit for the year			79 363	79 363
Issue of shares		3 550		3 550
Dividends paid - 2013 interim and 2012 final	13		(55 457)	(55 457)
At 30 April 2013		79 243	81 938	161 181
Profit for the year			19 338	19 338
Dividends paid - 2014 interim and 2013 final	13		(57 574)	(57 574)
At 30 April 2014		**79 243**	**43 702**	**122 945**

Statement of Cash Flows

For the year ended 30 April 2014

	Note(s)	Group 2014 P'000	Group 2013 P'000	Company 2014 P'000	Company 2013 P'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the year		125 630	120 217	19 338	79 363
Income tax expense	10	30 094	26 787	1 622	
Finance costs	9	7 383	5 187	163	217
Investment income	7	(5 376)	(4 299)	(21 622)	(80 696)
Movement on retirement benefit assets	38	3 306	2 238		
Gain on revaluation of investment property	8	(26 778)	(11 900)		
Share of profit from associate		(35)			
Net effect of straight line rental		2 169	(258)		
Impairment of property, plant and equipment			203		
Gain on disposal of property, plant and equipment	8	(347)	(60)		
Conversion of subsidiary into associate and currency translations		3 955	(587)		
Gain on deemed disposal of associates	8		(1 364)		
Amortisation of intangible assets and leasehold rights	16 & 17	1 484	1 586		
Depreciation of property, plant and equipment	14	24 022	23 116		
Cash generated by / (utilised in) operating activities before working capital changes		165 507	160 866	(499)	(1 116)
Movements in working capital:					
Trade and other receivables		5 165	(14 479)	(588)	1 874
Inventories		(60 423)	(2 972)		
Provisions, trade and other payables		7 070	(51 039)	(360)	451
Balance with related parties				41 671	(22 413)
Cash generated by / (utilised in) operations		117 319	92 376	40 224	(21 204)
Interest on loans and finance leases paid		(7 383)	(5 187)	(163)	(217)
Income taxes paid		(31 321)	(27 033)	(1 457)	(38)
Net cash generated by / (utilised in) operating activities		78 615	60 156	38 604	(21 459)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7	5 376	4 299		696
Dividends received from subsidiaries	7			21 622	80 000
Purchase of computer software rights	16	(271)	(228)		
Purchase of property, plant and equipment	14	(38 283)	(17 069)		
Payment in respect of investment in subsidiary	22	(9 251)	(1 013)		
Disposal of associate			1 999		
Additions to investment property	15		(375)		
Proceeds from disposal of property, plant and equipment		476	90		
Receipts from loans advanced		237	205		
Acquisition of additional shares in subsidiary					(3 550)
Net cash flows (utilised in) / generated by investing activities		(41 716)	(12 092)	21 622	77 146
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in / (repayment of) loan	31	3 946	(327)	(1 017)	(849)
Movement in finance lease obligations	29	(3 528)	(2 948)		
Acquisition of additional shares in subsidiary			(3 550)		
Cash dividends paid:					
To owners of the parent	13	(57 574)	(55 457)	(57 574)	(55 457)
To non - controlling interests			(476)		
Net cash flows from financing activities		(57 156)	(62 758)	(58 591)	(56 306)
Net movement in cash and cash equivalents		(20 257)	(14 694)	1 635	(619)
Cash and cash equivalents at beginning of year		176 095	190 789	2 342	2 961
Cash and cash equivalents at end of year		**155 838**	**176 095**	**3 977**	**2 342**
Represented by:					
Bank overdrafts	34	(32 330)		(2 610)	
Cash and cash equivalents	26	188 168	176 095	6 587	2 342
		155 838	**176 095**	**3 977**	**2 342**

Notes to the financial statements

For the year ended 30 April 2014

1 GENERAL INFORMATION

Sefalana Holding company Limited is a Company incorporated in the Republic of Botswana and listed on the Botswana Stock Exchange. The addresses of its registered office and principal places of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries ("the Group") are described in the Company profiles.

The consolidated Group and separate Company's financial statements for the year ended 30 April 2014 were authorised for issue by the Board of Directors on 25 July 2014.

2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention except for the revaluation of certain non-current assets being land and buildings and investment property which are carried at fair value. The principal accounting policies applied in the preparation of these Group and Company financial statements are set out below. These policies have been consistently applied in the current and previous financial year, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 4.

(a) Standards, amendments to published standards and interpretations adopted by the Group and Company for the first time

Amendment to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 has been adopted by the Group for the first time in the current financial reporting period.

Items of other comprehensive income that may be reclassified to profit or loss in the future have been presented separately from those that will never be reclassified to profit or loss. The related tax effects for the two sub-categories have been shown separately. The amendment clarifies disclosure information requirements for comparative periods where there has been a change in accounting policy, change in estimates and errors.

A third statement of financial position is required to be presented if the Group retrospectively applies an accounting policy, restates items, or reclassifies items, and if those adjustments had a material effect on the information in the statement of financial position at the beginning of the comparative period.

No such changes in accounting policy, changes in estimates or errors, restatements or reclassifications occurred during the current period.

This amendment is a change in presentation and has had a limited impact on the presentation of items in the financial statements.

Amendment to IAS 16 Property Plant and Equipment

The amendment to IAS 16 has been adopted by the Group for the first time in the current financial reporting period.

Items of spare parts and servicing equipment have been classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

This standard has not had an effect on the financial statements of the Group.

IAS 28 Investments in Associates and Joint Ventures (2011)

IAS 28 (2011) has been adopted by the Group for the first time in the current financial reporting period.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:

- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

The adoption of this revision to the standard has not had a material impact on the financial statements of the Group.

Amendment to IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 have been adopted by the Group for the first time in the current financial reporting period.

The amendment clarifies the treatment of income tax relating to distributions and transaction costs and requires treatment to be in accordance with IAS 12 as follows:

Notes to the financial statements (continued)

For the year ended 30 April 2014

- Income tax related to distributions are to be recognised in the statement of comprehensive income; and
- Income tax related to the costs of equity transactions are to be recognised in equity.

This standard has not had a material effect on the financial statements of the Group.

IFRS 10 Consolidated Financial Statements

IFRS 10 has been adopted by the Group for the first time in the current financial reporting period.

IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model required the entity to perform the following to determine whether control exists:

- Identify how decisions about the relevant activities are made,
- Assess whether the entity has power over the relevant activities by considering only the entity's substantive rights,
- Assess whether the entity is exposed to variability in returns, and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit

Control will be assessed on a continuous basis and will be reassessed as facts and circumstances change. The impact of this amendment has not had a material impact on the financial statements of the Group.

IFRS 11 Joint Arrangements

IFRS 11 has been adopted by the Group for the first time in the current financial reporting period. The standard has been applied retrospectively, subject to certain transitional provisions.

IFRS 11 establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities.

According to IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

- Joint operations whereby the jointly controlling parties, known as joint operators, have rights to assets and obligations for the liabilities, relating to the arrangement; and

- Joint ventures whereby the joint controlling parties, known as joint ventures, have rights to the net assets of the arrangement.

In terms of IFRS 11, all joint ventures will have to be equity accounted.

This standard has not had an impact on the financial statements of the Group.

IFRS 12 Disclosure of interests in other entities

IFRS 12 has been adopted by the Group for the first time in the current financial reporting period.

IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable users to evaluate:

- The nature of, and risks associated with, an entity's interests in other entities, and
- The effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of this new standard has increased the level of disclosure provided for the entity's interests in subsidiaries and associate entity.

IFRS 13 Fair value measurement

IFRS 13 has been adopted by the Group for the first time in the current financial reporting period. The standard has been applied prospectively and comparatives have not been restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosure requirements for fair value measurements.

The key principles in IFRS 13 are as follows:

- Fair value is an exit price,
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics,
- Measurement assumes a transaction in the entity's principle (or most advantageous) market between market participants,
- Price is not adjusted for transaction costs;
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs; and
- The three-level fair value hierarchy is extended to all fair value measurements.

This amendment has not had a significant effect on the financial statements of the Group, but has resulted in additional disclosures not previously provided in the financial statements. These disclosures have been presented in notes 14 and 15 of the financial statements.

Notes to the financial statements (continued)

For the year ended 30 April 2014

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group and Company

Standard/ Interpretation Content	Contents	Applicable for financial years beginning on / after
IAS 16 & 38 (amendment)	Property, Plant and Equipment & Intangible Assets	1-Jul-14
IAS 24 (amendment)	Related Party Disclosures	1-Jul-14
IAS 32 (amendment)	Financial Instruments: presentation	1-Jan-14
IAS 36 (amendment)	Impairment of assets: focusing on recoverable amount disclosures for non-financial assets	1-Jan-14
IFRS 3 (amendment)	Business Combinations	1-Jul-14
IFRS 8 (amendment)	Operational Segments	1-Jul-14
IFRS 9 (amendment)	Financial Instruments	1-Jan-15

IAS 16 Property Plant and Equipment and IAS 38 Intangible Assets

This amendment to IAS 16 and 38 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2016. The amendment standard will be applied prospectively and comparatives will not be restated.

Both standards are amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the diference between the gross carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross carrying amount.

IAS 24 Related Party Disclosures

This amendment to IAS 24 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2016.

The standard is amended to include, as a related party, an entity that provides key management personnel services to the Group.

Key management personnel are those persons that have authority and responsibility for planning, directing, and controlling the activities of subsidiaries, directly or indirectly, including any Directors of the Group.

This amendment to the standard is not expected to have a significant effect on the financial statements of the Group.

IAS 32 Financial Instruments: Presentation

This amendment to IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position and also the treatment of income tax relating to distributions and transaction costs.

This amendment standard is not expected to have a significant effect on the financial statements of the Group.

IAS 36 Impairment of assets: Disclosures

IAS 36 clarifies the disclosure requirements for recoverable amounts of impaired non - financial assets if the amount is based on fair value less cost of disposal.

This standard is not expected to have a significant effect on the financial statements of the Group.

IFRS 3 Business Combinations

This amendment to IFRS 3 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2016.

This amendment standard is not expected to have a significant effect on the financial statements of the Group.

IFRS 8 Operational Segments

This amendment to IFRS 8 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2016.

The standard has been amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics.

The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

This standard is not expected to have a material effect on the financial statements of the Group.

Notes to the financial statements (continued)

For the year ended 30 April 2014

IFRS 9 (2009) Financial Instruments
IFRS 9 will be adopted by the Group for the first time for its financial reporting period ending 30 April 2015. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

IFRS 9 (2010) incorporates the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 – Reassessment of Embedded Derivatives.

The impact on the financial statements for the Group is yet to be assessed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing investment relationships, management has applied its judgement in the assessment of whether the commercial and economic relationship is tantamount to de-facto control. Based on the fact patterns and management's judgement, if such control exists, the relationship of control has been recognised in terms of IFRS 10 – Consolidated financial statements which builds on the existing principles of control set out in IAS 27 – Consolidated and separate financial statements. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The Group uses the acquisition method of accounting to account for business combinations. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

Business Combinations
Acquisition-related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 – Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non - current assets held for sale and discontinued operations, which are recognised at fair value less costs to sell. Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments.

The excess of the consideration transferred, the amount of any non-controlling interest in the aquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income. Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Non-controlling interests are treated as equity participants and, therefore, all acquisitions of non-controlling interests or disposals by the Group of its non-controlling interests in subsidiary companies where control is maintained

Notes to the financial statements (continued)

For the year ended 30 April 2014

subsequent to the disposal are accounted for as equity transactions. Consequently, the difference between the purchase price and the book value of non-controlling interest purchased is recorded in equity. All profits and losses arising as a result of the disposal of interests in subsidiaries to minorities, where control is maintained subsequent to the disposal, are also recorded in equity.

All inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated and are considered an impairment indicator of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investment in subsidiaries

The Company accounts for its investment in subsidiaries at cost, which includes transaction costs, less provision for impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Investments in subsidiaries are assessed for impairment when indicators of impairment are identified. Such impairment indicators include, but are not limited to, for example:

- Sustained deterioration in financial results of operations and / or financial position of the subsidiary;
- Changes in the operating environment of a subsidiary, including regulatory and economic changes, market entry by new competitors, etc.; and
- Inability of a subsidiary to obtain finance required to sustain or expand operations.

Where impairment indicators are identified, the recoverable value of the subsidiary is measured at the lower of realisable value through sale less costs to sell, and value in use. Value in use is the present value of future cash flows expected to be derived from the subsidiary.

Once an impairment loss has been recognised, the Group assesses at each year-end date whether there is an indication that the impairment loss previously recognised no longer exists or has decreased. If this is the case, the recoverable value of the subsidiary is re-measured and the impairment loss reversed or partially reversed as may be the case.

Where the recoverable value of a subsidiary is below the carrying amount, the carrying amount is reduced to the recoverable value through an impairment loss charged to the statement of comprehensive income.

The Group's financial statements include the financial statements of Sefalana Holding Company Limited and its subsidiaries as disclosed in note 22.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under this method, the Company's share of post-acquisition accumulated profits or losses of associated companies, which are generally determined from their latest audited financial statements, is included in the carrying value of the investments, and the annual profit attributable to the Group is recognised in the statement of comprehensive income. The Company's share of post-acquisition movement in reserves is recognised in other reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The carrying amount of such interests is reduced to recognise any potential impairment, other than a temporary decline, in the value of individual investments.

The Group's investment in associates includes goodwill (net of accumulated impairment loss) identified on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless the Group has incurred obligations, issued guarantees or made payments on behalf of the associate.

Where another Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies of the Group. The Company accounts for investments in associates at cost, which includes transaction costs, less accumulated impairment losses.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. Where impairment indicators are identified, the recoverable value of the associate is measured at the higher of realisable value through sale less costs to sell, and value in use. Value in use is the present value of future cash flows expected to be derived from the associate.

Where the recoverable value of an associate is below the carrying amount, the carrying amount is reduced to the

Notes to the financial statements (continued)

For the year ended 30 April 2014

recoverable value through an impairment loss charged to the statement of comprehensive income.

Once an impairment loss has been recognised, the Group assesses at each year-end date whether there is an indication that the impairment loss previously recognised no longer exists or has decreased. If this is the case, the recoverable value of the associate is re-measured and the impairment loss reversed or partially reversed as may be the case.

The Group's shareholding in associates is as disclosed in note 18.

Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains or transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Botswana Pula, which is the Company's functional and Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'net foreign exchange gains'.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

(iii) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Land and buildings comprise mainly wholesale and retail outlets, offices and residential buildings. Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Buildings capitalised under finance leases comprise retail outlets which were designed and developed specifically for the Group's use and are leased by the Group under long-term lease agreements. These buildings are accounted for at cost (being the present value of

Notes to the financial statements (continued)

For the year ended 30 April 2014

the minimum committed lease payments at inception of the respective lease contracts) less accumulated depreciation and accumulated impairment adjustments.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Properties in the course of construction for production or supply of goods or services, or for administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in terms of the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings	50 years
Leasehold buildings	remaining period of lease
Buildings capitalised under finance leases	15 years, being initial lease period
Plant and machinery	4 to 20 years
Motor vehicles	4 to 6 years
Fixtures and equipment	4 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases in the carrying amount arising on revaluation of land and buildings are charged to other comprehensive income and debited against other reserves directly in equity.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date on an appropriate valuation basis, which may include internal valuation models, valuations by independent professional valuers and comparison to recent market transactions and values. Where valuations from these sources indicate a range of reasonable fair values estimates, considered judgement is applied to determine the most reliable estimate of fair value. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be reliably determined, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion

Notes to the financial statements (continued)

For the year ended 30 April 2014

- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit and loss for the period in which it arises. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit and loss for the period in which it arises within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner - occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the statement of comprehensive income.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

Lease rights

Lease rights represent rights covered by contract or similar arrangement to occupy, lease out or otherwise utilise property. Separately acquired lease rights are shown at historical cost. Lease rights acquired in a business combination are recognised at fair value at the acquisition date. Where land rights are acquired directly through agreement with government, the group records these at nominal amounts at the inception of the underlying lease / rental agreements or when such agreements are renewed.

Lease rights have a finite useful life based on the underlying contractual agreement assigning such rights to the consignee and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of lease rights over their estimated useful lives based on contractual assignment terms.

Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Groups interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the aquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units or groups of cash - generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the financial statements (continued)

For the year ended 30 April 2014

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their useful lives (three to five years) on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Impairment of Non - Financial Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income is recognised on a straight line basis over the term of the relevant lease, and is included in revenue in the statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight - line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes to the financial statements (continued)

For the year ended 30 April 2014

All other borrowing costs are recognised in the statement of comprehensive income for the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Employee Benefits

Pension obligations

The Sefalana Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time. In accordance with the International Financial Reporting Standard, IAS 19 (Employee Benefits) and IFRIC 14 (IAS 19 –the limit on a defined benefit asset, minimum funding requirements and their interaction), the participating employers of the Sefalana Pension Fund and the amalgamated Sefalana Group Staff Pension Fund are required to recognize the fair value of the Employer Reserve balance as an asset in its own financial statements. The fair value of the plan asset represents the cumulative sum total of the members' credits at the reporting date. The movement on the plan assets during the year represents the utilisation of part of the Employer Reserve and is included within staff costs.

Gratuities and severance plans

The Group does not provide pension benefits for all its employees, but operates a gratuity scheme for expatriates in terms of employment contracts, and a severance benefit scheme for citizens in terms of section 28 of the Botswana Employment Act. Severance pay is not considered to be a retirement benefit plan as the benefits are payable on completion of each 60 month period of continuous employment, at the option of the employee. The expected gratuity and severance benefit liability is provided in full by way of a provision.

Profit - sharing and bonus plans

The Group recognises a liability and an expense for staff bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent it relates to items recognised directly in equity. In this case, tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets are recognised for loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Withholding tax of 7.5% is payable on the gross value of dividends in accordance with the Botswana Income Tax Act.

Inventories

Inventories comprising fast moving consumer goods for resale are valued at the lower of cost and net realisable value. Cost on these goods is determined on the weighted average basis and is the net of the invoice price, insurance, freight, customs duties, trade discounts, rebates and settlement discounts.

Inventories comprising vehicles and equipment for resale are also stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on the first-in first-out basis.

Notes to the financial statements (continued)

For the year ended 30 April 2014

Work in progress arising from rendering of services of vehicles and equipment is valued with costs of materials used and excludes labour or overhead components.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

Financial Assets

Classification

The Group only has financial assets that are classified under the loans and receivables category. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' other than prepayments, 'amounts due from related parties' and 'cash and cash equivalents' in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences relating to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income. Translation differences on non-monetary securities are recognised in other comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. Impairment testing of trade receivables is described in note 24.

De - recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administration expenses' in the statement of comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Notes to the financial statements (continued)

For the year ended 30 April 2014

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial Liabilities

Classification

The Group only has financial liabilities that are classified as ‘financial liabilities at amortised cost’.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expired.

Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably. Provisions are measured at the Directors’ best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to the present value where the effect is material.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties

Provisions for warranty costs are recognised at the date of the sale of the relevant products, at the Directors’ best estimate of the expenditure required to settle the Group’s obligation.

Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group’s activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes to the financial statements (continued)

For the year ended 30 April 2014

Sale of goods - Merchandise

Merchandise sales are recognised upon delivery of products and customer acceptance. Payment is generally received via cash, debit card, credit card or cheque, or through charge to a line of credit granted to the customer. Related card transaction costs are recognised in the statement of comprehensive income as other expense.

Sales of goods - Others

Revenue from the sale of other goods is recognised when the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales. Contract costs comprise:

- Costs that relate directly to the specific contract;
- Costs that are attributable to contract activity in general and can be allocated to the contract; and
- Such other costs as are specifically chargeable to the customer under the terms of the contract.

Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The costs of shared services are accounted for in a separate ("unallocated") segment. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra-segment revenue being eliminated through a separate adjustment to revenue. The Group's areas of operations were limited to the Republic of Botswana, the Republic of Zambia and the Republic of Namibia during the reporting periods.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements and applying the Group's accounting policies, the entity has made certain key judgements and estimates in order to present balances and amounts in these financial statements. The following is a summary of those key judgements and key

Notes to the financial statements (continued)

For the year ended 30 April 2014

sources of estimation uncertainty at the reporting date, which has the most significant effect on the carrying amounts of assets and liabilities included in the financial statements:

Fair value of land and buildings and investment properties

The Group periodically commissions an external expert to value its property portfolio. The latest full scope evaluation was carried out at 30 April 2012. An updated desktop valuation was carried out by the same external expert at 30 April 2013 and 2014. Resulting fair value gains and losses have been recognised in the statement of comprehensive income. Market values for developed property have been determined based on rental yields. A capitalisation factor has been applied to each property depending on its location and condition. Capitalisation rates applied in the recent valuation range from 10% to 25%. A 0.1% increase in the capitalisation rate would result in a P3.4 million reduction in overall portfolio value. A 0.1% decrease in capitalisation rate would result in a P3.4 million increase in overall portfolio value. Undeveloped land has been valued based on recent market data on similar properties transacted on an arm's length basis.

Impairment loss on receivables

The Group reviews its receivables to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in profit or loss, the Group companies make judgements as to whether there is any observable data indicating that there is a measurable decrease in estimated cash flows from a portfolio of receivables. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any difference between loss estimates and actual loss experience.

Impairment of goodwill

The Group tests annually whether goodwill (as disclosed in note 16) has suffered any impairment, in accordance with its accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined by the Directors based on forecast pre-tax free cash flows of each cash-generating unit. These calculations require the use of estimates, the most significant of which are assumptions of a growth rate and discount rates (refer note 16).

The impairment calculations performed by the Group at the current year-end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

Residual values and useful lives

Residual values and useful lives of property, plant and equipment are based on current estimates of the values of these assets at the end of their useful lives.

Provision for shrinkage

The provision for shrinkage is based on the historical results of inventory counts.

Provision for warranties

One of the subsidiary companies gives a warranty on vehicles sold by it; most of the warranty costs are met by the initial suppliers of these vehicles, but there is an element of cost that will be borne by the Company. Based on the Directors' knowledge of the industry and previous practices a provision has been made to account for future warranty costs on vehicles sold.

Allowance for slow moving, damaged and obsolete inventory

Management have made estimates of the selling price and direct cost to sell on certain inventory items, in the calculation of allowance for inventory to write inventory down to the lower of cost or net realisable value.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Notes to the financial statements (continued)

For the year ended 30 April 2014

		Group	
		2014	2013
		P'000	P'000
5	**REVENUE**		
	An analysis of the Group's revenue is as follows:		
	Revenue from trading and manufacturing	2 356 642	2 341 078
	Property rental income	11 824	9 321
		2 368 466	**2 350 399**
	Property rental income comprises:		
	Contractual rental income	12 124	9 163
	Straight line lease rental adjustment	(300)	158
		11 824	**9 321**

6 SEGMENTAL ANALYSIS

The Company's Board of Directors acts as the Chief Operating Decision Maker of the Group and assesses the performance of the operating units based on the measure of profit before tax. This measurement basis assesses performance on the bases of recognition and measurement which are consistent with the accounting policies of the Group. Performance is monitored based on business segments and geographical segments.

The Group's operating businesses are organised and managed separately according to the nature of products and services offered by each segment representing a strategic business unit. The Group is organised into four principal business areas and these make up four reportable operating segments as follows:

Trading - consumer goods:
Wholesale and retail distribution of fast moving consumer goods.

Trading - others:
Sale of automotive products, equipment for construction and agricultural related sectors including after sale services.

Manufacturing:
Milling, production and sale of sorghum, soya and maize based extruded food products.

Property:
Holding of commercial and industrial properties for own use as well as for generating income from lease arrangements with external tenants, along with capital appreciation in value. With the exception of Trading - others and Manufacturing segments, revenue is derived from a very broad and diversified customer base, with no dependence on any significant customer.

Revenue from Trading - others and Manufacturing operating segments is derived primarily from various Government departments following award of tenders.

The Group's most significant operations are in Botswana. In addition, Sefalana Properties Limited Zambia, a subsidiary of the Company, has operating leases with third parties to let out specific areas of the property it owns in Lusaka, Zambia. The operational results and financial position of this Zambian business is reported as a separate segment.

Notes to the financial statements (continued)

For the year ended 30 April 2014

6 SEGMENTAL ANALYSIS (continued)

Segment results

2014	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter- segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	2 103 541	121 832	152 560	23 891	7 125	(40 483)	2 368 466
Cost of sales	(1 962 769)	(98 075)	(119 379)			41 023	(2 139 200)
Gross profit	140 772	23 757	33 181	23 891	7 125	540	229 266
Investment income	3 221	1 551	1 293	606		(1 295)	5 376
Other income and gains	80	10 553	409	48 508	14 620	(38 508)	35 662
Administrative expenses	(52 570)	(25 576)	(11 537)	(18 670)	(1 974)	3 095	(107 232)
Finance costs	(1 239)	(13)	(3 077)	(2 089)	(2 098)	1 133	(7 383)
Profit before share of results from associate	90 264	10 272	20 269	52 246	17 673	(35 035)	155 689
Share of results from associate				35			35
Profit before tax	**90 264**	**10 272**	**20 269**	**52 281**	**17 673**	**(35 035)**	**155 724**
Total segment results above include:							
Revenue from external customers	2 102 966	121 832	131 844	4 699	7 125		2 368 466
Depreciation and amortisation	14 807	990	1 845	7 864			25 506
Staff costs	102 481	12 242	10 873	14 619	642	970	141 827

Segment assets and liabilities

2014	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter- segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Assets	496 696	103 783	166 733	388 831	68 535	(40 884)	1 183 694
Liabilities	(269 862)	(29 520)	(84 797)	(129 005)	(12 274)	63 447	(462 011)
Inter - group balances	(3 300)	24 398	(20 458)	7 927	(9 105)	538	
Capital expenditure during the year	21 204	834	4 838	11 678			38 554

Segment results

2013	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter- segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Revenue	2 014 022	180 233	165 027	23 449	4 886	(37 218)	2 350 399
Cost of sales	(1 881 930)	(148 342)	(128 587)			36 895	(2 121 964)
Gross profit	132 092	31 891	36 440	23 449	4 886	(323)	228 435
Investment income	3 036	881	2 518			(2 136)	4 299
Other income and gains	1 405	8 120	846	24 852	4 338	(17 556)	22 005
Administrative expenses	(49 036)	(25 475)	(15 066)	(17 219)	(1 533)	5 781	(102 548)
Finance costs	(836)	(44)	(3 729)	(2 985)	(208)	2 615	(5 187)
Profit before tax	**86 661**	**15 373**	**21 009**	**28 097**	**7 483**	**(11 619)**	**147 004**
Total segment results above include:							
Revenue from external customers	2 012 934	179 901	148 243	4 435	4 886		2 350 399
Depreciation and amortisation	13 523	974	2 796	7 409			24 702
Staff costs	90 263	12 464	12 037	13 318	572	1 044	129 698

Segment assets and liabilities

2013	Botswana				Zambia	Group	
	Trading consumer goods	Trading others	Manufacturing	Property	Property	Inter- segment or unallocated	Consolidated
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Assets	435 795	95 250	155 989	285 219	59 832	9 116	1 041 201
Liabilities	(256 887)	(31 280)	(72 335)	(89 410)	(15 619)	54 129	(411 402)
Inter - group balances	(4)		4 383	(35 633)	(10 956)	42 210	
Capital expenditure during the year	12 952	989	3 143	588			17 672

Notes to the financial statements (continued)

For the year ended 30 April 2014

		Group		Company	
		2014	2013	2014	2013
		P'000	P'000	P'000	P'000
7	**INVESTMENT INCOME**				
	Interest income from:				
	Bank deposits	5 051	4 234		
	Related party loans	235			696
	Other loans and receivables	90	65		
	Dividends from subsidiaries			21 622	80 000
		5 376	4 299	21 622	80 696
8	**OTHER INCOME AND GAINS**				
	Gain on deemed disposal of associate		1 364		
	Gain on acquisition of additional shares in subsidiary		587		
	Gain on disposal of property, plant and equipment	347	60		
	Gain on revaluation of investment property	26 778	11 900		
	Net effect of straight line rental adjustment	300	(158)		
	Net foreign exchange gains	5 719	7 385		87
	Loss on conversion of subsidiary into associate	(396)			
	Rebates and claims	1 827	533	767	
	Other	1 087	334	97	150
		35 662	22 005	864	237
9	**FINANCE COSTS**				
	Interest paid on:				
	Bank overdrafts and loans	3 921	3 684	(68)	
	Finance lease obligations	1 154	836		
	Related party loans			226	
	Other	2 308	667	5	217
		7 383	5 187	163	217

The weighted average cost of borrowing for the Group is 5.45% (2013: 7.65%). Other finance costs mainly relate to foreign exchange losses arising on the US Dollar term loan.

Notes to the financial statements (continued)

For the year ended 30 April 2014

		Group		Company	
		2014	2013	2014	2013
		P'000	P'000	P'000	P'000
10	**INCOME TAX EXPENSE**				
	Current tax				
	Basic Company Tax	33 726	33 084		
	Withholding tax on dividends	1 622		1 622	
	Total current tax	**35 348**	**33 084**	**1 622**	
	Deferred tax				
	Reversal and origination of temporary differences	(5 254)	(4 643)		
	Adjustment in respect of prior years		(1 654)		
	Total deferred tax	**(5 254)**	**(6 297)**		
	Income tax expense	**30 094**	**26 787**	**1 622**	

The Company and Group has used the single corporate tax rate of 22% for calculating the current and deferred taxes at the current and previous financial year end for the non - manufacturing entities in Botswana, and for manufacturing entities, the current and deferred taxation rate applied is 15%. Tax rates in Zambia were at 35% until 31 December 2013 and was replaced with a final tax of 10% from 1 January 2014.

The charge for the year can be reconciled to the accounting profit as follows:

	Group		Company	
	2014	2013	2014	2013
	P'000	P'000	P'000	P'000
Profit before tax	**155 724**	**147 004**	**20 960**	**79 363**
Tax calculated at current tax rates - 22% (2013: 22%)	34 259	32 341	4 611	17 460
Effect of differential tax rates	(3 593)	(482)		
Expenses not deductible for tax purposes	346	149	146	140
Adjustment in respect of prior years	(263)	(1 739)		
Tax effect of income not subject to tax	(655)	(3 482)	(3 135)	(17 600)
Income tax expense per statement of comprehensive income	**30 094**	**26 787**	**1 622**	
Current tax assets and liabilities				
Current tax assets:				
Income tax refund receivable	**559**	**1 525**		**165**
Current tax liabilities:				
Income tax payable	**13 085**	**10 024**	**767**	**767**

Notes to the financial statements (continued)

For the year ended 30 April 2014

	Note	Group 2014	Group 2013	Company 2014	Company 2013
		P'000	P'000	P'000	P'000
11 PROFIT FOR THE YEAR					
Profit for the year has been arrived at after charging / (crediting):					
Auditors' remuneration		2 752	2 474	5	5
Amortisation of intangible assets	16	745	845		
Amortisation of leasehold rights	17	739	741		
Cost of inventories expensed		2 105 613	2 098 775		
Depreciation of property, plant and equipment	14	24 022	23 116		
Impairment of property, plant and equipment	14		203		
Directors and employee benefits		138 521	127 460	970	1 044
Gain on deemed disposal of associate			(1 364)		
Loss on conversion of subsidiary into associate	8	396			
Impairment of trade receivables	24	2 589	4 412		
Operating lease costs:					
- properties		18 073	17 060		
- motor vehicles		114	112		
Movement in Pension Fund Employer Reserve	38	3 306	2 238		
Gain on revaluation of investment property	15	(26 778)	(11 900)		
Gain on disposal of property, plant and equipment	8	(347)	(60)		

12 DIRECTORS EMOLUMENTS

Emoluments of the Directors of Sefalana Holding Company Limited from the Company and its subsidiaries:

	Group 2014	Group 2013	Company 2014	Company 2013
Fees for services as Directors	970	1 134	970	1 044
Managerial services	11 230	11 721		
Total	**12 200**	**12 855**	**970**	**1 044**
Paid by subsidiary companies	11 230	11 811		
Paid by the Company	970	1 044	970	1 044
Total	**12 200**	**12 855**	**970**	**1 044**

Notes to the financial statements (continued)

For the year ended 30 April 2014

		2014	2013
13	**EARNINGS AND COMPREHENSIVE INCOME PER SHARE**		
	Profit attributable to owners of the parent (P'000)	**118 165**	**113 979**
	Total comprehensive income attributable to owners of the parent (P'000)	**142 518**	**129 234**
	Shares in issue at end of year (number)	**185 723 463**	**185 723 463**

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Total comprehensive income per share is calculated by dividing the total comprehensive income attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

	2014	2013
Shares in issue at beginning of year (number)	185 723 463	184 540 130
Additional shares issued on acquisition of 15% shares in MF Holdings (Proprietary) Limited (number)		1 183 333
Shares in issue at end of the year (number)	185 723 463	185 723 463
Weighted average shares in issue during the year (number)	**185 723 463**	**185 327 938**
Basic earnings per share (thebe)	**63.62**	**61.50**
Total comprehensive income per share (thebe)	**76.74**	**69.73**

	2014 P'000	2013 P'000
DIVIDENDS		
Declared and paid during the year:		
Interim 2014: 10 thebe per share and Final 2013: 21 thebe per share; (Interim 2013: 8 thebe per share and final 2012: 22 thebe per share)	**57 574**	**55 457**
Proposed:		
Final 2014: 12.5 thebe per share; (Final 2013: 21 thebe per share)	**27 859**	**39 002**

The final dividend of 12.5 thebe was paid on 5 September 2014 and was based on the total number of shares in issue on that date inclusive of the Rights Issue shares (note 42).

Notes to the financial statements (continued)

For the year ended 30 April 2014

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Buildings capitalised under finance leases	Plant, fixtures and equipment	Motor vehicles	Total
	P'000	P'000	P'000	P'000	P'000
Group					
Cost or valuation					
At 30 April 2012	249 189	12 508	102 251	15 433	379 381
Additions	37		15 272	1 760	17 069
Gain of revaluation	17 345				17 345
Reversal of depreciation on revaluation	(8 635)				(8 635)
Acquisition of subsidiary			440	9	449
Transfer to investment property	(7 822)				(7 822)
Disposals				(71)	(71)
At 30 April 2013	**250 114**	**12 508**	**117 963**	**17 131**	**397 716**
At 30 April 2013	250 114	12 508	117 963	17 131	397 716
Additions	11 793		20 206	6 284	38 283
Gain on revaluation	36 042				36 042
Reversal of depreciation on revaluation	(8 818)				(8 818)
Business combination - acquisition	3 175		2 336		5 511
Derecognition of subsidiary into associate			(8 231)	(1 339)	(9 570)
Reclassification to investment property	(17 700)				(17 700)
Disposals			(19)	(547)	(566)
At 30 April 2014	**274 606**	**12 508**	**132 255**	**21 529**	**440 898**
Depreciation and impairment					
At 30 April 2012		9 147	42 186	8 771	60 104
Depreciation charge for the year	8 635	1 224	10 855	2 402	23 116
Disposals				(41)	(41)
Impairment			203		203
Elimination of depreciation previously charged	(8 635)				(8 635)
At 30 April 2013		**10 371**	**53 244**	**11 132**	**74 747**
At 30 April 2013		10 371	53 244	11 132	74 747
Depreciation charge for the year	8 818	907	11 929	2 368	24 022
Disposal			(16)	(421)	(437)
Business combination			(4 650)	(648)	(5 298)
Elimination of depreciation previously charged	(8 818)				(8 818)
At 30 April 2014		**11 278**	**60 507**	**12 431**	**84 216**
Carrying amount					
At 30 April 2014	**274 606**	**1 230**	**71 748**	**9 098**	**356 682**
At 30 April 2013	**250 114**	**2 137**	**64 719**	**5 999**	**322 969**

Notes to the financial statements (continued)

For the year ended 30 April 2014

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value of land and buildings

The following table analyses property, plant and equipment carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 30 April 2014 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			27 900
Retail sale outlets - Botswana			223 006
Manufacturing sites - Botswana			23 700
			274 606

There were no transfers between levels during the year.

	Fair value measurements at 30 April 2013		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			23 400
Retail sale outlets - Botswana			187 514
Manufacturing sites - Botswana			39 200
			250 114

There were no transfers between levels during the year.

Valuation process

An independent valuation of the Group's land and buildings was performed by a professional third party valuer at 30 April 2012. The valuation conforms to International Valuation Standards and was based on recent market data on similar properties transacted on an arm's length basis. These valuations were performed using the Income Capitalisation Method (discounted cash flow method) which is based on individual property capitalisation rates.

At 30 April 2014 and 30 April 2013, an update was performed on the above valuations in the form of a desktop valuation. This assessment was carried out by the same independent valuer and on the same basis as at 30 April 2012. This updated valuation was used to support the Directors' valuation of the portfolio of Group properties.

Notes to the financial statements (continued)

For the year ended 30 April 2014

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value measurements using significant un - observable inputs (Level 3)

	2014 P'000	2013 P'000
Opening balance at 1 May 2013	250 114	249 189
Additions	11 793	37
Reclassification / transfers	(17 700)	(7 822)
Business combination - acquisition	3 175	
Gain on revaluation recognised in other comprehensive income	36 042	17 345
Reversal of depreciation on revaluation	(8 818)	(8 635)
Closing balance at 30 April 2014	274 606	250 114

Fair value measurement using significant un - observable inputs (Level 3)

Description	Fair value at 30 April 2014 P'000	Valuation Technique	Range of un - observable inputs	Relationship of un - observable inputs to fair value
Land and buildings	274 606	Income capitalisation	P13 per sqm to P83 per sqm (weighted average of P30 per sqm) and capitalisation factor range from 10% to 25% with a weighted average of 12.5%	The higher the price per square meter, the higher the value of the property

A 10 basis point increase / decrease in capitalisation rate on each property would decrease/increase the overall valuation by P2.3 million. Revaluation surpluses net of deferred tax relating to property, plant and equipment is credited to other reserves in shareholder's equity and are included in other comprehensive income.

Depreciation expenses of P12.9 million (2013: P11.8 million) and P11.1 million (2013: P11.2 million) are charged to "cost of sales" and "administrative expenses" respectively in the Statement of Comprehensive Income.

If land and buildings were stated on the historical cost basis the amounts would be as follows:

	2014 P'000	2013 P'000
Cost	50 635	38 977
Accumulated depreciation	(12 632)	(12 028)
Net carrying amount	**38 003**	**26 949**

Land and buildings with a carrying value of P14.5 million is mortgaged for P5.0 million banking facilities entered into by the Group as set out in note 35. On 30 November 2013, the Group acquired the entire stated capital of Welcome Serowe (Pty) Limited for a consideration of P3.3 million. This included the purchase of land and buildings with a fair value of P3.2 million (note 22).

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014	2013
	P'000	P'000
15 INVESTMENT PROPERTY		
Group		
Freehold and leasehold land and buildings at fair value	172 403	136 202
Straight line lease rental adjustment	300	(2 323)
Currency translation differences	(1 538)	(1 598)
Balance at end of year	**171 165**	**132 281**
Reconciliation of fair value:		
Opening fair value	132 281	108 261
Additions during the year		375
Reclassification from property, plant and equipment	17 700	7 822
Currency translation differences	(5 894)	4 081
Gain on revaluation of properties	26 778	11 900
Straight line lease rental adjustment	300	(158)
Closing fair value	**171 165**	**132 281**

Fair value of land and buildings

The following table analyses investment property carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

	Fair value measurements at 30 April 2014		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			81 630
Office buildings - Zambia			66 235
Retail sale outlets - Botswana			2 800
Manufacturing site - Botswana			20 500
			171 165

There were no transfers between levels during the year.

	Fair value measurements at 30 April 2013 arising		
	Level 1	Level 2	Level 3
	P'000	P'000	P'000
Recurring fair value measurements			
Office buildings - Botswana			72 771
Office buildings - Zambia			57 510
Retail sale outlets - Botswana			2 000
Manufacturing site - Botswana			
			132 281

There were no transfers between levels during the year.

Notes to the financial statements (continued)

For the year ended 30 April 2014

15 INVESTMENT PROPERTY (continued)

Fair value measurements using significant unobservable inputs (level 3)

	Botswana properties	Zambia property	Total
	P'000	P'000	P'000
Opening balance at 1 May 2013	74 771	57 510	132 281
Transfer from property, plant and equipment	17 700		17 700
Currency translation differences		(5 894)	(5 894)
Gain on revaluation of properties	12 158	14 620	26 778
Straight line lease rental adjustment	300		300
Closing balance at 30 April 2014	104 929	66 236	171 165

Valuation process

The carrying value of investment properties in Botswana have been determined by the Directors and was supported by a desktop valuation update carried out on the previous year's valuation. These valuations were performed by an Independent valuer (note 14). The property held in Zambia was valued using an external expert. This valuation was based on comparable market transactions.

Fair value measurement using significant unobservable inputs (Level 3)

Description	Fair value at 30 April 2014 P'000	Valuation technique	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Land and buildings (Botswana)	104 929	Income capitalisation method	P13 per sqm to P83 per sqm (weighted average of P30 per sqm) and capitalisation factor range from 10% to 25% with a weighted average of 12.5%	The higher the price per square meter, the higher the value of the property
Land and buildings (Zambia)	66 236	Comparable market transactions	N/A	N/A
Total	171 165			

A 10 basis point increase / decrease in capitalisation rate on each property would increase / decrease the overall valuation by P1.1 million. Revaluation surpluses relating to investment property is included in other income and gains (note 8).

	2014	2013
	P'000	P'000
Contractual rental income from investment property	**11 517**	**9 163**
Expenses directly attributable to investment property	**(918)**	**(608)**

Lease agreements exist for all let properties and range from 12 months to 10 years with options to renew.
No contingent rentals are charged. Most leases include escalation clauses which approximate to expected inflation rates.

Notes to the financial statements (continued)

For the year ended 30 April 2014

16 INTANGIBLE ASSETS

	Goodwill	Computer Software	Total
	P'000	P'000	P'000
Group			
Cost			
At 30 April 2012	25 323	11 162	36 485
Additions	2 682	228	2 910
At 30 April 2013	28 005	11 390	39 395
Additions		271	271
Business combination	3 740		3 740
At 30 April 2014	**31 745**	**11 661**	**43 406**
Amortisation and impairment			
At 30 April 2012	443	9 693	10 136
Charge during the year		845	845
At 30 April 2013	443	10 538	10 981
Charge during the year		745	745
At 30 April 2014	**443**	**11 283**	**11 726**
Carrying amount			
At 30 April 2014	**31 302**	**378**	**31 680**
At 30 April 2013	27 562	852	28 414

Computer software rights

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The useful lives of software are reviewed at each reporting date.

Goodwill

The impairment calculations performed by the Directors at the year - end indicate significant headroom between the value in use attributed to cash generating units and the carrying value of the goodwill allocated to such units.

For the purpose of impairment testing, goodwill is attached to the following cash generating units.

	2014	2013
	P'000	P'000
Sefalana Cash and Carry Limited	21 375	21 375
Sefalana Cash and Carry (Namibia) (Pty) Limited	3 740	
MF Holdings (Proprietary) Limited	3 794	3 794
Wholesale operations in South West Botswana	2 393	2 393
Total	**31 302**	**27 562**

Notes to the financial statements (continued)

For the year ended 30 April 2014

16 INTANGIBLE ASSETS (continued)

The increase of goodwill in relation to Sefalana Cash and Carry (Namibia) (Pty) Limited of P3.7 million arose from the acquisition of the trading business of a store in Katima Mulilo, Namibia (note 22).

Key assumptions used in the calculation of recoverable amounts are discount rates and growth rates as follows:

	2014				2013		
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana	Sefalana Cash and Carry Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana
Discount rates	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%
Growth rates	3.00%	5.00%	5.00%	3.00%	3.00%	8.00%	3.00%

The table below shows the amount that these assumptions are required to change individually in order for the estimated recoverable amount to equal its carrying amount.

	2014				2013		
	Sefalana Cash and Carry Limited	Sefalana Cash and Carry (Namibia) (Pty) Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana	Sefalana Cash and Carry Limited	MF Holdings (Proprietary) Limited	Wholesale operations in South West Botswana
Discount rates	40.00%	40.00%	15.45%	40.00%	38.00%	27.00%	38.00%
Growth rates	(12.00%)	0.10%	4.10%	(12.00%)	(17.00%)	(4.00%)	(17.00%)

Notes to the financial statements (continued)

For the year ended 30 April 2014

16 INTANGIBLE ASSETS (continued)

Business combinations during the year

In performing the purchase price allocation with respect to the acquisitions made during the year, the Group applied its judgment to determine the assets which are separately identifiable and recognisable, and on the basis of recognition and measurement.

These judgments are summarised as follows:

Accounting for the Investment by Sefalana Cash and Carry (Namibia) (Pty) Ltd in a store in Katima Mulilo, Namibia

Separately identifiable asset	Basis of recognition and measurement	Value assigned (P'000)
Fixed property	Not recognised as no fixed property was acquired. Property is leased based on a market - related contract with the landlord, thus there was no fair value to be assigned to the lease contract.	
Movable assets	Recognised based on a blended depreciated historical cost and depreciated replacement cost basis.	2 211
Customer relationships	The customers of the company are mainly cash customers who are not contractually bound. Further the company does not operate any customer loyalty programmes. Accordingly, any value assigned to these relationships would be best assigned to the location of the store and is thus included in goodwill.	
Brand value	Not recognised as the value of the brand was deemed negligible in relation to the overall value of the transaction as the single store's operations were limited to a small geographical area. No significant national, regional or global marketing efforts had been undertaken using this brand.	
Assembled workforce	Not significant, thus not separately valued.	

Fair value of net assets acquired before deferred tax adjustment	2 211
Deferred tax adjustment (deemed to be immaterial)	
Fair value of net assets acquired after deferred tax adjustment	2 211
Fair value of purchase consideration	5 951
Goodwill recognised	3 740

Accounting for the Investment in Welcome Serowe (Pty) Ltd

Separately identifiable asset	Basis of recognition and measurement	Value assigned (P'000)
Fixed property	Based on independent property valuation	3 175
Movable assets	Recognised based on a blended depreciated historical cost and depreciated replacement cost basis.	125
Customer relationships	The customers of the company are mainly cash customers who are not contractually bound. Further the company does not operate any customer loyalty programmes. Accordingly, any value assigned to these relationships would be best assigned to the location of the company and is thus included in goodwill.	
Brand value	Not recognized as the value of the Welcome Serowe brand was deemed negligible in relation to the overall value of the transaction as the single store's operations were limited to a small geographical area. No significant national, regional or global marketing efforts had been undertaken using this brand.	
Assembled workforce	Not significant, thus not separately valued.	

Fair value of net assets acquired before deferred tax adjustment	3 300
Deferred tax adjustment (deemed to be immaterial)	
Fair value of net assets acquired after deferred tax adjustment	3 300
Fair value of purchase consideration	3 300
Goodwill recognised	

Notes to the financial statements (continued)

For the year ended 30 April 2014

17 LEASEHOLD RIGHTS

Group	
	P'000
Cost	
At 30 April 2012, 2013 and 2014	4 444
At 30 April 2014	**4 444**
Amortisation and impairment	
At 30 April 2012	1 482
Charge during the year	741
At 30 April 2013	2 223
Charge during the year	739
At 30 April 2014	**2 962**
Carrying amount	
At 30 April 2014	**1 482**
At 30 April 2013	2 221

Leasehold rights arose during the year ended 30 April 2010 when five retail supermarket business units were acquired from MTS Holdings (Proprietary) Limited. These units were refurbished and now operate under the brand name "Shoppers".

Notes to the financial statements (continued)

For the year ended 30 April 2014

		2014	2013
		P'000	P'000

18 INVESTMENT IN ASSOCIATE

	Kgalagadi Soap Industries (Proprietary) Limited	Total	Total
	P'000	P'000	P'000
Shares at cost	2 300	2 300	685
Loan to associate			11 497
Total cost of investment	2 300	2 300	12 182
Less: Share of profit / (loss)	35	35	(6 761)
Impairment against investment			(500)
Disposal / reclassification			(4 921)
Carrying value at 30 April 2014	**2 335**	**2 335**	

Kgalagadi Soap Industries (Proprietary) Limited

On 3 July 2013, KSI Holdings (Proprietary) Limited entered into a Share Subscription Agreement and Management Agreement with Senecio (Proprietary) Limited (Senecio). Effective from 1 May 2013, Senecio holds 50% of the share capital of Kgalagadi Soap Industries (Proprietary) Limited. Under this agreement, Senecio exerts management and operational control over the activities of Kgalagadi Soap Industries (Proprietary) Limited. As a result the entity is classified as an associate company and ceased to be a subsidiary of the Group at 1 May 2013. This change from control to significant influence resulted in an impairment charge of P0.4 million which has been expensed in arriving at profit for the year.

As at 30 April 2014, the fair value and carrying value of the Group's interest in Kgalagadi Soap Industries (Proprietary) Limited was P2.3 million.

Kgalagadi Soap Industries (Proprietary) Limited is a private company and there is no quoted market price available for its shares. There is no contingent liabilities relating to the Group's interest in the associate.

Set out below is the summarised financial information for Kgalagadi Soap Industries (Proprietary) Limited which are accounted for using the equity method.

Summarised balance sheet

	2014
	P'000
Non - current assets	
Property, plant and equipment	4 327
Deferred tax	469
	4 796
Current assets	
Cash and cash equivalents	2 681
Other current assets	8 850
Total current assets	11 531
Current liabilities	
Financial liabilities	(6 676)
Other current liabilities	(4 585)
Total current liabilities	(11 261)
Net assets	**5 066**

Notes to the financial statements (continued)

For the year ended 30 April 2014

18 INVESTMENT IN ASSOCIATE (continued)

Summarised statement of comprehensive income for year ended 30 April 2014

	P'000
Revenue	19 448
Depreciation and amortisation	(363)
Interest income	3
Interest expense	(346)
Profit before tax	82
Income tax expense	(12)
Total comprehensive income for the year	70

Reconciliation of summarised financial information

Opening net assets at 1 May 2013	2 696
Issue of shares	2 300
Profit for the period	70
Closing net assets at 30 April 2014	5 066
Less: impairment recognised at KSI Group	(396)
Closing net assets at 30 April 2014	4 670
Interest in associate at 50%	2 335

Other information pertaining to the associate company include:

Country of incorporation	Botswana
Financial year end	30 April
Effective interest in stated capital by Sefalana Holding Company Limited	25%
Principal activity	Manufacture and distribution of soaps and oil products

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014 P'000	2013 P'000
19 PROPERTY DEVELOPMENT LOAN		
Group		
Loan receivable	**198**	**435**

The property development loan was advanced by Sefalana Cash and Carry Limited (Sefcash) to BG Estate (Proprietary) Limited at an interest rate of 14.50% per annum repayable in 120 equal monthly installments from February 2005.

The loan was used by BG Estate (Proprietary) Limited to construct the building, from where one of the Sefcash outlets is operating under a long term lease agreement. Monthly lease rentals payable on this property by Sefcash are offset against the loan installment portion receivable from BG Estate (Proprietary) Limited.

20 DEFERRED LEASE ASSETS

	2014 P'000	2013 P'000
Group		
At beginning of year	2 388	2 241
Movement during the year	(315)	147
At end of year	**2 073**	**2 388**

Deferred lease assets relate to investment properties and deferred letting commission, and represents the unamortised lease rentals arising from straight lining of lease charges and unamortised letting commission over the lease term.

Notes to the financial statements (continued)

For the year ended 30 April 2014

21 DEFERRED TAX ASSETS AND LIABILITIES

Group

Deferred tax assets (liabilities) arise from the following:

	Accelerated tax depreciation	Revaluation of land and buildings	Inventory net realisable value adjustments	Retirement benefit assets	Other	Total
	P'000	P'000	P'000	P'000	P'000	P'000
At 30 April 2012	(9 870)	(44 949)	6 545	(4 121)	(2 100)	(54 495)
Current year movement	(712)	790	1 888	492	3 839	6 297
Gain on revaluation of land and building included in OCI		(3 620)				(3 620)
Currency translation and other differences		(37)			2 000	1 963
At 30 April 2013	**(10 582)**	**(47 816)**	**8 433**	**(3 629)**	**3 739**	**(49 855)**
At 30 April 2013	(10 582)	(47 816)	8 433	(3 629)	3 739	(49 855)
Current year movement	3 167	(887)	577	719	1 678	5 254
Gain on revaluation of land and building included in OCI		(7 706)				(7 706)
Deemed conversion of subsidiary into associate	(480)					(480)
At 30 April 2014	**(7 895)**	**(56 409)**	**9 010**	**(2 910)**	**5 417**	**(52 787)**

	2014	2013
	P'000	P'000
Disclosed as:		
Deferred tax assets	10 594	8 067
Deferred tax liabilities	(63 381)	(57 922)
	(52 787)	**(49 855)**

Notes to the financial statements (continued)
For the year ended 30 April 2014

		2014	2013	2014	2013
				P'000	P'000
Company					
22	**INVESTMENT IN SUBSIDIARIES**				
	Company	**% holding**	**% holding**		
	Held directly:				
	Foods (Botswana) (Proprietary) Limited	100	100	2 524	2 524
	KSI Holdings (Proprietary) Limited	50	50	4 250	4 250
	Meybeernick Investments (Proprietary) Limited	100	100	1 504	1 504
	MF Holdings (Proprietary) Limited	70	70	15 961	15 961
	Sefalana Cash and Carry Limited	100	100	109 936	109 936
	Sefalana sa Botswana Limited	100	100		
	Sefalana Properties Limited, Zambia	80	80	57	57
	Sefalana Cash and Carry Limited, Zambia	85	85	61	61
				134 293	**134 293**

		% holding by the controlling entity	
		2014	**2013**
Held indirectly, through :			
MF Holdings (Proprietary) Limited			
Bargen (Proprietary) Limited		72	72
Commercial Motors (Proprietary) Limited		100	100
Ellerry Holdings (Proprietary) Limited		100	100
Mechanised Farming (Proprietary) Limited		100	100
KSI Holdings (Proprietary) Limited			
Refined Oil Products (Proprietary) Limited		100	100
Kgalagadi Soap Industries (Proprietary) Limited	*	50	100
Sefalana Cash and Carry Limited			
Welcome Serowe (Proprietary) Limited	**	100	
Sefalana Cash and Carry (Namibia) (Pty) Limited	***	100	
Hyperbola (Pty) Ltd		100	100

Notes to the financial statements (continued)

For the year ended 30 April 2014

22 INVESTMENT IN SUBSIDIARIES (continued)

The principal activities of the subsidiaries are described in the Group Managing Director's report and Company Profiles. Wherever control is established through operation of a shareholders agreement, those companies are deemed subsidiaries.

* On 3 July 2013, KSI Holdings (Proprietary) Limited entered into a Share Subscription Agreement and Management Agreement with Senecio (Proprietary) Limited, (Senecio). Effective from 1 May 2013, Senecio holds 50% of the share capital of Kgalagadi Soap Industries (Proprietary) Limited. Under this agreement, Senecio exerts management and operational control over the activities of Kgalagadi Soap Industries (Proprietary) Limited. As a result, the entity is classified as an associate company and ceased to be a subsidiary of the Group on 1 May 2013. This change from control to significant influence resulted in an impairment charge of P0.4 million included in profit for the year.

** On 30 November 2013, the Group acquired the entire share capital of Welcome Serowe (Proprietary) Limited, a bottle store and bar in Serowe, Botswana. The purchase consideration was P3.3 million. No goodwill was payable on this acquisition.

The purchase price allocation is arrived at as follows:-

	P'000
Total identifiable net assets	3 300
Fair value of consideration - cash	(3 300)
Goodwill	
Total identifiable net assets	
Land and buildings	3 175
Fixtures and equipment	125
	3 300

The revenue included in the consolidated statement of comprehensive income since 30 November 2013 includes P0.7 million contributed by Welcome Serowe (Pty) Ltd. This company made a loss of P0.07 million since its acquisition to the year end.

*** On 16 December 2013, the Group registered a Namibian entity under the name Sefalana Cash and Carry (Namibia) (Pty) Limited. This entity was used to acquire the business of an existing supermarket in Katima Mulilo in Namibia. The purchase consideration for this business was P6.0 million, including P3.7 million in respect of goodwill.

The purchase price allocation is arrived at as follows:-

	P'000
Total identifiable net assets (Plant and equipment)	2 211
Fair value of consideration - cash	(5 951)
Goodwill	3 740

The goodwill arising from the acquisition of Sefalana Cash and Carry (Namibia) (Pty) Limited is attributable to acquired customer relationships and economies of scale expected from combining the operations of the company with the Group. This goodwill is not expected to be deductible for income tax purposes.

The revenue included in the consolidated statement of comprehensive income since 31 January 2014 includes P5.7 million contributed by Sefalana Cash and Carry (Namibia) (Pty) Limited. This company made a loss of P2.1 million during the period from acquisition to the year end, following some operational delays experienced in Katima Mulilo.

The transactions that occurred with minority shareholders of the Group during the year ended 30 April 2013 are disclosed as follows, for comparative information purposes:

On 3 September 2012 the Group acquired an additional 15% shareholding in MF Group for P7.1 million. The consideration consisted of the issue of 1 183 333 shares in Sefalana Holding Company Limited at P3.00 per share and P3.55 million in cash. A gain of P0.6 million was made on acquisition and has been included in other income for the year.

On 1 May 2012 the Company entered into an agreement with CEDA Venture Capital Fund to acquire it's interest in Hyperbola (Proprietary) Limited for a cash consideration of P1.0 million. Accordingly, from that date, Hyperbola (Proprietary) Limited is a wholly owned subsidiary of the Group. This was previously equity accounted until 1 May 2012.

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014 P'000	2013 P'000

23 INVENTORIES

Group		
Purchased for resale	225 432	199 827
Finished goods	507	2 829
Raw materials	58 464	25 337
Work in progress	686	2 293
Less: provision for obsolescence	(2 211)	(7 831)
	282 878	**222 455**

Inventory stated at net realisable value amount to P8.89 million (2013: P29.95 million). Inventory written off during the year amount to P NIL (2013: P NIL). The value of vehicles in inventory secured under the Wesbank floor plan facility at the end of the year is P NIL (2013: P0.31 million).

24 TRADE AND OTHER RECEIVABLES

Group		
Trade receivables	109 776	110 630
Impairment provision	(13 568)	(12 184)
	96 208	98 446
Prepaid expenses	6 909	5 956
Other receivables	19 576	23 456
	122 693	**127 858**

The average credit period on sale of goods is 40 days (2013: 40 days).

Included in trade and other receivables are amounts due in foreign currencies being South African Rand, ZAR 3.7 million (2013: ZAR 1.9 million) and United States Dollars, USD 0.08 million (2013: USD 1.13 million) all of which equates to P4.04 million (2013: P10.8 million).

From the Group's historical delinquency experience, once trade receivables remain outstanding for a period of more than 90 days after the date of invoicing, there is an indication of possible impairment of the debt and the customer's ability to settle its obligation. Accordingly, the Group accounts for specific impairment of all receivables which are aged over 90 days at the reporting date. Trade receivables which are aged between 30 and 90 days are classified as past due but not individually impaired. Provisions for impairment are raised against these receivables based on a specific identification of the impaired receivable where applicable.

Before accepting any new customer the Group assesses the potential customer's credit quality and defines credit limits for that customer. Limits and scoring attributed to customers are reviewed and updated regularly.

Included in the Group's trade receivable balance are receivables with a carrying value of P11.2 million (2013: P15.6 million) which are past due at the reporting date for which the Group has not provided as there has not been any significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 60 days (2013: 60 days).

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014 P'000	2013 P'000
24 TRADE AND OTHER RECEIVABLES (continued)		
Ageing of past due but not impaired:		
Group		
30-60 days	8 883	11 159
60-90 days	1 269	3 698
90-120 days	1 094	774
Total	**11 246**	**15 631**
Movement in allowances for impairment:		
Group		
Balance at beginning of year	12 184	9 385
Business combination	(160)	
Impairment losses recognised during the year	2 589	4 412
Amounts written off as uncollectible	(992)	(875)
Amounts recovered during the year	(53)	(738)
Balance at end of year	**13 568**	**12 184**

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Credit risk is not concentrated in any particular segment due to the customer base being large and unrelated. Accordingly, the Directors believe that no further impairment provision is required in excess of the allowance for doubtful debts.

The maximum exposure to credit risk at year end is P129.4 million (2013: P134.1 million).

	2014 P'000	2013 P'000
Company		
Trade receivables	2 472	1 884
	2 472	**1 884**

Credit risk is not considered to be significant at Company level due to the nature of the items held within trade receivables and prepaid expenses and therefore no impairment provision is considered necessary.

Included in the above amount is P1.6 million (2013: P1.8 million) past due but not impaired.

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014	2013
	P'000	P'000

25 RELATED PARTY BALANCES AND TRANSACTIONS

There is no impairment provision in respect of amounts owed by related parties at the end of the reporting year. Assessment is undertaken each financial year through examining the financial position of the related party and the market in which it operates to ensure provisions are made if necessary.

The majority of related party loans bear interest at bank prime rate less 3.35% which represent the Company's borrowing rate from its main banker in Botswana. There are no fixed terms for repayment.

Company	2014 P'000	2013 P'000
Amounts due from local subsidiaries:		31 253
Meybeernick Investments (Proprietary) Limited		**31 253**
Amounts due from foreign subsidiaries:		
Sefalana Properties Limited, Zambia	9 105	10 956
Total amounts due from related parties	**9 105**	**42 209**

All amounts due from related parties are performing according to established credit terms, and no default or loss on account of impairment is anticipated based on available forecasts and business plans.

Amounts due from Sefalana Properties Limited, Zambia represent an amount receivable in United States Dollars, USD 1.0 million (2013: USD 1.4 million).

Amounts due to:	2014 P'000	2013 P'000
Sefalana sa Botswana Limited	5 056	5 056
Meybeernick Investments (Proprietary) Limited	8 567	
	13 623	**5 056**

All amounts due to related parties are in line with agreed credit terms and are repayable on demand.

Amounts paid during the year

Refer to note 12 for amounts paid to Directors during the year.

Notes to the financial statements (continued)

For the year ended 30 April 2014

		2014 P'000	2013 P'000
25	**RELATED PARTY BALANCES AND TRANSACTIONS** (continued)		
	Company		
	Interest income from loans to subsidiaries		
	Meybeernick Investments (Proprietary) Limited		696
	Interest paid on loans from subsidiaries		
	Meybeernick Investments (Proprietary) Limited	226	
	Dividends from subsidiaries		
	Sefalana Cash and Carry Limited	21 622	80 000
	Rent paid (Group only)		
	Sefalana Group staff pension fund	4 966	2 805
	Contribution to pension fund (Group only)		
	Sefalana Group staff pension fund	5 480	4 456

26 CASH AND CASH EQUIVALENTS

	2014	2013
Group		
Cash on hand	650	587
Bank balances	77 221	71 345
Short term deposits	110 297	104 163
	188 168	**176 095**
Company		
Bank balances	**6 587**	**2 342**

The credit quality of cash at bank and short term deposits that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates. Short term deposits earn interest rates from 2% to 4% based on the money market interest rates and have notice periods from 30 to 60 days.

Notes to the financial statements (continued)
For the year ended 30 April 2014

27 STATED CAPITAL

Group and Company	Number of shares	2014 P'000	2013 P'000
Issued and fully paid:			
At beginning of year	185 723 463	79 243	75 693
Additional shares issued during the year			3 550
At end of year	**185 723 463**	**79 243**	**79 243**

The Company has one class of ordinary shares of no par value which carry no right to fixed income.

On 24 June 2014, the Company completed a Rights Issue of 1 share for every 5 shares held. Details of this program are included in note 42.

28 OTHER RESERVES

Group	Land and buildings revaluation P'000	Currency translation P'000	Total P'000
At 30 April 2012	142 494	375	142 869
Movements during the year	16 436	2 239	18 675
Income tax	(3 420)		(3 420)
At 30 April 2013	155 510	2 614	158 124
At 30 April 2013	155 510	2 614	158 124
Movements during the year	35 558	(3 608)	31 950
Income tax	(7 599)		(7 599)
Reclassification of subsidiary into associate	(5 612)		(5 612)
At 30 April 2014	**177 857**	**(994)**	**176 863**

Land and buildings reserve relates to the revaluation of property, plant and equipment.

The currency translation reserve comprises differences arising from the translation of foreign denominated assets and liabilities to the reporting currency at the year end. These assets and liabilities relate to the Zambian entity.

With Kgalagadi Soap Industries (Pty) Ltd becoming an associate during the year, the Group's property it occupies has been reclassified to investment property from property, plant and equipment (note 14). Accordingly the gains previously credited to the revaluation reserve were transferred to retained earnings.

Notes to the financial statements (continued)

For the year ended 30 April 2014

29 FINANCE LEASE OBLIGATIONS AND OTHER FINANCIAL LIABILITIES

Group

FINANCE LEASE OBLIGATIONS

	2014		2013	
	Future minimum lease payments	Present value of capital payments	Future minimum lease payments	Present value of capital payments
	P'000	P'000	P'000	P'000
Finance lease liabilities are payable as follows:				
Within one year	2 452	2 096	4 683	3 528
Between two to five years	2 205	1 824	4 657	3 920
	4 657	3 920	9 340	7 448
Unearned finance charges	(737)		(1 892)	
	3 920	3 920	7 448	7 448

	2014	2013
	P'000	P'000
Comprising:		
Non - current	1 824	3 920
Current	2 096	3 528
	3 920	**7 448**

The leases are in respect of store premises and comprise fixed rentals payable monthly with annual escalations of between 1% and 10%. Main leases have renewal options for a further period of five years.

30 DEFERRED LEASE OBLIGATIONS

	2014	2013
	P'000	P'000
Group		
Balance at beginning of year	5 918	4 187
Raised during the year	2 271	1 731
Balance at end of year	**8 189**	**5 918**

Lease costs are recognised over the lease term on a straight line basis. Deferred lease obligations relate to the difference in actual lease payments made and lease costs recognised in the Statement of Comprehensive Income on a straight line basis.

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014	2013
	P'000	P'000
31 LOANS AND BORROWINGS		
Group		
Long term portion	14 243	10 269
Current portion	52 454	52 482
	66 697	**62 751**
Company		
Long term portion	9 210	10 269
Current portion	2 002	1 960
	11 212	**12 229**

Loans and borrowings include the following: -

Company and Group

The term loan from First National Bank of Botswana Limited for USD 2 137 500, bears interest at the 3 month LIBOR rate plus 1.75% and is repayable in 120 months commencing from 31 May 2010. This loan is secured by a first Covering Mortgage Bond of P25 million over Plot 22026/27 Gaborone, Botswana and by an unlimited letter of suretyship from a subsidiary company, Meybeernick Investments (Proprietary) Limited.

Group

The Group has issued promissory notes with a face value of P50 million to Botswana Insurance Fund Management Limited. The promissory notes carry interest at 6% and are repayable in December 2014.

The Group has given a corporate guarantee to the extent of P50 million to Botswana Insurance Fund Management Limited.

The Group has also entered into a P100 million facility arrangement with Botswana Insurance Fund Management Limited. The draw - down period is from March 2014 to February 2016 and is repayable in 2029. Interest is charged at 8% per annum. This arrangement will be utilised to fund the Group's planned capital projects. At 30 April 2014, P5 million of this facility had been drawn - down.

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014 P'000	2013 P'000
32 TRADE AND OTHER PAYABLES		
Group		
Trade payables	196 287	216 190
Accrued expenses	39 040	19 952
Advances from customers	3 834	345
Other payables	3 711	4 309
Unclaimed dividends	1 386	791
	244 258	**241 587**

Included above are liabilities denominated in foreign currencies being ZAR 97.0 million (2013: ZAR 77.5 million) which equates to P82.4 million (2013: P71.3 million) and USD 1.4 million (2013: USD 0.5 million) which equates to P12.6 million (2013: P3.8 million).

The average credit period for certain service cost liabilities is 30 days. Other payables are settled as and when they fall due. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

	2014 P'000	2013 P'000
Company		
Trade payables	252	48
Accrued expenses	20	922
Unclaimed dividends	1 028	690
	1 300	**1 660**

Notes to the financial statements (continued)

For the year ended 30 April 2014

	2014	2013
	P'000	P'000

33 FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial assets of the Group and Company are classified as follows:

Category - loans and receivables

Group	2014 P'000	2013 P'000
Property development loan	198	435
Trade and other receivables (excluding prepaid expenses)	115 784	121 902
Cash and cash equivalents	188 168	176 095
	304 150	**298 432**

Company	2014 P'000	2013 P'000
Amounts due from related parties	9 105	42 209
Trade and other receivables (excluding prepaid expenses)	2 472	1 884
Cash and cash equivalents	6 587	2 342
	18 164	**46 435**

34 FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial liabilities of the Group and Company are classified as follows:

Category - financial liabilities at amortised cost

Group	2014 P'000	2013 P'000
Trade and other payables	242 872	240 796
Finance lease obligations	3 920	7 448
Loans and borrowings	66 697	62 751
Bank overdrafts	32 330	
	345 819	**310 995**

Company	2014 P'000	2013 P'000
Amounts due to related parties	13 623	5 056
Trade and other payables	272	970
Loans and borrowings	11 212	12 229
Bank overdrafts	2 610	
	27 717	**18 255**

Notes to the financial statements (continued)

For the year ended 30 April 2014

35 SHORT TERM BANKING FACILITIES

The short term banking facilities of the Group are presented below. The term loan facility available to the Group is detailed in note 31.

Group

Banker	Facility	Currency	Limit in foreign currency	Limit in equivalent reporting currency (P)
First National Bank of Botswana Limited	Overdraft	Pula	N/A	71.14 million
	Letters of credits	ZAR	3.00 million	2.76 million
	Guarantee	Pula	N/A	22.43 million
Wesbank (a division of First National Bank of Botswana Limited)	Vehicles and equipments floor plan	Pula	N/A	4.75 million
Standard Chartered Bank Botswana Limited	Letters of credits and guarantees	Pula	N/A	5.00 million
	Overdraft	Pula	N/A	25.00 million

The average interest rate on overdraft facilities utilised by the Group is at the commercial banks' prime rate less 3.30%. One of the properties owned by a subsidiary company is encumbered by a mortgage bond for P5 million against the Group's banking facilities with First National Bank of Botswana Limited. The Wesbank floor plan facility is secured over vehicles and equipment under the floor plan.

Certain book debts of the subsidiary companies amounting to P18.5 million (2013: P14.6 million) are also encumbered as security for their available facilities.

There are cross suretyships between companies within the same group proportionate to shareholdings.

The Group's unutilised facilities at the end of the year is equivalent to approximately P82.0 million (2013: P88.4 million).

Notes to the financial statements (continued)

For the year ended 30 April 2014

36 PROVISIONS AND ACCRUALS

	Accruals for employee benefits	Other provisions	Total
	P'000	P'000	P'000
Group			
At 30 April 2012	18 343	401	18 744
Arising during the year	20 304	1 551	21 855
Utilised during the year	(14 847)		(14 847)
At 30 April 2013	**23 800**	**1 952**	**25 752**
At 30 April 2013	23 800	1 952	25 752
Arising during the year	21 440	1 818	23 258
Business combination	(3 988)		(3 988)
Utilised during the year	(14 871)		(14 871)
At 30 April 2014	**26 381**	**3 770**	**30 151**

The provision for employee benefits represents annual leave and severance benefit entitlements as applicable.

Other provisions include provisions for warranties and service plans.

37 OPERATING LEASES

Group as lessor

Operating leases relate to property owned by the Group with lease terms of between 12 months to 10 years, with an option to extend for a further negotiated period. All operating lease agreements contain market review clauses in the event that the lessee exercises its option to renew.

No lessee has an option to purchase the property at the expiry of the lease period.

	2014	2013
	P'000	P'000
Lease payments due:		
Within one year	8 558	7 097
Within two to five years	14 718	18 658
Over five years		3 337
	23 276	29 092

Group as lessee

At the year end, the Group had contracted with tenants for the following minimum lease payments:

	2014	2013
Within one year	19 217	15 060
Within two to five years	45 232	41 919
Over five years	16 582	9 547
	81 031	66 526

Notes to the financial statements (continued)

For the year ended 30 April 2014

38 RETIREMENT BENEFIT ASSETS

Up until 30 September 2010, the Group operated two defined contribution retirement benefit plans, namely:

a) the Sefalana Pension Fund: Members of this Fund were the qualifying employees of Sefalana Holding Company Limited and Foods Botswana; and

b) the Sefcash Retirement Fund: Members of this Fund were the qualifying employees of Sefalana Cash and Carry Limited.

Effective from 1 October 2010 the Sefalana Pension Fund and the Sefcash Retirement Fund were amalgamated to form the Sefalana Group Staff Pension Fund.

The assets of these pension Funds are held separately from those of the Group's businesses, in Funds under the control of respective Board of Trustees represented equally by representative of employers and members, and have operated as one Fund since 1 October 2010.

The administration of the Fund is managed by an independent professional body, AON Botswana (Pty) Limited. The Sefalana Pension Fund converted from a defined benefit plan to a defined contribution plan during 2004. Upon this conversion a portion of the surplus of Fund assets over the Fund's liability to members was distributed into an Employer Reserve. This was available to be utilised solely for employer contributions into the members' pension credits in lieu of cash contributions, for the approximately 60 members in the Fund at that time.

This Employer Reserve, which shares in the returns of underlying Fund assets, will continue to exist in the amalgamated Fund, and under rules for this amalgamated Fund, is being utilised to fund employer contributions to the pension Fund, and to meet certain other expenses of the amalgamated Fund.

The results of the Fund, although not coterminous with the Group's financial year have been included into the Group results for the year ending 30 April 2013 and 30 April 2014. The Fund's year end is 31 January. The Directors and Trustees are comfortable that there has been no significant movement in the valuation of the Fund and its assets between 31 January and 30 April of respective financial years.

The amalgamated Fund had a surplus balance on the Employer Reserve available to the participating employers (the Sefalana Group) of P13.2 million (2013: P16.5 million).

Notes to the financial statements (continued)

For the year ended 30 April 2014

38 RETIREMENT BENEFIT ASSET (continued)

	2014	2013
	P'000	P'000
Plan assets consist of the following at fair value:		
Property occupied by the Group	46 000	45 000
Equity securities	924	788
Managed funds	168 443	139 791
Cash	2 172	115
Other assets	1 207	3 869
	218 746	189 563
Plan liabilities consist of the following:		
Payables	(3 259)	(3 237)
	(3 259)	(3 237)
Net surplus	**215 487**	**186 326**
Represented by:		
Members Funds	170 413	141 914
Employer Reserve	13 187	16 493
Other Reserves	31 887	27 919
	215 487	**186 326**

Amounts recognised in the Statement of Comprehensive Income in respect of movement in Employer Reserve:

Return on plan assets	3 305	3 255
Employer contributions	(5 147)	(4 456)
Other net costs	(1 464)	(1 037)
Included in staff costs	**(3 306)**	**(2 238)**

Notes to the financial statements (continued)

For the year ended 30 April 2014

39 FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the relative debt and equity balance. The Group's overall strategy remains unchanged from prior years. The capital structure of the Group consists of long term borrowings, bank overdrafts and equity attributable to equity holders of the parent.

Gearing ratio

The Board of Directors reviews the capital structure on an on-going basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Group aims to minimise net borrowings on a Group basis but will incur debt for expansion of operations where necessary. The Group has a target maximum gearing ratio of 20-25% determined as the proportion of net debt to equity. At the year end, the Group's cash and cash equivalents exceeded the borrowings from banks.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's financial risk management policies are approved by the Board of Directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The Corporate Treasury function reports quarterly to the Company's Board of Directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the import of supplies throughout the Group. There were no outstanding forward exchange contract at the year end. Market risk exposures in the prices of grains used by Foods (Botswana) (Proprietary) Limited are managed by securing contracts for bulk purchases of grain.

Notes to the financial statements (continued)

For the year ended 30 April 2014

39 FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations. The most significant foreign exchange exposure arise from South African Rand denominated purchases of goods for the Trading - Consumer Goods and Manufacturing operating segments. These obligations are generally settled within 30 days of delivery of goods, thus limiting the Group's exposure. Furthermore, anticipated changes in foreign exchange rates are considered in the sales pricing of such goods.

The Trading - Other operating segment attracts exposure to foreign currency exchange risk to the Euro and United States Dollar through importation of vehicles and equipments from foreign suppliers. The Group manages these risks through securing appropriate deposits in the underlying currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets 2014 000	Assets 2013 000	Liabilities 2014 000	Liabilities 2013 000
South African Rand (ZAR)	61 391	59 367	97 045	77 686
United States Dollars (USD)	1 449	1 928	1 436	1 981
Zambian Kwacha (K)	120	165		
Euro (EUR)	11	12		
Pula equivalent	62 768	68 574	95 009	87 656

Foreign currency sensitivity analysis

The Group is exposed to the South African Rand through its regional buying operations; the Euro, as a result of a trading agreement and United States Dollars through a long term borrowing facility. The following table details the Group's sensitivity to a 10% increase and decrease in the Pula against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the Pula strengthens 10% against the relevant currency. For a 10% weakening of the Pula against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	2014		2013	
	ZAR impact P'000	USD impact P'000	ZAR impact P'000	USD impact P'000
On liabilities:				
Profit if Pula strengthens by 10%	8 776	1 163	7 025	1 605
Loss if Pula weakens by 10%	(8 776)	(1 163)	(7 025)	(1 605)
On assets:				
Profit if Pula weakens by 10%	5 552	1 174	5 369	1 561
Loss if Pula strengthens by 10%	(5 552)	(1 174)	(5 369)	(1 561)

Notes to the financial statements (continued)

For the year ended 30 April 2014

39 FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at floating interest rates. The Group's exposure to interest rates on financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure of financial instruments to interest rates at the reporting date. For floating rate liabilities denominated in the reporting currency, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 30 April 2014 would decrease/increase by P509 000 (2013: decrease/increase by P295 000).

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On - going credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds is limited because the counterparties are banks with high credit - ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk.

Financial assets exposed to credit risk at end of year	2014	2013
	P'000	P'000
Trade and other receivables (excluding prepaid expenses)	115 784	121 902
Bank balances with:		
African Banking Corporation Limited	29 927	23 658
African Alliance Botswana Management Company (Pty) Ltd	155	147
First National Bank of Botswana Limited	23 047	40 262
Standard Chartered Bank Botswana Limited	104 948	101 057
Barclays Bank of Botswana Limited	2 249	1 732
Stanbic Bank Botswana Limited	6 458	5 231
First National Bank of Namibia Limited	2 109	
First National Bank of South Africa Limited	18 598	3 229
Zambia National Commercial Bank, Lusaka, Zambia	28	192
Other non - current financial assets	198	435
	303 501	**297 845**

Notes to the financial statements (continued)
For the year ended 30 April 2014

39 FINANCIAL INSTRUMENTS (continued)

Liquidity risk management
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to repay the liability. The table includes both interest and principal cash flows.

Group

	Less than 1 year P'000	Between 2 - 5 years P'000	Above 5 years P'000
At 30 April 2014:			
Trade and other payables	244 258		
Finance lease liabilities	2 096	2 205	
Loans and borrowings	52 454	6 615	11 007
Total	**298 808**	**8 820**	**11 007**
At 30 April 2013:			
Trade and other payables	241 587		
Finance lease liabilities	3 528	4 657	
Loans and borrowings	52 482	8 657	2 320
Total	**297 597**	**13 314**	**2 320**

	2014 P'000	2013 P'000
The Group has unused banking facilities available at the reporting date as follows:		
Overdrafts	80 019	79 324
Wesbank floor plan	4 750	4 440
Letters of credit and guarantee	4 950	4 600

The Group will finance cash flows to settle the above obligations through utilisation of unused banking facilities and future operating cash flows.

Notes to the financial statements (continued)

For the year ended 30 April 2014

40 CONTINGENT LIABILITIES

a) Pending litigations against the companies within the Group are summarised below:

	Number of cases pending	Approximate claim value P'000
Commercial Motors (Proprietary) Limited	1	95
Mechanised Farming (Proprietary) Limited	2	2 843

b) Bank guarantees issued in the ordinary course of business are as stated below and are in place to facilitate supply of products and services to the respective entities within the Group.

	Currency	Amount P'000
Bargen (Proprietary) Limited	P	2 755
Bargen (Proprietary) Limited	ZAR	100
Foods Botswana (Proprietary) Limited	P	16 993
Mechanised Farming (Proprietary) Limited	ZAR	300
Sefalana Cash and Carry Limited	P	147

c) Assets mortgaged by the Group companies for various banking facilities are as stated in notes 14 and 31.

d) Sefalana Holding Company Limited has issued letters of suretyships to support various banking facilities enjoyed by the companies within the Group.

Notes to the financial statements (continued)

For the year ended 30 April 2014

		2014 P'000	2013 P'000
41	**CAPITAL COMMITMENTS**		
	Capital expenditures approved by the Directors:		
	Contracted for	24 630	
	Not contracted for	24 499	26 410
		49 129	26 410

The Group will procure third party financing for the major capital commitments before they are incepted.

42 SUBSEQUENT EVENTS

On 16 December 2013, the Group entered into an agreement to acquire the trading business of Metro Cash and Carry Namibia. This transaction was completed on 1 July 2014. The purchase consideration was ZAR 216 million (BWP180 million).

The purchase price allocation for this transaction was estimated as follows:-

		ZAR R'000	BWP P'000
	Total identifiable assets *	192 773	160 644
	Fair value of consideration - cash	216 000	180 000
	Goodwill	23 227	19 356
*	**Total identifiable net assets**		
	Property plant and equipment	7 546	6 288
	Inventories	66 800	55 667
	Trade and other receivables	6 641	5 534
	Cash and cash equivalents	235	196
	Other payables	(3 449)	(2 874)
	Brand value	115 000	95 833
		192 773	160 644

The above transaction was financed through a Rights Issue of 1 offer share for every 5 shares held. Total proceeds received through the Rights Issue net of expenses amounted to P255 million. The exercise price was P6.95 which amounted to a discount of 7% at the exercise date of 24 June 2014. These shares were fully subscribed and resulted in an increase in the stated capital number of shares by 37 144 723 shares. The total number of shares after the Rights Issue amounts to 222 868 186. The final dividend of 12.5 thebe paid on 5 September 2014 was on all shares in issue, inclusive of the Rights Issue shares.

As a result of this acquisition, the Group is expected to gain significant access to the Namibian market. It also expects to reduce cost through economies of scale.

The goodwill arising from this acquisition is mainly attributable to economies of scale expected from combining the operations of Metro Cash and Carry Namibia with the existing activities of the Group.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Sefalana Holding Company Limited will be held at the Sefalana Cash and Carry Limited Head Office, Plot 10235, Corner of Lejara and Moporoporo Roads, Broadhusrt Industrial Site Gaborone, on Friday 31 October 2014 at 16H00 for the purpose of transacting the following business:

Ordinary business

1 **Ordinary Resolution**
To receive, consider and adopt the Group's audited Consolidated and Company Financial Statements for the year ended 30 April 2014 together with the Directors' and Auditor's reports thereon.

2 **Ordinary Resolution**
To re - elect the following Directors who retire in accordance with the Articles of Association and being eligible, offer themselves for re - election:
a) Mr Elias Moyo Dewah
b) Mr Regionald Mootiemang Motswaiso

3 **Ordinary Resolution**
To approve the appointments of the following Directors who filled casual vacancies on the Board during the year ended 30 April 2014:
a) Mr Mohamed Sajid Osman
b) Dr Keith Robert Jefferis

4 **Ordinary Resolution**
To approve the remuneration of the Directors for the year ended 30 April 2014 as required by the Articles of Association and as detailed on note 12 of the financial statements.

5 **Ordinary Resolution**
To approve the remuneration of the Auditors for the year ended 30 April 2014.

6 **Ordinary Resolution**
To approve the appointment of PricewaterhouseCoopers as Auditors for the ensuing financial year.

7 **Ordinary Resolution**
To transact such other business as may be transacted at an Annual General Meeting.

Voting and Proxies
A member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy to attend and speak and, on a poll, to vote in his/ her/ its stead. A proxy need not be a member of the Company.

Proxy forms must be deposited or received at Sefalana Head Office, Plot 10247/50, Corner of Noko and Lejara Roads, Broadhurst, Private Bag 0080, Gaborone, not less than 48 hours before the meeting.

By order of the Board

Gofaone Senna
Company Secretary
25 July 2014

Form of Proxy

For completion by holders of ordinary shares

PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM.

For use at the Annual General Meeting of ordinary shareholders of Sefalana Holding Company Limited to be held at the Sefalana Cash and Cary Limited Head Office, Plot 10235, Corner of Lejara and Moporoporo Road, Broadhusrt Industrial, Gaborone on Friday 31 October 2014 at 16H00.

I/We

(name/s in block letters)

of

(address)

Appoint (see note 1):

1. ______________________________ or failing him/her, ______________

2. ______________________________ or failing him/her, ______________

3. the Chairman of the Meeting, ______________________________

as my/our proxy to act for me/us at the General Meeting which will be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name in accordance with the following instructions (see note 2):

	Number of ordinary shares		
	For	Against	Abstain
1. Ordinary resolution number 1			
2a. Ordinary resolution number 2a			
2b. Ordinary resolution number 2b			
3a. Ordinary resolution number 3a			
3b. Ordinary resolution number 3b			
4. Ordinary resolution number 4			
5. Ordinary resolution number 5			
6. Ordinary resolution number 6			
7. Ordinary resolution number 7			

Signed at on 2014

Signature ______________________________

Assisted by (where applicable) ______________________________

Each shareholder is entitled to appoint one or more proxies (who need not be member/s of the company) to attend, speak and vote in place of that shareholder at the General Meeting.

Please read the accompanying notes.

Notes

Notes to Proxy Form

1 A Shareholder may insert the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the General Meeting." The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

2 A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the General Meeting as he/she deems fit in respect of the Shareholder's votes exercisable thereat, but where the proxy is the Chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A Shareholder or his/ her/ its proxy is obliged to use all the votes exercisable by the Shareholder or by his/ her/ its proxy.

3 The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such Shareholder wish to do so.

4 The Chairman of the General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner in which the Shareholder concerned wishes to vote.

5 An instrument of proxy shall be valid for the General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.

6 A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the Shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the Ordinary Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the General Meeting or adjourned General Meeting at which the proxy is to be used.

7 The authority of a person signing the form of proxy under a power of attorney or on behalf of a Company must be attached to the form of proxy, unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.

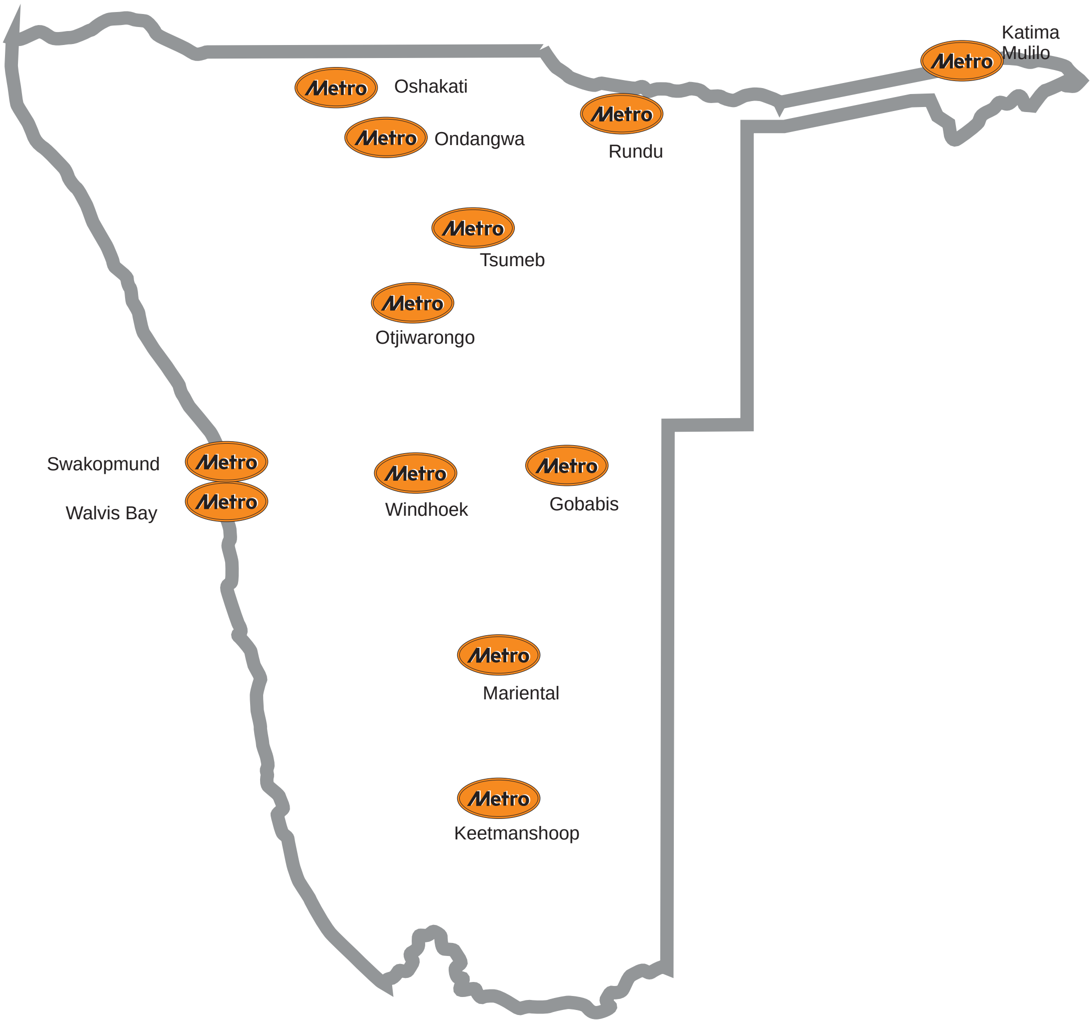
8 Where Ordinary Shares are held jointly, all joint Shareholders must sign.

9 A minor must be assisted by his/her guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

10 Proxy forms must be received either at the Registered office at Plot 10247/50, corner of Noko and Lejara Road, Broadhurst Industrial Site, Private Bag 0080, Gaborone or at the Transfer Secretaries Office at Unit 206, Building 1, Showgrounds Close, Plot 64516, P. O. Box 1583 AAD, Poso House, Gaborone, Botswana.

Notes

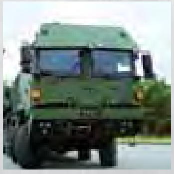
METRO NAMIBIA STORE CONTACT DETAILS				
	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
Head Office - Namibia	Box1417, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-216009	061-216724
Metro Hyper Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	061-254141	061-254438
Metro Hyper Liquor Store Windhoek	Box 80783 Olympia Windhoek	Cnr Frankie Fredricks & Chasie Str, Klein Kuppe	061-254141	061-254438
Distribution Centre Windhoek	Box 30741 Pioniers Park Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-255550	061-256007
Metro Windhoek	Box 5067, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-262125/6	061-215081
Metro Windhoek Liquor	Box 368, Windhoek	Kalie Roodt Street Northern Industrial, Windhoek	061-263031	061-263127
Metro Ondangwa	Box 2349 Ondangwa	Main Road, Ondangwa	065-240967/8	065-240969
Metro Oshakati	Box 15116, Oshakati	Endola Road,Plot 1344, Oshakati	065-222177/139	065-222591
Metro Rundu	Box 1744, Rundu	Main Road, Rundu	066-256318/9	066-256322
Metro Tsumeb	Box 470, Tsumeb	Hage Geingob Drive, Tsumeb	067-220670/1	067-220676
Metro Otjiwarongo	Box 185, Otjiwarongo	1st Av Otjiwarongo	067-302661	067-302701
Metro Keetmanshoop	Box 715, Keetmanshoop	Stamprieter Rd, Keetmanshoop	063-223327/8	063-222801
Metro Mariental	Box 215, Mariental	C/o Mark & Park, Street, Mariental	063-240741/742	063-240500
Metro Gobabis	Box 400. Gobabis	Kalahari Highway, Gobabis	062-564268/9	062-564270
Metro Swakopmund	Box 993, Swakopmund	McHugh Street, Industrial Area Swakopmund	064-461459	064-462021
Metro Walvis Bay	Box 511, Walvis Bay	Circumferential, Walvis Bay	064-207697/8	064-206835
Sefalana Cash and Carry Katima Mulilo	Box 1952, Ngweze, Katima Mulilo	Lifasi Street, Katima Mulilo	066-252073	066-253316

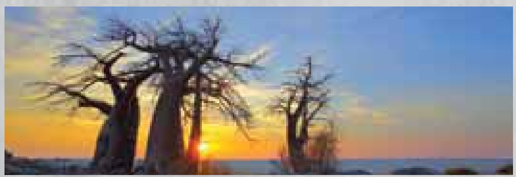


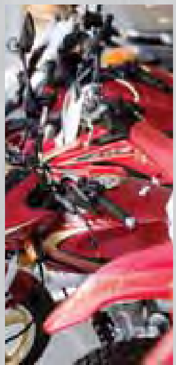
SEFALANA GROUP CONTACT DETAILS

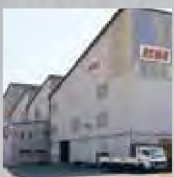
	POSTAL ADDRESS	PHYSICAL ADDRESS	TELEPHONE	FAX
SEFALANA GROUP COMPANY HEAD OFFICES				
Sefalana Holding Company Limited	Private Bag 0080, Gaborone	Plot 10247/50, Broadhurst, Gaborone	3913661	3907613
Sefalana Cash and Carry Limited	Private Bag 00422, Gaborone	Plot 10235, Broadhurst, Gaborone	3681700	3907614
Foods Botswana (Pty) Limited	P O Box 1131, Serowe	Plot 98, Newtown, Serowe	4630268	4630965
Commercial Motors (Pty) Limited	P O Box: 2276, Gaborone	Plot 10232, Broadhurst, Gaborone	3952652	3952643
Mechanised Farming (Pty) Limited	P O Box: 2276, Gaborone	Plot 10243, Broadhurst, Gaborone	3974336	3959086
Bargen (Pty) Limited T/A Vintage Travel & Tours	P O Box 202102, Gaborone	Plot 9821, Partial, Gaborone	3170993	3170994
Kgalagadi Soap Industries (Pty) Limited	Private Bag BR 33, Gaborone	Plot 10247/50, Broadhurst, Gaborone	3912791	3973590
Sefalana Properties Limited, Zambia	Private Bag 0080, Gaborone	Stand no: 5032, Lusaka, Zambia	3913661	3907613
SEFALANA HYPER STORES				
Francistown	P O Box 61, Francistown	Plot 22053, Donga, Francistown	2402222 / 2402235	2402250
Gaborone	Private Bag 0075, Gaborone	Plot 20608/9, Ext. 34, Western ByPass, Gaborone	3973866 / 3182406	3932487
Mahalapye	P O Box 122, Mahalapye	Botalaote Ward, Mahalapye	4710452 / 4710356	4710591
SEFALANA CASH & CARRY STORES				
Bobonong	P O Box 1240, Bobonong	Sebaila Ward, Bobonong	2629555	2629542
Broadhurst	P O Box 1066, Gaborone	Plot 10038, Ext. 16, Kubu Road, Broadhurst, Gaborone	3912361 / 3975760	3973093
Charleshill	P O Box 197, Charleshill	Plots 6/7/8, Main Street, Charleshill	6592225 / 6592223	6592224
Francistown	P O Box 10444, Tatitown	Plot 6146, Sam Nujoma Road. Light Indus Area, Francistown	2412161 / 2414404	2412151
Gaborone West	P O Box 269, Gaborone	Plot 1217, Ext. 6, Nkrumah Road, Gaborone	3953241 / 3914964	3952058
Hukuntsi	P O Box 405, Hukuntsi	Plot 71, Mogobelelo Ward, Main Road, Hukuntsi	6510206	6510049
Jwaneng	P O Box 792, Jwaneng	Plot 2303, Industrial Sites, Jwaneng	5880327 / 5880953	5880878
Kang	Private Bag 9, Kang	Plot 35, Gamonyemana Ward, Kang	6517400	6517044
Kanye	Private Bag MH4, Kanye	Plot 771, Mafhikana Ward, Kanye	5440160 / 5440912	5440484
Kasane	Private Bag K11, Kasane	Plot 732/733/734, Kazungula Main Road, Kasane	6250248 / 6250311	6250195
Letlhakane	Private Bag F43, Letlhakane	Nkosho Ward, Letlhakane	2978770 / 2978832	2976221
Lobatse	P O Box 11189, Lobatse	Plot 336, Mokgosi Avenue, Lobatse	5332588 / 5330815	5306781
Maun	P O Box 426, Maun	Plot 15, Nthayagodimo Ward, Maun	6860936 / 6862530	6860566
Molepolole	P O Box 1436, Molepolole	Thamaga Road, Industrial Site, Molepolole	5920404 / 5921070	5921600
Palapye # 1	P O Box 173, Palapye	Plots 6/7/29, Old Industrial Site, Palapye	4920273 / 4921617	4920402
Palapye # 2	Private Bag 87, Palapye	Plots 343/344, New Industrial Site, Palapye	4920013 / 4921180	4920019
Pilane	Private Bag 20, Mochudi	Plot 200, Industrial Site, Pilane	5729500 / 5729132	5729772
Ramotswa	Private Bag 00422, Gaborone	Plot 106, Ramotswa Station. Taung, Ramotswa	5391955 / 5391923	5391964
Serowe	P O Box 139, Serowe	Rasebolai Drive, Mere Ward, Swaneng, Serowe	4630315 / 4633679	4630848
Selebi-Phikwe	P O Box 21, Selebi-Phikwe	Plot 12385, Industrial Site, Selebi-Phikwe	2610711 / 2611381	2611052
Thamaga	Private Bag 00422, Gaborone	Plot 130, Marang Ward, Thamaga	5999117 / 5999398	5999397
Tonota	P O Box 182, Shashe	Plot 23, Semotswane Ward, Shashe, Tonota	2480193	2480192
Tsabong	Private Bag 0027, Tsabong	Plot 538, Ikageng Ward, Tsabong	6540077	6540850
Tutume	P O Box 340, Tutume	Magapatona Ward, Tutume	2987826 / 2987828	2987825
Capital Tobacco	Private Bag 00422, Gaborone	Plot 1217, Ext. 6, Nkrumah Road, Gaborone	3911800 / 3937188	3937189
SEFALANA SUPERMARKETS				
Shoppers Broadhurst	Private Bag 00422, Gaborone	Plot 10032, Ext. 20, Broadhurst, Gaborone	3937043	3937041
Shoppers Gaborone - Station	Private Bag 00422, Gaborone	Plot 4738, Ext. 1, Station & Mmaraka Roads, Gaborone	3914775 / 3939340	3939336
Shoppers Gaborone - UB Campus	Private Bag 00422, Gaborone	Plot 4775, Ext. 15, Student Centre [Unit 34], Gaborone	3951174	3907095
Shoppers Gaborone - G-West	Private Bag 00422, Gaborone	Plot 17872, Gaborone West Mall, Gaborone	3960495	3960496
Shoppers Kanye	Private Bag 00422, Gaborone	Plot 751, Main Road, Kanye	5480632	5480631
Shoppers Letlhakane	Private Bag 45, Letlhakane	Plot 1602, Tawana Ward, Letlhakane	2976277	2976702
Shoppers Mahalapye # 1	Private Bag 00422, Gaborone	Plot 3848, Botalaote Ward, Mahalapye	4720508	4720505
Shoppers Mahalapye # 2	Private Bag 00422, Gaborone	Plot 1278, Main Mall, Mahalapye	4720485	4711774
Shoppers Maun # 1	Private Bag 00422, Gaborone	Plot 1299, Old Mall, Riverside Ward, Maun	6863305	6863309
Shoppers Maun # 2	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward, Maun	6864784 / 6864941	6864926
Shoppers Mochudi	Private Bag 00422, Gaborone	Plot 979, Rammopyama Ward, Mochudi	5777510	5777517
Shoppers Molepolole	Private Bag 00422, Gaborone	Plot 1728, Main Road, Borakalalao Ward, Molepolole	5910550	5910552
Shoppers Nkoyaphiri	Private Bag 00422, Gaborone	Plot 12011, Shop 4, Nkoyaphiri	3947957	3947937
Shoppers Palapye	Private Bag 00422, Gaborone	Lot 1077, Old Mall, Palapye	4924609	4922303
Shoppers Selebi-Phikwe	Private Bag 00422, Gaborone	Plot 7062, Main Mall, Selebi-Phikwe	2610000	2610095
Shoppers Tlokweng	Private Bag 00422, Gaborone	Plot 8 KO, Tlhakong Ward, Tlokweng	3104960 / 3104961	3104962
Shoppers Tonota	Private Bag 00422, Gaborone	Plot 4594 Molebatsi Ward, Tonota	2484869 / 2484870	2484850
Shoppers Tsabong	Private Bag 00422, Gaborone	Plot 316, Mothupi Ward, TM Complex, Tsabong	6540643	6540637
Liquor Shop Maun	Private Bag 00422, Gaborone	Plot 11137, Boseja Ward, Maun	6864017 / 6864090	6864082
Sefalana Home Store Orapa	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2970268	2970210
Sefalana Liquor Store Orapa	P.O. Box 1217, Orapa	Unit 1, Sable Avenue, Orapa	2970268	2970210


Kasane
Maun
Tutume
Francistown
Orapa
Ghanzi
Letlhakane
Tonota
Selebi-Phikwe
Bobonong
Serowe
Charles Hill
Palapye
Mahalapye
Kang
Hukuntsi
Jwaneng
Molepolole
Mochudi
Thamaga
Gaborone
Ramotswa
Kanye
Tshabong









Sefalana

Sefalana Holding Company Limited

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